



KERMODE RESOURCES LTD.

**MANAGEMENT'S
DISCUSSION & ANALYSIS**

**FOR THE NINE MONTHS
ENDED JULY 31, 2023**

Overview

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Kermode Resources Ltd. ("Kermode" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the quarter ended July 31, 2023. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual financial statements of the Company for the quarters ended July 31 in the years 2023 and 2022, together with the notes thereto. Results are reported in Canadian dollars unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the period presented are not necessarily indicative of the results that may be expected for any future period. The Company is presently a "Venture Issuer" as defined in NI 51-102.

The Company trades on the TSX Venture exchange under the Symbol "KLM".

The Company's financial statements and the financial data included in the MD&A have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee that are effective as at July 31, 2023.

Throughout this document, the terms *we*, *us*, *our*, *the Company* and *Kermode* refer to Kermode Resources Ltd. All financial information in this document is prepared in accordance with International Financial Reporting Standards (IFRS) and presented in Canadian dollars unless otherwise indicated. Additional information related to the Company is available for viewing on SEDAR at www.sedar.com and on the Company's website at <https://linktr.ee/kermoderesources>.

The MD&A was reviewed and approved by the Board of Directors and is effective as of

AUGUST 31, 2023

Forward-Looking Statements

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Forward-looking information includes disclosure regarding possible or anticipated events, conditions or results of operations which are based on assumptions about future economic conditions and courses of action, and includes future oriented financial information with respect to prospective results of operations or financial position or cash flow that is presented either as a forecast or a projection. Forward-looking information is often, but not always, identified by the use of words such as seek, anticipate, believe, plan, estimate, expect and intend; statements that an event or result is due on or may, will, should, could, or might occur or be achieved; and other similar expressions.

Overall Performance

Kermode continues to execute the plan as described in the MD&A for the first and second quarters of the year. The company's financial condition continues to be very weak, with low amounts of cash on hand and relatively large debts. However, the company continues to do property option agreements and shares-for-services to fund exploration work on those projects. The sustained negative cash flow of the company continues to raise concerns about the viability of the company.

Kermode CEO Peter Bell comments, *"The continued listing requirements on the TSX Venture for Kermode are \$50,000 of exploration or development expenditures per year and \$100,000 in each two-year period. From January 1 to July 31, 2023, Kermode completed over \$150,000 of exploration spending using our three different shares-for-services agreements. I believe it is important for Kermode to be onside with exchange requirements and am grateful to our exploration service providers for helping us get there."*

Beyond the TSX Venture Tier 2 continued listing requirements, it is possible to measure the financial performance of the company's exploration spending in several ways. For example, how does the total "overhead" corporate spending for Kermode against the total exploration spending?

Kermode CEO Peter Bell comments, *"Thanks to Mr. Rick Rule for engaging with me recently in public discussion on LinkedIn by replying to me by raising the concern that Kermode may not be able to complete enough exploration work relative to our corporate overhead costs to attract speculative interest from sophisticated investors. Please allow me to address this topic in detail."*

Peter Bell continues, "The total exploration spending we have completed using our three different shares-for-services agreements is \$187,586 as at July 31, 2023. Total spending by 911 Exploration Corp. ("911 Mining") under the shares-for-services agreement was \$119,179 from January through July, 2023. In addition, the Planet X Exploration Services Ltd. ("Planet X") completed \$47,149 of exploration spending under their shares-for-services agreement and Aurum Vena Mineral Resources Corp. ("Aurum Vena") completed exploration spending of \$21,258 in 2023."

Peter Bell continues, *"For comparison, Kermode's major corporate costs are approximately \$75,000 per year as calculated below. The largest single cost is the auditor, which cost approximately \$30,000 in 2022. Other cash costs include approximately \$10,000 per year for the transfer agent and another \$10,000 for lawyers fees as well. Total cash spending on management fees in 2023 for Kermode was \$5,000, paid to the corporate secretary. The CFO and CEO are paid up to \$5,000 per month each using shares-for-services agreements started in June 2023. The company does not have any expenditure on office rentals or other facilities. There are no website or marketing expenses at this time. And there are no interest expenses or ownership costs other than option payments made in common shares of the company. The total cash spending on an annual basis, as described here, is approximately \$55,000, and I include an additional \$20,000 as a buffer to reach the \$75,000 figure mentioned above."*

Peter Bell continues, *"Kermode appears to spend more than twice as much on exploration as corporate expenses. Is this enough exploration for sophisticated investors who care about capital*

efficiency in the mining exploration business? Can we maintain this pace of exploration work? Can we expand and improve with new crews at similar or, lesser or greater spending rates? What happens if one or more of our current projects begins to attract significant attention from sophisticated investors?"

The known trends, demands, commitments, events or uncertainties that are reasonably likely to affect Kermode’s business are many and varied. For example, it is unknown if the company will be able to maintain the current level of exploration activity under the current terms. If Kermode must reduce the scope or scale of exploration activities using the shares-for-services, then it may impact Kermode’s access to capital.

A major difference for the current period compared to the prior year is as follows. In the prior year, Kermode was only just beginning to work with the 911 Mining team. In the current period, Kermode has worked with them for more than one year and completed several property option agreements. The company has four option deals (Black Panther, Slesse Creek, Caycuse, and Lucky Strike) that require payments of common shares and several more deals (Silverbell Trio, 911 Knockout, Star of the West) that do not require share payments. None of these project option agreements have any work commitments or cash payments, although they do have sales participation rights and royalties.

There are no operating segments or other parts of Kermode’s business that have a disproportionate effect on revenue, profit or loss or cash needs. There are no legal or other restrictions on the flow of funds from one part of your company’s business to another.

