



KERMODE RESOURCES LTD.

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INFORMATION CIRCULAR

(as at October 16, 2015, except as otherwise indicated)

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of **KERMODE RESOURCES LTD.** (the “Company”) for use at the Annual General (the “Meeting”) of the shareholders of the Company, to be held on November 26, 2015 at the time and place and for the purposes set forth in the Notice of Annual General Meeting (the “Notice of Meeting”) and at any adjournment thereof. The solicitation of proxies will be primarily by mail. Proxies may also be solicited personally by directors, officers and regular employees of the Company. The cost of solicitation of proxies will be borne by the Company. None of the directors of the Company have informed management that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote on behalf of a shareholder in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the form of proxy provided are officers and/or directors of the Company (the “Management Proxyholders”).

A shareholder has the right to appoint a person other than a Management Proxyholder to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the form provided. A proxyholder need not be a shareholder.

VOTING BY PROXY

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Registered shareholders are shareholders whose names appear on the share register of the Company and are not held in the name of a brokerage firm, bank or trust company through which they purchased the shares. **Shares represented by properly executed proxies will be voted for or against or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.**

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of each matter specified in the notice of Meeting and in favour of all other matters properly proposed by management at the Meeting.

The proxy also confers discretionary authority upon the person named therein as proxyholder with respect to amendments or variations to matters specified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED SHAREHOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.

Most shareholders are "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the name of a nominee such as a brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a non-registered shareholder are registered either: (a) in the name of an intermediary (an "Intermediary") that the non-registered shareholder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("CDS")) of which the Intermediary is a participant.

The Company has distributed copies of the Meeting materials to its registered shareholders and to the clearing agencies and Intermediaries for distribution to non-registered shareholders. The Intermediaries (or their service companies) are responsible for forwarding the Meeting materials to non-registered shareholders unless the non-registered shareholder has waived the right to receive them.

Meeting materials sent to non-registered shareholders who have not waived the right to receive Meeting materials are accompanied by a voting instruction form (a "VIF"). This form is instead of a proxy. Shares held by an Intermediary can only be voted by the Intermediary upon the instructions of the non-registered shareholder. By completing and returning the VIF in accordance with the instructions noted on it, a non-registered shareholder is able to instruct the Intermediary how to vote on behalf of the non-registered shareholder. If a non-registered shareholder does not specify a voting choice and has appointed a Management Proxyholder as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters properly proposed by management at the Meeting.

The purpose of this procedure is to permit non-registered shareholders to direct the voting of the shares which they beneficially own. Should a non-registered shareholder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered shareholder may appoint a proxy as set forth in the VIF, which will grant the non-registered shareholder or their nominee the right to attend and vote at the Meeting. **Non-registered shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.**

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by their attorney authorized in writing or, if the registered shareholder is a company, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Company at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-registered shareholders who wish to change their vote must, at least 7 days before the Meeting, arrange for their Intermediary to revoke the proxy on their behalf.**

FINANCIAL STATEMENTS

The audited financial statements of the Company for the financial year ended October 31, 2014 and the report of the auditor thereon together with management's discussion and analysis will be placed before the Meeting. Copies are also available through the internet on SEDAR, which can be accessed at www.sedar.com.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed elsewhere in this Information Circular, to the knowledge of management of the Company, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who have been directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors and those matters pertaining to the Company's stock option plan.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Company consists of an unlimited number of common shares without par value.

The record date for the determination of shareholders entitled to receive notice of and vote at the Meeting has been fixed as October 13, 2015. As of the record date, the Company had 65,397,373 common shares issued and outstanding, each carrying the right to one vote. Only shareholders of record on the close of business on October 13, 2015, who either personally attend the Meeting or who complete and deliver an instrument of proxy or VIF in the manner and subject to the provisions described above will be entitled to have their shares voted at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, there are no persons or companies who beneficially own, or control or direct, directly or indirectly, common shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company other than as follows:

Name	Number of Shares Held	Percentage of Shares Held
CDS & Co. (NCI) ¹	49,926,705	76.34%
Demerara Gold Corp.	8,750,000	13.38%

¹The beneficial owners are not known.

The above information was provided by management of the Company and the Company's registrar and transfer agent as of October 14, 2015.

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed or unless they become disqualified under the *Business Corporations Act* (British Columbia) to act as a director. Shareholder approval will be sought to fix the number of directors at three (3).

Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. **In the absence of instructions to the contrary, proxies given pursuant to the solicitation of management of the Company will be voted for the nominees listed in this Information Circular.** Management does not contemplate that any of the nominees will be unable to serve as a director. However, if for any reason any nominee does not stand for election or is unable to serve, proxies in favour of management nominees will be voted for another nominee in management's discretion unless the registered shareholder has specified in the proxy that the registered shareholder's shares are to be withheld from voting on the election of directors.

The following table sets out the names, province or state and country of residence of the nominees for election as directors, the offices they hold with the Company, their respective principal occupations, business or employment within the five preceding years, the period or periods during which each director has served as a director, and the number of shares of the Company and its subsidiaries which each beneficially owns, directly or indirectly, or over which control or direction is exercised as of the date of this Information Circular:

Name, Jurisdiction of Residence and Position	Date Elected or Appointed a Director	Principal Occupation or Employment (past five years)	Shares Held ¹
Donald G. Moore Lions Bay, B.C. <i>Chief Executive Officer, Chairman and Director</i>	July 18, 1997	Independent consultant to junior mining companies in British Columbia since 1989; CEO and director of Playfair Mining Ltd. (TSX-V company).	2,544,500
D. Neil Briggs West Vancouver, B.C. <i>Director</i>	May 31, 1995	Geologist; Director of and Playfair Mining Ltd. (TSX-V company).	1,285,750

Name, Jurisdiction of Residence and Position	Date Elected or Appointed a Director	Principal Occupation or Employment (past five years)	Shares Held ¹
Steven Chan New Westminster, B.C. <i>Director</i>	January 12, 2011	Formerly Vice-President of Cambridge House International Inc. Currently an independent consultant to junior mining companies in the areas of financing and public relations.	Nil

¹ Information as to voting shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

The directors and executive officers of the Company (including Ricardo Ho, CFO and Shoni Bernard, Secretary) as a group beneficially own, directly or indirectly, an aggregate of approximately 3,862,750 common shares, which together represent approximately 5.9% of the total votes attached to the Company's common shares.

None of the proposed nominees for election as a director of the Company are proposed to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

Corporate Cease Trade Orders and Bankruptcy

No proposed director is, or has been within 10 years before the date of this Information Circular, a director, or executive officer of any company (including the Company) that while that individual was acting in that capacity:

- (a) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer, in the relevant company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold its assets.

