

Kermode Resources Ltd.

520-470 Granville Street
 Vancouver, B.C. V6C 1V5
 Telephone: 604 687-7178
 Toll Free: 800 613-7083
 www.kermode.com

January 23, 2006

NEWS RELEASE

#2006-1

TSX Venture: KLM

- **Kermode Intersects Wide Gold Zones**

Kermode Resources Ltd. is pleased to announce that diamond drilling within the Apsy Zone continues to intersect wide zones of gold mineralization on the Jackson's Arm property, in Newfoundland.

Results for all ten holes, totaling 1,700 metres on the Apsy Zone have now been received. Previous drilling in this area has almost entirely been oriented towards grid west and five of **Kermode's** drillholes were oriented in this direction. Two vertical drillholes and three angle drillholes oriented toward grid south were also drilled during this program revealing a previously unknown feeder for the gold mineralization. This feeder structure is oriented roughly grid east-west and dipping shallowly to the south. Previous drilling in this area would most likely either miss the feeder entirely or cut it at very poor angles resulting in apparent poor continuity or in exaggerated thicknesses. Future drilling can now be properly oriented to intersect the feeder structure based on this important new discovery.

The following table lists the significant intercepts from **Kermode's** recent Apsy Zone drilling.

Hole Number	From (Metres)	To (Metres)	Core Length (Metres)	Gold (g/t)
JA-05-32	154.5	158.0	3.5	1.11
	184.4	189.2	5.2	0.99
JA-05-33	144.5	145.8	1.3	2.02
	150.0	153.0	3.0	3.68
	155.7	156.8	1.1	1.00
JA-05-34	8.0	9.0	1.0	0.85
	24.5	27.6	2.7	0.64
	59.3	60.4	1.1	0.81
JA-05-35	2.3	76.7	74.4	1.77
includes	54.0	76.7	22.7	3.25
comprising	54.0	61.5	7.5	4.15
and	61.5	70.6	9.1	1.66
and	70.6	76.7	6.1	4.53
JA-05-36	45.0	160.7	115.7	1.12
comprising	45.0	69.0	24.0	0.51
and	69.0	160.7	91.7	1.28
including	94.4	108.5	14.1	1.43
and	125.0	146.0	21.0	1.57
and	152.0	160.7	8.7	1.87

JA-05-37	14.0	20.0	6.0	0.92
	40.5	41.5	1.0	1.39
	48.5	63.5	15.0	0.95
	95.0	108.5	13.5	0.91
	117.5	124.7	7.2	0.83
JA-05-38	3.0	69.5	67.0	1.02
includes	8.7	10.1	1.4	7.59
	78.0	79.5	1.5	1.01
	83.0	84.0	1.0	1.11
	96.9	97.8	0.9	2.57
JA-05-39	7.5	14.5	7.0	1.93
	59.3	66.7	7.4	1.46
	121.5	134.0	12.5	0.98
	172.5	178.3	5.8	1.08
JA-05-40	23.0	23.5	0.5	1.75
	52.0	58.0	6.0	0.65
	84.5	95.0	10.5	0.71
	112.0	121.0	9.0	0.73
	134.6	135.5	0.9	1.34
	161.0	168.5	7.5	0.83
	174.5	192.1	17.6	1.06
JA-05-41	40.5	44.5	4.0	1.03

True thicknesses of mineralization have not yet been determined but they will likely be considerably less than drill intersections. Further work on the Apsy zone is planned to drill test the newly discovered feeder zone searching for a higher-grade portion of the feeder.

A total of 2,121.5 metres were drilled in twelve holes to test soil geochemical anomalies. Four of the holes encountered sections with anomalous gold while the remaining eight holes had no significant gold. No further work is planned on these anomalies.

The remaining drillhole in the 2005 program was drilled on the Road Zone and has been previously reported. The significant intercepts in this hole are shown in the following table.

Hole Number	From (Metres)	To (Metres)	Core Length (Metres)	Gold (g/t)
JA-005-26 *	10.3	11.3	1.0	1.21
	25.6	27.6	2.0	1.04
	34.3	36.3	2.0	1.19
	40.3	43.3	3.0	1.41
	51.1	52.3	1.2	1.54
	63.1	95.0	31.9	1.13
includes	63.1	74.0	10.9	1.92
and	83.6	95.0	11.4	1.05
and	103.5	108.0	4.5	1.35

*Previously reported

Kermode is, based on the foregoing results, and previous work, planning additional exploration including drilling, trenching and bulk sampling, to define tonnage and grade of the extensive gold mineralization on the Jackson's Arm property in Newfoundland.

Consulting Geologist James Harris P. Geo, a Qualified Person under National Instrument 43-101 guidelines, supervised the Jackson's Arm drilling program. Lantech Drilling Services conducted the drilling. Assay samples were taken from drillcore (thin wall BQ size) sawed in half using a diamond saw blade. One half the core has been preserved in core boxes for future reference. The samples, comprising the other half of the drillcore were bagged, sealed and delivered directly to the analytical laboratory under the supervision of Mr. Harris.

Samples were processed and analyzed at Eastern Analytical Ltd., an assay laboratory based in Springdale, Newfoundland. Samples were crushed with a jaw crusher to 75% passing 10 mesh and split with a riffle splitter to approximately 250 grams. This sample was then pulverized to 95% passing 150 mesh and analyzed for gold utilizing a half assay ton, fire assay technique plus ICP-11. As part of the quality control program implemented, Eastern Analytical sent a pulp of 1 in 10 samples to Acme labs for ICP-MS check analyses. All analytical pulps and rejects were retrieved by Kermode and retained.

Visit our website at www.kermode.com for more information.

ON BEHALF OF THE BOARD OF DIRECTORS

"D. Neil Briggs"

DIRECTOR