CEO Peter Bell comments, *“The main industry and economic factors affecting Kermode’s performance include our access to capital and ability to do exploration work that generates bullish results that attract further funding. It is a challenge to achieve this virtuous cycle, and there are many factors for success that are outside the control of management. However, Kermode’s management can measure the effectiveness of spending on different types of activities with different exploration crews.”*

The following tables of data were prepared by Peter Bell from the invoices from each of the exploration service providers.

First, the company provides the following information on spending by Planet X:

Details on exploration spending with Planet X under shares-for-services agreement				
Planet X	Assay Costs (911 MINING projects)	Field Costs	Video Costs	TOTAL
March 2023	\$1,260	\$3,460	\$10,990	\$15,710
February 2023	\$2,025	\$2,625	\$9,285	\$13,935
January 2023	\$0	\$17,504	\$0	\$17,504
TOTAL	\$3,285	\$23,589	\$20,275	\$47,149

As reported in the prior interim MD&A, the fieldwork by Planet X comprised approximately 13 till samples.

For comparison, Kermode reports for the first time the following details regarding the rate of sampling by 911 Mining for the last couple of months:

Details on Field Activities by 911 Mining		
	July 2023	June 2023
Rock Samples (Grabs, etc.)	72	122
Videos (YouTube)	3	4
Videos (Shorts)	5	9
Drill Core (Metres)	0	30

Kermode also provides the following information on details of spending by 911 Mining:

911 Mining	January 1 to July 31, 2023	
PROJECT	VIDEO SPENDING	BACKPACK DRILLING SPENDING
Caycuse	\$500	\$0
Loup Creek	\$1,532	\$0
Lucky Strike	\$1,423	\$4,681
Maidan	\$1,000	\$0
Slesse	\$1,423	\$0
SOTW	\$5,827	\$6,605
TOTAL:	\$11,705	\$11,286

Through the duration of the shares-for-services agreement from January 1 to July 31, 2023, with 911 Mining Kermode reports the following totals:

911 Mining	January 1 to July 31, 2023
Total Driving	22,914km
Backpack Drilling	7 days
Video Production	28 days
All Work Days	134 days
Total spending	\$119,478.77
Average cost per day	\$891.63

CEO Peter Bell comments, *“Working with both 911 Mining and Planet X helped provide me with valuable information regarding the effectiveness of different types of spending with different types of partners. I believe things like documentary videos of fieldwork are an essential part of all prospecting on an ongoing basis, and I believe it is important for these videos to be published soon after being filmed. Although the videos from Planet X were expensive and slow, preparing them was a useful exercise to help me clarify what I am looking for. In addition, I was surprised by the differences between the productivity of field work completed by 911 Mining and Planet X and the substantial differences helped me clarify what I am looking for. I look forward to providing more substantial and standardized disclosure about the productivity of our exploration services providers who are using the shares-for-services agreements going forward.”*

There were no significant discontinued operations in the current period.

Kermode abandoned the Brazeau Copper LOI in Ontario on May 31, 2023, and the abandonment of the Brazeau Copper LOI does not affect Kermode’s continuing operations.

CEO Peter Bell comments, *“I am often asked about the number of shares outstanding for Kermode and whether I want to consolidate or rollback the share count. This is an important topic for discussion. There is one aspect of this topic that many people I talk to are unaware of: the TSXV exchange has a new policy to allow companies to issue shares below five cents, but they limit the amount of dilution for companies issuing shares below five cents per share. Specifically, the company cannot have more than double the amount of shares outstanding versus a year ago. This policy limit provides a way for us to determine the maximum share count for Kermode looking out over the next twelve months. I do not know if or when Kermode will pursue a rollback strategy, but I believe that this information regarding the upper bound on shares outstanding over the next twelve months is helpful for management, shareholders, and the board to understand.”*

The TSXV exchange has special policies for companies that issue shares below \$0.05 per share, as Kermode continues to do on an ongoing basis. Among other things, the policies specify a limit on the increase in shares outstanding such that the current share count cannot be more than double what it was a year ago. This policy allows Kermode to determine the maximum possible share count day-day for the next twelve months, assuming the future share issuance is below \$0.05 per share.

The relevant TSX Venture policy is from the “Market Price” Definition, section (e): *“Minimum Price Exception”, part (ii) “the aggregate number of Listed Shares of an Issuer that are issued at a price or deemed price that is less than \$0.05 in any 12 month period does not exceed 100% of the number of Listed Shares of the Issuer which were issued and outstanding, on a non-diluted basis, at the beginning of that 12 month period.”*

Maximum Share Count for Kermode (Assuming no rollback and share price below five cents)	
Future Date	# of Common Shares TSXV:KLM
September 1, 2023	239,260,340
October 1, 2023	239,260,340

November 1, 2023	239,260,340
December 1, 2023	239,260,340
January 1, 2024	283,260,340
February 1, 2024	286,686,296
March 1, 2024	288,240,412
April 1, 2024	290,548,844
May 1, 2024	294,940,450
June 1, 2024	334,083,470
July 1, 2024	370,487,220

CEO Peter Bell comments, *“The most important trends and risks that have affected the financial statements are related to Kermode’s access to financing, access to bullish exploration projects, and access to expert prospectors to work the projects. There is a risk that Kermode cannot continue to find and fund these projects and crews. However, it is hard to say without knowing for sure. Regardless of the market trends that may make it easier or harder to continue our operations, I believe it is important to establish a trend where Kermode is a high-quality partner to our prospecting partners. Furthermore, I believe that we have been doing that and can continue to improve. One way to help achieve that is by maintaining our exploration projects like we did in July 2023 when we made the first-anniversary payment of 9,000,000 nine million common shares on the Lucky Strike property option deal. I am grateful for the opportunity to continue the Lucky Strike option because our work there generated encouraging results. I believe there is a bullish deal to be done with our neighbours, a private mining exploration company.”*

On August 16, 2023, Kermode initiated an option agreement to lease certain mining claims in Nevada, USA, called the Tonya project. CEO Peter Bell comments, *“Thanks to Robert Carrington and Gold Range LLC for providing us with an option to lease the Tonya property in Nevada. Kermode previously worked with Robert in 2021 and 2022, although we did not option any properties from him at that time. I believe Robert has access to good exploration properties and an ability to execute meaningful exploration work. Thanks for working with us on a shares-for-service basis, Robert! Kermode into and out of this deal simply and cheaply without share or cash payments and we can use the shares-for-services to fund meaningful exploration work with a high-quality partner on a project with significant potential in a premier jurisdiction.”*

Interim MD&A – Quarterly Highlights

The company continues to have a weak financial condition and negative cash flow.

