

# **KERMODE RESOURCES LTD.**

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED APRIL 30, 2025**

(Expressed in Canadian Dollars)  
(Unaudited – Prepared by Management)

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Kermode Resources Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The condensed interim consolidated financial statements are prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and reflect management’s best estimates and judgments based on information currently available.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the annual audit and reviews the condensed interim consolidated financial statements prior to their submission to the Board of Directors for approval.

The accompanying condensed interim consolidated financial statements have not been reviewed by the Company’s independent auditor.

**KERMODE RESOURCES LTD**  
**Condensed Interim Consolidated Statements of Financial Position**  
*(Expressed in Canadian Dollars)*  
*(Unaudited – Prepared by Management)*

As at	Note	April 30, 2025	October 31, 2024
		\$	\$
<b>Assets</b>			
<i>Current assets</i>			
Cash		-	5,056
Receivables		10,521	21,745
Prepaid expenses		1,801	1,855
Total current assets		12,322	28,656
Reclamation bond	4	5,000	-
Exploration and evaluation assets	4	742,488	1,169,522
<b>Total assets</b>		<b>759,810</b>	<b>1,198,178</b>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Cash indebtedness		7	-
Accounts payable and accrued liabilities	8	404,427	317,314
Advances payable	8	29,808	29,808
Loan payable	8	45,000	-
Total current liabilities		479,242	347,122
<b>Shareholders' equity</b>			
Share capital	5	12,036,275	11,832,665
Contributed surplus	6,7	78,095	74,238
Deficit		(11,833,802)	(11,055,847)
Total shareholders' equity		280,568	851,056
<b>Total liabilities and shareholders' equity</b>		<b>759,810</b>	<b>1,198,178</b>

Nature of business and going concern (Note 1)

Approved and authorized by the Board on June 13, 2025.

“Maxime Lepine”  
Director

“Tek Manhas”  
Director

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

**KERMODE RESOURCES LTD****Condensed Interim Consolidated Statements of Loss and Comprehensive Loss***(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)*

		Three months ended April 30,		Six months ended April 30,	
	Notes	2025	2024	2025	2024
		\$	\$	\$	\$
<b>Operating expenses</b>					
Consulting fees	5	10,000	-	40,000	-
Director fees	5	22,500	-	35,000	-
Management fees	5	15,000	20,000	30,000	48,000
Office and sundry		7,965	122	8,137	527
Professional fees	5	47,712	21,949	74,741	34,449
Property investigation		-	1,128	-	1,128
Share-based compensation	5, 7	1,841	22,384	3,857	31,418
Travel and marketing		4,649	-	4,649	-
Transfer agent and filing fees		14,833	10,437	19,580	15,497
		(124,500)	(76,020)	(215,964)	(131,019)
Write-down of exploration and evaluation assets	3	(214,716)	-	(561,991)	-
<b>Loss and comprehensive loss for the period</b>		<b>(339,216)</b>	<b>(76,020)</b>	<b>(777,955)</b>	<b>(131,019)</b>
<b>Basic and diluted loss per share</b>		<b>(0.00)</b>	<b>(0.00)</b>	<b>(0.01)</b>	<b>(0.01)</b>
<b>Weighted average number of common shares outstanding, basic and diluted</b>		<b>77,642,900</b>	<b>38,934,670</b>	<b>70,818,954</b>	<b>19,253,408</b>

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

**KERMODE RESOURCES LTD.****Condensed Interim Consolidated Statements of Changes in Shareholders' Equity***(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)*

	Shares	Share Capital	Contributed Surplus	Accumulated Deficit	Total
	#	\$	\$	\$	\$
<b>Balance, October 31, 2023</b>	<b>25,243,087</b>	<b>11,358,713</b>	<b>219,800</b>	<b>(10,771,120)</b>	<b>807,393</b>
Private placement	525,000	10,500	-	-	10,500
Share issue costs-cash	-	(1,000)	-	-	(1,000)
Share issued for property	13,272,335	196,157	-	-	196,157
Shares issued for services	3,550,000	53,000	-	-	53,000
Share-based compensation	-	-	31,418	-	31,418
Loss for the period	-	-	-	(131,019)	(131,019)
<b>Balance, April 30, 2024</b>	<b>42,590,422</b>	<b>11,617,370</b>	<b>251,218</b>	<b>(10,902,139)</b>	<b>966,449</b>
Private placement	2,750,000	30,000	-	-	30,000
Share issue costs-cash	-	(1,000)	-	-	(1,000)
Share issued for property	13,577,549	153,656	-	-	153,656
Shares issued for services	2,563,999	32,639	-	-	32,639
Share-based compensation	-	-	28,628	-	28,628
Stock options and PSUs forfeited	-	-	(205,608)	205,608	-
Loss for the period	-	-	-	(359,316)	(359,316)
<b>Balance, October 31, 2024</b>	<b>61,481,970</b>	<b>11,832,665</b>	<b>74,238</b>	<b>(11,055,847)</b>	<b>851,056</b>
Acquisition of 1521158 BC Ltd.	15,000,000	75,000	-	-	75,000
Shares issued for debt settlement	6,000,000	60,000	-	-	60,000
Shares issued for services	6,860,996	68,610	-	-	68,610
Share-based compensation	-	-	3,857	-	3,857
Loss for the period	-	-	-	(777,955)	(777,955)
<b>Balance, April 30, 2025</b>	<b>89,342,966</b>	<b>12,036,275</b>	<b>78,095</b>	<b>(11,833,802)</b>	<b>280,568</b>

