

KERMODE RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS NINE MONTHS ENDED July 31, 2024 and 2023

(Unaudited)
(Expressed in Canadian Dollars)

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 financial statements of Kermode Resources Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The condensed interim 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 financial statements prior to their submission to the Board of Directors for approval.

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

KERMODE RESOURCES LTD
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)
As at July 31, 2024 and October 31, 2023

| As at | Note | July 31, 2024 | October 31, 2023 |
|---|-----------|------------------|---------------------|
| | | \$ | \$ |
| Assets | | | |
| <i>Current assets</i> | | | |
| Cash | | 5,075 | 3,903 |
| Miscellaneous receivables | | 18,192 | 9,314 |
| Prepaid expenses | | 4,246 | 12,500 |
| Total current assets | | 27,513 | 25,717 |
| Exploration and evaluation assets | 6 | 1,295,265 | 1,064,792 |
| Total assets | | 1,322,778 | 1,090,509 |
| Liabilities | | | |
| <i>Current liabilities</i> | | | |
| Accounts payable and accrued liabilities | 7 | 291,224 | 253,308 |
| Advances payable | 5 | 29,808 | 29,808 |
| Total current liabilities | | 321,032 | 283,116 |
| Shareholders' deficiency | | | |
| Share capital | 8 | 11,693,613 | 11,358,713 |
| Subscription advanced | 13 | 5,000 | - |
| Contributed surplus | 9 | 290,813 | 219,800 |
| Deficit | | (10,987,680) | (10,771,120) |
| Total shareholders' deficiency | | 1,001,746 | 807,393 |
| Total liabilities and shareholders' deficiency | | 1,322,778 | 1,090,509 |

Nature of business and going concern (Note 1)
Subsequent events (Note 13)

Approved and authorized by the Board on September 26, 2024.

"Roger Lewis"
Director

"Tek Manhas"
Director

KERMODE RESOURCES LTD
Condensed Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)
For the three and nine months ended July 31, 2024 and 2023

| | Note | Three Months ended | | Nine Months ended | |
|--|------|--------------------|-------------------|-------------------|-------------------|
| | | July 31, 2024 | July 31, 2023 | July 31, 2024 | July 31, 2023 |
| | | \$ | \$ | | |
| Operating expenses | | | | | |
| Management fees | 7 | 13,333 | 38,500 | 61,333 | 50,500 |
| Office and sundry | | (1,769) | - | (1,242) | 3,114 |
| Professional fees | 7 | 20,903 | 7,250 | 55,352 | 20,086 |
| Property investigation | | 7,740 | 135 | 8,868 | 63,280 |
| Share-based compensation | 7, 9 | 39,595 | 114,418 | 71,013 | 132,880 |
| Transfer agent and filing fees | | 5,739 | 17,503 | 21,236 | 47,846 |
| Loss and comprehensive loss for the period | | (85,541) | (177,806) | (216,560) | (317,706) |
| Basic and diluted loss per share | | (0.00) | (0.01) | (0.01) | (0.02) |
| Weighted average number of common shares outstanding, basic and diluted | | 46,174,695 | 17,351,223 | 37,979,206 | 15,027,199 |

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

KERMODE RESOURCES LTD.**Condensed Interim Statements of Changes in Shareholders' Deficiency***(Unaudited - Expressed in Canadian Dollars)***For the nine months ended July 31, 2024 and 2023**

