



FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTH PERIOD ENDED JULY 31, 2021

Introduction

This management's discussion and analysis (MD&A) of Kermode Resources Ltd. is the responsibility of management and covers the nine month period ended July 31, 2021. The MD&A takes into account information available up to and including September 24, 2021 and should be read together with the unaudited financial statements and notes for the nine month period ended July 31, 2021, and the audited financial statements, notes and MD&A for the years ended October 31, 2020 and October 31, 2019 all of which are available on the Sedar website at www.sedar.com.

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 www.kermode.com.

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.

Additional information related to the Company is available for view on SEDAR at www.sedar.com and on the Company's website at www.kermode.com.

Description of Business

The Company's main business is the acquisition, exploration and development of natural resource properties. The Company has interest in a gold-silver property located in Churchill County, Nevada and entered into an option agreement to acquire 100% interest in a gold property located in British Columbia.

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

Performance Summary

There was no significant event that occurred during the three month period ended July 31, 2021.

Results of Operations

During the nine month period ended July 31, 2021 the Company incurred a loss before other items of \$72,969 (2020 - \$26,358) which shows an increase to expenses. There is a significant increase in expenses of office and sundry \$20,074 (2020 - \$947), rent \$7,744 (2020 - \$Nil), telephone \$6,738 (2020 - \$Nil), and transfer agent and filing fees \$16,539 (2020 - \$8,625) due to increase in financial, exploration and promotional activities.

Summary of Quarterly Results

	Three Months Ended			
	July 31, 2021	April 30, 2021	January 31, 2021	October 31, 2020
Total Assets	\$ 128,312	\$ 126,335	\$ 102,230	\$ 109,324
Exploration and Evaluation Assets	68,196	39,000	-	-
Working Capital (Deficiency)	(298,977)	(257,733)	(391,587)	(372,901)
Shareholder's Equity (Deficiency)	(230,781)	(218,733)	(391,587)	(372,901)
Revenues	Nil	Nil	Nil	Nil
Net Loss	\$ (14,548)	\$ (15,775)	\$ (15,775)	\$ (101,366)
Loss per share	-	-	-	-

	Three Months Ended			
	July 31, 2020	April 30, 2020	January 31, 2020	October 31, 2019
Total Assets	\$ 43,375	\$ 47,041	\$ 46,856	\$ 47,398
Exploration and Evaluation Assets	-	-	-	-
Working Capital (Deficiency)	(271,535)	(290,333)	(281,362)	(275,158)
Shareholder's Equity (Deficiency)	(271,535)	(290,333)	(281,362)	(275,158)
Revenues	Nil	Nil	Nil	Nil
Net Loss	\$ (11,183)	\$ (8,971)	\$ (6,204)	\$ (23,997)
Loss per share	-	-	-	-

During the quarter ended April 30, 2021 the Company issued 25,000,000 common shares at \$0.01 per share for gross proceeds of \$250,000. The Company also initiated its option to acquire the Vidette Lake gold project by paying \$5,000 in cash and issued 100,000 common shares (valued at \$4,000) to Strata GeoData Services Ltd.

During the quarter ended January 31, 2021 the Company received \$25,000 in subscription advance.

During the quarter ended October 31, 2020 the Company received \$132,500 in subscription advance.

There was no significant activity during the quarters ended April 30, 2020, January 31, 2020, and October 31, 2019.

Mineral Properties

Eastgate Gold

The Company entered into a Mineral Property Option Agreement with Blue Ridge Gold LLC, (a private Nevada company)("Blue Ridge"). The Eastgate Gold property is comprised of mineral claims located northeast of the Rawhide Mine, and east of Fallon in Churchill, County, Nevada. The Company currently holds a 15% interest in the Eastgate Gold project.

Blue Ridge will retain a 3% NSR royalty, which the Company has an agreement with Blue Ridge to purchase 1% for \$1,000,000.

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.

Liquidity and Capital Resources

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.

Operating activities: The Company does not generate any revenues and generally does not receive any cash from operating activities. Net cash used in operating activities during the nine month period ended July 31, 2021 was \$67,292, compared to net cash used in operating activities for the nine month period ended July 31, 2020 was \$1,492. The increase in cash used was mainly attributed to increase to expenses.

Investing activities: Net cash provided by investing activities relates to mineral property expenditures and advanced paid. Net cash used in investing activities for the nine month period ended July 31, 2021 was \$68,468 and cash provided by for the nine month period ended July 31, 2020 was \$28,580. The decrease to cash provided was due to exploration costs incurred.

Financing activities: Net cash provided by financing activities for the nine month period ended July 31, 2021 was \$78,589 compared to \$Nil for the nine month period ended July 31, 2020.

The financial statements for the nine month period ended July 31, 2021 do not reflect adjustments, which could be material, to the carrying value of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

Refer to the Financial Instrument section for further discussion of liquidity.

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 had 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.

Outstanding Share Data

As at the date of this report, the Company had 90,497,373 common shares issued and outstanding. There are no stock options or warrants outstanding as of this report.

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 a former officer of the Company,
- b) Paid or accrued \$7,500 (2019 - \$500) for consulting included in office and sundry to a former 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 former director. The balance receivable as at July 31, 2021 of \$Nil (October 31, 2020 - \$13,350) is due from a company with common former 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 former 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 former directors and former officers.

Proposed Transactions

There is currently no proposed transaction under consideration.

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 advanced receivable. Management believes that historically the credit risk concentration with respect to financial instruments included in advanced receivable is remote the credit risk from the advanced receivable is addressed with the security and guarantee.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at July 31, 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.

(a) Interest rate risk

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

(b) Foreign currency risk

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

(c) Price risk

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

Capital management

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

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

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

Risk Factors

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

Critical Accounting Policies and Estimates

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

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

Adoption of new accounting standards

IFRS 16 – Leases

IFRS 16 – replaces the current standards 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.

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.

- As previously disclosed, at the shareholder meeting held August 10, 2021, the then-current board of directors (the "Old Slate") was entirely replaced by Peter Bell, Francine Long and Peter M. Clausi (the "New Slate"). The New Slate then appointed a new management team. The New Slate is investigating items in Kermode's financial statements, including but not limited to transactions between members of the Old Slate with Kermode and between Kermode and family members of the Old Slate (the "Transactions"). The New Slate has not been able to obtain the requisite level of detail or transparency to confirm or deny the legitimacy of the Transactions. Of particular concern is the Old Slate's use of a company owned by the spouse of a member of the Old Slate to manage Kermode's affairs. There is risk that all or some of the Transactions were not properly or fully disclosed, causing regulatory risk to Kermode.