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

**KERMODE RESOURCES LTD**  
**Condensed Interim Consolidated Statements of Cash Flows**  
*(Expressed in Canadian Dollars)*  
*(Unaudited – Prepared by Management)*  
**For the six months ended April 30,**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Activities</b>		
Loss and comprehensive loss for the period	(777,955)	(131,019)
<i>Items not affecting cash:</i>		
Shares issued for services	68,610	53,000
Share based compensation	3,857	31,418
Write-down of exploration and evaluation assets	561,991	-
<i>Change in non-cash working capital items</i>		
Receivables	11,224	(4,042)
Prepaid expenses	(4,946)	7,863
Accounts payable and accrued liabilities	136,908	31,894
Net cash used in operating activities	(311)	(10,886)
<b>Investing activities</b>		
Exploration and evaluation assets	(49,752)	-
Net cash used in investing activities	(49,752)	-
<b>Financing activities</b>		
Issuance of common shares, net of issue costs	-	9,500
Loan received	45,000	-
Net cash provided by financing activities	45,000	9,500
<b>Change in cash for the period</b>	<b>(5,063)</b>	<b>(1,386)</b>
<b>Cash, beginning of the period</b>	<b>5,056</b>	<b>3,903</b>
<b>Cash (indebtedness), end of the period</b>	<b>(7)</b>	<b>2,517</b>
<b>Supplemental schedule of non-cash transactions:</b>		
Shares issued for exploration and evaluation assets	-	196,157
Shares issued for acquisition of 1521158 B.C. Ltd.	75,000	-
Shares issued for debt settlement	60,000	-
Shares issued in services	68,610	53,000
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	-	14,783

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

# **KERMODE RESOURCES LTD.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

*(Expressed in Canadian Dollars)*

*(Unaudited – Prepared by Management)*

**For the six months ended April 30, 2025**

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### **1. NATURE OF BUSINESS AND GOING CONCERN**

Kermode Resources Ltd. ("Kermode" or the "Company") was incorporated under the laws of the Province of Alberta and was subsequently continued into British Columbia.

The Company is primarily engaged in the business of acquiring, exploring, and transacting in mineral exploration properties located in Canada and the USA. There has been no determination whether properties held contain economically recoverable mineral resources. The Company's shares are listed on the TSX Venture Exchange ("TSX-V"). The Company's registered and records office is 905 W Pender Street, 6<sup>th</sup> floor, Vancouver, British Columbia, Canada.

These condensed interim consolidated financial statements have been prepared on a going concern basis with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception and expects to incur further losses in the development of its business. On April 30, 2025, the Company had a working capital deficit of \$466,920 (October 31, 2024 - \$318,466) and at that date, the Company also had an accumulated deficit of \$11,833,802 (October 31, 2024 - \$11,055,847) which has been funded primarily by the issuance of equity.

The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary financing to meet its general operating expenses and to continue to explore its mineral properties. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These factors may cast significant doubt upon the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

### **2. MATERIAL ACCOUNTING POLICY INFORMATION**

#### **Statement of Compliance**

These unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with IFRS Accounting Standards (IFRS) applicable to the preparation of condensed interim consolidated financial statements, under International Accounting Standard 34, Interim Financial Reporting. Therefore, these condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS Accounting Standards for annual financial statements and should be read in conjunction with the annual financial statements for the year ended October 31, 2024, which have been prepared in accordance with IFRS Accounting Standards.

**KERMODE RESOURCES LTD.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
*(Expressed in Canadian Dollars)*  
*(Unaudited – Prepared by Management)*  
**For the six months ended April 30, 2025**

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

**Basis of presentation**

The condensed interim consolidated financial statements of the Company have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**Principles of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiary as at April 30, 2025. Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiary as if they formed a single entity. All inter-company transactions and balances between the companies are therefore eliminated in full.

On February 27, 2025, the Company completed the acquisition of 1521158 B.C. Ltd. pursuant to a share purchase agreement whereby the Company issued 15,000,000 common shares. The entity holds 100% interest in and to 25 claims in the Thunder Bay Mining Division in Ontario (Note 3). These condensed interim consolidated financial statements include the accounts of 1521158 B.C. Ltd.

**Financial instruments**

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income, as appropriate.

*Financial assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVTPL are measured at fair value with changes in fair value recognized in the statements of loss and comprehensive loss.