| | Note | Shares | Share Capital | Subscription Advanced | Contributed Surplus | Accumulated Deficit | Total |
|----------------------------------|--------------|-------------------|-------------------|-----------------------|---------------------|---------------------|------------------|
| | | # | \$ | \$ | \$ | \$ | \$ |
| Balance, October 31, 2022 | | 11,963,017 | 10,100,588 | - | 138,776 | (10,239,014) | 350 |
| Private Placement | | 757,300 | 75,730 | - | - | - | 75,730 |
| Share issue costs-cash | | - | (800) | - | - | - | (800) |
| Shares issued for debt | | 648,557 | 64,856 | - | - | - | 64,856 |
| Shares issued for Property | | 5,000,000 | 610,000 | - | - | - | 610,000 |
| Shares issued for services | | 1,598,640 | 189,063 | - | - | - | 189,063 |
| Share-based compensation | | - | - | - | 132,880 | - | 132,880 |
| Loss for the period | | - | - | - | - | (317,706) | (317,706) |
| Balance, July 31, 2023 | | 19,967,514 | 11,039,437 | - | 271,656 | (10,556,720) | 754,373 |
| Share issued for Property | | 3,800,000 | 232,500 | - | - | - | 232,500 |
| Shares issued for services | | 1,475,573 | 86,776 | - | - | - | 86,776 |
| Share-based compensation | | - | - | - | 10,688 | - | 10,688 |
| Stock options canceled | | - | - | - | (62,544) | 62,544 | - |
| Loss for the period | | - | - | - | - | (276,944) | (276,944) |
| Balance, October 31, 2023 | | 25,243,087 | 11,358,713 | - | 219,800 | (10,771,120) | 807,393 |
| Private Placement | 8, 13 | 775,000 | 15,500 | 5,000 | - | - | 20,500 |
| Share issue costs-cash | 8 | - | (1,000) | - | - | - | (1,000) |
| Share issued for Property | 6, 8 | 18,896,648 | 252,401 | - | - | - | 252,401 |
| Shares issued for services | | 5,049,999 | 67,999 | - | - | - | 67,999 |
| Share-based compensation | 9 | - | - | - | 71,013 | - | 71,013 |
| Loss for the period | | - | - | - | - | (216,560) | (216,560) |
| Balance, July 31, 2024 | | 49,964,734 | 11,693,613 | 5,000 | 290,813 | (10,987,680) | 1,001,746 |

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

KERMODE RESOURCES LTD
Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)
For the nine months ended July 31, 2024 and 2023

| | July 31, 2024 | July 31, 2023 |
|--|----------------------|----------------------|
| | \$ | \$ |
| Operating Activities | | |
| Loss for the period | (216,560) | (317,706) |
| <i>Items not affecting cash:</i> | | |
| Shares issued for debt | - | 115,858 |
| Shares issued for management fees | 67,999 | - |
| Share based compensation | 71,013 | 132,880 |
| <i>Change in non-cash working capital items</i> | | |
| Receivables | (8,878) | (8,907) |
| Prepaid expenses | 8,254 | 5,339 |
| Accounts payable and accrued liabilities | 59,844 | 26,616 |
| Net cash provided by operating activities | (18,328) | (45,920) |
| Investing activities | | |
| Exploration and evaluation assets | - | (32,876) |
| Net cash used in investing activities | - | (32,876) |
| Financing activities | | |
| Issuance of common shares, net of issue costs | 14,500 | 74,930 |
| Subscription advanced | 5,000 | - |
| Net cash provided by financing activities | 19,500 | 74,930 |
| Change in cash for the period | 1,172 | (3,866) |
| Cash, beginning of the period | 3,903 | 30,041 |
| Cash, end of the period | 5,075 | 26,175 |
| Supplemental schedule of non-cash transactions: | | |
| Shares issued for mineral property acquisition, exploration, and evaluation | 252,401 | 789,063 |
| Shares issued for management services | 67,999 | 74,856 |
| Exploration and evaluation expenditures included in accounts payable and accrued liabilities | 14,885 | - |

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

KERMODE RESOURCES LTD.
Notes to the Condensed Interim Financial Statements
(Unaudited - Expressed in Canadian Dollars)
For the nine months ended July 31, 2024 and 2023

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 1 – 505 Fisgard Street, Victoria, British Columbia, Canada. During the year ended October 31, 2023, the Company consolidated its share capital on a ten (10) old for one (1) new basis. All share, option, warrant and per share amounts have been retroactively restated to reflect this consolidation.

These unaudited condensed interim 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 and at July 31, 2024, the Company had a working capital deficit (being an excess of current liabilities over current assets) of \$293,519 and at that date, the Company also had an accumulated deficit of \$10,987,680 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 unaudited condensed interim 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. BASIS OF PRESENTATION

Statement of Compliance

These unaudited condensed interim financial statements of the Company have been prepared in accordance with IFRS Accounting Standards applicable to the preparation of interim financial statements, under International Accounting Standard 34, *Interim Financial Reporting*. Therefore, these condensed interim 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

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ended October 31, 2023, which have been prepared in accordance with IFRS Accounting Standards.

