



KERMODE RESOURCES LTD.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED OCTOBER 31, 2023

Forward-Looking Statements	2
Overview	2
Purpose of the Management's Discussion and Analysis	3
Overall Performance	4
Selected Annual Information	14
Discussion of Operations	19
Summary of Quarterly Results / Fourth Quarter	27
Liquidity and Capital Resources	30
Contractual Obligations	31
Off-Balance Sheet Arrangements	31
Financial and Capital Risk Management	32
Risk Factors	33
Critical Accounting Policies and Estimates	34
Related Party Transactions	35
Proposed Transactions	36
Subsequent Events	37
Outstanding Share Data	38

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.

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 year ended October 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 annual financial statements of the Company for the years ended October 31, 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'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 October 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 view on SEDAR at www.sedar.com and on the Company's website at <https://linktr.ee/kermodesources>.

The Company trades on the TSX Venture exchange under the Symbol "KLM". The MD&A was prepared by Peter Bell, Kermode CEO, and approved by the Board of Directors ("Effective Date"):

FEBRUARY 28, 2024

Purpose of the Management's Discussion and Analysis

The BC Securities Commission publishes "Form 51-102F1 Management's Discussion & Analysis" effective June 9, 2023, which provides the following description of the purpose of the MD&A document.

"MD&A is a narrative explanation, through the eyes of management, of how your company performed during the period covered by the financial statements, and of your company's financial condition and future prospects. MD&A complements and supplements your financial statements, but does not form part of your financial statements... Your objective when preparing the MD&A should be to improve your company's overall financial disclosure by giving a balanced discussion of your company's financial performance and financial condition including, without limitation, such considerations as liquidity and capital resources - openly reporting bad news as well as good news." Form 51-102F1 Management's Discussion & Analysis, effective June 9, 2023

Goal of MD&A	BCSC's topic for MD&A	Kermode's summary response
1.	To help current and prospective investors understand what the financial statements show and do not show.	For example, to show the effectiveness of exploration activity versus impact of shares-for-services on the secondary market for Kermode shares.
2.	To discuss material information that may not be fully reflected in the financial statements, such as contingent liabilities.	For example, to show future share issuance planned by Kermode for all ongoing property option agreements.
3.	To discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in the future.	For example, to identify the relationship between the market capitalization of Kermode and the rate of dilution based on shares-for-services agreements with exploration service providers.
4.	To provide information about the quality, and potential variability, of your company's profit or loss and cash flow, to assist investors in.	As a mining exploration company, Kermode does not earn revenue on any regular basis and continues to make losses; management is actively searching for deal partners in some natural resources business activity where Kermode issues shares and receives cash income in return but has not yet secured any such business.

Overall Performance

The financial condition of Kermode continues to be weak. There are no positive cash flows from operations of any kind and poor access to capital. It is unclear if future money trends will increase Kermode's access to capital in the primary and secondary markets.

The mining exploration business has a disproportionate effect on the cash needs of Kermode. To function with the capital-intensive nature of mining exploration and development, management has developed a business strategy focused on early-stage exploration opportunities where the prospecting partners get large incentives through property options and shares-for-services agreements. This strategy has entailed a significant increase in share issuance relative to prior years, and an increase in exploration activity. The strategy has not yielded any return in terms of selling a project to another party.

Note 5 of the financial statements reports that total exploration spending in 2023 was \$134,200 for the projects we continue to work on and \$144,674 for the projects we abandoned. The total exploration spend was \$278,874.

Note 5 of the financial statements also reports that total acquisition costs in 2023 were \$772,500 for the projects we continue to work on and \$70,000 for the projects we abandoned. The total acquisition costs was \$842,500.

The total of acquisition costs and exploration spending in 2023 was \$1,121,374 with 25% towards exploration spending.

An important factor for success in the mining exploration business is the relative significance of our spending on "overhead" corporate costs and exploration spending. The Select Annual Information section below describes how to calculate these figures from our financial statements.

In fiscal 2023, total overhead spending was \$172,569 calculated from Management fees, Office and sundry, Professional fees, Transfer agent and filing fees from the Statements of Loss and Comprehensive Loss for Kermode. Some of these management fees were paid in shares, as is detailed in the Related Party section. In fiscal 2022, total overhead spending was \$119,172 calculated the same way.

In fiscal 2023, total exploration spending included \$278,874 based on Note 5 of the financial statements and \$3,892 based on property investigation costs from the Statements of Loss and Comprehensive Loss. In fiscal 2022, total exploration spend included \$35,894 on "Exploration" spending line item from the table in the Notes to the Financial Statements and \$97,221 "Property investigation" line item from the Statements of Loss and Comprehensive Loss, which are combined to yield Total exploration spending was \$133,115.

There are several important differences in overhead and exploration spending from year-to-year. For one, the total exploration spending was higher in 2023 because we discovered a new business model using shares-for-services. In 2022, the exploration spending was funded mainly by cash; in 2023, exploration was mainly funded by shares-for-services.

Management believes that this increase in spending reflects a healthy development for Kermode and intends to further increase the rate of exploration spending going forward in all ways possible with the best counterparts who can bring the best deals. Kermode CEO Peter Bell comments, *"I prefer to fund exploration with shares-for-services because I believe it sets a high bar for our projects and work programs. I also prefer for each of our property options to be better than the last. Easier said than done! Thanks to our partners for joining us on this adventure."*

In fiscal 2023, the total amount of equity financing was approximately \$75,000. In 2022, the comparable number was approximately \$241,000.

Kermode CEO Peter Bell comments, *"I am very grateful to the three different people who bought shares in our financings in fiscal 2023. I've known each of these three people for years and I am grateful for their investment. Also, I am sorry for my inability to raise further equity financings in fiscal 2023 as CEO of Kermode! I have designed the business model to survive a bear market and part of the way to accomplish that is by drastically limiting dilution overall and prioritizing printing for people who are passionate about Kermode's projects."*

There are no legal or other restrictions on the flow of funds from one part of your company's business to another. There are myriad industry and economic factors affecting your company's performance and why changes have occurred in Kermode's financial performance. One of the most important factors for success is the ability of Kermode to source talented people who want to work together, going forward.

On May 31, 2023, Kermode appointed a new CFO named Andrew Low (ZHIZHEN LIU) and his company NewCrest Consulting Corporation, which also began a shares-for-services agreement payable up to \$5,000 per month in shares of Kermode. Kermode CEO Peter Bell comments, *"I am so grateful for the opportunity to work with Andrew because I believe he has the mindset of an entrepreneurial investor. To show you how impressed I am to work with him, consider that in the first month on the job he filed our Q3 interim financials. Our period end for Q3 is July 31, 2023, and we published our financials on August 31st, 2023, this year with Andrew's diligent work continuing on from our former CFO Ashely Nadon, who did a very good job. Thank you, both!"*

CONTINUING EXPLORATION PROJECTS

Continuing operations include the following projects: Black Panther, Caycuse, Lucky Strike, Mount Sicker, Santa Anna, and Slesse Creek on Vancouver Island. Kermode also has the Khrysos & Silver Bell project in the Monashee Mountains, and the Eastgate BC project. Total acquisition costs in 2023 were \$772,500 for these projects. Kermode completed \$134,200 of spending on these projects in 2023 as detailed below in Note 5 from the financial statements.

	Black Panther	Caycuse	Khrysos & Silver Bell	Lucky Strike	Mt. Sicker	Santa Anna	Slesse Creek	Trio	Total
Balance, October 31, 2021	-	-	-	-	-	-	-	-	-
Acquisition Costs	-	-	-	135,000	-	-	-	-	135,000
Exploration	-	-	-	23,093	-	-	-	-	23,093
Write down	-	-	-	-	-	-	-	-	-
Balance, October 31, 2022	-	-	-	158,093	-	-	-	-	158,093
Acquisition Costs	120,000	162,500	150,000	90,000	-	210,000	40,000	-	772,500
Exploration	18,434	14,839	28,689	29,610	7,823	14,258	18,269	2,278	134,200
Write down	-	-	-	-	-	-	-	-	-
Balance, October 31, 2023	138,434	177,339	178,689	277,703	7,823	224,258	58,269	2,278	1,064,793

ABANDONED EXPLORATION PROJECTS

Abandoned Exploration Projects include the following projects: Grey Copper & Jonathan's Pond, Little Bay Copper, Loup Creek, Star of the West, and 911 Knockout. Total acquisition costs in 2023 were \$70,000 for these projects. Kermode completed \$144,674 of spending on these projects in 2023 as detailed below in Note 5 from the financial statements. The total impairment charge for all these projects was \$274,622 in 2023 where 52% was towards exploration.