*Financial assets at FVOCI*

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the statements of operations. The election is available on an investment-by-investment basis. Investments in equity securities, where the Company cannot exert significant influence, are designated as financial assets at FVOCI.



**KERMODE RESOURCES LTD.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

*Financial assets at amortized cost*

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash and receivables are classified as and measured at amortized cost.

*Financial liabilities*

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in loss when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable, accrued liabilities and advances payable are classified as and measured at amortized cost.

*De-recognition of financial assets and liabilities*

A financial asset is derecognized when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate. A financial liability is derecognized when the associated obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

*Impairment of financial assets*

A loss allowance for expected credit losses is recognized in profit or loss for financial assets measured at amortized cost. At each statement of financial position date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to FVTPL instruments.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

**KERMODE RESOURCES LTD.**  
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**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

*Financial instruments recorded at fair value*

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models.

Financial instruments that are measured at fair value subsequent to initial recognition are grouped into a hierarchy based on the degree to which the fair value is observable as follows:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**Exploration and evaluation assets**

The Company is in the exploration stage with respect to its investment in mineral properties and accordingly follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of mineral properties. Such costs include, but are not limited to, geological, geophysical studies, exploratory drilling and sampling. The aggregate costs related to abandoned mineral properties are charged to profit or loss at the time of any abandonment or when it has been determined that there is evidence of a permanent impairment. An impairment charge relating to a mineral property is subsequently reversed when new exploration results or actual or potential proceeds on sale or farmout of the property result in a revised estimate of the recoverable amount but only to the extent that this does not exceed the original carrying value of the property that would have resulted if no impairment had been recognized.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development of the properties, and on future production or proceeds of disposition.

The Company recognizes in income costs recovered on mineral properties when amounts received or receivable are in excess of the carrying amount.

All capitalized exploration and evaluation assets are monitored for indications of impairment. Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that exploration and evaluation assets are not expected to be recovered, they are charged to profit or loss. Exploration areas where reserves have been discovered, but require major capital expenditure before production can begin, are continually evaluated to ensure that commercial quantities of reserves exist or to ensure that additional exploration work is underway as planned.

**KERMODE RESOURCES LTD.**  
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**For the six months ended April 30, 2025**

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

**Restoration, rehabilitation and environmental obligations**

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of a plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

**Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in net loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

**Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**Share-based compensation**

The fair value of options and performance share units (“SBC”) granted to employees at the date of grant is recognized as an expense over the vesting period with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by a direct employee, including directors of the Company.

**KERMODE RESOURCES LTD.**  
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**For the six months ended April 30, 2025**

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

**Share-based compensation (Continued)**

In situations where SBC are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identified goods or services received at the grant date.

The fair value is measured at the grant date and recognized over the period during which the SBC vest. The fair value of the options granted is measured using the Black-Scholes SBC-pricing model, taking into account the terms and conditions upon which the options were granted. The performance share units are recorded at fair value based on the market price of the common shares at the date of grant and recorded over the estimated vesting period. At the end of each reporting period, the amount recognized as an expense is adjusted to reflect the actual number of SBC that are expected to vest. Share-based compensation incorporates an expected forfeiture rate.

All equity settled share-based compensation is reflected in contributed surplus, until exercised or granted. Upon exercising or granting, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid. If an SBC is not exercised or granted prior to its expiration, the amount previously reflected in contributed surplus is credited to deficit.

**Income taxes**

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize that excess.

**Loss per share**

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for the issuance have been met. Diluted earnings per share is calculated in a similar manner, except that the weighted average number of common shares outstanding is increased to include potentially issuable common shares from the assumed exercise of common share purchase options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants. Diluted loss per share does not include the effect of potentially issuable common shares if their effect is anti-dilutive.

**KERMODE RESOURCES LTD.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
*(Expressed in Canadian Dollars)*  
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**For the six months ended April 30, 2025**

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

**Share capital**

Financial instruments issued by the Company are classified as equity only to the extent they do not meet the definition of a financial liability or financial asset. The Company's common shares and flow-through shares are classified as equity instruments. Incremental costs directly attributable to the issuance of equity instruments are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

**Critical areas of judgment and estimation uncertainty**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. These judgments and estimates are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the financial statements.

Areas of significant judgment and estimates affecting the amounts recognized in the financial condensed interim consolidated statements include:

a. Going concern

The Company's management has assessed the Company's ability to continue as a going concern. The factors considered by management include, among other things, the Company's cash position at April 30, 2025; its projected exploration and general operating costs; its ability to raise financing and its intention to continue operating the Company.

b. Impairment of non-financial assets

Assets are reviewed for an indication of impairment at each date of the statement of financial position. This determination requires significant judgment. Factors which could trigger an impairment review include, but are not limited to, significant negative industry or economic trends, interruptions in exploration and evaluation activities and significant drop in precious metal prices.

c. Valuation of share-based compensation

The Company records all share-based compensation using the fair value method. The Company uses the market value for common shares and Black-Scholes model to determine the fair value of stock options. The main factor affecting the estimates of the fair value of stock options is the volatility used. The Company currently estimates the expected volatility of its common shares based on the trading history of the Company taking into consideration the expected life of the options.