The Company uses the same accounting policies and methods of computation as in the annual financial statements for the year ended October 31, 2023.

The financial statements of the Company are presented in Canadian dollars, which is also the functional currency of the Company.

Basis of presentation

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

3. NEW AND FUTURE ACCOUNTING STANDARD AND PRONOUNCEMENTS

New standards or amendments to existing standards issued but which have not yet been applied by the Company based on the effective date are not currently expected to have a material impact on the Company's financial statements.

4. ACCOUNTING POLICY JUDGEMENTS AND ESTIMATION UNCERTAINTY

a) Accounting policy judgments

The preparation of these financial statements requires making judgments that affect the amounts reported. Accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

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 July 31, 2024; its projected exploration and general operating costs; its ability to raise financing and its intention to continue operating the Company.

Impairment assessment of exploration and evaluation assets

At the end of each reporting period, management applies judgement in assessing whether there are any impairment indicators relating to exploration and evaluation assets. When assessing whether there are impairment indicators management considers whether (i) the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and

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the Company has decided to discontinue such activities in the specific area; and (iv) whether sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale. In considering these factors, management did not identify any impairment indicators for the nine months ended July 31, 2024.

b) Significant estimates

The Company records all share-based compensation using the fair value method. The Company uses the 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. In addition, the Performance Share Units have a performance multiplier of up to 10:1 which can significantly increase the value of the award granted. In determining the expense for accounting purposes, the Company has estimated the multiplier to be 1:1.

5. ADVANCES PAYABLE

Advances payable as of July 31, 2024 of \$29,808 (October 31, 2023 - \$29,808) are due to a company with common former directors. The amount is non-interest bearing, unsecured with no specified terms of repayment.

6. 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.

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Notes to the Condensed Interim Financial Statements
(Unaudited - Expressed in Canadian Dollars)
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The following table summarizes the projects where the Company continues to advance the agreement:

| | Beaton Gold | Caycuse | East- gate BC | Gold Rush | Khrysos & Silver Bell | Light- ning Peak | Lucky Strike |
|----------------------------------|----------------|----------------|---------------------|--------------|--------------------------|------------------------|-----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, October 31, 2022 | - | - | - | - | - | - | 158,093 |
| Acquisition Costs | 120,000 | 162,500 | - | - | 150,000 | - | 90,000 |
| Exploration | 18,434 | 14,839 | - | - | 28,689 | - | 29,610 |
| Write down | - | - | - | - | - | - | - |
| Balance, October 31, 2023 | 138,434 | 177,339 | - | - | 178,689 | - | 277,703 |
| Acquisition Costs | - | - | - | - | - | - | 9,000 |
| Exploration | 6,504 | 8,829 | 1,629 | 600 | 2,495 | 347 | 2,236 |
| Write down | - | - | - | - | - | - | - |
| Balance, July 31, 2024 | 144,938 | 186,168 | 1,629 | 600 | 181,184 | 347 | 288,939 |

| | Mt. Sicker | Ogie Gold | Santa Anna | Slesse Creek | Tonya | Trio | Vigh Graph- ite | Total |
|----------------------------------|----------------|--------------|----------------|-----------------|---------------|---------------|-----------------------|------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, October 31, 2022 | - | - | - | - | - | - | - | 158,093 |
| Acquisition Costs | - | - | 210,000 | 40,000 | - | - | - | 772,500 |
| Exploration | 7,823 | - | 14,258 | 18,269 | - | 2,277 | - | 134,199 |
| Write down | - | - | - | - | - | - | - | - |
| Balance, October 31, 2023 | 7,823 | - | 224,258 | 58,269 | - | 2,277 | - | 1,064,792 |
| Acquisition Costs | - | - | - | 4,000 | - | - | 30,200 | 43,200 |
| Exploration | 96,278 | 533 | 10,512 | 11,125 | 34,154 | 12,031 | - | 187,273 |
| Write down | - | - | - | - | - | - | - | - |
| Balance, July 31, 2024 | 104,101 | 533 | 234,770 | 73,394 | 34,154 | 14,308 | 30,200 | 1,295,265 |

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Notes to the Condensed Interim Financial Statements
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The following table summarizes the projects where the Company has abandoned the agreement:

| | Grey Copper / Jona- than's Pond | Little Bay Copper | Loup Creek | Star of the West | 911 Knock- out | Total |
|----------------------------------|---|-------------------------|---------------|------------------------|----------------------|-----------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance, October 31, 2022 | - | 42,000 | - | 17,947 | - | 59,947 |
| Acquisition Costs | 70,000 | - | - | - | - | 70,000 |
| Exploration | 44,009 | - | 23,759 | 68,970 | 7,936 | 144,674 |
| Write down | (114,009) | (42,000) | (23,759) | (86,917) | (7,936) | (274,621) |
| Balance, October 31, 2023 | - | - | - | - | - | - |

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 are subject to approval by the TSX-V.