In the current period, the company completed one financing for \$25,730 on May 8, 2023, and \$50,000 on May 13, 2023. In the prior quarter, Kermode did not complete any financing. In the comparable period for the prior year, Kermode did not complete any financing either. The latest financing prior to the two in the current period closed in February 2022 for \$241,315. The period-period variation in access to equity financing has a major impact on Kermode's ability to do mining exploration work. In order to provide a baseline of exploration spending regardless of the company's access to financing, management has established multiple shares-for-services agreements with different exploration service providers at different projects across Canada.

During the current period, the company suspended operations in Newfoundland, including the shares-for-services agreement with Planet X Exploration Services Ltd. It is uncertain if the company will resume operations under this agreement.

In the current period, Kermode achieved a major operating milestone with the first publication of assay results of select samples from two projects on Vancouver Island called Lucky Strike and Star Of The West.

The main commitments that affect Kermode's operations include corporate costs such as audit fees, transfer agent fees, legal fees, or TSXV exchange fees. One expected event that will affect Kermode's liquidity is the upcoming annual audit during the current period Kermode actually paid the initial deposit to the auditors of \$12,500 so they will prepare and release the auditor's report if and when the company passes the audit.

There are no major capital resources that are likely to have a material effect going forward. There are no significant changes from disclosure previously made about how the company was going to use proceeds from any financing.

There was one significant transaction between related parties that occurred in the interim period. On June 28, 2023, the company settled \$64,855.69 of debt, including \$46,728.78 to the CEO and CFO.

The Company initiated three new property purchase option agreements in June 2023 for the 911 Knockout, Eastgate BC, and Slesse Creek:

- The 911 Knockout project has no cash payments, no share payments, and no work commitments. To earn 100% ownership of the project, Kermode must make the following payments: Two percent 2% royalty with two million dollar \$2M buy-down to eliminate the royalty. The buy-down shall apply once for all the projects in the 911 Knockout project collection. Twenty percent 20% Sale Participation Right for ten years.
- The Eastgate BC project also has no cash payments, share payments, nor work commitments. There is a 5% royalty with a \$5M buy-down and a 25% Sale Participation Right for ten years.
- The Slesse Creek property option payments include 17,000,000 shares total over two years. There are no cash payments and no work commitments for Slesse Creek, but

there is a 1% royalty with a \$1M buy-down to eliminate the royalty and a 10% Sale Participation Right for ten years.

In July, 2023, the company entered an option for the Silverbell Trio with no cash payments, share payments, nor work commitments. There is a 2% royalty with a \$2M buy-down and a 20% Sale Participation Right for ten years.

On August 11, 2023, the company initiated the option for the Black Panther project in BC with initial payments of 12,000,000 shares to the vendor group. There are three additional payments of 12,000,000 shares to be paid on or before each subsequent anniversary for a total of 48,000,000 shares over the full term. The project has no work commitments and no cash payments.

For the comparable period in the prior year, the Company entered the Lucky Strike option agreement on July 20, 2022 after signing the LOI on June 24, 2022. The company also entered the Grey Copper LOI on June 30, 2022, which was optioned on December 13, 2022 and abandoned in 2023.

Discussion of Operations

During the quarter ended July 31, 2023 the Company had no revenue, no cost of sales, and no gross profit. There were no significant factors affecting such items. The Company has significant projects that have not yet generated revenue. The Company's plans for each project and the status of the project relative to that plan are described below. Note that the Company does not have any producing mines or mines under development.

The company closed two financings during the current period and there were no major variances in the use of proceeds compared with previous disclosure about the planned use of proceeds.

On May 8, 2023, the company closed a private placement for gross proceeds of \$25,730 where the proposed use of proceeds include auditor fees of \$20,000 and transfer agent fees of \$5,000 and the proceeds were used by the company as planned.

On June 13, 2023, the company closed a private placement for gross proceeds of \$50,000 where the detailed use of proceeds include \$25,000 for corporate costs and \$25,000 for exploration spending. As at the Effective Date, the company has spent approximately \$8,000 on exploration spending to pay for consumables, such as drill bits and rock saws for 911 Mining, and approximately \$20,000 on overhead costs, including \$12,500 as an initial deposit to the company's auditors for the 2023 annual audit and over \$5,000 of TSXV exchange fees.

Kermode has interests in several different projects, but none of them have generated revenue yet. The terms for each property purchase option agreement are detailed below. The plan for all project continues to be to do early-stage mining exploration work using shares-for-services agreements with the project vendors. If management can use the results of the prospecting work to secure financing then the company may advance one or more projects by drilling or other mine development activities. The status of all the projects is ongoing, except for the ones in Newfoundland where the company has suspended operations. The expenditures for each project are detailed below, although it is uncertain if any of these projects shall ever advance to the next stage now or in the future.