In 2022 and 2023 together, Kermode took impairment charges of \$391,648. The total amount of spending on exploration during this time was \$236,670 where 60% was towards exploration.

CEO Peter Bell comments, *"I am sorry these projects didn't work out. I believe all of these projects have significant potential, however, it is the most important thing for Kermode to focus on our core business strategy. I am grateful for the opportunity to help bring these projects to market and want to continue to work with all of our former counterparties again in the future."*

	Eastgate Nevada	Grey Copper / Jonathan's Pond	Little Bay Copper	Loup Creek	Star of the West	Vidette Lake	911 Knockout	Total
Balance, October 31, 2020	-	-	-	-	-	-	-	-
Acquisition Costs	6,030	-	-	-	-	9,000	-	15,030
Exploration	20,000	-	-	-	-	59,195	-	79,195
Balance, October 31, 2021	26,030	-	-	-	-	68,195	-	94,225
Acquisition Costs	-	-	42,000	-	17,947	10,000	-	69,947
Exploration	2,801	-	-	-	-	10,000	-	12,801
Write down	(28,831)	-	-	-	-	(88,195)	-	(117,026)
Balance, October 31, 2022	-	-	42,000	-	17,947	-	-	59,947
Acquisition Costs	-	70,000	-	-	-	-	-	70,000
Exploration	-	44,009	-	23,759	68,970	-	7,936	144,674
Write down	-	(114,009)	(42,000)	(23,759)	(86,917)	-	(7,936)	(274,622)
Balance, October 31, 2023	-	-	-	-	-	-	-	-

Kermode has various Abandoned Exploration Projects, including Letter Of Intent ("LOI") that were abandoned and property purchase option agreements that we initiated but did not complete. Management believes that there is no material effect from these Abandoned Exploration Projects on the current operations of Kermode.

The two projects in Newfoundland are impaired (Grey Copper / Jonathan's Pond and Little Bay) because our exploration service providers do not wish to work on a shares-for-services basis.

Three of our projects in BC are impaired (Star of the West; 911 Knockout; Loup Creek) for several reasons. For one, the access to each project has deteriorated since we started work (new logging gates, new development activity). For another, the geological potential has deteriorated.

PROJECT	Impairment	Note
Grey Copper / Jonathan's Pond	\$114,009	Kermode suspended operations in Newfoundland in 2023. We issued shares worth as follows and completed the

		<p>exploration spending under a shares for-services program with Planet X Exploration Services:</p> <p>Share issuance: \$70,000</p> <p>Exploration spending: \$44,009</p> <p>Peter Bell comments, <i>"I would have preferred to continue working on this. I don't think this project got sufficient attention from Kermode and I am sorry that this deal is impaired. Thanks to our exploration service providers Planet X for being part of this pioneering business development where we pay for work on a shares-for-services basis! Let's work together again soon."</i></p>
Little Bay Copper	\$42,000	<p>Kermode suspended operations in Newfoundland in 2023.</p> <p>Share issuance: \$42,000</p> <p>Exploration spending: \$0</p> <p>Peter Bell comments, <i>"I am disappointed to see Kermode drop a property with zero exploration spending. I consider this deal a failure and apologize as CEO."</i></p>
Star Of The West	\$86,917	<p>Kermode abandoned this property option in 2023 for several reasons. For one, the access to each project has deteriorated since we started work (new logging gates, new development activity).</p> <p>Share issuance: \$0</p> <p>Exploration spending: \$68,970 (2023)</p> <p>Peter Bell comments, <i>"A year ago this was our best project. Now it is not. I believe our exploration partner 911 MINING did good work and identified significant geological potential here. I am glad we worked this ground using an innovative deal template where Kermode does not issue any cash or shares for a property option."</i></p>
911 KNOCKOUT	\$7,936.09	<p>Kermode abandoned this property option in 2023 for several reasons. Mainly, the geological potential was disappointing.</p> <p>Share issuance: \$0</p> <p>Exploration spending: \$7,936.09</p> <p>Peter Bell comments, <i>"This was another exempt transaction where we did not make any cash or share payments to acquire the property, like Star of the West. Furthermore, this project actually had three land positions</i></p>

		inside it covering three different exploration ideas. None of those three ideas passed scrutiny so we are dropping the entire project."
LOUP CREEK	\$23,759.10	Kermode abandoned this property option in 2023 because we did not find significant amounts of copper. Share issuance: \$0 Exploration spending: \$23,759.10
TOTAL	\$274,622	The total value of impairments across all projects have the following breakdown. Impaired share issuance: \$70,000 Impaired exploration spending: \$144,674

Peter Bell comments, "I am sorry that I did not cut bait on these property deals earlier. The Star of the West, for example, has several surprises including a surprising new residential development and a new set of gates. It has quickly moved from being a priority opportunity a year ago to one that is not a priority with the aggressive pace of new deals Kermode has completed in 2023. It is important to note that all three of these deals required no share issuance for the property option agreement because they were all exempt transactions within TSXV exchange policy. I am grateful for the opportunity to try different types of deal structures with Kermode and I believe it is important to have a competitive tension for all our projects at all times. I believe it is important for mining exploration companies to be highly focused and one of the ways I attempt to achieve that with Kermode is by showing that we can abandon projects. I believe that abandoning these projects have not and will not have a material impact on Kermode."

Kermode abandoned several LOI, including the following:

- Marchand Creek, Black Bear, Copper King:
Signed LOI in August, 2022; abandoned March 8th, 2023.
- Mt Polley East:
Signed LOI on November 10th, 2023; abandoned on March 3rd, 2023.
- NFLD Lithium:
Signed LOI on March 3rd, 2023; abandoned on July 5, 2023.
- Brazeau Copper:
Signed LOI on March 1st, 2023; abandoned on May 31, 2023.

NEW OPERATIONS

Kermode has various new acquisitions, which are property purchase option agreements where Kermode may choose to issue shares over time to earn ownership of a mining exploration project. The projects are described in detail in the Discussion of Operations section below. The list of active project names is as follows: MOUNT SICKER; SANTA ANNA; BLACK PANTHER; SLESSE CREEK; KHRYSOS; LUCKY STRIKE; CAYCUSE; KHRYSOS; EASTGATE BC; TRIO.

Kermode has various new shares-for-services agreements with exploration service providers and management. The shares-for-services agreements include the following:

- 911 MINING

Exploration services agreement initiated on January 4th, 2023, to fund prospecting work. It allows Kermode to pay up to \$100,000 per month using Kermode shares. Over the time period from January 2023 to October 31, 2023, the total amount of spending for projects as reported in Note 5 of the financial statements includes \$105,511 on projects Kermode continues to advance and \$100,665 on projects Kermode has since abandoned.

Project Name	Exploration Spending (Note 5)
Black Panther	18,434
Caycuse	14,839
Lucky Strike	29,610
Mt. Sicker	7,823
Santa Anna	14,258
Slesse Creek	18,269
Trio	2,278
Loup Creek	23,759
Star of the West	68,970
911 Knockout	7,936
Total	206,176

- AURUM VENA

Exploration services agreement initiated on June 1st, 2023, to fund prospecting work. It allows Kermode to pay up to \$100,000 per month of charges under the agreement using Kermode shares. Over the year, Kermode spent \$28,689 on the Khrysos & Silver Bell project as reported in Note 5 of the financial statements.

- GOLD RANGE

Exploration services agreement initiated on August 16th, 2023, to fund prospecting work. It allows Kermode to pay up to \$100,000 per month of charges under the agreement using Kermode shares. Over the year, Kermode spent \$nil using this agreement and intends to use it in the future to fund work on the TONYA property option.

