

**KERMODE RESOURCES LTD.**

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

**FOR THE NINE MONTH PERIOD ENDED JULY 31, 2021**

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

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

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

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

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

	July 31, 2021	October 31, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,760	\$ 58,931
Receivables	5,394	1,703
Advanced receivable (Note 3)	<u>52,962</u>	<u>48,690</u>
	60,116	109,324
<b>Exploration and evaluation assets</b> (Note 4)	<u>68,196</u>	<u>-</u>
	<u>\$ 128,312</u>	<u>\$ 109,324</u>

**LIABILITIES AND SHAREHOLDERS' DEFICIENCY**

<b>Current</b>		
Accounts payable and accrued liabilities (Note 5)	\$ 359,093	\$ 349,725
Advanced payable (Note 3)	-	-
Subscription advanced (Note 6)	<u>-</u>	<u>132,500</u>
	<u>359,093</u>	<u>482,225</u>
<b>Shareholders' Deficiency</b>		
Share capital (Note 6)	9,434,521	9,185,432
Subscriptions receivable	(34,000)	
Deficit	<u>(9,631,302)</u>	<u>(9,558,333)</u>
	<u>(230,781)</u>	<u>(372,901)</u>
	<u>\$ 128,3112</u>	<u>\$ 109,324</u>

**Nature and continuance of operations** (Note 1)

Approved and authorized by the Board on September 24, 2021.

"Peter Clausi"

\_\_\_\_\_  
Director

"Francine Long"

\_\_\_\_\_  
Director

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

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

	Nine Month Period Ended July 31, 2021	Nine Month Period Ended July 31, 2020	Three Month Period Ended July 31, 2020	Three Month Period Ended July 31, 2020
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Investor relations	\$ -	\$ 500	\$ -	\$ -
Office and sundry	20,074	947	133	58
Professional fees	19,555	15,681	7,255	10,640
Rent	7,744	-	-	-
Shareholder communications	2,319	605	1,884	230
Telephone	6,738	-	-	-
Transfer agent and filing fees	16,539	8,625	5,276	255
<b>Loss and comprehensive loss for the period</b>	<b>(72,969)</b>	<b>(26,358)</b>	<b>(14,548)</b>	<b>(11,183)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>
<b>Weighted average number of common shares outstanding</b>	<b>83,231,584</b>	<b>65,397,373</b>	<b>75,363,549</b>	<b>65,397,373</b>

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

**KERMODE RESOURCES LTD.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited - Expressed in Canadian Dollars)  
**FOR THE NINE MONTH PERIOD ENDED JULY 31**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (72,969)	\$ (26,358)
Items not affecting cash:		
Loss on disposal of marketable securities	-	-
Changes in non-cash working capital items:		
Receivables	(3,691)	42
Accounts payable and accrued liabilities	<u>9,368</u>	<u>24,824</u>
Net cash used in operating activities	<u>(67,292)</u>	<u>(1,492)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	(64,196)	-
Receipt (payment) on advanced receivable, net	<u>(4,272)</u>	<u>28,580</u>
Net cash provided by/(used in) investing activities	<u>(68,468)</u>	<u>28,580</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issuance of common shares	117,500	-
Subscription receivable	(34,000)	-
Share issuance costs	<u>(4,911)</u>	<u>-</u>
Net cash provided by financing activities	<u>78,589</u>	<u>-</u>
<b>Change in cash for the period</b>	(57,171)	27,088
<b>Cash, beginning of period</b>	<u>58,931</u>	<u>54</u>
<b>Cash, end of period</b>	<u>\$ 1,760</u>	<u>\$ 27,142</u>
<b>Cash paid for interest during the period</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash paid for income tax during the period</b>	<u>\$ -</u>	<u>\$ -</u>

Supplemental disclosures with respect to cash flows (Note 7)

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

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

	<u>Share Capital</u>		Subscriptions receivable	Deficit	Total
	Number	Amount			
<b>Balance at October 31, 2019</b>	65,397,373	\$ 9,185,432	\$ -	\$ (9,460,590)	\$ (275,158)
Loss for the period	-	-	-	(26,358)	(26,358)
<b>Balance at July 31, 2020</b>	65,397,373	\$ 9,185,432		\$ (9,486,948)	\$ (301,516)
Loss for the period	-	-	-	(71,385)	(71,385)
<b>Balance at October 31, 2020</b>	65,397,373	\$ 9,185,432	\$ -	\$ (9,558,333)	\$ (372,901)
Issued for:					
Private placement	25,000,000	250,000	-	-	250,000
Shares issued for property acquisition	100,000	4,000	-	-	4,000
Share issue costs	-	(4,911)	-	-	(4,911)
Loss for the period	-	-	-	(72,969)	(72,969)
<b>Balance at July 31, 2021</b>	90,497,373	\$ 9,434,521	\$ -	\$ (9,631,302)	\$ (196,781)

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

**KERMODE RESOURCES LTD.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(Unaudited - Expressed in Canadian Dollars)  
FOR THE NINE MONTH PERIOD ENDED JULY 31, 2021

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

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

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

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

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

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

**2. BASIS OF PREPARATION**

**Statement of Compliance**

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

**Basis of Presentation**

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

**Adoption of new accounting standards**

**IFRS 16 – Leases**

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

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

**KERMODE RESOURCES LTD.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
(Unaudited - Expressed in Canadian Dollars)  
FOR THE NINE MONTH PERIOD ENDED JULY 31, 2021

**3. ADVANCED RECEIVABLE AND ADVANCED PAYABLE**

**Management company**

	July 31, 2021	October 31, 2020
<b>Balance, beginning of period</b>	\$ 35,340	\$ 46,951
Advanced paid	50,550	25,020
Repayments and expenses incurred on behalf of the Company	<u>(32,928)</u>	<u>(36,631)</u>
<b>Balance, end of period</b>	<b>\$ 52,962</b>	<b>\$ 35,340</b>

The Company advanced funds to/from a management company, owned by a spouse of a director. The management company incurred administration expenditures and settled certain exploration expenditures on behalf of the Company. The Company treated these transactions as advanced between the Company and management company.