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**For the six months ended April 30, 2025**

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**2. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

**Adoption of New Accounting Standards and New Accounting Pronouncements**

The following amendments were adopted by the Company on January 1, 2024:

In January 2020, the IASB issued amendments to IAS 1, Presentation of Financial Statements, to provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date.

These amendments:

- specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months;
- provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
- clarify when a liability is considered settled.

On October 31, 2022, the IASB issued a deferral of the effective date for the new guidance by one year to annual reporting periods beginning on or after January 1, 2024 and is to be applied retrospectively.

There was no impact on the Company's consolidated financial statements upon the adoption of these amendments.

**3. ACQUISITION OF 1521158 B.C. LTD.**

On March 12, 2025, the Company completed the acquisition of 1521158 B.C. Ltd. by issuing 15,000,000 common shares (issued and valued \$75,000) to the former shareholders of 1521158 BC Ltd. In addition, the Company paid transaction costs of \$10,205.

The transaction does not constitute a business combination, as 1521158 B.C. Ltd. does not meet the definition of a business under IFRS 3 – Business Combinations. As a result, the acquisition of 1521158 B.C. Ltd. has been accounted for as an asset acquisition, whereby all of the assets acquired, and liabilities assumed, are recorded at fair value. Upon closing of the transaction, 1521158 B.C. Ltd. became a wholly-owned subsidiary of the Company. The net assets acquired pursuant to the acquisition are as follows:

<b>Net assets acquired</b>	
	\$
Exploration and evaluation assets (Note 3)	85,205
<b>Total purchase price</b>	
	\$
Issuance of 15,000,000 common shares	75,000
Transaction costs	10,205
	85,205

**KERMODE RESOURCES LTD.****Notes to the Condensed Interim Consolidated Financial Statements***(Expressed in Canadian Dollars)**(Unaudited – Prepared by Management)***For the six months ended April 30, 2025****4. EXPLORATION AND EVALUATION ASSETS**

The balance and summary of the changes of the exploration and evaluation assets are as follows:

	Beaton Gold	Eastgate BC	Khrysos & Silver Bell	Light- ning Peak	Lucky Strike	Mt. Sicker	Santa Anna	Slesse Creek	Trio	Vigh Graphite	Thunder Bay	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance, October 31, 2024</b>	<b>158,318</b>	<b>2,443</b>	<b>181,628</b>	<b>347</b>	<b>291,308</b>	<b>157,905</b>	<b>236,306</b>	<b>78,268</b>	<b>32,699</b>	<b>30,300</b>	<b>-</b>	<b>1,169,522</b>
Acquisition Costs	-	-	-	-	-	-	-	-	-	-	85,205	<b>85,205</b>
Exploration	-	-	-	-	9,777	39,975	-	-	-	-	-	<b>49,752</b>
Write-off	-	(2,443)	(181,628)	(347)	-	-	(236,306)	(78,268)	(32,699)	(30,300)	-	<b>(561,991)</b>
<b>Balance, April 30, 2025</b>	<b>158,318</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>301,085</b>	<b>197,880</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,205</b>	<b>742,488</b>

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	Beaton Gold	Eastgate BC	Khrysos & Silver Bell	Light- ning Peak	Lucky Strike	Mt. Sicker	Santa Anna	Slesse Creek	Trio	Vigh Graphite	Caycuse
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance, October 31, 2023</b>	<b>138,434</b>	<b>-</b>	<b>178,689</b>	<b>-</b>	<b>277,703</b>	<b>7,823</b>	<b>224,258</b>	<b>58,269</b>	<b>2,277</b>	<b>-</b>	<b>177,339</b>
Acquisition Costs	12,000	-	-	-	9,000	25,000	-	4,000	-	30,000	
Exploration	7,884	2,443	2,939	347	4,605	125,082	12,048	15,999	30,422	300	11,902
Write-off	-	-	-	-	-	-	-	-	-	-	(189,241)
<b>Balance, October 31, 2024</b>	<b>158,318</b>	<b>2,443</b>	<b>181,628</b>	<b>347</b>	<b>291,308</b>	<b>157,905</b>	<b>236,306</b>	<b>78,268</b>	<b>32,699</b>	<b>30,300</b>	<b>-</b>

	Tonya	Gold Rush	Ogie Gold	Total
	\$	\$	\$	\$
<b>Balance, October 31, 2023</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,064,792</b>
Acquisition Costs	-	-	-	<b>80,000</b>
Exploration	34,154	600	800	<b>249,525</b>
Write-off	(34,154)	(600)	(800)	<b>(224,795)</b>
<b>Balance, October 31, 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,169,522</b>



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**4. EXPLORATION AND EVALUATION ASSETS (Continued)**

**Title to mineral properties**

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

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

*Projects where the Company continues to advance the agreement:*

**1) Beaton Gold (formerly Black Panther), British Columbia**

On August 10, 2023, the Company entered into an option agreement to acquire a 100% interest in the Black Panther project on Vancouver Island, British Columbia. On September 17, 2024, the Company amended the agreement reducing the size of exploration claims, changing the members of the vendor group, and changing the project name to Beaton Gold. The changes were approved by the TSX-V on October 1, 2024.