Individual Bankruptcy

No proposed director of the Company has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that individual.

Penalties and Sanctions

No proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

EXECUTIVE COMPENSATION

For purposes hereof, “NEO” or “Named Executive Officer” means each of the following individuals:

- (a) a chief executive officer (“CEO”);
- (b) a chief financial officer (“CFO”);
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

COMPENSATION DISCUSSION AND ANALYSIS

The only compensation paid by the Company to the NEO’s in the most recently completed financial year consisted of: (i) payment to the CFO for services rendered, based on a fees-for-services rendered basis; and (ii) incentive stock options granted under the Company’s stock option plan. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating the NEO’s and to more closely align the personal interests of such persons to those of the shareholders. During the financial year ended October 31, 2014 the Company did not grant any options to the Company’s NEOs and no options were exercised by the Company’s NEOs. No amount was paid to any director of the Company during the financial year ended October 31, 2014 for services as a director, consultant or expert.

Compensation Governance

The Company’s process for determining executive compensation relies solely on board discussion without formally enumerated objectives as to measurement of performance. The Company does not have cash flow from operations, and relies on raising equity capital for continuing its business objectives. As such, the board’s decision on determining compensation is based on available cash resources.

Option-based awards

The Company currently has in place a 10% rolling stock option plan for the purpose of attracting and motivating directors, officers, employees and consultants of the Company and advancing the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the plan to purchase shares of the Company.

The Company intends to seek shareholder approval to the stock option plan. (See “Ratification and Approval of Stock Option Plan” under “Matters to Be Acted Upon” below). The stock option plan will continue to be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Company takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of shareholders.

SUMMARY COMPENSATION TABLE

The Company had two Named Executive Officers (“NEOs”) during the financial year ended October 31, 2014: Donald G. Moore (CEO) and Ricardo Ho (CFO).

The following table contains a summary of the compensation paid to the NEOs during the financial year ended October 31, 2014.

Name and Principal Position	Year Ended Oct. 31	Salary	Share based awards	Option-based awards	Non-equity incentive plan compensation		Pension value	All other compensation	Total compensation
					Annual incentive plans	Long-term incentive plans			
Donald G. Moore <i>CEO, Chairman</i>	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Ricardo Ho <i>CFO</i>	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The following table discloses the particulars of all awards for each NEO outstanding as at October 31, 2014:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option exercise price (CDN \$)	Option expiration date	Value of unexercised in-the-money options ¹	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested	Market or payout value of vested share-based awards not paid out or distributed
Donald G. Moore <i>CEO, Chairman</i>	100,000 190,000	\$0.11 \$0.11	Jan. 18/16 Aug. 29/16	N/A	N/A	N/A	N/A
Ricardo Ho <i>CFO</i>	100,000	\$0.11	Jan. 18/16	N/A	N/A	N/A	N/A

¹ The value of unexercised “in-the-money options” is based on the difference between the market value of the Company’s common shares on October 31, 2014 and the exercise price of the options. The closing price of the Company’s common shares on October 31, 2014 was CDN\$0.005.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of each incentive plan award vested or earned by each NEO during the financial year ended October 31, 2014:

Name	Option-based awards – Value vested during the year (CDN \$) ¹	Share-based awards – Value vested during the year ²	Non-equity incentive plan compensation – Value earned during the year
Donald G. Moore CEO	N/A	N/A	N/A
Ricardo Ho CFO	N/A	N/A	N/A

1. Value vested is calculated as the dollar value that would have been realized had the option been exercised on the date it was vested less the related exercise price multiplied by the number of vesting shares.
2. This amount is the dollar value realized calculated by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.

PENSION PLAN BENEFITS

The Company does not have any pension plans that provide for payments or benefits to any NEO at, following or in connection with their retirement, nor does the Company have any defined contribution plans or deferred compensation plans relating to any NEO.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Company, in connection with or related to the retirement, termination or resignation of such person, and the Company has provided no compensation to any such person as a result of a change of control of the Company. The Company is not party to any compensation plan or arrangement with an NEO whereby compensation will be paid as a result of the resignation, retirement or termination of employment of any such person, a change of control of the Company, or a change in the NEO’s responsibilities following a change of control of the Company.

DIRECTOR COMPENSATION

The Company did not pay its directors a fee for acting as such during its financial year ended October 31, 2014. They are, however, entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors. The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services in their capacity as directors, or for committee participation, except for the granting of incentive stock options from time to time in accordance with the terms of the Company’s stock option plan and the policies of the TSX Venture Exchange.

Director Compensation Table

The following table summarizes the compensation paid, payable, awarded or granted to each of the directors who was not a NEO during the financial year ended October 31, 2014:

Director Name	Fees Earned	Share-Based Awards	Option-Based Awards	Non-Equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total
D. Neil Briggs	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Steven Chan	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

The following table discloses the particulars of all awards outstanding to each director who was not a NEO as at the financial year ended October 31, 2014:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option exercise price (CDN \$)	Option expiration date	Value of unexercised in-the-money options¹	Number of shares or units of shares that have not vested	Market or payout value of share-based awards that have not vested
D. Neil Briggs	100,000 190,000	\$0.11 \$0.11	Jan. 18/16 Aug. 29/16	N/A N/A	N/A N/A	N/A N/A
Steven Chan	300,000 400,000	\$0.11	Jan. 18/16 Aug 29/16	N/A N/A	N/A N/A	N/A N/A

¹ The value of unexercised “in-the-money options” is based on the difference between the market value of the Company’s common shares on October 31, 2014 and the exercise price of the options. The last closing price of the Company’s common shares on the TSX-V at October 31, 2014 was CDN\$0.005.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table summarizes the value of each incentive plan award vested or earned by each director who is not a NEO during the financial year ended October 31, 2014:

Name	Option-based awards – Value vested during the year (CDN \$)¹	Share-based awards – Value vested during the year²	Non-equity incentive plan compensation – Value earned during the year
D. Neil Briggs	N/A	N/A	N/A
Steven Chan	N/A	N/A	N/A

¹ Value vested is calculated as the dollar value that would have been realized had the option been exercised on the date it was vested less the related exercise price multiplied by the number of vesting shares.

² This amount is the dollar value realized by multiplying the number of shares or units by the market value of the underlying shares on the vesting date.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As of the financial year ended October 31, 2014 the Company's stock option plan was the only equity compensation plan under which securities were authorized for issuance. The following table sets forth information with respect to the Company's stock option plan as at the year ended October 31, 2014:

Plan category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	2,658,000	\$0.11	3,881,373 ¹
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
<i>Total</i>	2,658,000	\$0.11	3,881,373 ¹

¹ Based on a 10% rolling stock option plan whereby the Company is eligible to grant options up to an aggregate 10% of its issued and outstanding share capital. Based on there being 65,397,373 common shares issued and outstanding, the Company can grant up to an additional 3,881,373 options.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or senior officers of the Company or any associates or affiliates of the Company are or have been indebted to the Company at any time since the beginning of the last completed financial year of the Company.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Information Circular, "informed person" means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Except as described in this section, no informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has or has had any material interest, direct or indirect, in any transaction undertaken by the Company during its last completed

financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount agreed to by the related parties.