- PLANET X

Exploration services agreement initiated on January 4th, 2023, to fund prospecting work. It allows Kermode to pay up to \$20,000 per month of charges under the agreement using Kermode shares. Over the year, Kermode spent \$44,009 using this agreement on the Grey Copper project as reported in Note 5 of the financial statements.

Another new operation for Kermode in fiscal 2023 was to use shares-for-services agreements to pay the CEO Peter Bell and CFO Andrew Low the amounts as reported in the annual financial statements:

- CEO
Corporate services agreement initiated on June 1st, 2023, to pay Peter Bell for work as CEO of Kermode. It allows Kermode to pay up to \$5,000 per month of charges under the agreement using Kermode shares as the maximum under TSXV exchange policy. Over the fiscal year 2023, Kermode issued 250,000 shares using this agreement.
- CFO
Corporate services agreement initiated on June 1st, 2023, to pay Andrew Low for work as CFO of Kermode. It allows Kermode to pay up to \$5,000 per month of charges under the agreement using Kermode shares as the maximum under TSXV exchange policy. Over the fiscal year 2023, Kermode issued 250,000 shares using this agreement and provided an additional 175,000 shares as an incentive fee when the CFO joined Kermode.

The Company paid or accrued \$72,500 (2022 - \$16,000) in management fees including the following. Cash payments for \$8,000 for previous CFO and \$5,000 to previous Corporate Secretary. Payments by shares-for-services to the CEO and CFO for 500,000 shares worth \$31,000, plus 175,000 shares valued at \$17,500 paid to the CFO as an inducement fee for joining the company. And non-cash items \$1,781 for vested PSU granted to CFO and \$9,976 for the options granted to CFO.

The Company accrued \$37,651 (2022 -\$0-) in Director fees, including \$16,699 for vested PSU granted to two directors, and \$19,952 for the options granted to two directors, and paid \$1,000 in cash.

SPENDING ON CORPORATE OVERHEAD VS OPERATIONS

In fiscal year 2023, total overhead spending was \$172,569 calculated from Management fees, Office and sundry, Professional fees, Transfer agent and filing fees from the Statements of Loss and Comprehensive Loss for Kermode. Some of these management fees were paid in shares, as is detailed in the Related Party section. In fiscal 2022, total overhead spending was \$119,172 calculated the same way.

In fiscal year 2023, total exploration spending included \$278,874 based on Note 5 of the financial statements and \$3,892 based on property investigation costs from the Statements of Loss and Comprehensive Loss. In fiscal 2022, total exploration spend included \$35,894 on "Exploration" spending line item from the table in the Notes to the Financial Statements and \$97,221 "Property investigation" line item from the Statements of Loss and Comprehensive Loss, which are combined to yield Total exploration spending was \$133,115.

Peter Bell continued, *"I work hard to keep corporate overhead costs under control and am grateful to my capable associates!"*

Peter Bell continued, *"Compared with the 10-year history of Kermode's financial performance and my perspective on what makes for success in the mining exploration business, I believe it is a step in the right direction for Kermode to incur more than twice as much on exploration spending as the main items for corporate overhead spending. I believe Kermode's exploration spending in 2023 was effective at finding and advancing high-potential metal showings and I believe the company should attempt to increase the quantity and quality of our work going forward."*

Peter Bell concluded, *"2023 was the first year that Kermode used shares-for-services agreements to fund management or exploration. I think it serves as an important example of how useful this financing tool can be across market cycles, particularly when the primary funding markets are tight."*

In terms of the changes in Kermode's financial condition and results, all the new acquisitions as property option agreements have not had a material impact. The property deals do not entail cash payments, so there is no immediate impact on Kermode's financial condition. Furthermore, the property deals have not yet generated results with sufficient impact to allow management to raise equity financing and improve Kermode's financial condition. Furthermore, the property option dispositions do not have a material impact on Kermode either.

There are various important trends and risks that have affected Kermode's financial statements and are reasonably likely to affect them in the future. These include relatively low levels of speculative investment in the primary and secondary market for Kermode shares that have caused reduced levels of activity for Kermode in the past, present, and future. Despite the relatively weak financial condition, Kermode has sustained an aggressive pace of generating new mining exploration deals throughout fiscal year 2023. In particular, Kermode has generated deals within a systematic framework that provides a platform for prospectors to do different types of deals from what is typically done in the junior mining business in Canada; this deal system combines property option agreements that have no cash payments or work commitments together with shares-for-services agreements to fund mining exploration work with the same property option counterparty.

Kermode CEO Peter Bell comments, *"There is a conflict of interest when the same person is involved in selling an exploration project to a public company and then making decisions for that company on how to do the exploration work. However, I believe that the deals we have been doing cause the incentives of our counterparties to be aligned with Kermode shareholders. For example, the prospectors who will do an option agreement on their best project that doesn't include any cash payments up front is someone who believes in their project! And the prospector who will agree to no work commitments is someone who trusts the public company taking the project. And the prospector who will do the exploration work for shares with a four-month hold is someone who wants to make a meaningful mining discovery. These deal terms we have been pursuing are very aggressive and we are grateful to our partners 911 MINING, AURUM VENA, and others for helping us figure this stuff out."*

An important trend for Kermode is the relatively small amount of the cash balance over time. To help the reader to better understand this trend, we provide information for a period longer than two financial years to help explain several trends.

Over the last 5 years, Kermode typically has a low amount of cash on the balance sheet at the end of each quarter. The cause of this low cash balance is the fact that Kermode does not generate any revenue from operations of any kind. Kermode is financed by risk capital that buys shares in the primary and secondary markets. In fiscal 2023, Kermode raised a total of approximately \$75,000. In fiscal 2022, Kermode raised a total of approximately \$241,000.

Looking back ten years, Kermode raised \$112,589 for the year ended October 31, 2021, and \$132,500 for the year ended October 31, 2020. Kermode had no financing \$nil in both 2019 and 2018. Kermode raised \$35,050 in 2017, then had no financings \$nil in 2016 and 2015. Then, in 2014 Kermode raised gross proceeds of \$26,540.

In January 2018, Kermode sold the Rattling Brook project to Anaconda Mining Inc. for cash payments of \$50,000 and 1,113,218 common shares (sold for approximately \$300,000 by Kermode in 2018). Kermode previously wrote off all costs (\$3,407,074) associated with the Property during fiscal 2010. These costs included staged exploration expenditures totalling \$2,000,000 completed before 2010 and various property payments greater than \$300,000 cash and 550,000 shares of Kermode valued at \$132,250 at the time.

In comparison to the long-term trend for Kermode to have relatively low cash balance and low amounts of financing over the prior ten years, it is important to note that fiscal 2023 marks an increase in exploration spending. The shares-for-services agreements with 911 MINING, AURUM VENA, and PLANET X have allowed Kermode to increase the amount of exploration work being completed without increasing the amount of financings being completed. While Kermode's new business model has not changed the slow rate of activity in the primary market, there have been changes to the secondary market for Kermode as the amount of share issuance has increased drastically in fiscal 2022 and 2023 relative to historical trends. The increase in share issuance corresponds to new management initiating a new business strategy focused on getting Kermode into the best projects possible with the best people we can find based on deal terms that align the incentives of all our key team members to achieve success for shareholders.

Kermode CEO Peter Bell comments, *"When I joined the Board of Directors of Kermode, it had approximately sixty-five million shares out all the way since it first went public back around 1996. Before we did the 10:1 Consolidation in fiscal 2023, Kermode had approximately two-hundred*

and fifty million shares out. The majority of that increase went into property option agreements and exploration work under shares-for-services, which I believe are necessary factors for success. I regret the dilution to shareholders and am actively searching for opportunities where Kermode can acquire interests in property that would provide cash flow to Kermode to reduce shareholder dilution going forward."

Selected Annual Information

The important trends and risks that have affected the business of Kermode in 2023 continue from the past into the future. Kermode provides the following financial data derived from the 2023 annual financial statements for each of the three most recently completed financial years.

Kermode indicates the accounting principles that the financial data has been prepared with, in accordance with each of the three most recently completed financial years. The financial data provided was prepared in accordance with the same accounting principles for all three years. Total revenue is \$nil; there is no revenue. The distributions or cash dividends declared per-share are \$nil. The total non-current financial liabilities for 2023, 2022, and 2021 are \$nil. There are various current liabilities detailed in the financial statements. Note that Kermode does not use debt for operating purposes so much that the company does not even have a credit card at this time.