To complete the acquisition, the Company is required to issue 4,800,000 common shares as follows:

- a. 1,200,000 common shares on the Effective Date (issued August 11, 2023, valued at \$120,000);
- b. an additional 1,200,000 Shares on or before 12 months following the Effective Date (issued October 4, 2024, valued at \$12,000);
- c. an additional 1,200,000 Shares on or before 24 months following the Effective Date;
- d. an additional 1,200,000 Shares on or before 36 months following the Effective Date;

The property was subject to a Net Smelter Return royalty (“NSR”) of 3% with a \$6,000,000 buy-down and a Sale Participation Right of 30% of gross proceeds received by the Company from any future sale or disposition of any interest in the property in the next ten years. The NSR has been changed to 1% with a \$1,000,000 buy-down, and the Sale Participation Right has been removed.

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**4. EXPLORATION AND EVALUATION ASSETS (Continued)**

**2) Lucky Strike, British Columbia**

On July 20, 2022, the Company entered into an option agreement to acquire a 100% interest in the Lucky Strike Copper project in British Columbia.

The Company completed the option exercise on July 24, 2024. To exercise the option, the Company issued 900,000 common shares valued at \$135,000 in fiscal 2022, 900,000 common shares valued at \$90,000 in fiscal 2023 and 900,000 common shares value at \$9,000 on July 24, 2024. There are no work commitments for the Company. There shall be a 2% “Net Smelter Return Royalty” payable to the vendor group, where each one percent can be bought down for \$1,000,000.

**3) Mt. Sicker, British Columbia**

On October 25, 2023, the Company entered into the option agreement to acquire a 100% interest in the Mt. Sicker project located in British Columbia.

To complete the acquisition, the Company is required to pay \$210,000 and issue 20,000,000 common shares as follows:

<b>Timing</b>	<b>Cash</b>	<b>Securities</b>	<b>Exploration or Other Work Commitments</b>
Exchange Approval	\$Nil	Nil	\$Nil
Year 1	\$Nil	2,500,000	\$Nil
Year 2	\$10,000	2,000,000	\$Nil
Year 3	\$20,000	2,500,000	\$Nil
Year 4	\$30,000	3,000,000	\$Nil
Year 5	\$50,000	4,000,000	\$Nil
Year 6	\$100,000	6,000,000	\$Nil
Total	\$210,000	20,000,000	\$Nil

Pursuant to the option agreement, the Company issued 2,500,000 common shares valued at \$25,000 on October 4, 2024.

The property is subject to a NSR of 2% with a \$1,000,000 buy-down and a Sale Participation Right of 5% of gross proceeds received by the Company from any future sale or disposition of any interest in the property in the next ten years.

During the period ended April 30, 2025, the Company paid \$5,000 reclamation bond.

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**4. EXPLORATION AND EVALUATION ASSETS (Continued)**

**4) Thunder Bay, Ontario**

On March 12, 2025, the Company entered into an agreement to acquire a 100% interest in the Thunder Bay Property through the acquisition of 100% of the common shares of a privately held company that owns the property (Note 4).

The Company issued 15,000,000 common shares (issued at a value of \$75,000); and paid other transaction costs of \$10,205 related to acquiring the privately held company.

*Projects where the Company has ceased to advance the agreement:*

**5) Eastgate BC Project, British Columbia**

On June 22, 2023, the Company entered into an option to acquire a 100% interest in the Eastgate project located in British Columbia.

On February 16, 2024, the deal terms for the Eastgate BC property were amended, such that to earn a 100% interest in the project, the Company assigned the vendors a NSR of 1% with a \$1,000,000 buy-down and a Sale Participation Right of 60% of gross proceeds received by the Company from any future sale or disposition of any interest in the property for a period of ten years.

During the period ended April 30, 2025, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$2,443 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

**6) Khrysos & Silver Bell Project, British Columbia**

On May 26, 2023, the Company entered into an option agreement with Aurum Vena Mineral Resources Corp. to acquire a 100% interest in the Khrysos and Silver Bell projects located in British Columbia. On May 26, 2023, the Company issued 1,500,000 common shares valued at \$150,000 and is required to issue an additional 1,500,000 on or before May 2028. The property is subject to a Sale Participation Right of 10% of gross proceeds received by the Company from any future sale or disposition of any interest in the property in the next ten years.

During the period ended April 30, 2025, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$181,628 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

**7) Lightning Peak Project, British Columbia**

On June 12, 2024, the Company entered into an option agreement to acquire a 100% interest in the Lightning Peak Project comprised of mineral claims located in British Columbia. The option agreement has an initial term of one year. There are no share payments under the option agreement, and there are no spending requirements.