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

- 1,200,000 common shares on the Effective Date (issued August 11, 2023, valued at \$120,000);
- an additional 1,200,000 Shares on or before 12 months following the Effective Date (extension received by vendors);
- an additional 1,200,000 Shares on or before 24 months following the Effective Date;
- 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 of 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.

2) 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 July 31, 2024, the project’s acquisition cost is \$162,500.

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The property is subject to a NSR of 1% with a \$1,000,000 buy-down and a Sale Participation Right of 10% of gross proceeds received by the Company from any future sale of disposition of any interest in the property in the next ten years.

3) 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.

The property is subject to a NSR of 1% subject to a \$1,000,000 buy-down and a Sale Participation Right of 10% of gross proceeds received by the Company from any future sale of disposition of any interest in the property in the next ten years.

4) 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 of disposition of any interest in the property in the next ten years.

5) 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. The Project land position covers 2,739 hectares. 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.

6) 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:

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Notes to the Condensed Interim Financial Statements
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For the nine months ended July 31, 2024 and 2023

| Timing | Cash | Securities | Exploration or Other Work Commitments |
|-------------------|-------------|-------------------|--|
| 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 |

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.

7) 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.

8) 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.

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For the nine months ended July 31, 2024 and 2023

9) 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 Kermode with the right but not the obligation to undertake a lease of the property. Kermode will not issue any shares under the transaction at any time. The first phase of the deal is the option, where Kermode begins with a one-year term that can be renewed for additional one-year periods by mutual consent of the counterparties so long as Kermode is paying or causing to be paid all annual claim maintenance fees and holding costs. Prior to completing any drilling activities on the property Kermode will first be required to enter into the lease agreement contemplated in the Option Agreement.

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

10) 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 Kermode with the right but not the obligation to undertake a lease of the property. Kermode will not issue any shares under the transaction at any time. The first phase of the deal is the option, where Kermode begins with a one-year term that can be renewed for additional one-year periods by mutual consent of the counterparties so long as Kermode is paying or causing to be paid all annual claim maintenance fees and holding costs. Prior to completing any drilling activities on the property Kermode will first be required to enter into the lease agreement contemplated in the Option Agreement.

The second phase of the deal is a lease, where Kermode commits to a schedule of annual cash advance royalty payments, starting at US\$5,000 in the first year and increasing to US\$250,000 on the eighth anniversary and thereafter. In addition, there is a total five percent (5%) NSR Production Royalty where (i) a percent royalty (2%) has no buy-down provision; and (ii) a three percent (3%) royalty with a five million US\$5,000,000 buy-down. In addition, there is also a ten percent (10%) future sales interest.

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.

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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% thirty percent of gross proceeds received by the Company from any future sale of 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.

12) 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 based on the closing price of the Company's stock on the TSX-V on the date of issuance. 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 of disposition of any interest in the property in the next ten years.

13) 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 of disposition of any interest in the property for a period of ten years.

14) 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. 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. The property is subject to a NSR of 1% subject to a \$1,000,000 buy-down and a Sale Participation Right of 10% of gross proceeds received by the Company from any future sale of disposition of any interest in the property in the next ten years.

15) Lightning Peak Project, British Columbia

On February 20, 2024, the Company entered into letter of intent to acquire the Lightning Peak Project in 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.

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The property is subject to a NSR of 2% subject to a \$2,000,000 buy-down and 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.

Projects where the Company has ceased to advance the agreement:

16) Grey Copper / Jonathan's Creek, Newfoundland

On December 13, 2022, the Company entered into an option agreement to acquire a 100% interest in the Grey Copper/Jonathan's Pond project located in Newfoundland.

