

KINGSMEN RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

This discussion and analysis of financial position and results of operation is prepared as at April 19, 2018 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2017 and 2016 of Kingsmen Resources Ltd. (the "Company"). The following disclosure and associated financial statements are presented in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures included therein and in the following management discussion and analysis ("MD&A") are quoted in Canadian dollars.

Forward-Looking Statements

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated exploration programs and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward-looking statements as a result of various factors, including, but not limited to, the Company's ability to identify one or more economic deposits on its properties, to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Historical results of operations and trends that may be inferred from this MD&A may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations.

All of the Company's public disclosure filings, including its most recent management information circular, material change reports, press releases and other information, may be accessed via www.sedar.com and readers are urged to review these materials, including the technical reports filed with respect to the Company's mineral properties.

Company Overview

The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange ("TSXV") under the symbol "KNG". The Company is a junior mineral exploration company primarily engaged in the acquisition and exploration of precious metals on mineral properties. The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia.

As of the date of this MD&A, the Company has not earned any production revenue, nor found any proven reserves on any of its properties. The La Trini Project is on a care and maintenance status and minimal costs are being incurred as necessary to retain ownership. The Company continues to conduct reviews and due diligence on prospective acquisitions and business opportunities.

Exploration Project

La Trini, Mexico

The La Trini mineral claims are located in the Hostotipaquillo mining district. The La Trini claims cover 880 acres, and the mineralization occurs over an area of 400m x 200m. Potential exists to extend the mineralized zone. Three separate drill programs have been undertaken on the project. Current resources, based on a NI43-101 compliant resource, are Indicated 1,661,359 t at 121.3 g/t Ag, 0.88 g/t Au, Inferred 192,880 t at 98.6 g/t Ag, 0.92 g/t Au, using a 30 g/t Ag cutoff. Presently the Company has no exploration work being conducted on the La Trini Project and has minimized its presence in Mexico. The Company maintains the La Trini claims in good standing and is reviewing options to advance the development of the La Trini claims, which may include a farm-out or outright sale.

The Qualified Person for the Company's project is Mr. David Henstridge, a director of the Company, a fellow of the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Geoscientists.

Selected Financial Data

The following selected financial information is derived from the audited annual consolidated financial statements of the Company prepared in accordance with IFRS.

	Years Ended December 31,		
	2017 \$	2016 \$	2015 \$
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(122,668)	(200,295)	(236,373)
Other items	(642)	9,897	7,154
Net loss	(123,310)	(190,398)	(229,219)
Other comprehensive income	Nil	Nil	7,950
Comprehensive loss	(123,310)	(190,398)	(221,269)
Basic and diluted loss per share	(0.01)	(0.02)	(0.02)
Dividends per share	Nil	Nil	Nil
Statement of Financial Position:			
Working capital	243,336	366,646	557,044
Total assets	252,187	385,802	578,246
Total long-term liabilities	Nil	Nil	Nil

The following selected financial information is derived from the unaudited condensed consolidated interim financial statements of the Company prepared in accordance with IFRS.

Three Months Ended	Fiscal 2017				Fiscal 2016			
	Dec. 31 2017 \$	Sep. 30 2017 \$	Jun. 30 2016 \$	Mar. 31 2017 \$	Dec. 31 2016 \$	Sep. 30 2016 \$	Jun. 30 2016 \$	Mar. 31 2016 \$
Operations:								
Revenues	Nil							
Expenses	(18,572)	(24,665)	(31,696)	(47,735)	(39,499)	(45,182)	(48,075)	(67,539)
Other items	843	(1,045)	(346)	(94)	9,140	1,112	1,078	(1,433)
Net loss and comprehensive loss	(17,729)	(25,710)	(32,042)	(47,829)	(30,359)	(44,070)	(46,997)	(68,972)
Basic and diluted loss per share	(0.01)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)
Dividends per share	Nil							
Statement of Financial Position:								
Working capital	243,336	261,065	286,775	318,817	366,646	397,005	441,075	488,072
Total assets	252,187	277,496	298,181	340,359	385,802	420,310	451,270	510,886
Total long-term liabilities	Nil							

Results of Operations

Three Months Ended December 31, 2017 Compared to Three Months Ended December 31, 2016

During the three months ended December 31, 2017 ("Q4/2017") the Company reported a net loss of \$17,729 compared to a net loss of \$30,359 for the three months ended December 31, 2016 ("Q4/2016"), a decrease in loss of \$12,630. The decrease in loss in Q4/2017 was primarily attributed to a \$13,450 decrease in management fees paid to Mr. Emerson, the President of the Company. Commencing May 1, 2017 the Company changed its remuneration arrangement with Mr. Emerson and was subsequently billed based on time spent working on Company matters. During Q4/2017 Mr. Emerson was paid \$1,500 compared to \$15,000 (\$5,000 per month) in Q4/2016.

Additional significant general and administrative expenses for Q4/2017 and Q4/2016 are as follows:

- (i) \$6,000 (Q4/2016 - \$6,000) for professional fees, comprised of compensation to an officer and three directors of the Company. Specifics of officer and director compensation amounts have been disclosed in "Related Party Disclosure";
- (ii) \$3,686 (Q4/2016 - \$1,249) was incurred for office expenses which are comprised of \$2,883 (Q4/2016 - \$364) in miscellaneous expenses, \$410 (Q4/2016 - \$437) of telephone, \$239 (Q4/2016 - \$237) of website, \$127 (Q4/2016 - \$178) of bank charges and \$27 (Q4/2016 - \$33) for printing expenses; and
- (iii) incurred \$2,100 (Q4/2016 - \$1,500) for accounting and administration services provided by Chase Management Ltd. ("Chase"), a private company owned by Mr. DeMare, the Company's CFO, and \$1,003 (Q4/2016 - \$1,345) for services provided by an arms-length accountant for the Company's Mexican operations.