The total assets for 2023, 2022, and 2021 are provided in the table below.

The Non GAAP financial measures reported here provide a way to identify understand how the the assets of Kermode have changed over time in terms of the relative composition of cash versus exploration projects, and how the exploration activity and overhead costs of Kermode change over time in terms of the relative composition of corporate costs versus exploration costs.

Total Assets	Year Ended October 31, 2023	Year Ended October 31, 2022	Year Ended October 31, 2021
"Cash"	3,903	30,041	93,664
"Exploration and evaluation assets"	1,064,792	218,040	94,225
Other Assets Statistic	21,814	29,059	82,802
"Total assets"	1,090,509	277,140	270,691

Total Losses	Year Ended October 31, 2023	Year Ended October 31, 2022	Year Ended October 31, 2021
Exploration Statistic	282,766	133,115	79,195
Overhead Statistic	172,569	119,172	60,574
Depreciation Statistic	274,622	117,026	0
"Loss and comprehensive loss"	594,650	550,220	170,173

Note:

- The "Cash", "Exploration and evaluation assets", and "Total assets" are taken from the Kermode balance sheet or Statements of Financial Position. The "Loss and comprehensive loss" is the number as reported in the Statements of Loss and Comprehensive Loss.
- The "Other Assets Statistic" is calculated as the difference between Total Assets minus Cash and Exploration assets from the Balance Sheet.
- The "Exploration Statistic" is calculated by management as follows.

For the 2023 financials, it is calculated from three numbers: one from Note 5 of the financial statements that reports the total exploration spending was \$134,200 for the projects we continue to work on; another \$144,674 for the projects we abandoned in 2023 for total exploration spending of \$278,874; and the "Property investigation" line item from the Statements of Loss and Comprehensive Loss for \$3,892 also.

For the 2022 financials, it is calculated using the "Prospecting" line item from the table in the Notes to the Financial Statements (Note #5: EXPLORATION AND EVALUATION ASSETS) combined with the "Property investigation" line item from the Statements of Loss and Comprehensive Loss.

2023: $278,874 + 3,892 = 282,766$
2022: $35,894 + 97,221 = \$133,115$
2021: $79,195 + 0$

- The "Overhead Statistic" is calculated by management as follows: Management fees; Office and sundry; Professional fees; Transfer agent and filing fees. All figures taken from the Statements of Loss and Comprehensive Loss for Kermode.

2023: $72,500 + 3,412 + 27,836 + 68,821 = \$172,569$
2022: $16,000 + 6,301 + 52,050 + 44,821 = \$119,172$
2021: $4,877 + 15,485 + 23,284 + 16,928 = \$60,574$

- The "Depreciation Statistic" is calculated by management as follows: Write down of mineral property. All figures taken from the Statements of Loss and Comprehensive Loss for Kermode.

Kermode also reports the results on a per-share basis for 2023, 2022, and 2021 as below.

Total Assets	Year Ended October 31, 2023	Year Ended October 31, 2022	Year Ended October 31, 2021
"Cash"	3,903	30,412	93,664
"Exploration and evaluation assets"	1,064,792	218,040	94,225
OTHER ASSETS	21,814	29,059	82,802
"Total assets"	1,090,509	277,140	270,691

Common Shares of Kermode	25,243,087	11,963,017	9,049,737
--------------------------	------------	------------	-----------

FINANCIAL RATIOS (\$/share)

"Cash per share"	0.000	0.003	0.010
"Exploration assets per share"	0.042	0.018	0.010
Other Assets Statistic per share	0.001	0.002	0.009
"Total assets per share"	0.043	0.02	0.030

The Non GAAP financial measures reported here provide a way to identify understand how the assets of Kermode have changed over time in terms of the relative composition of cash versus exploration projects.

Kermode CEO Peter Bell comments, *"One combination of data points that I would like to highlight is as follows. The Cash per share decreased from \$0.010 in 2021 to \$0.000 in 2023, while the Exploration assets per share increased from \$0.010 in 2021 to \$0.042 in 2023. I consider it important for a mining exploration company to have significant exploration assets. Also, it is important for a public company to have adequate liquidity and capital reserves to operate."*

Kermode CEO Peter Bell comments, *"Another combination of data points that I would like to highlight is as follows. The exploration spending per share has increased from \$0.009 in 2021 to \$0.011 in 2023, while the corporate spending has remained flat at \$0.007 in 2021 and \$0.007 in 2023. I consider it important for a mining exploration company to have significant exploration activities on an ongoing basis."*

Total Losses	Year Ended October 31, 2023	Year Ended October 31, 2022	Year Ended October 31, 2021
Exploration Statistic	282,766	133,115	79,195
Overhead Statistic	172,569	119,172	60,574
Depreciation Statistic	274,622	117,026	0
"Loss and comprehensive loss"	594,650	550,220	170,173

Common Shares of Kermode	25,243,087	11,963,017	9,049,737
--------------------------	------------	------------	-----------

FINANCIAL RATIOS (\$/share)

Exploration Statistic per share	0.011	0.011	0.009
Overhead Statistic per share	0.007	0.010	0.007
Depreciation Statistic per share	0.011	0.010	0.000
Loss per share	0.024	0.046	0.019

The Non GAAP financial measures reported here provide a way to identify understand how the exploration activity and overhead costs of Kermode change over time in terms of the relative composition of corporate costs versus exploration costs.

The factors that have caused period to period variations in the statistics provided in this section of the MD&A mainly reflect the aggressive business strategy Kermode has developed over the prior three years. For example, the cash-per-share figure has declined from 1 penny per share to 0.1 pennies per share as Kermode has discovered a way to use shares-for-services agreements to fund exploration work and more. At the same, the total amount of the Exploration Statistic as in the table of Total Losses above shows that Kermode has almost tripled the amount of spending on exploration from \$79,195 in fiscal year 2021 to \$282,766 through fiscal 2023.

Kermode CEO Peter Bell comments, *"It is my pleasure to be able to calculate these various statistics in explicit detail to show the calculations and comparisons that are possible. The list of facts and figures provided here are not ones that have been provided in prior versions of the Kermode MD&A, but I believe they do represent some of the basic parameters that I consider to be important for the macroeconomic case of a mining exploration company. There are many important parameters to do with the quality*

of the assets that are relevant to the later section of the MD&A Discussion of Operations.”

As detailed in the Overall Performance section of the MD&A, Kermode has made significant acquisitions in 2023. Kermode CEO Peter Bell comments, *“The changes in the direction of Kermode’s business in my time as CEO have been very drastic. We have gone from a quiet company that did not meet the continued listing requirements of the TSXV to an active exploration company. Thank you for the opportunity to be part of this adventure! I believe there is additional information throughout this MD&A that would enhance your understanding of Kermode. And beyond that I encourage you to contact us directly to discuss things further.”*

Discussion of Operations

During the most recently completed financial year, our operations included mining exploration in BC and Newfoundland. There were no unusual or infrequent events or transactions.

Kermode provides a comparison in tabular form of disclosure you previously made about how your company was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on your company's ability to achieve its business objectives and milestones.

The following table outlines the expected and actual use of proceeds from two private placements in 2023:

Use of Proceeds (2023 Financings; Approximate)	Planned (As at closing)	Actual (Current)
Auditor Fees	45,000	40,000
Exchange Fees	20,000	25,000
Transfer agent and other third party fees	10,000	10,000
Total:	75,000	75,000

The variances for the use of proceeds include increased exchange fees because of new property option agreements and reduced auditor fees because the initial assumption was purposefully set too high by management. Peter Bell comments, *"I believe it is very important to pay the auditors. This year, Kermode paid the initial deposit for the 2023 audit back in June, 2023, months ahead of our fiscal year end on October 31, 2023. We paid this fee so far in advance because it is such an important budget item."*

The total revenue for Kermode was zero \$nil. There were no significant factors that caused changes in total revenue as Kermode is an exploration company that has not earned revenue historically. There is no cost of sales or gross profits and no producing mines or mines under development.