Pursuant to the option agreement, the Company issued 700,000 common shares valued at \$70,000. To exercise the option, the Company must issue an additional 300,000 common shares within 12 months and 300,000 common shares within 24 months of closing.

The property is subject to a NSR of 1% with a \$1,000,000 buy-down. During fiscal 2023, the Company suspended operation in Newfoundland and recorded an impairment to charge exploration and evaluation costs of \$114,009 to operations.

17) Little Bay Copper, Newfoundland

On April 11, 2022, the Company entered into an option agreement with Grassroots Prospecting and Prospect Generation Inc. to acquire a 100% interest in the Little Bay Copper project in Newfoundland.

Pursuant to the option agreement, the Company issued 150,000 common shares valued at \$30,000 and paid cash of \$12,000 during the year ended October 31, 2022. To exercise the option, the Company must pay an additional \$250,000 within 48 months of closing, and issue 3,150,000 common shares and incur \$4,250,000 in exploration expenditures in stages over the next 48 months.

On exercise of the option, there will be a 2% net smelter returns royalty with a buy-back of 1% for \$2,000,000.

During fiscal 2023, the Company suspended operation in Newfoundland and recorded an impairment to charge exploration and evaluation costs of \$42,000 to operations.

18) Loup Creek, British Columbia

On December 12, 2022, the Company entered into an option agreement to acquire a 100% interest in the Loup Creek project in BC.

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 20% of gross proceeds received by the Company from any future sale or disposition of any interest in the property in the next ten years.

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During fiscal 2023, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$23,759 to operations.

19) Star of the West, British Columbia

On October 28, 2022, the Company entered into an option agreement to acquire a 100% interest in the Star of the West project in British Columbia.

To earn a 100% interest in the project, the Company assigned the vendors a NSR of 2% with a \$5,000,000 buy-down which can be exercised in stages 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.

During fiscal 2023, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$86,917 to operations.

20) 911 Knockout Project, British Columbia

On June 22, 2023, the Company entered into an option agreement to acquire a 100% interest in the 911 Knockout project in BC.

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 20% 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 fiscal 2023, the Company decided not to proceed with this property and recorded an impairment to charge exploration and evaluation costs of \$7,936 to operations.

7. RELATED PARTY TRANSACTIONS AND BALANCES

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

The Company had the following transactions in the normal course of operations with related parties during the three and nine months ended July 31, 2024 and 2023:

| | Three months ended | | Nine months ended | |
|---|---------------------------|---------------|--------------------------|---------------|
| | July 31, | | July 31, | |
| | 2024 | 2023 | 2024 | 2023 |
| | \$ | \$ | | |
| Management fees | (1,667) | 38,500 | 46,333 | 50,500 |
| Accounting fees | 11,119 | - | 17,078 | - |
| Share-based compensation to Management & Directors | 11,551 | - | 24,702 | - |
| | 21,003 | 38,500 | 88,113 | 50,500 |

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During the three months ended July 31, 2024, the Company incurred \$13,333 (2023 - \$38,500) in management fees including the following: \$13,333 (2023 - \$10,000) to the CEO and \$nil to the former CFO (2023 - \$23,500 to the former CFOs and \$5,000 to the former corporate secretary). During the three months ended July 31, 2024, the Company incurred \$11,817 of accounting fees to a Company where the current CFO is a shareholder.

During the nine months ended July 31, 2024, the Company incurred \$61,333 (2023 - \$50,500) in management fees including the following: \$41,333 (2023 - \$10,000) to the CEO and \$20,000 to the former CFO (2023 - \$35,500 to the former CFO, \$5,000 to the former corporate secretary). During the nine months ended July 31, 2024, the Company incurred \$30,107 of accounting fees to a Company where the current CFO is a shareholder.

Accounts payable and accrued liabilities include \$93,967 (October 31, 2023 - \$123,686) due to current and former officers and directors and a company controlled by a current officer. These amounts are unsecured, non- interest bearing and have no fixed terms of repayment.

8. SHARE CAPITAL

Authorized share capital

As of July 31, 2024, 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:

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

As at July 31, 2024, the Company had 49,964,734 (October 31, 2023 - 25,243,087) common shares issued and outstanding.