APPOINTMENT OF AUDITOR

Management of the Company intends to nominate Davidson & Company LLP, Chartered Accountants, of 1200 – 609 Granville Street, Vancouver, B.C. V7Y 1G6, for re-appointment as auditor of the Company for the ensuing year at a remuneration to be fixed by the directors.

Audit Committee and Relationship with Auditor

Under National Instrument 51-110 – *Audit Committees* of the Canadian Securities Administrators (“NI 51-110”) the Company is required to have an audit committee comprised of at least three directors, the majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. The Company, as a venture issuer, is also required to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor. Such disclosure is set forth below.

Audit Committee Charter

The audit committee has a charter, the text of which is attached as Schedule “A” to this Information Circular.

Composition of the Audit Committee

The following are the members of the audit committee:

Donald G. Moore	Not Independent ¹	Financially literate ¹
D. Neil Briggs	Independent ¹	Financially literate ¹
Steven Chan	Independent ¹	Financially literate ¹

¹ As defined by NI 52-110.

Relevant Education and Experience

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. All of the current members of the Company’s audit committee are financially literate as that term is defined.

Based on their business and educational experience, each current member of the audit committee has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; experience preparing, auditing, analyzing or evaluating financial statements that present a

breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting. See heading “Principal Occupation, Business for the five preceding years” under “Election of Directors” above for other relevant education and experience for each member of the audit committee.

Audit Committee Oversight

At no time since the commencement of the Company’s most recent completed financial year was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies and Procedures

The audit committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading “External Auditors”.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company’s external auditors in each of the last two financial years for audit fees are as follows:

Financial Year Ending	Audit Fees¹	Audit Related Fees²	Tax Fees³	All Other Fees⁴
October 31, 2014	\$10,000	Nil	\$ 476	\$ 186
October 31, 2013	\$18,360	Nil	\$1,500	\$ 875

1. Includes services for the annual audit of the Company’s financial statements.
2. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under “Audit Fees”.
3. Fees charged for tax compliance services.
4. Fees for services other than disclosed in any other column.

Exemption in Section 6.1 of NI 52-110

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 from the requirement of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations).

MANAGEMENT CONTRACTS

Management functions of the Company are generally performed by directors and executive officers of the Company and not, to any substantial degree, by any other person to whom the Company has contracted.

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the board of directors of the Company (the “Board”), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Instrument 58-201 *Corporate Governance Guidelines* (“NI 58-201”) establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices and feels that the Company’s corporate governance practices are appropriate and effective for the Company given its current size. The Company’s corporate governance practices are summarized below.

Independence of Members of Board

NI 58-101 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the company, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, NI 58-101 suggests that a board of directors should include a number of directors who do not have interests in either the company or the significant shareholder.

Management Supervision by Board

The size of the Company is such that all the Company’s operations are conducted by a small management team which is also represented on the board. The Board considers that management is effectively supervised by the directors on an informal basis as the directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. The independent directors are however able to meet at any time without any members of management including the non-independent director being present. Further supervision is performed through the audit committee which can meet with the Company’s auditors without management being in attendance. The independent directors exercise their responsibilities for independent oversight of management through their representation on the Board.

The Board meets formally on an as needed basis to review and discuss the Company’s business activities, and to consider and if thought fit, to approve matters presented to the Board for approval, and to provide guidance to management. In addition, management informally provides updates to the Board at least once per quarter between formal meetings. In general, management consults with the Board when deemed appropriate to keep it informed regarding the Company’s affairs.

The Board facilitates the exercise of independent supervision over management through these various meetings and through committees of the Board. At present, the Board has an audit committee. When necessary, the Board will strike a special committee of independent directors to deal with matters

requiring independence. The composition of the Board is such that the independent directors have significant experience in business affairs and, as a result, these directors are able to provide significant and valuable independent supervision over management.

In the event of a conflict of interest at a meeting of the Board, the conflicted director will in accordance with corporate law and in accordance with his fiduciary obligations as a director of the Company, disclose the nature and extent of his interest to the meeting and abstain from voting on or against the approval of such participation.

Other Directorships

The following nominees for director of the Company currently hold directorships in other reporting issuers as set out below:

Donald G. Moore	Playfair Mining Ltd. (TSX-V)
D. Neil Briggs	Playfair Mining Ltd. (TSX-V)
Steven Chan	Expedition Mining Inc. (TSX-V) Golden Secret Ventures Ltd. (TSX-V) Sedex Mining Corp. (TSX-V) Rouge Resources Ltd. (TSX-V) Playfair Mining Ltd. (TSX-V)

Orientation and Continuing Education

At present, the Company does not provide a formal orientation and education program for new directors. Prior to joining the Board, potential members are encouraged to meet with management and inform themselves regarding management and the Company's affairs. After joining the Board, management and the Board chair provide orientation both at the outset and on an ongoing basis. The Company currently has no specific policy regarding continuing education for directors, and requests for education are encouraged, and dealt with on an ad hoc basis.

Ethical Business Conduct

The Board does not currently have a written code of ethics, but views good corporate governance as an integral component to the success of the Company. The Company's audit committee has established a "whistleblower" policy to encourage employees to raise concerns about business conduct.

Nomination of Directors

The Board does not have a nominating committee. Once a decision has been made to add or replace a director, the task of identifying new candidates will fall on the Board and management. If a candidate looks promising, the Board and management will conduct due diligence on the candidate and interview the candidate and if the results are satisfactory, the candidate is invited to join the Board.

Compensation

The Board considers compensation for the directors and CEO on an annual basis.

Other Board Committees

The Board does not presently have any other committee other than the audit committee.

Assessments

At present, the Board does not have a formal process for assessing the effectiveness of the Board, its audit committee and whether individual directors are performing effectively. These matters are dealt with by the Board on a case by case basis. The Board is of the view that the Company's shareholders are the most important assessors of Board performance and that they provide the most effective, objective assessment of the Board's performance.

MATTERS TO BE ACTED UPON AT THE MEETING

The following are matters to be acted upon at the Meeting:

1. Number of Directors

Shareholders will be asked to set the number of directors at 3.