The property is subject to a Sale Participation Right of 55% of gross proceeds received by the Company from any future sale or disposition of any interest in the property in the next ten years.

During the period ended April 30, 2025, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$347 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

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**4. EXPLORATION AND EVALUATION ASSETS (Continued)**

**8) Vigh Graphite Project, British Columbia**

On December 7, 2023, the Company entered into an option agreement to acquire a 100% interest in the Vigh Graphite project comprised of mineral claims located in British Columbia. Pursuant to the option agreement, the Company issued 1,500,000 common shares valued at \$30,000. To exercise the option, the Company must issue an additional 1,500,000 common shares within 36 months of closing. The property is subject to a NSR of 5% of which 3% is subject to a \$3,000,000 buy-down and a Sale Participation Right of 10% of gross proceeds received by the Company from any future sale or disposition of any interest in the property in the next ten years.

During the period ended April 30, 2025, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$30,300 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

**9) Santa Anna Project, British Columbia**

On September 20, 2023, entered into an option agreement to acquire a 100% interest in the Santa Anna project in British Columbia.

Pursuant to the option agreement, the Company issued 2,100,000 common shares valued at \$210,000 on September 20, 2023. 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.

The property is subject to a NSR of 2% with a \$3,500,000 buy-down and a Sale Participation Right of 7% of gross proceeds received by the Company from any future sale or disposition of any interest in the property in the next ten years.

During the period ended April 30, 2025, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$236,306 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

**10) Slesse Project, British Columbia**

On June 22, 2023, the Company entered into an option agreement to acquire a 100% interest in the Slesse Creek project located in British Columbia.

Pursuant to the option agreement, the Company issued 400,000 common shares valued at \$40,000 in fiscal 2023 and 400,000 common shares valued at \$4,000 on July 24, 2024. To exercise the option, an additional 900,000 common shares must be issued within 24 months of closing.

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 or disposition of any interest in the property in the next ten years.

During the period ended April 30, 2025, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$78,268 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

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**4. EXPLORATION AND EVALUATION ASSETS (Continued)**

**11) Trio, British Columbia**

On July 24, 2023, the Company entered into an option agreement to acquire a 100% interest in the Silverbell Trio project located on Vancouver Island, British Columbia. On August 27, 2024, the Company changed the terms of the property option agreement as below.

To earn a 100% interest in the project, the Company assigned the vendors a NSR of 2% with a \$2,000,000 buy-down and a Sale Participation Right of 30% of gross proceeds received by the Company from any future sale or disposition of any interest in the property in the next ten years. In addition, the Company must make a cash payment of \$150,000 any time in the next 10 years payable equally to the vendors.

During the period ended April 30, 2025, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$32,699 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

**12) Caycuse Copper, British Columbia**

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 valued at \$150,000. In order to complete the acquisition, the Company is required to issue 500,000 common shares annually for the next nine years. On October 17, 2023, the Company issued 500,000 shares as the 1st anniversary payment, valued at \$10,000. As at October 31, 2024, the project's acquisition cost is \$162,500.

During fiscal 2024, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$189,241 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

**13) Tonya, Nevada, USA**

On August 16, 2023, the Company initiated an option agreement to lease certain unpatented mining claims owned by Gold Range LLC in Pershing County, Nevada, USA, called the Tonya project. The option provides the Company with the right but not the obligation to undertake a lease of the property.

During fiscal 2024, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$34,154 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

**14) Rye Patch, Nevada, USA**

On May 17, 2024, the Company initiated an option agreement to lease certain patented and unpatented mining claims owned by Gold Range LLC in Pershing County, Nevada, USA, called the Rye Patch project. The option provides the Company with the right but not the obligation to undertake a lease of the property.

During fiscal 2024, the Company decided not to proceed with this property, that had a book value of \$nil. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

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**4. EXPLORATION AND EVALUATION ASSETS (Continued)**

**15) Gold Rush Project, British Columbia**

On January 11, 2024, the Company entered into an option agreement to acquire a 100% interest in the Gold Rush project comprised of mineral claims located in British Columbia. Pursuant to the option agreement, the Company must pay cash of \$50,000 on or before the second anniversary and additional cash of \$100,000 on or before the fourth anniversary of closing.

During fiscal 2024, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$600 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

**16) Ogie Gold Project, British Columbia**

On February 12, 2024, the Company entered into an option agreement to acquire a 100% interest in the Ogie Gold project comprised of mineral claims located in British Columbia.

During fiscal 2024, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$800 to operations. The Company decided to abandon this property purchase option agreement because it was unable to finance further exploration work on the project.

**5. SHARE CAPITAL**

**Authorized share capital**

As of April 30, 2025, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares, are fully paid.

**Issued share capital:**

As at April 30, 2025, the Company had 89,342,966 (October 31, 2024 - 61,481,970) common shares issued and outstanding.