Factors that caused a change in the relationship between costs, including changes in costs of labour, access to projects, and access to financial capital. Kermode CEO Peter Bell notes, *"The effect of inflation on the costs of all aspects of business are significant. In a time of chaos like this, I think it is more important than ever to do ultra-high-grade work at all times, as fast as possible, for the least initial cost as possible, as many times with the greatest odds of success as possible."*

Kermode has commitments today that will materially affect your company's future performance, including the future share issuance under active property purchase option agreements. These deals are described fully in the section below.

Table of future payments due for all property option agreements where Kermode has a continuing interest.

Timeline	Caycuse	Lucky Strike	Slesse Creek	Khrysos	Black Panther	Santa Anna	Mount Sicker	Total (M shares)
Next 12 months	0	0.9M shares	0.4M shares	0	1.2M shares		0	2.5
Next 2 years	0.5M shares	-	0.9M shares	0	1.2M shares	2.8M shares	2.5M shares	7.9
Next 3 years	0.5M shares	-	-	0	1.2M shares	0	2M shares \$10K cash	3.7
Next 4 years	0.5M shares	-	-	1.5M shares	-	0	2.5M shares \$20K cash	4.5
Next 5 years	0.5M shares	-	-	-	-	3.5M shares	3M shares \$30K cash	7
Next 6 years	0.5M shares	-	-	-	-	-	4M shares \$50K cash	4.5
Next 7 years	0.5M shares	-	-	-	-	-	6M shares \$100K cash	6.5
Next 8 years	0.5M shares	-	-	-	-	-	-	0.5
Total	3.5	0.9	1.3	1.5	3.6	6.3	20	37.1M shares

MT SICKER

No cash or shares on signing or in first year; after first anniversary, one payment of 2,500,000 shares of Kermode; second anniversary payment 2,000,000 shares and \$10,000; third anniversary 2,500,000 shares and \$20,000; fourth anniversary 3,000,000 shares and \$30,000; fifth anniversary 4,000,000 shares and \$50,000; sixth anniversary 6,000,000 shares and \$100,000. The total cash payment is \$210,000 and shares 20,000,000.

SANTA ANNA

No cash at any time. The following payment schedule is provided on a post-Consolidation basis: 2,100,000 shares on signing; no payment on first anniversary; 2,800,000 shares on second anniversary; nothing on third anniversary nor fourth anniversary; 3,500,000 shares on fifth anniversary. The first payment was made on signing on September 21st, 2023. The total share payment is 8,400,000.

BLACK PANTHER

No cash at any time. The following payment schedule is provided on a post-Consolidation basis includes four equal, annual payments of 1,200,000 shares. The first payment was made on signing on August 11th, 2023, and the total share payment is 4,800,000.

KHRYSOS

No cash at any time. The following payment schedule is provided on a post-Consolidation basis: 1,500,000 shares on signing; no payment on the first, second, third, or fourth anniversary; then another 1,500,000 shares on or before the fifth anniversary. The first payment was made on signing on May 26th, 2023, and the total share payment is 3,000,000.

SLESSE CREEK

No cash at any time. The following payment schedule is provided on a post-Consolidation basis: 400,000 shares on signing; 400,000 shares on the first anniversary; and 900,000 shares on the second anniversary. The first payment was made on signing on June 22nd, 2023, and the total share payment is 1,700,000.

LUCKY STRIKE

No cash at any time. The following payment schedule is provided on a post-Consolidation basis: 900,000 shares on signing, first, and second anniversary. The first payment was made in 2022 and second payment in 2023. There is one remaining payment due in 2024 to take 100% ownership. There is also a two percent royalty ("2% NSR") with a buy-back of 1% for \$1,000,000. There are no work commitments.

CAYCUSE

On December 9, 2022, the Company entered into an option agreement to acquire a 100% interest in the Caycuse Copper project located in British Columbia pursuant to which the Company issued 1,500,000 common shares and on October 17, 2023, the Company issued 500,000 shares as the 1st-anniversary payment for the 100% interest in the Caycuse Copper project in BC. As at October 31, 2023, the project had acquisition costs of \$162,500. In order to complete the acquisition, the Company is required to issue 500,000 common shares annually for the next nine years. The property is subject to a NSR of 1% with a \$1,000,000 buy-down and a Sale Participation Right of 10% of gross proceeds received by the Company from any future sale of disposition of any interest in the property in the next ten years.

As an issuer with significant projects that have not yet generated revenue, Kermode describes each project in this section. The description includes our plan for each project and the status of each relative to that plan. We also report the expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan.

Project:	Caycuse	Lucky Strike	Slesse Creek	Khrysos	Black Panther	Santa Anna	Mt Sicker
Does Kermode plan to do more exploration work here? Y/N	Y	Y	Y	Y	Y	Y	Y
Risk of impairment from commodity prices, land use or political or environmental issues? Y/N	N	N	N	N	N	N	N

PROJECT	Kermode's plan for each project	Status of each project relative to Kermode's plan
Caycuse	Reconnaissance stage prospecting	Active
Lucky Strike	Reconnaissance stage prospecting	Active
Slesse Creek	Reconnaissance stage prospecting	Active
Khrysos	Reconnaissance stage prospecting	Active
Black Panther	Reconnaissance stage prospecting	Active
Santa Anna	Reconnaissance stage prospecting	Active
Mt Sicker	Reconnaissance stage prospecting	Active

As an issuer with significant projects that have not yet generated revenue, Kermode reports further details on the types of expenditures made on each of these projects in the section below. Peter Bell comments, *"I prepared the calculations myself from the detailed breakdowns of spending by our exploration partners through October 2023. The numbers may not match the consolidated accounting figures presented elsewhere as part of our financial reporting."*

In addition to the financial statistics provided above, Kermode has made all exploration results public throughout fiscal 2023 on a timely basis. For example, when Kermode published the first assay results from work with 911 MINING in May 2023 within one week of when results were received. Since then, Kermode moved even quicker to publish assays with 911 MINING and consistently shared comprehensive information online.

One small thing that Kermode did this year, which it had not done before, was to post publicly on SEDAR+ the full text of the technical assessment report for the BC government regarding the SANTA ANNA project; this report only covered the first few days of work at site, but captured our initial excitement for this project. Since then, we have conducted further prospecting work totalling \$20,133.66 through October 31, 2023.

We were so impressed by the SANTA ANNA project that we used it as our flagship project when we applied to the BHP XPLORE 2024 funding program with BHP Group Limited. We did not win a spot in the program this time, but we will try again! Here is an excerpt from our application:

BHP XPLORE 2024 QUESTION:

Outline the milestones you plan to achieve over the next 12 months?

Here are our goals for the SANTA ANNA project:

- 1. to prospect regularly over the next 12 months.*
- 2. to collect specimen samples of ultra high grade ore to share publicly for free.*
- 3. to do test work on copper concentrates by trying microwave pre-treatment before crushing, a magnetic drum to remove iron gangue, and a gravity circuit to upgrade the concentrate.*
- 4. to test electrowinning methods for copper recovery from raw ore and concentrates.*
- 5. to pour and stamp copper ingots from copper separated in our own electrowinning and other methods.*
- 6. to do ground-based magnetics surveys with 911 MINING doing field work and another partner doing the data processing.*
- 7. to start a permit application for*
- 8. to hold public events to showcase the potential for SANTA ANNA to produce "world class" copper concentrate.*
- 9. to prepare and share a comprehensive data room production for public access to all aspects of field work.*

Part of the reason for this plan is, "Contrarian is as contrarian does."

BHP XPLORE 2024 QUESTION:

If successful, how would you use the BHP Xplor program and funding to advance your exploration opportunity?

To invest into the 911 MINING prospecting crew!

--

I talked earlier in the application about a supposed "skills gap" in Kermode. But I think it's actually more of an "equipment gap" or a "capital gap". There is a list of simple and effective tools that would increase the productivity of the 911 crew as they are today,

without significantly distorting their operating constraints. They can stay under-the-radar in terms of permitting while doing reconnaissance exploration work to figure out priority areas where we can subsequently attempt to get permits. And they can do a lot more than just reconnaissance at SANTA ANNA.