2. Election of Directors

Shareholders will be asked to vote for the election of following nominees for directors:

DONALD G. MOORE
D. NEIL BRIGGS
STEVEN CHAN

3. Appointment of Auditors

Shareholders will be asked to vote for the re-appointment of Davidson & Company LLP, Chartered Accountants, of 1200 – 609 Granville Street, Vancouver, B.C. V7Y 1G6, as auditors of the Company for the ensuing year, until the close of the next Annual General Meeting, at a remuneration to be fixed by the Directors. Davidson & Company LLP were first appointed as auditors for the Company in 1995.

4. Ratification and Approval of Stock Option Plan

The Company presently has in place a "rolling" stock option plan (the "Plan") whereby the Company is authorized to grant stock options of up to 10% of its issued and outstanding shares from time to time. A copy of the Plan is attached hereto as Schedule "B". The TSX Venture Exchange requires listed companies that have "rolling" stock option plans in place to receive shareholder approval to such Plan on a yearly basis at the Company's annual general meeting. As such, shareholders will be asked to ratify and approve the Plan.

The material terms of the Plan are as follows:

1. The persons eligible to be granted options are directors, officers, employees or consultants of the Company or its subsidiaries at the time the Option is granted.
2. The maximum number of shares that may be reserved for issuance under the Plan shall not exceed 10% of the Company's issued and outstanding shares at the time of the grant.
3. No more than (i) 5% of the shares reserved for issuance may be granted to any one individual in any 12 month period; (ii) no more than 2% of the shares reserved for issuance may be granted to a consultant in any 12 month period; and (iii) no more than 2% of the shares reserved for issuance may be granted in aggregate to persons engaged in investor relations activities in any 12 month period.
4. The exercise price of any options granted under the Plan will be determined by the board of directors, in its sole discretion, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSX-V to a minimum of \$0.05 per share.
5. The maximum term of Options shall be 10 years.
6. Options will terminate upon the earlier of:
 - (i) the date specified in the option agreement;
 - (ii) termination of the option holder's position in the Company for just cause;
 - (iii) where the option holder's position in the Company is terminated for a reason other than just cause or death, within 30 days after such termination; and
 - (iv) where the option holder's position in the Company is terminated by death, within 3 to 6 months from the date of death, as determined by the Plan administrator.
7. Disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the option holder is an insider; (ii) any grant of options to insiders, within a 12 month period, exceeding 10% of the Company's issued shares; and (iii) any grant of options to any one individual, within a 12 month period, exceeding 5% of the Company's issued shares.

5. Other Matters

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the instrument of proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy provided that such authority is granted to the proxyholder by the proxy.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company's profile on the SEDAR website at www.sedar.com.

Financial information relating to the Company is provided in its audited financial statements and management's discussion and analysis for the financial year ended October 31, 2014 filed on SEDAR. Shareholders may contact the Company directly to request copies of the Company's financial information by mail to #520 – 470 Granville Street, Vancouver, B.C. V6C 1V5; or by telephone at 604-687-7178, or toll-free 1-888-244-6644.

APPROVAL

The content and sending of this Information Circular has been approved by the Company's Board of directors. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

DATED at Vancouver, B.C., October 16, 2015.

BY ORDER OF THE BOARD

“Donald G. Moore”
CEO, Chairman

SCHEDULE “A” to Information Circular dated October 16, 2015

AUDIT COMMITTEE CHARTER

OF

KERMODE RESOURCES LTD.

Mandate

The primary function of the audit committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting, and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company’s financial reporting and internal control systems and review the Company’s financial statements;
- review and appraise the performance of the Company’s external auditors; and
- provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would reasonably interfere with the exercise of his or her independent judgment as a member of the Committee. All members of the Committee must be financially literate (having the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements).

The members of the Committee shall be appointed by the Board of Directors at its first meeting following the annual shareholders’ meeting.

Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with management and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
- (c) Confirm that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Review annually the relationship between the external auditors and the Company, and the external auditor status as a participating audit firm as defined in National Instrument 52-108 – Auditor Oversight.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors, take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of fees paid by the Company to its external auditors during the financial year in which the non-audit services are provided;

- (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
- (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee. Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions.

Schedule “B” to Information Circular dated October 16, 2015

KERMODE RESOURCES LTD.

STOCK OPTION PLAN

**PART I
INTERPRETATION**

1.1 Defined Terms. For the purposes of this Plan, the following terms shall have the following meanings:

“**Administrator**” has the meaning ascribed thereto in Section 3.1 hereof;

“**Affiliate**” means a corporate entity related to another corporate entity if one of them is the subsidiary of the other, or both are subsidiaries of the same corporate entity, or each of them is controlled by the same Person;

“**Applicable Laws**” means all legal requirements relating to the administration of stock option plans, if any, under applicable corporate laws, any applicable state or provincial securities laws, the rules and regulations promulgated thereunder, and the requirements of the Exchange, and the laws of any foreign jurisdiction applicable to Options granted to residents therein;

“**Associate**” means, where used to indicate a relationship with any Person,

- (i) any relative, including the spouse, son or daughter, of that Person or a relative of that Person’s spouse, if the relative has the same home as that Person,
- (ii) any partner, other than a limited partner, of that Person,
- (iii) any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or
- (iv) any corporate entity of which such Person beneficially owns, directly or indirectly, voting securities carrying more than ten percent of the voting rights attached to all outstanding voting securities of the corporate entity;

“**Board**” means the board of Directors of the Company;

“**Blackout Period**” means a period during which an Optionee is restricted by the Company from trading in the Company’s securities pending the dissemination of previously undisclosed material information;

“**Committee**” means a committee of the Board appointed in accordance with Section 3.2 hereof;

“**Company**” means Kermode Resources Ltd. and its Affiliates;

“**Consultant**” means, in relation to the Company, an individual (other than an Employee or a Director of the Company) or corporate entity, that:

- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company, other than services provided in relation to a distribution of securities,
- (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the corporate entity, as the case may be
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate; and

- (iv) has a relationship with the Company or an Affiliate that enables the individual to be knowledgeable about the business and affairs of the Company;

“**Date of Grant**” means the date on which a grant of an Option is effective;

“**Director**” means a director of the Company or an Affiliate;

“**Disability**” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity;

“**Discounted Market Price**” has the meaning ascribed thereto in the Exchange Policies;

“**Disinterested Shareholder Approval**” means approval by a majority of the votes cast by shareholders of the Company or their proxies at a shareholders’ meeting other than votes attaching to securities beneficially owned by Insiders to whom Options may be granted pursuant to this Plan and their Associates and, for purposes of this Plan, holders of non-voting and subordinate voting securities (if any) will be given full voting rights on a resolution which requires disinterested shareholder approval;

“**Employee**” means:

- (i) an individual who is considered an employee of the Company or its subsidiary under the Income Tax Act (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);
- (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
- (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;

