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NEWS RELEASE

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TSX Venture: KLM

- **Kermode intersects 6.98 gpt gold over 3.8 metres**

Kermode Resources Ltd. is very pleased to announce an intersection of **6.98 gpt gold over 3.8 metres** in its ongoing drill program at Jackson's Arm, Newfoundland. This high grade intersection is from one of **Kermode's** first drillholes in the Zone 31 area approximately 250 metres northeast of the Apsy Feeder Zone.

In addition to the intersection of **6.98 gpt gold over 3.8 metres**, **Kermode** also intersected **3.81 gpt gold over 4.5 metres** during this phase of the drill program. **Kermode** has been successful in defining previously unknown gold-bearing cross structures in the Apsy Feeder Fault area and based on this, started exploring for other gold-bearing cross structures on the large Jackson's Arm property. Whereas the results within the Apsy Feeder Fault area showed wide intercepts of mineralization (estimated true thicknesses of **91 metres grading 1.36 gpt gold and 50.6 metres of 1.32 gpt gold**), today's results from Zone 31 confirm the presence of much higher grade mineralization on the property.

Based on the excellent results generated from the first five holes drilled within Zone 31, **Kermode** plans further drilling to define and explore this area of the Jackson's Arm property.

Zone 31

Kermode has so far drilled 5 holes designed to discover east-west gold-bearing structures in the Zone 31 area. Results were as follows:

Hole Number	From (m)	To (m)	Core Length (m)	Gold (gpt)
JA-06-58	84.5	104.5	20.0	0.79
including	87.0	88.5	1.5	3.21
and	103.5	104.5	1.0	3.04
JA-06-59	88.5	95.4	6.9	2.0
	120.6	122.0	1.4	0.9
JA-06-60	112.6	119.0	6.4	4.76
including	113.6	117.4	3.8	6.98
JA-06-62	252.1	253.7	1.6	3.04
	267.5	268.1	0.6	1.08
JA-06-63	248.0	252.5	4.5	3.81
	259.0	260.5	1.5	0.85
	279.4	280.3	0.9	1.99

Other Areas

Kermode drilled two holes in the Anomaly 14 area some 4 kilometres north of the Apsy Feeder Zone and one hole about 100 metres southeast of the Apsy Feeder Zone.. No significant gold values were encountered in these three holes.

Road Zone

The first of several planned north-oriented drill holes was completed on the Road Zone where previous drilling was oriented to the west. Wide zones of anomalous gold were encountered between 40.8 and 144.6 metres downhole including 9.0 metres grading 0.64 gpt gold from 120.5 to 129.5 metres. More drilling is underway in this area.

Consulting Geologist James Harris P.Geo, a Qualified Person under National Instrument 43-101 guidelines, is supervising the Jackson's Arm drilling program and has reviewed the technical information contained in this News Release on behalf of the Company. Petro Drilling Company Limited of Springdale, Newfoundland is conducting the drilling. Core samples were taken from drillcore which was descriptively logged on site, aligned, marked for sampling and then split in half, longitudinally, 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 being implemented, Eastern Analytical is sending a pulp of 1 in 10 samples to Acme Analytical Laboratories Ltd. of Vancouver BC, an ISO 9001:2000 accredited laboratory for ICPMS check analyses. Analytical pulps and rejects will be retrieved by Kermode and retained.

Kermode acknowledges the financial assistance provided by the Government of Newfoundland and Labrador's Junior Company Exploration Assistance Program.

Proceeds from a recent flowthrough financing of Kermode by MineralFields Group of Toronto (www.mineralfields.com) are being used to fund this drill program.

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

ON BEHALF OF THE BOARD OF DIRECTORS

"D. Neil Briggs"

President and Director

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