Kermode has four property option agreements that are "Expedited Transactions" under TSXV exchange policy, which require payments to be made in common shares of the company. These figures are taken from the Note 4 to the Financial Statements:

Year To Date 2023	Caycuse	Lucky Strike	Slesse	Khrysos & Silver Bell
Acquisition Costs	225,000	90,000	40,000	150,000
Prospecting	13,601	23,083	6,986	21,258
Staking	0	0	0	0
Fees & licenses	0	0	0	0

Year To Date 2022				
Acquisition Costs	0	135,000	0	0
Prospecting	0	19,517	0	0
Staking	0	3,576	0	0
Fees & licenses	0	0	0	0

Kermode has five property option agreements that are "Exempt Transactions" under TSXV exchange policy, which do not require any payments in common shares of the company. These figures are taken from the Note 4 to the Financial Statements:

Table: Property Option Agreements "Exempt Transactions" No Shares					
YEAR TO DATE 2023	Star Of The West	911 Knockout	Silver Bell Trio	Loup Creek	Eastgate BC
Acquisition Costs	0	0	0	0	0
Prospecting	64,981	7,118	1,628	21,872	0
Staking	0	112	0	0	0
Fees & licenses	0	0	0	0	0
YEAR TO DATE 2022					
Acquisition Costs	0	0	0	0	0
Prospecting	12,117	0	0	0	0
Staking	5,830	0	0	0	0
Fees & licenses	0	0	0	0	0

Kermode provides a detailed breakdown of spending at the projects with 911 Mining and Aurum Vena below. These figures are taken from the Note 4 to the Financial Statements as at July 31, 2023:

Expedited Transactions	Caycuse	Lucky Strike	Slesse	Khrysos & Silver Bell	Total
Exploration Spending (January 1 to August 1, 2023)	13,601	23,083	6,986	21,258	64,928.19

Exempt Transactions	Star Of The West	911 Knockout	Silver Bell Trio	Loup Creek	Eastgate BC	Total
Exploration Spending (January 1 to August 1, 2023)	64,981	7,118	1,628	21,872	0	95,599

Black Panther

The company initiated the option for the Black Panther project in BC on August 11, 2023 with initial payments of 12,000,000 shares to the vendor group. There are three additional payments of 12,000,000 shares to be paid on or before each subsequent anniversary for a total of 48,000,000 shares over the full term. The project has no work commitments and no cash payments. There is a Net Smelter Return royalty has increased to 3% with a \$6M six million dollar buy-down and the Sale Participation Right shall be 30% of gross proceeds received by Kermode from any future sale of disposition of any interest in the property in the next ten years.

There has been a significant positive impact on the Company from this acquisition because it has provided encouraging initial results from prospecting exploration under the shares-for-services with 911 Mining and led to further collaboration with the project vendors who have brought other opportunities to the company. Kermode has not reported any exploration spending for this project as at the Effective Date.

Caycuse Copper property, BC

The company initiated the option for the Caycuse Copper project in BC on December 12, 2022 with initial payments of 15,000,000 shares to the vendor group. There are nine additional payments of 5,000,000 shares to be paid on or before each subsequent anniversary for a total of 45,000,000 shares payable over the full nine year term. The project has no work commitments and no cash payments.

There has been a significant positive impact on the Company from this acquisition because it has provided encouraging initial results from prospecting exploration under the shares-for-services with 911 Mining and led to further collaboration with the project vendors who have brought other opportunities to the company.

Lucky Strike property, BC

The company initiated the option for the Lucky Strike project in BC on July 20, 2022 with initial payments of 9,000,000 shares to the vendor group. On July 20, 2023, the company made the first anniversary payment of 9,000,000 shares to the vendor group. There is one additional payment of 9,000,000 shares to be paid on or before the next anniversary to complete the earn-in for

100% ownership. There are no work commitments. The agreement provides for a two percent royalty (“2% NSR”) with a buy-back of 1% for \$1,000,000.

There has been a significant positive impact on the Company from this acquisition because it has provided encouraging initial results from prospecting exploration under the shares-for-services with 911 Mining and led to further collaboration with the project vendors who have brought other opportunities to the company.

Slesse property, BC

The company initiated the option for the Slesse project in BC on June 22, 2023 with initial payments of 4,000,000 shares to the vendor group. The project has no work commitments and no cash payments. There is one additional payment of 4,000,000 shares to be paid on or before the first anniversary and one payment of 9,000,000 shares on or before the second anniversary to complete the earn-in for 100% ownership. There are no work commitments. The agreement provides for a one percent royalty with a buy-back of \$1,000,000 and a 10% Sale Participation Right for ten years, which are both payable entirely to 911 Mining.

There has been a significant positive impact on the Company from this acquisition because it has provided encouraging initial results from prospecting exploration under the shares-for-services with 911 Mining and led to further collaboration with the project vendors who have brought other opportunities to the company.

Khrysos, BC

The company initiated the option for the Khrysos project in BC on May 26, 2023 with initial payments of 15,000,000 shares to the vendor group. The project has no work commitments and no cash payments. There is one additional payment of 15,000,000 shares to be paid on or before the first anniversary and one payment of 15,000,000 shares on or before the fifth anniversary to complete the earn-in for 100% ownership. There is a 10% Sale Participation Right for ten years.

There has been a significant positive impact on the Company from this acquisition because it has provided encouraging initial results from prospecting exploration under the shares-for-services with Aurum Vena Mineral Resources Corp. and led to further collaboration with the project vendors who have brought other opportunities to the company.

Star Of The West property, BC

The company initiated the option for the Star Of The West project in BC on October 31, 2022. There are no shares or cash payable under this option agreement. The Company grants the vendor group a royalty of 2.5% with a buy-down for \$5,000,000 and a sale participation right whereby they shall receive 30% of the gross proceeds from any transaction where the Company sells the project in the next ten years. The project has no work commitments.

There has been a significant positive impact on the Company from this acquisition because it has provided encouraging initial results from prospecting exploration under the shares-for-services with 911 Mining and led to further collaboration with the project vendors who have brought other opportunities to the company.