**Company with common directors**

The balance receivable as at July 31, 2021 of \$52,962 (October 31, 2020 - \$13,350) is due from a company with common directors and is non-interest bearing, unsecured with no specified terms of repayment.

**4. EXPLORATION AND EVALUATION ASSETS**

**Title to mineral properties**

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

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

**Vidette Lake Gold Project property, British Columbia**

The Company entered into an option agreement (the "Option Agreement") with Strata GeoData Services Ltd. to acquire a 100% interest in the Vidette Lake gold project in British Columbia. The Option Agreement was signed on May 23, 2020 and is an arm's length transaction. No finder's fees are payable in connection with the transaction. The option is exercisable over a period of 3 years but may be accelerated at the Company's discretion. To exercise the option, the Company must pay an aggregate of \$35,000 in cash, issue an aggregate of 500,000 common shares in the capital of the Company, and expend an aggregate of \$225,000 on the planning, development and execution of a work program based on a mutually approved budget, over the next 3 years. The Option Agreement is subject to TSX Venture Exchange ("TSXV") acceptance. All shares issued pursuant to the Option Agreement will be subject to resale restrictions under applicable securities legislation and the rules of the TSXV. During the nine month period ending July 31, 2021 the Company paid \$5,000 in cash, issued 100,000 common shares (valued at \$4,000), and advanced \$30,000 to Strata GeoData Services Ltd for exploration expenditure. During the nine month period ending July 31, 2021 the Company also incurred \$29,195 of additional exploration expenditure.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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FOR THE NINE MONTH PERIOD ENDED JULY 31, 2021

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**5. RELATED PARTY TRANSACTIONS**

During the nine month period ended July 31, 2021, the Company entered into the following transactions with related parties not disclosed elsewhere in the financial statements:

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

The balance receivable as at July 31, 2021 of \$52,962 (October 31, 2020 - \$35,340) is due from a company owned by a spouse of a director. The balance receivable as at July 31, 2021 of \$Nil (October 31, 2020 - \$13,350) is due from a company with common directors and is non-interest bearing, unsecured with no specified terms of repayment. The balance payable as at July 31, 2021 of \$39,303 (October 31, 2020 - \$Nil) is due to a company with common directors.

The key management personnel of the Company are the Directors, Chief Executive Officer, and the Chief Financial Officer. As at July 31, 2021, the Company owes \$135,400 (2020 - \$135,400) in accounts payable and accrued liabilities to directors and officers.

**6. SHARE CAPITAL AND RESERVES**

**Authorized share capital**

As at July 31, 2021, the authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares, consisting only of common shares are fully paid.

**Issued share capital**

As at July 31, 2021, the Company had 90,497,373 common shares issued and outstanding.

**Private placements**

During the nine month period ended July 31, 2021 the Company issued 25,000,000 common shares at \$0.01 per share for gross proceeds of \$250,000. The Company incurred share issuance costs of \$4,911. During the nine month period ended July 31, 2021 the Company issued 100,000 shares (valued at \$4,000) to Strat GeoData Services Ltd. as part of the acquisition of the Vidette Lake Gold project.

**Stock options**

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

**Stock options and warrants**

As at July 31, 2021, there were no incentive stock options and warrants outstanding.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
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FOR THE NINE MONTH PERIOD ENDED JULY 31, 2021

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**7. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

The significant non-cash transactions for the nine month period ending July 31, 2021 consisted of the Company issuing \$4,000 worth of shares for exploration and evaluation assets.

There were no significant non-cash transactions during nine month period ended July 31, 2020.

**8. FINANCIAL AND CAPITAL RISK MANAGEMENT**

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

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

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

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

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

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

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

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

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

*Credit risk*

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

*Liquidity risk*

The Company's approach to managing liquidity risk is addressed in Note 1. As at July 31, 2021, the Company had a cash balance of \$1,760 (October 31, 2020 - \$58,931) available to settle current liabilities of \$359,093 (October 31, 2020 - \$349,725). All of the Company's financial liabilities are subject to normal trade terms.

*Market risk*

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

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

*Market risk (cont'd...)*

a) Interest rate risk

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

b) Foreign currency risk

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

c) Price risk

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

*Capital management*

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

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

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

**9. SUBSEQUENT EVENTS**

Subsequent to the nine month period ended July 31, 2021, the Company

- released the results of its annual general and special meeting. At the meeting, each of Peter N. Bell, Francine Long and Peter M. Clausi were elected as directors of the company. All other matters on the agenda were duly approved by shareholders, including the appointment of Davidson & Company as the company's auditors, approval of the company's 10-per-cent rolling stock option plan and the adoption of new articles.
- following the shareholders meeting, Peter N. Bell was appointed as president and chief executive officer, John Fahmy was appointed as corporate secretary, and Ashley Nadon, CPA, was appointed as chief financial officer.