**Share issuances:**

For the period ended April 30, 2025, the Company completed the following transactions:

- (i) 250,000 common shares issued valued at \$2,500 pursuant to shares-for-services agreements with the former CFO (Note 8).
- (ii) 6,610,996 common shares issued valued at \$66,110 in settlement of charges pursuant to shares-for-services agreements with exploration services providers.
- (iii) 15,000,000 common shares issued valued at \$75,000 for acquisition of 1521158 B.C. Ltd (Note 3).
- (iv) 6,000,000 common shares issued valued at \$60,000 in settlement of debts owing to a consultant and former directors of the Company (Note 8).

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**5. SHARE CAPITAL (Continued)**

For the year ended October 31, 2024, the Company completed the following transactions:

- (i) 20,349,884 shares issued valued at \$269,813 for exploration work on mineral properties.
- (ii) 6,500,000 shares value at \$80,000 for the acquisition of mineral properties, including:
  - 1,500,000 shares issued at a value of \$30,000 pursuant to the option for the acquisition of the Vigh Graphite project (Note 3);
  - 900,000 shares issued at a value of \$9,000 pursuant to option for the acquisitions of the Lucky Strike project (Note 3);
  - 400,000 shares issued at a value of \$4,000 pursuant to the option for the acquisition of the Slesse Creek project (Note 3);
  - 2,500,000 shares issued at a value of \$25,000 pursuant to option for the acquisitions of the Mount Sicker project (Note 3); and
  - 1,200,000 shares issued at a value of \$12,000 pursuant to option for the acquisitions of the Beaton Gold (formerly Black Panther) project.
- (iii) 6,113,999 shares issued value at \$85,639 for management fees.
- (iv) On April 8, 2024, the Company completed the first tranche of a non-brokered private placement by issuing 525,000 units at \$0.02 per unit for gross proceeds of \$10,500. Each unit is comprised of one share and one warrant. Each warrant is exercisable at \$0.05 up to April 8, 2027. On May 27, 2024, the Company completed the second and final tranche of this private placement by issuing 250,000 units at \$0.02 per unit for gross proceeds of \$5,000. Each unit is comprised of one share and one warrant. Each warrant is exercisable at \$0.05 up to May 27, 2027. The Company incurred share issuance costs of \$1,000.
- (v) On August 22, 2024, the Company completed a non-brokered private placement by issuing 2,500,000 units at \$0.01 per unit for gross proceeds of \$25,000. Each unit is comprised of one share and one warrant. Each warrant is exercisable at \$0.05 up to August 21, 2027. The Company incurred share issuance costs of \$1,000.

**6. SHARE-BASED PAYMENTS**

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

The Plan adopted January 17, 2024, allows for a “rolling up to 10% and fixed up to 10%” security-based compensation plan. Under the Plan, the maximum number of Options issuable will be 10% of the number of Shares outstanding as at the date of any Option grant. As at April 30, 2025, the Company had 66,281,833 common shares issued and could issue up to 6,628,183 stock options at that time. The maximum number of Performance Share Units (“PSUs”) is fixed at 10% of the number of Shares of the Company outstanding as at the date of implementation of the Plan.

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**6. SHARE-BASED PAYMENTS (Continued)**

*a) Options*

The following table summarizes the Company's stock options outstanding at April 30, 2025 and the changes for the six month period then ended.

	<b>Number of op- tions</b>	<b>Weighted average exercise price (\$ per share)</b>	<b>Weighted average remaining life (years)</b>
Balance - October 31, 2023	1,619,630	0.50	3.63
Granted	3,400,000	0.05	-
Cancelled	(3,819,630)	0.19	-
Balance - October 31, 2024	1,200,000	0.20	4.19
Forfeited	(1,200,000)	0.20	-
Balance – April 30, 2025	-	-	-
Exercisable – April 30, 2025	-	-	-

*b) Performance Share Units*

The total number of PSUs exercisable as of April 30, 2025 is 500,000 (October 31, 2024 – 300,000) as all PSU take more than one year to vest for recipients. The fair value of the PSU granted 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 following table summarizes the Company's PSUs outstanding at April 30, 2025 and the changes for the six month period then ended.

	<b>Number of PSUs</b>	<b>Weighted average remaining life (years)</b>
Balance – October 31, 2023	1,000,000	2.34
Issued	800,000	-
Forfeited	(700,000)	-
Balance - October 31, 2024	1,100,000	2.14
Forfeited	(600,000)	-
Balance – April 30, 2025	500,000	1.65



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**6. SHARE-BASED PAYMENTS (Continued)**

*b) Performance Share Units (Continued)*

The balance of PSUs outstanding at April 30, 2025 is as follows:

<b>Expiry date</b>	<b>Performance Multiplier</b>	<b>Number of PSUs outstanding</b>
November 29, 2025	Up to 10:1	100,000
April 25, 2029	Up to 10:1	400,000
		<b>500,000</b>

The fair value of the PSU granted during the period ended April 30, 2025 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.