911 Knockout property, BC

The company initiated the option for the 911 Knockout project in BC on June 22, 2023. There are no shares or cash payable under this option agreement. The Company grants the vendor group a royalty of 2% with a buy-down for \$2,000,000 and a sale participation right whereby they shall receive 20% of the gross proceeds from any transaction where the Company sells the project in the next ten years. The project has no work commitments.

There has been a significant positive impact on the Company from this acquisition because it has provided encouraging initial results from prospecting exploration under the shares-for-services with 911 Mining and led to further collaboration with the project vendors who have brought other opportunities to the company.

Silver Bell Trio property, BC

The company initiated the option for the Silver Bell Trio project in BC on July 24, 2023. There are no shares or cash payable under this option agreement. The Company grants the vendor group a royalty of 2% with a buy-down for \$2,000,000 and a sale participation right whereby they shall receive 20% of the gross proceeds from any transaction where the Company sells the project in the next ten years. The project has no work commitments.

There has been a significant positive impact on the Company from this acquisition because it has provided encouraging initial results from prospecting exploration under the shares-for-services with 911 Mining and led to further collaboration with the project vendors who have brought other opportunities to the company.

Loup Creek property, BC

The company initiated the option for the Silver Bell Trio project in BC on December 12, 2022. There are no shares or cash payable under this option agreement. The Company grants the vendor group a royalty of 2% with a buy-down for \$2,000,000 and a sale participation right whereby they shall receive 20% of the gross proceeds from any transaction where the Company sells the project in the next ten years. The project has no work commitments.

There has been a significant positive impact on the Company from this acquisition because it has provided encouraging initial results from prospecting exploration under the shares-for-services with 911 Mining and led to further collaboration with the project vendors who have brought other opportunities to the company.

Eastgate BC property, BC

The company initiated the option for the Eastgate BC project in BC on June 22, 2023. There are no shares or cash payable under this option agreement. The Company grants the vendor group a royalty of 5% with a buy-down for \$5,000,000 and a sale participation right whereby they shall receive 25% of the gross proceeds from any transaction where the Company sells the project in the next ten years. The project has no work commitments.

There has been a significant positive impact on the Company from this acquisition because it has provided encouraging initial results from prospecting exploration under the shares-for-services with Aurum Vena Mineral Resources Corp. and led to further collaboration with the project vendors who have brought other opportunities to the company.

Tonya property, Nevada, USA

On August 16, 2023 company initiated an option agreement to lease certain mining claims in Nevada, USA, called the Tonya project. The option provides Kermode with the right but not the obligation to undertake a lease of the property. The property comprises unpatented mining claims in Pershing County, Nevada owned by Gold Range LLC. Kermode will not issue any shares under the transaction at any time. The first phase of the deal is the option, where Kermode begins with a one-year term that can be renewed for additional one-year periods by mutual consent of the counterparties so long as Kermode is paying or causing to be paid all annual claim maintenance fees and holding costs. During this phase, Kermode may carry out certain “pre-drilling” mineral exploration activities including but not limited to mapping, rock, soil and geochemical sampling, geophysical surveys and other exploration activities. Kermode will not conduct drilling activities of any kind or nature whatsoever including auger, core, rotary, reverse circulation or other without first entering into the lease agreement contemplated in this Option Agreement.

The second phase of the deal is a lease, where Kermode commits to a schedule of annual cash advance royalty payments, starting at US\$ 5,000 in the first year and reaching US\$ 250,000 on the eighth anniversary and thereafter. In addition, there is a total five percent (5%) NSR Production Royalty with certain conditions: two percent royalty (2%) has no buy-down provision; the buy-down for the three percent (3%) is five million US\$5,000,000 prior to the earlier of production or the Fifth Anniversary. There is also a thirty percent (30%) future sales interest.

Grey Copper & Jonathan’s Pond properties, Newfoundland

The company initiated the option for the Grey Copper Project in Newfoundland on December 13, 2022. The project has no work commitments and no cash payments, but the company has encountered delays in exploration work at the project. *On July 5, 2023, Kermode announced that it has suspended operations in Newfoundland because of delays with exploration work.*

Little Bay Copper Project property, Newfoundland

The Company entered into an option agreement on April 11, 2022. Due to delays in exploration work, the property was written off during the current period. *On July 5, 2023, Kermode announced that it has suspended operations in Newfoundland because of delays with exploration work.*

Eastgate Gold property, Nevada, USA

Kermode previously wrote-off the property option agreement as detailed below: The Company entered into a property purchase option agreement with Blue Ridge Gold LLC, on May 11, 2012. Due to delays in exploration work, the property was written off during the year ended October 31, 2016. After changes to management and the Board of Directors, the Company incurred expenses of \$28,831 at the project and subsequently wrote-the project in the year ended October 31, 2022.

Vidette Lake property, BC

Kermode previously wrote-off the property option agreement as detailed below: On April 27, 2022, the Company abandoned a property purchase option agreement for the Vidette Lake property in BC.

Summary of Quarterly Results

The following summary information is derived from Kermode's financial statements for each of the eight most recently completed quarters:

	July 31, 2023	April 30, 2023	January 30, 2022	October 31, 2022
Total Assets	1,047,780	623,007	594,202	277,140
Exploration and Evaluation Assets	988,9787	599,937	569,736	218,040
Working Capital (Deficiency)	(204,797)	(303,425)	(290,918)	(217,690)
Shareholders' Equity (Deficiency)	754,373	296,512	278,917	350
Revenues	Nil	Nil	Nil	Nil
Net Loss	(177,806)	(139,900)	(123,303)	(323,063)

	July 31, 2022	April 30, 2022	January 30, 2022	October 31, 2021
Total Assets	345,724	345,724	277,159	270,691
Exploration and Evaluation Assets	68,030	68,030	94,225	94,225
Working Capital (Deficiency)	(15,835)	(15,835)	(187,674)	(285,955)
Shareholders' Equity (Deficiency)	52,195	52,195	(93,449)	(191,730)
Revenues	Nil	Nil	Nil	Nil
Net Loss	(114,617)	(114,617)	(43,957)	(93,407)

Kermode has no revenue or operating income. There is no significant seasonality to the business.