Share issuances:

For the nine months ended July 31, 2024, the Company completed the following transactions:

- (i) 16,096,648 shares value at \$209,401 for exploration work on mineral properties.
- (ii) 2,800,000 shares value at \$43,000 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 6);
 - 900,000 shares issued at a value of \$9,000 pursuant to option for the acquisitions of the Lucky Strike project (Note 6); and,
 - 400,000 shares issued at a value of \$4,000 pursuant to the option for the acquisition of the Slesse Creek project (Note 6).

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- (ii) 5,049,999 shares valued at \$67,999 issued in settlement of management fees charged by the CEO, former CFO and current CFO of the Company. 2,233,333 shares were issued to the CEO, 1,650,000 shares were issued to the former CFO and 1,166,666 shares were issued to the current CFO.
- (iii) 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.

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

- (i) 648,557 shares in settlement of debts with value of \$64,856.
- (ii) 1,498,650 shares valued at \$179,063 for exploration work on mineral properties.
- (iii) 5,000,000 shares valued at \$610,000 for the acquisition of mineral properties, including:
 - 1,500,000 shares issued at a value of \$225,000 pursuant to the option for the acquisition of the Caycuse property (Note 6);
 - 700,000 shares issued at a value of \$105,000 pursuant to the option to acquire the Grey Copper / Jonathan's Pond properties (Note 6);
 - 1,500,000 shares issued at a value of \$150,000 pursuant to the option for the acquisition of the Khrysos and Silver Bell projects (Note 6);
 - 400,000 shares issued at a value of \$40,000 pursuant to the option for the acquisition of the Slesse Creek project (Note 6); and
 - 900,000 shares issued at a value of \$90,000 pursuant to the option for the acquisition of the Lucky Strike project (Note 6).
- (iv) 50,000 shares valued at \$5,000 issued in settlement of management fees charged by the CEO of the Company.
- (v) 50,000 shares valued at \$5,000 issued in settlement of management fees charged by the former CFO of the Company.
- (vi) On May 7, 2023, the Company completed a private placement by issuing 257,300 units at \$0.10 per unit for gross proceeds of \$25,730. Each unit is comprised of one share and one warrant. Each warrant is exercisable at \$0.50 up to May 9, 2026. The Company incurred share issuance costs of \$800.
- (vii) On June 13, 2023, the Company completed a private placement by issuing 500,000 shares at \$0.10 per share for gross proceeds of \$50,000.

9. 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%

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of the number of Shares outstanding as at the date of any Option grant. As at July 31, 2024, the Company had 49,964,734 common shares issued and could issue up to 4,996,473 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, which is 2,638,521 Awards.

a) Options

The following table summarizes the Company’s stock options outstanding at July 31, 2024 and the changes for the nine month period then ended.

| | Number of options | Weighted average exercise price (\$ per share) | Weighted average remaining life (years) |
|-----------------------------|------------------------------|---|--|
| Balance - October 31, 2023 | 1,619,630 | 0.50 | 4.37 |
| Granted | 2,400,000 | 0.05 | |
| Forfeited | (700,000) | 0.50 | |
| Balance – July 31, 2024 | 3,319,630 | 0.17 | 4.51 |
| Exercisable – July 31, 2024 | 3,319,630 | 0.17 | 4.51 |

The balance of options outstanding at July 31, 2024 is as follows:

| Expiry date | Exercise price \$ | Number of options outstanding | Number of options exercisable |
|--------------------|------------------------------|--|--|
| November 1, 2027 | 0.50 | 119,630 | 119,630 |
| June 6, 2028 | 0.50 | 400,000 | 400,000 |
| June 23, 2028 | 0.50 | 400,000 | 400,000 |
| April 25, 2029 | 0.05 | 800,000 | 800,000 |
| May 24, 2029 | 0.05 | 1,600,000 | 1,600,000 |
| | | 3,319,630 | 3,319,630 |

The fair value of the options granted during the period ended July 31, 2024 was determined using the Black-Scholes option pricing model using the following inputs:

| Grant date | Risk-free interest rate | Expected Life | Volatility | Dividend yield |
|-------------------|------------------------------------|--------------------------|-------------------|---------------------------|
| April 25, 2024 | 3.89% | 5 years | 354% | 0% |
| May 24, 2024 | 4.31% | 5 years | 354% | 0% |