“**Exchange**” means the TSX Venture Exchange, or any other stock exchange on which the Company’s Shares are listed for trading;

“**Exchange Policies**” mean the policies set forth in the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Insider**” means:

- (i) a director or senior officer of the Company;
- (ii) a director or senior officer of an entity that is itself an insider or subsidiary of the Company; or
- (iii) a Person that beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company; or

(iv) the Company itself if it holds any of its own securities;

“**Investor Relations Activities**” has the meaning ascribed thereto in the Exchange Policies;

“**Management Company Employee**” means an individual employed by a Person providing management services to the Company (other than Investor Relations Activities), which are required for the ongoing successful operation of the business of the Company;

“**Officer**” means the chief executive officer, the chief financial officer, president, vice president, secretary, treasurer, manager, comptroller and any person routinely performing corresponding functions and/or policy making functions with respect to the Company or its subsidiaries, and includes a Management Company Employee that provides the services of such Officer;

“**Option**” means an option to purchase Shares granted pursuant to the provisions of this Plan;

“**Option Agreement**” means a written agreement between the Company and an Optionee, specifying the terms of the Option being granted to the Optionee under this Plan, which may be in the form set out in Schedule “A” hereto;

“**Option Price**” means the price at which an Option to purchase Shares is exercisable;

“**Optionee**” means the recipient of an Option granted by the Company;

“**Person**” means a natural person, firm, corporate entity, government, or political subdivision or agency of a government; and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person;

“**Plan**” means this stock option plan of the Company, as amended from time to time;

“**Shares**” means the common shares without par value in the capital of the Company;

“**Successor**” means the legal heirs or personal representatives of the Optionee upon death, pursuant to a will or the laws of descent and distribution of the applicable jurisdictions;

“**Tax Act**” means the Income Tax Act (Canada), as amended from time to time;

“**Term**” means the period of time during which an Option is exercisable; and

“**Terminating Event**” means:

- (i) the dissolution or liquidation of the Company, or
- (ii) a material change in the capital structure of the Company that is deemed to be a Terminating Event pursuant to Section 10.1 or 10.5 hereof.

Part 2
ESTABLISHMENT AND PURPOSE OF THE PLAN

2.1 Establishment of the Plan. The Company hereby establishes this Plan to govern the grant, administration and exercise of Options which may be granted to eligible Optionees. The Plan is designed to be a “rolling” stock option plan under Exchange Policies, reserving at any one time a maximum of 10% of the issued Shares of the Company for the exercise of Options.

2.2 Principal Purposes. The principal purposes of this Plan are to provide the Company with the advantages of the incentive inherent in stock ownership on the part of Directors, Officers, Employees and Consultants responsible for the continued success of the Company; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Company; to encourage such individuals to remain with the Company; and to attract new Directors, Officers, Employees and Consultants to the Company.

2.3 Benefit to Shareholders. This Plan is expected to benefit shareholders by enabling the Company to attract and retain personnel of the highest caliber by offering them an opportunity to share in any increase in value of the Shares resulting from their efforts.

Part 3
ADMINISTRATION

3.1 Board or Committee. This Plan shall be administered by the Board or by a Committee appointed in accordance with Section 3.2 hereof. The Board or, if applicable, the Committee is hereinafter referred to as the “Administrator”.

3.2 Appointment of Committee. The Board may at any time appoint a Committee, consisting of not less than two of its members, to administer this Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer this Plan.

3.3 Quorum and Voting. A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Part 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. Members of the Committee who are disinterested Persons to an action may vote on any matters affecting the administration of this Plan or the grant of Options pursuant to this Plan, except that no such member shall act upon the granting of an Option to himself (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee during which action is taken with respect to the granting of Options to him).

3.4 Powers of Administrator. Subject to the provisions of this Plan and any Applicable Laws, and with a view to effecting the purpose of this Plan, the Administrator shall have sole authority, in its absolute discretion, to:

- (a) administer this Plan in accordance with its express terms;
- (b) determine all questions arising in connection with the administration, interpretation, and application of this Plan, including all questions relating to the value of the Shares;
- (c) correct any defect, supply any information, or reconcile any inconsistency in this

- Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of this Plan;
- (d) prescribe, amend, and rescind rules and regulations relating to the administration of this Plan;
 - (e) determine the duration and purposes of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of this Plan;
 - (f) do the following with respect to the granting of Options:
 - (i) determine the Directors, Officers, Employees and Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan,
 - (ii) determine the terms and conditions of the Option Agreement to be entered into with any Optionee (which need not be identical with the terms of any other Option Agreement),
 - (iii) amend the terms and conditions of Option Agreements, provided the Administrator obtains:
 - A. the consent of the Optionee, and
 - B. if applicable, the approval of the Exchange and / or Disinterested Shareholder Approval,
 - (iv) determine when Options shall be granted,
 - (v) determine the Option Price of each Option, and
 - (vi) determine the number of Shares subject to each Option; and
 - (g) make all other determinations necessary or advisable for administration of this Plan.

3.5 Obtain Regulatory Approvals. In administering this Plan, the Administrator will obtain any regulatory approvals which may be required pursuant to all Applicable Laws. This Plan is subject to these approvals.

3.6 Annual Shareholder Approval. This Plan must receive approval of the Company's shareholders annually at the Company's annual general meeting. Evidence that the majority of the shareholders are in favour of a proposal to approve the Plan or any amendment thereto is not sufficient.

3.7 Administration by Administrator. All determinations made by the Administrator in good faith on matters referred to in Section 3.4 hereof shall be final, conclusive, and binding upon the Company and the relevant Optionee. The Administrator shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Administrator's administration of this Plan shall in all respects be consistent with Exchange Policies.

Part 4 ELIGIBILITY

4.1 General Eligibility. Options may be granted to an eligible Director, Officer, Employee or Consultant of the Company or its subsidiary at the time the Option is granted. An Optionee shall not be precluded from being granted an Option solely because such Optionee may previously have been granted an Option under this Plan.

4.2 No Violation of Laws. No Option shall be granted to any Optionee unless the Administrator has determined that the grant of such Option and the exercise thereof by the Optionee will not violate any Applicable Laws.

4.3 Optionees to be Named. No Options shall be granted unless and until the Options have been allocated to a particular Optionee(s).

Part 5

SHARES SUBJECT TO THIS PLAN

5.1 Maximum Number of Shares Reserved Under Plan. The aggregate number of Shares which may be reserved for issuance pursuant to the exercise of Options granted under this Plan shall not exceed 10% of the Company's issued and outstanding shares at the time of the grant. Such number of Shares is subject to adjustment in accordance with Part 10 hereof. Any Shares reserved for issuance pursuant to the exercise of stock options granted by the Company prior to this Plan coming into effect and which are outstanding on the date on which this Plan comes into effect shall be included in determining the number of Shares reserved for issuance hereunder as if such stock options were granted under this Plan. The terms of this Plan shall not otherwise govern such pre-existing stock options.