Year Ended December 31, 2017 Compared to the Year Ended December 31, 2016

During the year ended December 31, 2017 ("fiscal 2017") the Company reported a net loss and comprehensive loss of \$123,310 a decrease in loss of \$67,088, compared to a loss of \$190,398, for the year ended December 31, 2016 ("fiscal 2016"). Expenses decreased by \$77,627, from \$200,295 in fiscal 2016 to \$122,668 in fiscal 2017. Specific general and administrative expenses of note are as follows. During fiscal 2017:

- (i) management fees of \$27,100 (2016 - \$87,000), were incurred for Mr. Emerson's compensation in his capacity as President. Commencing May 1, 2017 the Company and Mr. Emerson agreed to change its remuneration arrangement and Mr. Emerson billed the Company based on time spent working on Company matters. Prior thereto Mr. Emerson's compensation was paid on a monthly basis;
- (ii) during fiscal 2016 the Company incurred \$12,109 for legal services related to various filing and maintenance matters regarding the La Trini claims and general corporate matters. No legal costs were incurred during fiscal 2017;
- (iii) a decrease of \$3,829 in office expenses, from \$10,735 during fiscal 2016 to \$6,906 during fiscal 2017, as a result of implemented cost-cutting measures;
- (iv) \$12,900 (2016 - \$15,500) was incurred for accounting and administrative services provided by Chase Management Ltd. ("Chase") a private corporation owned by Mr. DeMare, the CFO of the Company, and \$4,129 (2016 - \$4,583) for services provided by an arms-length accountant for the Company's Mexican operations;
- (v) \$7,524 (2016 - \$9,924) was incurred for regulatory fees, a decrease of \$2,400. In January 2016 the Company conducted a consolidation of its share capital;
- (vi) a decrease of \$2,255 in transfer agent fees, from \$6,473 during fiscal 2016 to \$4,218 in fiscal 2017, primarily due to the share consolidation which took place in January 2016; and
- (vii) \$24,000 (2016 - \$24,000) for professional fees, comprising primarily of compensation to directors and officers of the Company. Specifics of officer and director compensation amounts have been disclosed in "Related Party Disclosure".

During fiscal 2017 the Company reported interest income of \$2,927 (2016 - \$3,928) generated from cash held on deposit in interest-bearing chequing accounts. During fiscal 2016 the Company also received \$3,689 balance of the cash that was left in the Company's Swedish subsidiary, TM Resources AB, when it was sold.

No equity financings were conducted by the Company during fiscal 2017 or 2016.

Financial Condition / Capital Resources

As at December 31, 2017 the Company had working capital in the amount of \$243,336. Subsequent to December 31, 2017 the Company completed a non-brokered private placement of 8,000,000 units for gross proceeds of \$600,000. Management believes that the Company has adequate resources to maintain its current levels of overhead and ongoing corporate expenses, conduct ongoing due diligence on potential mineral property or business acquisitions and maintain the La Trini claims for the next twelve months. The Company is actively seeking other business opportunities. The Company recognizes that it will be required to obtain additional financing for any significant exploration activities and completion of any mineral property additions or acquisitions. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

Contractual Commitments

The Company has no contractual commitments.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

The Company does not have any proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting year. Examples of significant estimates made by management include plant and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets and reclamation and rehabilitation provisions. Actual results may differ from those estimates. See also Note 3 of the audited consolidated financial statements for the year ended December 31, 2017.

Changes in Accounting Principles

There are no changes in accounting policies.

See “Accounting Standards and Interpretations Issued but Not Yet Effective” in Note 3 of the audited consolidated financial statements for the year ended December 31, 2017.

Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during fiscal 2017 and 2016.

(a) Key Management Personnel Disclosures

During fiscal 2017 and 2016 the following amounts were incurred with respect to Mr. Emerson, the Chief Executive Officer (“CEO”) and Mr. Nick DeMare, the Chief Financial Officer (“CFO”) of the Company:

	2017 \$	2016 \$
Management fees - Mr. Emerson	27,100	87,000
Professional fees - Mr. DeMare	6,000	6,000
	<u>33,100</u>	<u>93,000</u>

As at December 31, 2017, \$5,194 (2016 - \$nil) remained unpaid.

(b) Other Related Party Disclosures

(i) During fiscal 2017 and 2016 the following amounts were incurred with respect to non-management directors of the Company, Messrs. David Henstridge, Harvey Lim and Rod Johnston as follows:

	2017 \$	2016 \$
Professional fees - Mr. Henstridge	6,000	6,000
Professional fees - Mr. Lim	6,000	6,000

	2017 \$	2016 \$
Professional fees - Mr. Johnston	<u>6,000</u>	<u>6,000</u>
	<u>18,000</u>	<u>18,000</u>

As at December 31, 2017, \$nil (2016 - \$6,500) remained unpaid.

- (ii) During fiscal 2017 the Company incurred a total of \$12,900 (2016 - \$15,500) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at December 31, 2017, \$1,714 (2016 - \$1,300) remained unpaid.

Risks and Uncertainties

An investment in the Company's common shares is highly speculative and subject to a number of risks and uncertainties. Only those persons who can bear the risk of the entire loss of their investment should consider investing in the Company's common shares.

The Company's mineral property is located in Mexico and consequently the Company is subject to certain risks, including currency fluctuations and possible political or economic instability which may result in the impairment or loss of mining title or other mineral rights, and mineral exploration and mining activities may be affected in varying degrees by political stability and governmental regulations relating to the mining industry.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at April 19, 2017, there were 16,894,376 common shares issued and outstanding and 4,000,000 warrants outstanding at an exercise price of \$0.10 per share.