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b) Performance Share Units

The total number of PSUs exercisable as of July 31, 2024 is 1,000,000 (October 31, 2023 – nil) 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 July 31, 2024 and the changes for the nine month period then ended.

| | Number of PSUs | Weighted average remaining life (years) |
|----------------------------|---------------------------|--|
| Balance - October 31, 2023 | 1,000,000 | 1.60 |
| Issued | 800,000 | 2.73 |
| Balance – July 31, 2024 | 1,800,000 | 2.10 |

The balance of PSUs outstanding at July 31, 2024 is as follows:

| Expiry date | Performance Multiple | Number of PSUs outstanding |
|--------------------|---------------------------------|---------------------------------------|
| November 2, 2025 | Up to 10:1 | 100,000 |
| November 4, 2025 | Up to 10:1 | 100,000 |
| November 29, 2025 | Up to 10:1 | 300,000 |
| June 22, 2026 | Up to 10:1 | 500,000 |
| April 25, 2029 | Up to 10:1 | 800,000 |
| | | 1,800,000 |

During the nine months ended July 31, 2024 the Company recognized share-based compensation of \$71,013 (2023 – \$132,880) of which \$23,013 was related to vesting of PSUs and \$48,000 was with respect to vesting of options.

10. 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 July 31, 2024 and the changes for the nine month period then ended.

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| | Number of warrants | Weighted average exercise price (\$ per share) | Weighted average remaining life (years) |
|----------------------------|-----------------------|---|--|
| Balance - October 31, 2023 | 1,246,560 | 0.50 | 1.77 |
| Issued | 775,000 | 0.05 | 2.69 |
| Expired | (981,260) | 0.50 | - |
| Balance - July 31, 2024 | 1,040,300 | 0.16 | 2.49 |

The balance of common share purchase warrants outstanding at July 31, 2024 is as follows:

| Expiry date | Type | Exercise price \$ | Number of warrants outstanding |
|---------------|-------------------|-------------------|--------------------------------|
| May 9, 2026 | Private Placement | 0.50 | 257,300 |
| May 9, 2026 | Finders' Warrants | 0.50 | 8,000 |
| April 8, 2027 | Private Placement | 0.05 | 525,000 |
| May 27, 2027 | Private Placement | 0.05 | 250,000 |
| | | | 1,040,300 |

11. 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 and advances payable and accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of these instruments.

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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 balance. The Company has no significant concentration of credit risk arising from operations. Management believes that the credit risk concentration with respect to cash, and financial instruments included in 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 July 31, 2024, the Company had a cash balance of \$5,075 (October 31, 2023 - \$3,093) available to settle current liabilities of \$321,032 (October 31, 2023 - \$283,116). 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 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.

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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 (deficiency).

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.

12. SEGMENTED INFORMATION

The Company operates in one segment, being the acquisition, exploration and evaluation of mineral properties in Canada (Note 6). At July 31, 2024 and October 31, 2023 all of the Company's active assets and liabilities were located in Canada with a minimal amount in the USA.

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13. SUBSEQUENT EVENTS

- a) Subsequent to July 31, 2024, the Company issued 3,033,713 common shares for \$30,337 in settlement of charges pursuant to shares-for-services agreements with exploration services providers.
- b) Subsequent to July 31, 2024, the Company issued 814,000 common shares for \$8,140 pursuant to shares-for-services agreements with the CFO.
- c) 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. As at July 31, 2024, the Company had received a subscription in advance of \$5,000.
- d) On August 27, 2024, the Company changed the terms of the property purchase option for the Silverbell Trio Project on Vancouver Island. The new option terms are set as follows:
 - Cash payment of \$150,000 any time in the next ten years payable equally to vendors
 - Sales participation Right of 30% for ten years payable equally to vendors
 - NSR of 2% with a \$2,000,000 buy-down to eliminate the royalty payable to 911 Exploration Corp.
- e) On August 27, 2024, the Company entered a promotional and investor relations agreement with Mr. Jake Tiley. The work program will use artificial intelligence software in corporate communications.
- f) On September 17, 2024, the Company changed the terms of the property purchase option for the Black Panther property. The changes include reducing the size of the exploration claims, changing the members of the vendor group, and changing the project name to Beaton Gold. In addition, the NSR has been changed to 1% with a \$1,000,00 buy-down to remove the royalty and the Sales participation Right has been removed.