5.2 Sufficient Authorized Shares to be Reserved. If the constating documents of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of Options granted under this Plan. Shares that were the subject of Options that have expired or terminated may once again be subject to an Option granted under this Plan.

5.3 Disinterested Shareholder Approval. Unless Disinterested Shareholder Approval is obtained, under no circumstances shall this Plan, together with all of the Company's other previously established or proposed stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, result in or allow at any time:

- (a) the number of Shares reserved for issuance pursuant to Options granted to Insiders (as a group) at any point in time exceeding 10% of the issued and outstanding Shares;
- (b) the grant to Insiders (as a group), within a 12 month period, of an aggregate number of Options exceeding 10% of the issued and outstanding Shares at the time of the grant of the Options;
- (c) the issuance to any one Optionee, within any 12 month period, of an aggregate number of Options exceeding 5% of the issued and outstanding Shares at the time of the grant of the Options;
- (d) any individual Option grant that would result in any of the limitations set out in sections 5.3 (a), (b) or (c) being exceeded; or
- (e) any amendment to Options held by Insiders that would have the effect of decreasing the exercise price of such Options.

For purposes hereof, Options held by an Insider at any point in time that were granted to such Person prior to it becoming an Insider shall be considered Options granted to an Insider irrespective of the fact that the Person was not an Insider at the Date of Grant.

5.4 Number of Shares Subject to this Plan. Upon exercise of an Option, the number of Shares thereafter available under such Option shall decrease by the number of Shares as to which the Option was exercised; however the same number of Shares shall thereafter again be available for the purposes of this Plan.

5.5 Expiry of Option. If an Option expires or terminates for any reason without having been exercised in full, the un-purchased Shares subject thereto shall again be available for the purposes of this Plan.

Part 6

TERMS AND CONDITIONS OF OPTIONS

6.1 Option Agreement. Each Option shall be evidenced by an Option Agreement, which may contain such terms, not inconsistent with this Plan or any Applicable Laws, as the Administrator in its discretion may deem advisable; provided, that each Option Agreement shall contain the following terms:

- (a) the number of Shares subject to purchase pursuant to such Option;
- (b) the Date of Grant;
- (c) the Term;
- (d) the Option Price;
- (e) the Option is not assignable or transferable; and
- (f) such other terms and conditions as the Administrator deems advisable and are consistent with the purposes of this Plan.

6.2 Exchange Restrictions of Reservations. Notwithstanding any other provision hereof, for so long as the Shares are listed on the Exchange, the number of Shares reserved for issuance to:

- (i) any one Optionee pursuant to Options granted to such Optionee during any 12 month period shall not exceed 5% of the issued and outstanding Shares, calculated at the date such Options are granted;
- (ii) any one Optionee, who is a Consultant, in respect of Options granted to such Consultant during any 12 month period shall not exceed 2% of the issued and outstanding Shares, calculated at the date such Options are granted;
- (iii) all Optionees who are engaged or employed in Investor Relations Activities during any 12 month period shall not exceed in the aggregate 2% of the issued and outstanding Shares, calculated at the date such Options are granted.

6.3 Exercise Price. The Option Price shall not be less than the Discounted Market Price, provided that (i) if the Company has just been recalled for trading following a suspension or halt, the Company must wait until a satisfactory market has been established before setting the exercise price for and granting of the Options (generally ten days from the date of resumption of trading); (ii) a minimum price cannot be established unless the Options are allocated to particular Optionees; and (iii) if Options are granted within 90 days of a distribution of securities by way of a prospectus, the

minimum exercise price of those Options will be the greater of the Discounted Market Price and the prospectus offering price (the 90 day period to be calculated from the date a final receipt is issued for the prospectus).

6.4 Maximum Term of Ten Years. Subject to section 6.5, the maximum Term of an Option granted shall be ten years from the Date of Grant.

6.5 Blackout Period. The Term of an Option shall be automatically extended if the expiry date falls within a Blackout Period provided that: (i) the Blackout Period is imposed by the Company pursuant to its internal trading policies as a result of the bona fide existence of undisclosed material information; (ii) the Blackout Period expires upon the general disclosure of such material information; (iii) the extension is not more than ten days from the expiry of the Blackout Period; and (iv) such automatic extension is not applicable if the Company or Optionee is also subject to a cease trade order or similar trading restriction.

6.6 Vesting Schedule. No Option shall be exercisable until it has vested. The vesting schedule for each Option shall be specified by the Administrator at the time of grant of the Option prior to the provision of services with respect to which such Option is granted; provided, that if no vesting schedule is specified at the time of grant, the Option shall vest on the date it is granted.

Notwithstanding the foregoing, for Options granted to Optionees who provide Investor Relations Activities and where no vesting schedule is specified at the time of grant, the Options shall vest according to the following schedule:

Vesting Period	Percentage of Total Option Vested
3 Months after Date of Grant	25%
6 Months after Date of Grant	50%
9 Months after Date of Grant	75%
12 Months after Date of Grant	100%

6.7 Acceleration of Vesting. The vesting of outstanding Options may be accelerated by the Administrator at such times and in such amount as it may determine in its sole discretion.

6.8 Hold Periods. In addition to any resale restrictions under any Applicable Laws, if an Option is granted to Insiders or if the Option Price is set at a discount to the Market Price (as defined in Exchange Policies), the Option Agreements and the certificates representing any Shares realized on the exercise thereof will be subject to a four month hold period and shall bear the following legend:

WITHOUT PRIOR WRITTEN APPROVAL OF THE EXCHANGE AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSX VENTURE EXCHANGE OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL **[insert date that is four months and one day after the grant of the Options]**.

6.9 Form for Non-Individuals. If a proposed Optionee is a corporate entity or is otherwise not an individual, it must provide the Exchange with a completed Form 4F – Certification and Undertaking

Required from a Corporation Granted an Incentive Stock Option, or any amended or replacement form.

6.10 Bona Fide Optionee. By execution of an Option Agreement, the Optionee represents that he, she or it is a bona fide Director, Officer, Employee or Consultant, as the case may be. It will be the joint responsibility of the Company and the Optionee that the Optionee is and will remain a bona fide Employee, Consultant or Management Company Employee.

6.11 News Release. Particulars of any Options granted to Insiders or to Optionees engaged in Investor Relations Activities shall promptly be disclosed to the public in a news release.