For example, new equipment for high-end video production for YouTube by 911 MINING. Did you know that all those videos now are shot on Justin's phone? What happens if those videos level-up with more sophisticated gear? We think it would be a good look for the mining exploration business. The raw talent and community engagement cannot be fabricated -- invest in success!

The BHP XPLOR funding program with BHP Group Limited is a unique example of the “accelerator” business development model applied to the mining industry. It reflects an important trend towards financial innovation in the organization and execution of early-stage mining exploration and much, much more. Peter Bell comments, “I am sorry that Kermode did not win a spot in the contest. Please note that I also helped a Saskatchewan-based potash company apply to the program and BHP replied that one of our applications would get some follow-up, but they didn't specify which one. It was a great benefit for me to prepare Kermode's application because they ask such smart questions that it was a challenge to answer them well.”

Example of Exploration Results

The following table includes exploration results that are typical for Kermode. The samples were taken by Justin Deveault May 17th and 18th, 2023, and analyzed by XRF in February 2024, as detailed below.

CAYCUSE RIVER COPPER PROJECT (XRF VALUES)					
ID	Copper (Cu %)	EAST. (10N)	NORTH. (10N)	TYPE	NOTES
CC1	3.08%	389562	5406418	10.0m Chip	Zone A, 20m wide skarn exposure with disseminated to massive pods of chalcopyrite, pyrite, magnetite and pyrrhotite. Large chip across half of the skarn exposure in Zone A. Sample 15-20% total sulphides.
CC2	11.57%	389535	5406415	Grab	Zone A, 20m wide skarn exposure with disseminated to massive pods of chalcopyrite, pyrite, magnetite and pyrrhotite. Grab from heavily disseminated chalcopyrite in skarn. Sample 40-45% total sulphides.
CC3	24.92%	389548	5406415	4.0m Chip	Zone B, 4m x 7m wide massive pod of chalcopyrite. Minor pyrite, magnetite and pyrrhotite. Exposure in river runs from outcrop on bank on river floor over 7m before it is hidden by boulders/gravels under water. Sample from 4m exposed above water mark. Sample 90% total sulphides.
CC4	8.81%	389517	5406402	6.0m Chip	Zone B, Chip across outcrop of skarn with disseminated to massive chalcopyrite, pyrite,

					magnetite and pyrrhotite. Malachite and heavy oxidation present. Sample 40% total sulphides.
CC5	4.05%	389492	5406412	3.0m Chip	Zone C, Outcrop 15m set back from watermark. Chip sample over 3m of skarn with disseminated to semi-massive chalcopyrite, pyrite, magnetite and pyrrhotite. Sample total sulphides 40%.
CC6	18.53%	389467	5406421	Grab	Zone D, Stepped back off of river bank by 20m. Skarn exposure at least 20m wide. Half covered by slough rock. Grab from outcrop exposed with 60-70% chalcopyrite, magnetite and pyrite pod.
CC7	30.29%	389450	5406411	3.0m Chip	Chip sample from large 3m x 3m wide boulder containing 75% chalcopyrite, 20% magnetite. Possible bornite. Many of these boulders found.
CC8	13.67%	389649	5406436	Float	Float rock/boulder 300m above skarn showings area on Caycuse River. Rock was 20-30 KG of massive chalcopyrite, minor sphalerite and pyrite.
CC9	33.16%	389523	5406402	Float	Float rock/boulder in river with 50%+ sulphides. Sample taken from massive sulphide area of boulder. Clean, very golden coloured chalcopyrite +/- 90%. 5% bornite.
CC10	4.55%	389542	5406394	Grab	Opposite side of Caycuse River 20m+ from zone B showings. Skarn with up to 25% sulphides seen in bedrock area 5m x 3m exposed.

Qualified Person: the technical information in this section has been reviewed and approved by Mr. Jacques Houle, P. Eng, a Qualified Person responsible for the scientific and technical information contained herein under National Instrument 43-101 standards.

QA/QC Statement: the results reported here were prepared by using an Olympus Delta portable XRF (Model DS 6500CC) using industry-standard chain of custody procedures with all samples. The XRF operator named Clive Khan is independent of Kermode and completed the XRF analysis in February, 2024.

The XRF was calibrated prior to each test as follows. At each startup, a calibration coin was analyzed, and subsequent analysis was only performed when a pass was obtained, which was calculated internally by the XRF instrument. The XRF unit was set to geochemical mode and a full 200 second test was run to determine copper content. While the instrument detects many elements, only copper was tested. The XRF analyzes only a small portion of the sample, so half the sample was crushed to pass an 80-mesh screen before testing. During analysis of the samples by handheld XRF, non-blind control samples were analysed to monitor the XRF instrument calibration and performance. A correction factor for all base metals was applied to the raw data. The correction factor was determined by analyzing samples that had previously been analyzed at a commercial laboratory. These rock samples were of varying concentrations and analyzed by the handheld XRF using the method described above. The portable XRF is accurate to within a 5% error for copper content. We did not use the portable XRF to determine accurate readings for other elements.

Details of Share Issuance in Fiscal 2023

The following table provides details of all share issuance during the fiscal year 2023 according to several categories.

2023 Fiscal Year	Common Shares (Number)	Book Value (\$)
Private Placements (2)	757,300	\$75,730
Shares-For-Debt	648,557	\$64,856
Shares-for-services to CEO and CFO	500,000	\$31,000
Property Deals (Statements of Changes in Shareholders' Equity)	8,800,000	\$842,500
Exploration Spending (Statements of Changes in Shareholders' Equity)	2,574,213	\$244,839

CEO Peter Bell comments, "Combining Private Placements, Shares-For-Debt, and Shares-for-services to CEO and CFO gives an important number that represents the number of shares Kermode issued in 2023 for everything that's not an option payment or exploration work. This number compares with approximately 2.5M shares issued for exploration and almost 9M shares for property deals! Kermode did not achieve the 80-20 rule where 80% of spending goes to exploration and 20% to overhead costs. But we did make the majority of share issuance towards property payments and exploration work! Combining the amount of shares issued for Property Option Agreements (8,800,000) and Exploration Spending (2,574,213), to compare with the total number shares issued in fiscal year 2023 by Kermode (13,280,070) shows that approximately 85% of Kermode's share issuance in 2023 went to exploration work and property payments. I believe the large number of shares issued for property deals entails an investment in the potential future success of Kermode."

Summary of Quarterly Results / Fourth Quarter

The fourth quarter for fiscal year 2023 comprised the period July 31, 2023, to October 31, 2023. During this period there were several material changes, which are detailed below.

On September 25, Kermode announced a Consolidation of 10:1 ten-to-one that closed on October 3. This entailed cash costs of approximately \$5,000 as corporate overhead spending.

During the Fourth Quarter, Kermode issued shares to 911 MINING and AURUM VENA for exploration services and to the CEO and CFO for services as detailed in the section on related party transactions provided elsewhere in this document and will not be repeated here. There were no year-end adjustments or seasonal aspects of Kermode's business in the Fourth Quarter of fiscal year 2023. There were no dispositions of any business segments in 2023.

Kermode incurred a loss and the Fourth Quarter amount is calculated from the annual financials dated October 31, 2023, and the 9 month period ended July 31, 2023 as in the excerpt from the Statements of Loss and Comprehensive Loss below.

	Note	3 months ended October 31, 2023
Operating expenses		
Consultants		\$ -
Management fees	6	22,000
Office and sundry		297
Professional fees		7,750
Property investigation		-
Share-based compensation	8,9	10,689
Transfer agent and filing fees		20,975
Loss and comprehensive loss for the year		61,711
Write-down of exploration and evaluation assets	5	274,622
Loss and comprehensive loss for the year		(336,332)

In the Fourth Quarter, the Company closed on several property acquisitions during this period. Upon closing, those amounts were converted from Property Investigation to Exploration spending. The Company closed on the following projects in the Fourth Quarter:

- On August 11, Kermode optioned the BLACK PANTHER project. Kermode issued 1,200,000 common shares on the Effective Date and committed to make the same payment again for three years plus assign a net smelter return and a sales participation right.
- On August 16, Kermode signed an option to lease the TONYA project. Kermode issued no common shares and committed to make no payments.
- On September 20, Kermode optioned the SANTA ANNA project. Kermode issued 2,100,000 common shares on the Effective Date and to exercise the option, the Company must issue an additional 2,800,000 common shares within 24 months and 3,500,000 common shares within 60 months of closing.