The factors that have caused variations over the quarters necessary to understand general trends that have developed over time concern the company's strategy for business development.

For example, Kermode has entered property purchase option agreements with prospectors rather than staking claims directly itself. This business strategy choice has caused Kermode to issue relatively large amounts of shares to option claims rather than pay relatively small amounts of cash to stake claims. The reason for this choice is management's pursuit of opportunities to work with prospectors who can provide exploration services on their own projects for Kermode on a turn-key basis entirely paid in shares. As Kermode continues to do such deals with these prospectors, the "Total Assets" reported has generally increased quarter-quarter. Also, the "Exploration and Evaluation Assets" has also increased and the Shareholders' Equity has also increased.

Liquidity and Capital Resources

This section should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended July 31, 2023, and the corresponding notes thereto.

Kermode's mineral exploration and development activities do not provide a source of income and we therefore have a history of losses, working capital deficiencies and an accumulated deficit. However, given the nature of our business, the results of operations as reflected in the net losses and losses per share do not provide meaningful interpretation of our valuation.

The Company has financed its operations to date primarily through the issuance of common shares. The Company will continue to seek capital through the issuance of common shares.

The Company has not yet realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$10,556,720. As at July 31, 2023, the Company had cash and cash equivalents of \$26,175 to settle current liabilities of \$293,407.

To continue operations and to fund future obligations, the Company will be required to raise funds through equity or other financing alternatives. Recent global economic conditions and market uncertainty may have an impact on the Company's ability to raise funds through the equity markets. Management believes that there are sources of financing available. The Company has been successful in securing financing during the year ended October 31, 2022. See Note 7 to the unaudited condensed interim financial statements for the period ended October 31, 2022.

The Company has total assets of \$1,047,780 (October 31, 2022 - \$277,140). The primary assets of the Company are cash and cash equivalents of \$2,338 (October 31, 2022 - \$30,041), prepaid expenses and deposits of \$26,175 (October 31, 2022 - \$30,041), and exploration and evaluation assets of \$988,978 (October 31, 2022 - \$218,040). The Company has no long-term liabilities and has working capital deficiency of \$204,797 (October 31, 2022 - \$217,690).

As at July 31, 2023, Kermode had accounts payable and accrued liabilities of \$263,599. Of this amount, \$136,737 was due to current and former directors and officers as unsecured, non-interest bearing with no fixed terms of repayment. As the liabilities due to current and former officers and directors have no fixed terms of repayment, Kermode is afforded some degree of flexibility with respect to timing of payment. For the liabilities which arise in the normal course of business, Kermode will need to raise funds in order to meet those obligations.

To remedy the working capital deficiency, management plans to lead an aggressive program of project generation and exploration. As the Company advances higher calibre projects, management believes that there will be increased opportunities to raise larger amounts of capital and bring Kermode to a positive financial position.

Furthermore, management has designed new property option agreements with no work commitments. Although work commitments under an option are different from debts, they all factor together in the liquidity and capital resources calculations of a junior mining company. Kermode plans to continue to use equity financing to fund our high-risk exploration activities. Kermode does not have any major commitments for capital expenditures at this time.

In addition to funding exploration with cash, management plans to use Kermode shares to pay for certain exploration services as allowed by TSXV exchange policy. This non-cash exploration budget helps Kermode generate more important information about the prospectivity of our projects even when our access to cash is limited. The company established such Shares for Services Agreements with 3 exploration services providers as at the effective date.

As a result of the above, Management believes Kermode will be able to continue as a going concern.

The discovery, development and acquisition of mineral properties are unpredictable events. Future metal prices, the success of exploration programs and other property transactions can have a significant impact on capital requirements. The Company does not expect to receive significant income from any of its properties within the foreseeable future. Should the Company decide to further develop any of its properties, the Company may fund its capital requirements by arranging further equity financing, issuing long-term debt, selling royalties, arranging joint ventures with other companies, or through a combination of the above. The Company may also consider the sale of certain non-core properties in order to raise additional capital.

Contractual Obligations

Except as described herein or in the Company's financial statements at the date of this report, the Company had no material financial commitments.

Off-Balance Sheet Arrangements

At the date of this report, the Company has no material off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

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 fair value of the Company's advanced receivable and payable, and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments. The Company's cash and marketable securities are 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 advanced receivable is remote the credit risk from the advanced receivable is addressed with the security and guarantee.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at July 31, 2023, the Company had a cash balance of \$26,175 (October 31, 2022 - \$30,041) available to settle current liabilities of \$263,599 (October 31, 2022 - \$276,790). 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.

(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 shareholder's equity.

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.

Risk Factors

Companies in the exploration stage face a variety of risks and, while unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. The Company faces a variety of risk factors such as project feasibility and practically, risks related to determining the validity of mineral property title claims, commodities prices and environmental laws and regulations. Management monitors its activities and those factors that could impact them in order to manage risk and make timely decisions.

Critical Accounting Policies and Estimates

The financial statements have been prepared in accordance with IFRS as adopted in Canada and form the basis for the following discussion and analysis of critical accounting policies and estimates. The Company makes estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities during the course of preparing these financial statements. On a regular basis, the Company evaluates estimates and assumptions including those related to the recognition of share-based payments.

Estimates are based on historical experience and on various other assumptions that the Company believes to be reasonable. These estimates form the basis of judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

There are no new accounting policies adopted during the year ended July 31, 2023.