Part 7 EXERCISE OF OPTION

7.1 Method of Exercise. Subject to any limitations or conditions imposed upon an Optionee pursuant to the Option Agreement or Part 6 hereof, an Optionee may exercise an Option, prior to the expiry date thereof, by giving written notice thereof to the Company at its principal place of business or as otherwise indicated by the Company in writing.

7.2 Payment of Option Price. The notice described in Section 7.1 hereof shall be accompanied by full payment of the Option Price to the extent the Option is so exercised, and full payment of any amounts the Company determines must be withheld for tax purposes from the Optionee pursuant to the Option Agreement. Such payment shall be in lawful money (Canadian funds) in cash or by certified cheque.

7.3 Issuance of Stock Certificate. As soon as practicable after exercise of an Option in accordance with Sections 7.1 and 7.2 hereof, the Company shall issue a stock certificate evidencing the Shares with respect to which the Option has been exercised. Upon due exercise of an Option, the Optionee shall be entitled to all rights to vote or receive dividends or any other rights as a shareholder with respect to such Shares.

7.4 Monitoring Trading. An Optionee who performs Investor Relations Activities shall provide written notice to the Board of each of his trades of securities of the Company, within five business days of each trade.

Part 8 TRANSFERABILITY OF OPTIONS

8.1 Non-Transferable. Except as provided otherwise in this Part 8, Options are non-assignable and non-transferable.

8.2 Death of Optionee. If an Optionee should die while any Options remain outstanding in his name, such Options shall pass to the Successor of the Optionee and shall be exercisable by the Successor for a period to be determined by the Administrator, which shall not be less than three months and not more than six months from the date of death.

8.3 Disability of Optionee. If the employment of an Optionee as an Employee or Consultant of the Company, or the position of an Optionee as a Director or Officer, is terminated by the Company by reason of such Optionee's Disability, any Option held by such Optionee that could have been exercised immediately prior to such termination of employment shall be exercisable by such Optionee for a period of 90 days following the termination of employment of such Optionee.

8.4 Vesting. Options held by a Successor shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

8.5 Majority Agreement. If two or more Persons constitute the Successor of an Optionee, the rights of such Successor shall be exercisable only upon the majority agreement of such Persons.

8.6 Deemed Non-Interruption of Employment. Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Optionee's right to re-employment with the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Optionee's re-employment is not so guaranteed, then his or her employment shall be deemed to have terminated on the 91st day of such leave.

Part 9 TERMINATION OF OPTIONS

9.1 Termination of Options. To the extent not earlier exercised or terminated, an Option shall terminate at the earliest of the following dates:

- (a) the termination date specified for such Option in the Option Agreement;
- (b) where the Optionee's position as an Employee, Consultant, Director or Officer is terminated for just cause, the date of such termination for just cause;
- (c) where the Optionee's position as an Employee, Consultant, Director or Officer terminates for a reason other than the Optionee's Disability, death, or termination for just cause, 30 days after such date of termination;
- (d) where the Optionee's position as an Employee, Consultant, Director or Officer terminates as a result of the Optionee's death, such Options may be exercisable by the Successor for a period to be determined by the Administrator, which shall not be less than three months and not more than six months from the date of death;
- (e) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 8.1 hereof; and
- (f) the date specified in Section 10.5 hereof for such termination in the event of a Terminating Event.

Part 10 ADJUSTMENTS TO OPTIONS

10.1 Alteration of Capital. In the event of any material change in the outstanding Shares of the Company prior to complete exercise of any Option by reason of any stock dividend, split, recapitalization, amalgamation, merger, consolidation, combination or exchange of shares or other similar corporate change, an equitable adjustment shall be made in one or more of the maximum number or kind of Shares issuable under this Plan or subject to outstanding Options, and the Option Price of such shares. Any such adjustment shall be made in the sole discretion of the Board, acting on recommendations made by the Administrator, and shall be conclusive and binding for all purposes of this Plan. If the Administrator determines that the nature of a material alteration in the capital

structure of the Company is such that it is not practical or feasible to make appropriate adjustments to this Plan or to the Options granted hereunder, such event shall be deemed a Terminating Event for the purposes of this Plan.

10.2 No Fractions. No fractional Shares shall be issued upon the exercise of an Option and accordingly, if as a result of any adjustment set out hereof an Optionee would be entitled to a fractional Share, the Optionee shall have the right to purchase only the adjusted number of full Shares and no payment or other adjustment shall be made with respect to the fractional Share so disregarded.

10.3 Terminating Events. Subject to Section 10.4 hereof, all Options granted under this Plan shall terminate upon the occurrence of a Terminating Event.

10.4 Notice of Terminating Event. The Administrator shall give notice to Optionees not less than 30 days prior to the consummation of a Terminating Event. Upon the giving of such notice, all Options granted under this Plan shall become immediately exercisable, notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

10.5 General Offer for Shares. Notwithstanding anything else herein to the contrary, in the event (i) an offer to purchase the Shares shall be made to the holders of the Shares generally, unless the Board determines that such offer will not result in any change in control of the Company, or (ii) of a sale of all or substantially all of the assets of the Company, or (iii) the sale, pursuant to an agreement with the Company, of securities of the Company pursuant to which the Company is or becomes a subsidiary of another corporate entity, then unless provision is made by the acquiring corporate entity for the assumption of each Option or the substitution of a substantially equivalent option therefor, the Company shall give written notice thereof to each Optionee holding Options under this Plan and such Optionees shall be entitled to exercise his or its Options to the extent previously unexercised, regardless of whether such Optionee would otherwise be entitled to exercise such Options to such extent at that time, within the 30 day period immediately following the giving of such notice. Any Options not exercised within such 30 day period will immediately terminate and such event shall be deemed to be a Terminating Event.

10.6 Determinations to be made by Administrator. Adjustments and determinations under this Part 10 shall be made by the Administrator, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

Part 11

TERMINATION AND AMENDMENT OF PLAN

11.1 Termination of Plan. The Administrator may terminate this Plan at the same time as all Options are terminated upon a Terminating Event pursuant to section 10.1. The Administrator may terminate this Plan at such other time and on such conditions as the Administrator may determine, provided that no such termination shall be effected if do so would affect the rights of then existing Optionees, without the approval of such Optionees.

11.2 Power of Administrator to Amend Plan. The Administrator may, subject to the approval of the Exchange, amend this Plan so as to: (i) correct typographical errors; (ii) clarify existing provisions of the Plan, which clarifications do not have the effect of altering the scope, nature or intent of such provisions; and (iii) maintain compliance with any Applicable Laws. The Administrator may condition the effectiveness of any such amendment on the receipt of shareholder approval at such time and in such manner as the Administrator may consider necessary for the Company to comply with or

to avail the Company and/or the Optionees of the benefits of any securities, tax, market listing or other administrative or regulatory requirements. No such amendment, suspension or termination shall adversely affect rights under any Options previously granted without the consent of the Optionees to whom such Options were granted.