- On October 25, Kermode optioned the MT SICKER project. Kermode made no cash or share payments to enter the option. To complete the acquisition, Kermode is required to pay \$210,000 and issue 20,000,000 common shares over six years.

The amount of exploration spending on each project is detailed in Note 5 of the financial statements.

The Company also abandoned several projects in the Fourth Quarter: Grey Copper / Jonathan's Pond; Little Bay Copper; Loup Creek; Star of the West; Vidette Lake; 911 Knockout. The amounts of Exploration spending and Acquisition Costs are detailed in Note 5 of the financial statements.

This section provides details as previously reported in the financial statements. The Working Capital is calculated as the difference between total liabilities and total current assets from the Balance Sheet.

	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023
Total Assets	1,090,509	1,047,780	623,007	594,202
Exploration and Evaluation Assets	1,064,792	988,978	599,937	569,736
Working Capital (Deficiency)	(257,399)	(298,977)	(303,425)	(290,918)
Shareholders' Equity (Deficiency)	807,393	754,373	296,512	278,917
Revenues	Nil	Nil	Nil	Nil
Net Loss	(594,650)	(317,706)	(139,900)	(123,303)

	October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022
Total Assets	277,140	380,051	345,724	277,159
Exploration and Evaluation Assets	218,040	203,030	68,030	94,225
Working Capital (Deficiency)	(217,690)	(84,418)	(15,835)	(187,674)
Shareholders' Equity (Deficiency)	350	118,612	52,195	(93,449)
Revenues	Nil	Nil	Nil	Nil
Net Loss	(550,220)	(68,583)	(114,617)	(43,957)

There are several important patterns reflected in the data above. For example, notice how the size of both the Net Loss and Total Assets have increased over time; this occurs because the increased rate of mining exploration activity. In particular, the Total Assets increases as Kermode enters into new property purchase option agreement and incurs exploration spending on these projects. The Net Loss increases as Kermode abandons property option agreements and takes a write down of the project value or otherwise incurs losses associated with mining exploration. The Shareholders' Equity line item is also an important figure to consider.

Kermode had 25,243,087 shares issued and outstanding as at October 31, 2023 compared with Exploration and Evaluation Assets of \$1,064,792 at the same date.

A year prior on October 31, 2022, Kermode had 11,963,017 common shares issued and outstanding compared with Exploration and Evaluation Assets of \$218,040 at the same date.

CEO Peter Bell comments, *"I think it is important to see trends in the relative amounts of total shares outstanding for Kermode at any time and the book value of certain line items like Exploration and Evaluation Assets. Also, the Net Loss and composition of Net Loss is important."*

For Three Months ended	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023
	\$	\$	\$	\$
Consultants	-	-	-	-
Management fees	22,000	38,500	6,000	6,000
Office and sundry	297	-	1,818	1,297
Professional fees	7,750	7,250	7,836	5,000
Property investigation	-	135	43,989	19,156
Share-based compensation	10,689	114,418	53,409	71,870
Transfer agent and filing fees	20,975	17,503	10,363	19,980

	October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022
	\$	\$	\$	
Consultants	8,000	3,000	4,000	-
Management fees	6,000	6,000	5,291	-
Office and sundry	5,207	224	6,383	579
Professional fees	13,475	12,934	2,034	15,529
Property investigation	23,018	44,839	-	27,329
Share-based compensation	72,634	-	18,713	-
Transfer agent and filing fees	23,732	1,586	78,196	790

Liquidity and Capital Resources

This section should be read in conjunction with the annual financial statements for the year ended October 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 realized profitable operations and has incurred significant losses to date resulting in a cumulative deficit of \$10,771,120 (2022 - \$10,239,014) since inception.

As of October 31, 2023, the Company had 25,243,087 common shares issued and outstanding (2022 - 11,963,017).

It is possible to compare the total accumulated deficit against the number of shares issued at a point in time to provide an estimate for the historical cost of capital for the company. In 2023, Kermode had a \$0.42 deficit per share ($\$10,771,120 / 25,243,087$ shares). In 2022, Kermode had a \$0.85 deficit per share ($\$10,239,014 / 11,963,017$ shares). For comparison, the share price used for recent shares-for-services transactions is \$0.01 per share.

As at October 31, 2023, the Company had cash and cash equivalents of \$3,903 to settle current liabilities of \$283,116. 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, 2023. See Note 7 to the annual financial statements for the year ended October 31, 2023.

The Company has total assets of \$1,090,509 (2022 - \$277,140). The primary assets of the Company are exploration and evaluation assets of \$1,064,792 (October 31, 2022 - \$218,040).

The Company has no long-term liabilities and has working capital deficiency of approximately \$257,000 (2022 approximately \$218,000). As at October 31, 2023 Kermode had accounts payable and accrued liabilities of \$253,308 (2022 - \$246,982). Of this amount, \$123,686 (2022 - \$116,419) 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 maintains active Shares for Services Agreements with multiple 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 October 31, 2023, the Company had a cash balance of \$3,903 (October 31, 2022 - \$ 30,041) available to settle current liabilities of \$ 283,116 (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.

The Company has a Security Based Compensation plan to incentivize certain eligible recipients and details are provided in the annual financial statements.

Risk Factors

There are material risk factors for Kermode including our assumptions about exploration work programs that the Company can undertake and range of possible results, calculations of potential tonnage or grade for mineral endowment, the strategic response of counterparties to exploration results.

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 October 31, 2023.

Related Party Transactions

Related parties include directors, officers, close family members, certain consultants and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

The Company had the following transactions in the normal course of operations with related parties as reported in the annual financial statements.

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

	October 31, 2023	October 31, 2022
Director fees	\$ 37,651	\$ -
Management fee	72,500	16,000

The Company paid or accrued \$72,500 (2022 - \$16,000) in management fees, including \$8,000 for previous CFO and \$5,000 to previous Corporate Secretary, by cash and additional amounts including 500,000 shares worth \$31,000 to the current CEO and CFO for share for services, 175,000 shares worth \$17,500 paid to the CFO as an inducement fee \$1,781 for vested PSU granted to CFO, and \$9,976 for the options granted to CFO.

The Company paid or incurred \$37,651 (2022 -\$0-) in Director fees, including \$16,699 for vested PSU granted to two directors, and \$19,952 for the options granted to two directors, and \$1,000 payment in cash.

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

Accounts payable and accrued liabilities include \$123,686 (2022 - \$116,419) 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.

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

Proposed Transactions

Kermode has three proposed transactions at this time:

- **BAMFIELD COPPER**

A non-binding LOI with three share payments for a total of 3,600,000 shares. The first shall be 900,000 shares on approval, then 1,200,000 shares on or before the first anniversary, then 1,500,000 shares on or before the second anniversary. The asset to be acquired comprises an early-stage exploration project with 1 mineral claim covering approximately 660 hectares in the Province of British Columbia under the following claims number: 1109617. The parties to the transaction are Justin Deveault, Justin McNutt, and Michael Deveault. The vendors are arm's length to Kermode. There is no finder's fee to be paid. A Net Smelter Return royalty of three percent 3% that can be eliminated for three million dollars \$3,000,000. December 20, 2023

- **BLACK MARBLE:**

The project includes 2 mineral claims located on Vancouver Island on map 092C078. The claims are #1110534 called BLACK MARBLE covering 320 hectares and #1110514 called Black Marble covering 20 hectares. The claims are not contiguous and the option is subject to an area of interest of ten kilometres 10km. The option agreement includes no cash payments and there are no spending requirements. The option agreement includes two payments of shares of Kermode. The first payment shall be 1,200,000 shares on approval by the TSX Venture Exchange and the Board of Directors of Kermode. The second payment shall be 2,400,000 shares on or before the second anniversary. All payments shall be split 4 ways between Justin Deveault, Scott Nickerson, Michael Deveault, and Justin McNutt. There is also a Net Smelter Return royalty of two percent 2% with a buy-down of two million dollars \$2,000,000 to remove the royalty and a Sales Participation Right of ten percent 10% of the gross proceeds of any future transaction where Kermode sells any interest in the project in the next ten years.