Related Party Transactions

The Company had the following transactions in the normal course of operations with related parties:

	July 31, 2023	July 31, 2022
Director fees	\$ -	\$ -
Management fee (i)	50,500	10,000

The Company paid or accrued \$50,500 (2022 - \$10,000) in management fees, including \$8,000 for previous CFO by cash, and \$27,500 to current CFO by share for services, \$10,000 to CEO by share of services, and \$5,000 to Corporate Secretary.

Key management personnel of the Company are Directors, Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

Accounts payable and accrued liabilities includes \$141,788 (2022 - \$103,627) due to current and former officers and directors and a company controlled by a current officer. These amounts are unsecured, non- interest bearing and have no fixed terms of repayment.

There was one significant transaction between related parties that occurred in the interim period. On June 28, 2023, the company settled \$64,855.69 of debt, including \$46,728.78 to the CEO and CFO.

As in the news release dated June 28, 2023, CEO Peter Bell comments, *“Thanks to our new CFO Andrew Low for taking an inducement fee of approximately 1% of Kermode’s shares as part of this transaction. Also, I am grateful for the opportunity to settle an old unpaid invoice from a prospector in Manitoba and make that payment in shares. Please find below the full list of trade payables for which I took shares in this transaction, detailed below. The reason I am providing this exhaustive level of detail is that I believe there are strategic investors who closely study related party transactions to understand management decision making and I want to provide such a sophisticated audience with sufficient level of detail as to understand how I have been leading Kermode as CEO in my first two years on the job.”*

Nature of Debt	Amount Owing	Date
Flight to Vancouver	\$265.39	8/10/2021
PIF fee for Director F. Long	\$210.00	8/12/2021
Postage & Printing for shareholder in the USA	\$129.94	11/18/2021
TSXV fees (New Articles of Incorporation)	\$525.00	11/19/2021
TSXV fees (SHARES-FOR-DEBT)	\$265.39	12/1/2021
TSXV fees (SEAHORSE SADDLE)	\$525.00	2/11/2022
TSXV fees (LITTLE BAY)	\$525.00	4/11/2022
TSXV fees (KHRYOSOS)	\$525.00	5/13/2022
Legal Fees (Non-Prospectus Distribution Filing Fees)	\$1,475.00	7/11/2022

Closing TSXV fees (LUCKY STRIKE)	\$2,126.25	7/19/2022
TSXV fee (Stock Option Plan)	\$525.00	10/27/2022
CONSULTANT FEE	\$1,050.00	11/1/2022
QP FEE	\$259.88	11/2/2022
LEGAL FEES Owen Bird	\$5,000	11/2/2022
PIF for MILOSZ MIELNICZUK	\$210.00	11/8/2022
TSXV fees (GREY COPPER)	\$525.00	11/8/2022
TSXV fees (CAYCUSE COPPER)	\$525.00	11/10/2022
TSXV fees (LARA VMS)	\$525.00	11/10/2022
TSXV fees (Private Placement)	\$787.50	11/24/2022
TSXV fees (shares for services)	\$525	12/31/2022
TSXV fees (shares for services)	\$525	12/31/2022
TSXV fees (private placement LIFE)	\$1,050	12/28/2022
QP FEE	\$675.68	12/19/2022
Closing TSXV fees (GREY COPPER)	\$1,023.75	12/13/2022
Closing TSXV fees (CAYCUSE COPPER)	\$4,725.00	12/9/2022
Opening TSXV fees (KHRYOSOS)	\$1,050	5/10/2023
Closing TSXV fees (KHRYOSOS)	\$1,575	5/25/2023
Opening fee TSXV fees (911 MINING SHARES FOR SERVICES)	\$1,050	5/9/2023
Closing TSXV fees (Private Placement)	\$1,050	5/8/2023
Total (Peter Bell)	\$29,228.78	--

Proposed Transactions

Kermode has one proposed transaction as follows:

- On August 18, 2023, the Company updated the proposed terms for a property option agreement for the Santa Anna project. The deal was originally proposed as an exempt transaction on September 2, 2022, but has now been changed to include payments by common shares of Kermode. The proposed terms include one payment of 20,000,000 shares on the effective date and another 20,000,000 shares any time in the next five years for Kermode to obtain 100% ownership, subject to residual interests. The residual interests are a Net Smelter Return royalty of two percent 2% where each half point 0.5% can be purchased from the vendors for \$1M at any time at buyer's discretion for a total buy-down of five million \$4M and a Sales Participation Right (SPR) of ten percent 10% of gross proceeds of any future transaction where KLM sells the property in the next ten years. Kermode has funded exploration work at the project in August, 2023, which has generated results in-line with expectations based on historical reports concerning the project.

At this time, the Board of Directors has not authorized Kermode to enter into this agreement because the impacts of undertaking this option remains to be determined. It is expected that the service providers will conduct potential work programs under shares for services agreements and the project has potential for significant mineral endowment.

Outstanding Share Data

As at July 31, 2023, the Company had 199,675,143 common shares issued and outstanding. As at the Effective Date, the Company had 203,534,582 common shares issued and outstanding.