During the period ended April 30, 2025, the Company recognized share-based compensation of \$3,857 (2024 – \$31,418) of which \$3,857 (2024 – \$15,418) was related to vesting of PSUs.

**7. WARRANTS**

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. The following table summarizes the Company's common share purchase warrants outstanding at April 30, 2025 and the changes for the six month period then ended.

	<b>Number of warrants</b>	<b>Weighted average exercise price (\$ per share)</b>	<b>Weighted average remaining life (years)</b>
Balance - October 31, 2023	1,246,560	0.50	1.52
Issued	3,275,000	0.05	-
	(981,260)	0.50	-
Balance - October 31, 2024	3,540,300	0.08	2.64
Forfeited	(3,540,300)	0.08	-
Balance – April 30, 2025	-	-	-

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**8. RELATED PARTY TRANSACTIONS AND BALANCES**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The Company had the following transactions with key management personnel during the six months ended April 30, 2025 and 2024:

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Director fees	35,000	-
Management fees	30,000	48,000
Professional fees	33,730	13,000
Share-based compensation	3,857	13,151
	<b>102,587</b>	<b>74,151</b>

During the period ended April 30, 2025, the Company:

- i) incurred \$35,000 (2024 - \$Nil) in director fees including the following: \$12,500 (2024 - \$Nil) to a company controlled by a former director, Ryan Hounjet; \$12,500 (2024 - \$Nil) to a company controlled by a former director, Amar Purewal, and \$10,000 (2024 - \$Nil) to a company controlled by a former director, Stephen Wall.
- ii) incurred \$30,000 (2024 - \$48,000) in management fees including the following: \$30,000 (2024 - 29,000) to the CEO, Peter Bell, and \$Nil (2024 - \$19,000) to the former CFO, Andrew Low.
- iii) incurred \$33,730 (2024 - \$13,000) of professional fees including the following: \$27,730 (2024 - \$13,000) to a company where the former CFO, Matt Anderson, is a shareholder, and \$6,000 (2024 - \$Nil) to current CFO Leon Ho.

Accounts payable and accrued liabilities as of April 30, 2025 include \$248,265 (October 31, 2024 - \$173,720) owed to companies controlled by directors of the Company, and former officers and directors, including Neil Briggs, Donald Moore, John Famy, Andrew Low, Peter Bell, Playfair Mining, Ricardo Ho, Leon Ho and Shoni Bernard and a company, Malaspina Consultants Inc., where a current officer, Matt Anderson, is a shareholder. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

Advances payable as of April 30, 2025 of \$29,808 (October 31, 2024 - \$29,808) are due to a company with common former directors. The amount is due to Wasco Management Ltd., a company owned by Kathleen Mitchell, the spouse of former officer and director Donald Moore. The amount is non-interest bearing, unsecured with no specified terms of repayment.

During the period ended April 30, 2025, the Company settled debts of \$20,000 through the issuance of an aggregate of 2,000,000 common shares owing to companies owned by former directors of the Company as follows: Cask Marketing Inc controlled by Stephen Wall, A Purewal Developments and Consulting Ltd. controlled by Amar Purewal, and 1344748 BC Ltd. controlled by Ryan Hounjet.

During the period ended April 30, 2025, the Company received loans of \$45,000, of which \$25,000 was from companies controlled by former directors as follows: \$10,000 due to A Purewal Developments and Consulting Ltd controlled by Amar Purewal and \$15,000 due to 1344748 B.C. Ltd. controlled by Ryan Hounjet. The amount is non-interest bearing, unsecured with no specified terms of repayment.

**KERMODE RESOURCES LTD.**  
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**8. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)**

During the period ended April 30, 2025, the Company issued 250,000 common shares valued at \$2,500 pursuant to shares-for-services agreement with a company, Malaspina Consultants Inc., in which the former CFO Matt Anderson have a controlling interest.

**9. FINANCIAL AND CAPITAL RISK MANAGEMENT**

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

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

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

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

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

•	Cash	Amortized cost
•	Receivables	Amortized cost
•	Advances payable	Amortized cost
•	Accounts payable and accrued liabilities	Amortized cost

The fair value of the Company's cash, receivables, advances payable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

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

*Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and receivables balances. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to cash and amounts receivable is remote.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is addressed in Note 1. As at April 30, 2025, the Company had a cash of \$Nil (October 31, 2024 - \$5,056) available to settle current liabilities of \$479,242 (October 31, 2024 - \$347,122). 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.

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**9 FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**

b) Foreign currency risk

The Company conducts the majority of its business in Canada and is therefore not exposed to significant foreign currency risk.

c) Price risk

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

*Capital management*

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

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. 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.

**10. SEGMENTED INFORMATION**

The Company operates in one segment, being the acquisition, exploration and evaluation of mineral properties in Canada (Note 4). At April 30, 2025, all of the Company's active assets and liabilities were located in Canada.