- **LIGHTNING PEAK :**

Kermode Resources Ltd. has released the terms for a proposed option agreement to purchase 100-per-cent ownership of certain claims called the Lightning Peak project in British Columbia from a group of private individuals who are arm's length to Kermode. Further details of this non-binding letter of intent are provided below. The project includes 11 mineral claims covering 2,900 hectares. The claims numbers are: 1080340, 1078941, 1076926, 1036771, 1077243, 1036360, 1055278, 1110978, 1106210, 1110978, 1110524, 1106214, 1106210. The share payments shall be split 4 ways between Aurum Vena Resources Corp. (60%), James Vigh (20%), Luc Lesage (10%), and Micheal Langille (10%). The final cash payment will be paid to Milosz Mielniczuk. There are no spending requirements. The total option payment is 30,000,000 shares payable in six annual payments of 5,000,000 shares starting on closing. There is also a \$75,000 cash payable on or before year five. There is also a Net Smelter Return royalty of two percent 2% with a buy-down of two million dollars \$2,000,000. The royalty and buy-down is payable only to Aurum Vena Resources Corp. and a Sales Participation Right of ten percent 10% of the gross proceeds of any future transaction where Kermode sells any interest in the project in the next ten years. The sales right is payable only to Aurum Vena Resources Corp.

Subsequent Events

Kermode has completed four transactions subsequent to the period end as follows:

- **VIGH GRAPHITE:**
1,500,000 shares were paid on December 8, 2023, to initiate a property purchase option. The asset to be acquired comprises an early-stage exploration project with 32 mineral claims covering approximately 660 hectares from James Vigh, Milosz Mielniczuk, and Luc Lesage who are arm's length to Kermode. There shall be a Net Smelter Return royalty of five percent 5% with the following buy-down conditions. Three percent 3% can be eliminated for three million dollars \$3,000,000, reducing the royalty to 2%. There shall be a Sales Participation Right (SPR) of ten percent 10% payable from the gross proceeds of any transaction in the next ten years. All royalty income and buy-down are payable to James Vigh or nominee. December 8, 2023
- **GOLD RUSH:**
There are no share payments in this property purchase option agreement. The asset is 1 mineral claim covering approximately 405 hectares and the vendors are Justin Deveault, Michael Deveault, Justin McNutt, and Bill van Osterom who are arm's length to Kermode. The proposed consideration and method of payment are as follows: A single cash payment of either: (A) \$50,000 on or before 2nd anniversary; or (B) \$100,000 on or before the 4th anniversary. There is a 1% "Net Smelter Return Royalty " payable to the Owners, which can be bought-down to zero for one million dollars \$1,000,000 entirely or in part at any time. And a 10% "Sales Participation Right" payable for any transaction in the following ten years equally to each of the Owners. January 11, 2024
- **OGIE GOLD:**
There are no share payments in this property purchase option agreement. The asset is 1 mineral claim covering approximately 205 hectares and the vendors are Milosz Mielniczuk, James Vigh, Luc Lesage, and Clayton Jones who are arm's length to Kermode. The proposed consideration and method of payment are as follows: A single cash payment of either: (A) \$50,000 on or before 2nd anniversary; or (B) \$100,000 on or before the 4th anniversary. There is a 1% "Net Smelter Return Royalty " payable to the Owners, which can be bought-down to zero for one million dollars \$1,000,000 entirely or in part at any time. And a 10% "Sales Participation Right" payable for any transaction in the following ten years equally to each of the Owners. February 11, 2024
- **EASTGATE BC (New Deal Terms):**
There are no share payments in this property purchase option agreement. The asset is 1 mineral claim covering approximately 350 hectares and the vendors are Clayton Jones, Michael Langille, Dan Hurd, Milosz Mielniczuk who are arm's length to Kermode. The proposed consideration and method of payment are as follows: a net smelter return royalty equal to 1% one percent with buy-down of \$1,000,000 to remove the royalty. And a sales participation right equal to 60% sixty percent with a term of ten years. February 16, 2024

Outstanding Share Data

As at February 28, 2024, the Company had 34,242,072 common shares issued and outstanding.
As at October 31, 2023, the Company had 25,243,087 common shares issued and outstanding.
As at October 31, 2022, the Company had 11,963,017 common shares issued and outstanding.

As of October 31, 2023, 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.

During the year ended October 31, 2023, the Company consolidated its share capital on a ten (10) old for one (1) new basis. All share and per share amounts have been retroactively restated to reflect this consolidation.

The Company adopted an equity incentive plan to govern the grant, administration and exercise of Security Based Compensation which may be granted to eligible Participant.

The Plan adopted September 19th, 2022, allows for a "rolling 10% and fixed 10%" security based compensation plan. The Company shall have up to 1,196,301 Performance Share Units "PSU" and an additional number of stock options equal to 10% of the total number of shares of the Company at any time. As at October 31, 2023, the Company had 25,243,087 common shares issued and could issue up to 2,524,308 stock options at that time. The PSU have a Performance Multiplier up to ten times and term of three years from issuance, and the stock options have a strike price of \$0.50 and term of five years from issuance as detailed below.

As at the date of this MD&A, the Company had the following outstanding derivatives:

- Stock options to purchase an aggregate of 1,619,630 common shares expiring September 2026 and exercisable at \$0.50 per common share.
- Share purchase warrants to purchase an aggregate of 265,300 common shares expiring May 2026 exercisable at \$0.50 per common share.
- Performance Share Units issued with 1,000,000 units where each unit has a multiplier up to 10:1 ten-to-one determined by the Board of Directors at the time of exercise

The following table summarizes the continuity of the Company's stock options

Weighted Average	Number of Options	Exercise Price
Balance October 31, 2021	500,000	\$ 0.50
Cancelled	(200,000)	0.50
Granted	300,000	0.50
Balance October 31, 2022	600,000	0.50
Exercised	-	-
Cancelled	(300,000)	0.50
Granted	1,319,630	0.50
Balance, October 31, 2023	1,619,630	0.50

At October 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
100,000	100,000	0.50	February 15, 2027
100,000	100,000	0.50	April 5, 2027
100,000	100,000	0.50	August 26, 2027
119,630	119,630	0.50	November 1, 2027
600,000	600,000	0.50	June 6, 2028
600,000	600,000	0.50	June 23, 2028

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

Performance Multiplier	Number of PSU
Balance October 31, 2021	-
Cancelled	-
Granted	-
Balance October 31, 2022	-
Exercised	-
Cancelled	200,000
Granted	1,200,000
Balance, October 31, 2023	1,000,000

At October 31, 2023, the Company had outstanding PSU, enabling holders to acquire common shares as follows:

Number of PSU awarded	Performance Multiplier	Expiry date
100,000	Up to 10:1	November 2, 2025
100,000	Up to 10:1	November 4, 2025
300,000	Up to 10:1	November 28, 2025
300,000	Up to 10:1	June 6, 2026
200,000	Up to 10:1	June 23, 2026

The weighted average contractual life of the PSU outstanding at October 31, 2023 is 2.34 years (October 31, 2022 – nil). The total number of PSU exercisable as of October 31, 2023 is nil (October 31, 2022 – nil); all PSU take more than one year to vest for recipients and all PSU were issued after November 1, 2022. The fair value of the PSU granted during the fiscal year ended October 31, 2023 and 2022 are recorded at fair value based on the market price of the common shares on grant and recorded over the estimated vesting period of one year. The Performance Multiplier is set by the Board at the time of exercise of any PSU. The specific value for the multiplier reflects the recipient's performance at the time when the Board of Directors of the Company decides to exercise the PSU. The Performance Multiplier may be up to ten to one. The Company assumes the Performance Multiplier shall be one to one for the calculation of stock-based compensation.

The Company had common share purchase warrants that entitle the holders to purchase one common share for each common share purchase warrant.

	Issue Date	Exercise Price	Expiry	Number Outstanding as at October 31, 2023
Private Placement	May 9, 2023	\$0.50	May 9, 2026	257,300
Finder's Warrants	May 9, 2023	\$0.50	May 9, 2026	8,000

The total number of warrants as at the Effective Date was 265,300. The total number of warrants as at at October 31, 2023 was 1,246,560.