Notwithstanding the above, the Company may grant Options under amendments made to this Plan that it would not otherwise be permitted to grant prior to obtaining requisite shareholder approval, provided that: (i) the Company also obtains specific shareholder approval for such grants, separate and apart from shareholders' approval to the amendments, (ii) no Options granted under the amendments are exercised prior to shareholder approval, (iii) shareholder approval is obtained on or before the earlier of the Company's next annual general meeting or 12 months from the amendment of the Plan. Should such shareholder approval not be obtained, the amendments will terminate and any Options granted thereunder will terminate.

11.3 Shareholder Approvals. Any shareholder approval required to amend this Plan must take place at a meeting of the shareholders. Evidence that the majority of the shareholders are in favour of a proposal to approve any amendment thereto is not sufficient.

11.4 No Grant During Suspension of Plan. No Option may be granted during any suspension, or after termination, of this Plan. Amendment, suspension, or termination of this Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

Part 12

CONDITIONS PRECEDENT TO ISSUANCE OF SHARES

12.1 Compliance with Laws. Shares shall not be issued pursuant to the exercise of any Option unless the exercise of such Option and the issuance and delivery of such Shares comply with all Applicable Laws, and such issuance may be further subject to the approval of counsel for the Company with respect to such compliance, including the availability of an exemption from prospectus and registration requirements for the issuance and sale of such Shares. The inability of the Company to obtain from any regulatory body the authority deemed by the Company to be necessary for the lawful issuance and sale of any Shares under this Plan, or the unavailability of an exemption from prospectus and registration requirements for the issuance and sale of any Shares under this Plan, shall relieve the Company of any liability with respect to the non-issuance or sale of such Shares.

12.2 Representations by Optionee. As a condition precedent to the exercise of any Option, the Company may require the Optionee to represent and warrant, at the time of exercise, that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such representations and warranties are required by any Applicable Laws. If necessary under Applicable Laws, the Administrator may cause a stop-transfer order against such Shares to be placed on the stock books and records of the Company, and a legend indicating that the Shares may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any Applicable Laws, may be stamped on the certificates representing such Shares in order to assure an exemption from registration. The Administrator also may require such other documentation as may from time to time be necessary to comply with applicable securities laws. **THE COMPANY HAS NO OBLIGATION TO UNDERTAKE REGISTRATION OF OPTIONS OR THE SHARES ISSUABLE UPON THE EXERCISE OF OPTIONS IN THE UNITED STATES OR ANY OTHER JURISDICTION OUTSIDE OF CANADA.**

12.3 Tax Withholding. The Optionee shall hold harmless the Company and be solely responsible, upon exercise of an Option or, if later, the date that the amount of such obligations becomes determinable, all applicable federal, provincial, local and foreign withholding taxes, determined as a result of and upon exercise of an Option or from a transfer or other disposition of Shares acquired upon exercise of an Option or otherwise related to an Option or Shares acquired in connection with an Option.

Part 13 NOTICES

13.1 Notices. All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and may be served in any one of the following ways: (i) personally on the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such service; (ii) facsimile transmission or by electronic mail, in which case notice shall be deemed to have been duly given on the date the fax or email is sent; or (iii) mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the fifth postal delivery day following the date of such mailing.

Part 14 MISCELLANEOUS PROVISIONS

14.1 No Obligation to Exercise. Optionees shall be under no obligation to exercise Options granted under this Plan.

14.2 No Obligation to Retain Optionee. Nothing contained in this Plan shall obligate the Company to retain an Optionee as a Director, Officer, Employee or Consultant for any period, nor shall this Plan interfere in any way with the right of the Company to change the terms or conditions of the Optionee's employment or engagement with the Company, including the Optionee's compensation.

14.3 Binding Agreement. The provisions of this Plan and each Option Agreement with an Optionee shall be binding upon such Optionee and the Successor of such Optionee.

14.4 Governing Law. The laws of the Province of British Columbia shall apply to this Plan and all rights and obligations hereunder shall be determined in accordance with such laws.

14.5 Use of Terms. Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.

SCHEDULE "A"

KERMODE RESOURCES LTD.

OPTION AGREEMENT

The Option granted herein is not assignable or transferable by the Optionee. Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities issued upon the exercise of the Option granted herein may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until four months and one day after the Grant Date.

This Option Agreement is entered into between Kermode Resources Ltd. ("the Company") and the Optionee named below pursuant to the Company's Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on _____, _____ (the "Grant Date");
2. _____ (the "Optionee");
3. was granted the option (the "Option") to purchase _____ Common Shares (the "Option Shares") of the Company;
4. at the price (the "Option Price") of \$ _____ per share;
5. which shall / shall not (select) be exercisable ("Vested") in accordance with Section 6.6 of the Plan (applicable if the Optionee is a person who performs Investor Relations Activities for the Company);
6. shall expire on _____, 20____ (the "Expiry Date"); and
7. [insert other terms or conditions],

all on the terms and subject to the conditions set out in the Plan.

By receiving and accepting the Options, the Optionee:

- (a) confirms that he has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Certificate;
- (b) consents to the disclosure to the TSX Venture Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and
- (c) consents to the collection, use and disclosure of such personal information by the TSX Venture Exchange and all other regulatory authorities in accordance with their requirements, including the provision to third party service providers, from time to time.

Issued as of the ____ day of _____, 20____.

KERMODE RESOURCES LTD.

By its authorized signatory:

[NAME OF OPTIONEE]

SCHEDULE B
Stock Option Plan
Exercise Notice

TO: KERMODE RESOURCES LTD.
Suite 520 – 470 Granville Street
Vancouver, B.C. V6C 1V5

Re: Exercise of Options

The undersigned hereby irrevocably gives notice, pursuant to the stock option plan (the “Plan”) of KERMODE RESOURCES LTD. (the “Company”), of the exercise of the Option to acquire and hereby subscribes for (cross out inapplicable item):

- (i) all of the Shares; or
- (ii) certain of the Shares which are the subject of the option certificate attached hereto.

Calculation of total Exercise Price:

- (i) number of Shares to be acquired on exercise: _____ shares
 - (ii) times the Exercise Price per Share: \$ _____
- Total Exercise Price, as enclosed herewith: \$ _____

The undersigned tenders herewith a cheque or bank draft for the Total Exercise Price, payable to the Company, and directs the Company to issue the share certificate evidencing the Shares in the name of the undersigned to be mailed to the undersigned at the following address:

All capitalized terms, unless otherwise defined in this exercise notice, will have the meaning provided in this Plan.

DATED the _____ day of _____, 20____.

Signature of Option Holder

Name of Option Holder (Print)