For the nine months ended July 31, 2023, the Company completed the following transactions:

- (i) On December 9, 2022, the Company issued 15,000,000 common shares valued at \$225,000 pursuant to the option to acquire the Caycuse property.
- (ii) On December 9, 2022, the Company issued 7,000,000 common shares valued at \$105,000 pursuant to the option to acquire the Grey Copper / Jonathan's Pond properties.
- (iii) On February, 2023, the Company issued 379,645 shares to 911 Exploration Corp. to pay for expenses incurred in January 2023 totaling \$5,694.68; and the Company also issued 1,333,333 shares to Planet X Exploration Services Ltd to pay for expenses incurred in January 2023 totaling \$20,000.00.
- (iv) On March 1, 2023, the Company issued 777,058 shares to 911 Exploration Corp. to pay for expenses incurred in February 2023 totaling \$11,655.88.
- (v) On March 03, 2023, the Company issued 1,154,216 shares to Planet X Exploration Services Ltd to pay for expenses incurred in February totaling \$17,313.25.
- (vi) On April 4, 2023, the Company issued 862,470 shares to 911 Exploration Corp. to pay for expenses incurred in March 2023 totaling \$12,937.05.
- (vii) On April 11, 2023, the Company issued 1,333,333 shares to Planet X Exploration Services Ltd to pay for expenses incurred in February totaling \$20,000.00.
- (viii) On May 2, 2023, the Company issued 1,998,510 shares to 911 Exploration Corp. to pay for expenses incurred in April 2023 totaling \$19,985.
- (ix) On May 08, 2023, the Company issued 2,573,000 for the financing with gross proceeds of \$25,730 under the non-brokered private placement previously announced on March 10, 2023. Kermode issued 2,573,000 units of the Company at a private of \$0.01 per Unit. Each Unit

consists of one common share of the Company and one common share warrant.

(x) On May 26, 2023, Kermode issued 15,000,000 for the acquisition of the option on the KHRYSOS project and SILVER BELL project from Aurum VENA MINERAL RESOURCES CORP. in British Columbia.

(xi) On June 2, 2023, the Company issued 2,716,306 shares to 911 Exploration Corp. to pay for expenses incurred in April 2023 totaling \$27,163.

(xii) On June 13, 2023, the Company issued 5,000,000 for the financing with gross proceeds of \$50,000 under a non-brokered private placement.

(i) On June 22, 2023, Kermode issued 4,000,000 for the acquisition of the option on the Slesse Creek project.

(ii) On June 2, 2023, the Company issued 2,716,306 shares to 911 Exploration Corp. to pay for expenses incurred in April 2023 totaling \$27,163.

(iii) On June 28, 2023, Kermode issued 6,485,569 shares for the debts with value of \$64,856 including \$17,500 for NewCrest Consulting Corp, \$29,229 for Peter Bell, and \$18,127 for Richard Kowalski.

(iv) On July 5, 2023, the Company issued 3,111,849 shares to 911 Exploration Corp. to pay for expenses incurred in April 2023 totaling \$31,119.

(v) On June 2, 2023, the Company issued 1,319,684 shares to Aurum Vena Mineral Resources Corp to pay for expenses incurred in April 2023 totaling \$13,197.

(vi) On June 19, 2023, Kermode issued 1,000,000 shares for services with value of \$10,000, including \$5,000 for CEO and \$5,000 for CFO.

(vii) On June 19, 2023, Kermode issued 9,000,000 for the acquisition of the option on the Lucky Strike project.

In total for the nine months ended July 31, 2023, the Company issued 80,044,973 shares in total with the value of \$939,650, including:

- (i) 6,485,569 shares for the debts with value of \$64,856,
- (ii) 7,573,000 shares for the private placement with the value of \$75,730,
- (iii) 64,986,404 shares with the value of \$789,064 for the acquisition and exploration work of mineral properties,
- (iv) 1,000,000 shares with the value of \$10,000 for the services of CEO and CFO.

Regarding the shares for services in the nine months ended July 31, 2023, 4,064,100 shares issued with the value of \$60,961 was for the mineral property investigation and the sale tax, and 1,775,955 shares issued with the value of \$26,639 was for the exploration and evaluation of the mineral properties, and capitalized in the Exploration and evaluation of assets.

The Company also has various convertible into common shares of Kermode as follows.

The Company adopted an equity incentive plan to govern the grant, administration and exercise of Security Based Compensation which may be granted to eligible Participants. The maximum number of Shares issuable under this Plan shall not exceed the aggregate of (i) for Options, 10% of the number of Issued Shares of the Corporation outstanding as of the date of each grant hereunder, inclusive of all Shares then reserved for issuance pursuant to previously granted stock options, and (ii) for all other Awards, 10% of the number of Issued Shares of the Corporation outstanding as of the date where the plan was adopted. The plan was adopted September 19th, 2022 and allows for 11,963,017 Awards other than stock options to be issued. 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-V, can be granted for a maximum term of 10 years, and vest at the discretion of the Board of Directors.

Awards that may be granted under this Plan include Options; Performance Share Units; Stock Appreciation Rights and Stock Purchase Rights.

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrant transactions and the number of share purchase warrants outstanding as at January 31, 2023 are summarized as follows:

	Issue Date	Exercise Price	Expiry	Number Outstanding as at April 30, 2023
Private Placement	February 9, 2022	\$0.05	February 09, 2024	9,652,600
Finder's Warrants	February 9, 2022	\$0.05	February 09, 2024	160,000
Private Placement	May 9, 2023	\$0.05	May 9, 2026	2,573,000
Finder's Warrants	May 9, 2023	\$0.05	May 9, 2026	80,000

The following table summarizes the continuity of the Company's performance share units ("PSU"s):

	Number of PSUs
Balance October 31, 2021	-
Exercised	-
Granted	-
Balance, April 30, 2022	-
Exercised	-
Granted	-
Balance, October 31, 2022	-
Exercised	-
Granted	12,000,000
Cancelled	(2,000,000)
Balance, July 31, 2023	10,000,000

At July 31, 2023, the Company had outstanding stock options, enabling holders to acquire common shares as follows:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
1,000,000	1,000,000	\$ 0.05	September 24, 2026
1,000,000	1,000,000	0.05	February 15, 2027
1,000,000	1,000,000	0.05	April 5, 2027
1,000,000	1,000,000	0.05	August 26, 2027
1,196,301	1,196,301	0.05	November 1, 2027
6,000,000	6,000,000	0.05	June 6, 2028
6,000,000	6,000,000	0.05	June 23, 2028