
KINGSMEN RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2019

(Unaudited - Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

KINGSMEN RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	September 30, 2019 \$	December 31, 2018 \$
ASSETS			
Current assets			
Cash		769,320	570,554
Amount receivable		54	-
GST receivable		2,387	2,781
Prepaid expenses		<u>19,392</u>	<u>13,385</u>
Total current assets		<u>791,153</u>	<u>586,720</u>
Non-current assets			
Exploration and evaluation assets	5	<u>1</u>	<u>1</u>
Total non-current assets		<u>1</u>	<u>1</u>
TOTAL ASSETS		<u>791,154</u>	<u>586,721</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	7	<u>31,269</u>	<u>22,214</u>
TOTAL LIABILITIES		<u>31,269</u>	<u>22,214</u>
SHAREHOLDERS' EQUITY			
Share capital	6	18,527,177	18,127,609
Share-based payment reserve		2,159,638	2,159,638
Deficit		<u>(19,926,930)</u>	<u>(19,722,740)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>759,885</u>	<u>564,507</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>791,154</u>	<u>586,721</u>

Nature of Operations - see Note 1

Event after the Reporting Period - see Note 10

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 21, 2019 and are signed on its behalf by:

/s/ Scott Emerson
 Scott Emerson
 Director

/s/ Nick DeMare
 Nick DeMare
 Director

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

KINGSMEN RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2019 \$	2018 \$	2019 \$	2018 \$
Expenses					
Accounting and administration	7(b)(ii)	4,912	7,334	19,586	23,359
Audit		-	-	10,394	10,593
Conference		-	-	2,161	-
General exploration		4,075	7,794	8,144	11,637
Legal		2,265	-	2,908	2,712
Listing and sponsorship fees		-	-	-	26,244
Management fees	7(a)	24,000	24,000	72,000	51,100
Office		3,692	4,546	14,194	8,714
Professional fees	7	6,000	12,000	18,000	30,900
Regulatory		11,770	4,726	24,094	9,150
Rent		6,450	5,100	14,600	10,200
Shareholder costs		1,239	1,238	1,574	1,938
Transfer agent		1,178	543	3,227	2,459
Travel and related		616	8,245	19,921	18,077
		<u>66,197</u>	<u>75,526</u>	<u>210,803</u>	<u>207,083</u>
Loss before other items		<u>(66,197)</u>	<u>(75,526)</u>	<u>(210,803)</u>	<u>(207,083)</u>
Other items					
Interest and other income		2,146	3,325	7,618	9,153
Foreign exchange		<u>(313)</u>	<u>(183)</u>	<u>(1,005)</u>	<u>750</u>
		<u>1,833</u>	<u>3,142</u>	<u>6,613</u>	<u>9,903</u>
Net loss and comprehensive loss for the period		<u>(64,364)</u>	<u>(72,384)</u>	<u>(204,190)</u>	<u>(197,180)</u>
Basic and diluted loss per common share		<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$(0.01)</u>	<u>\$(0.01)</u>
Basic and diluted weighted average number of common shares outstanding		<u>16,894,376</u>	<u>16,894,376</u>	<u>16,894,376</u>	<u>16,278,991</u>

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

KINGSMEN RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Nine Months Ended September 30, 2019					
	Share Capital		Share-Based Payment Reserve \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$			
Balance at December 31, 2018	16,894,376	18,127,609	2,159,638	(19,722,740)	564,507
Common shares issued for:					
- private placement	6,345,384	412,450	-	-	412,450
Share issue costs	-	(12,882)	-	-	(12,882)
Net loss for the period	-	-	-	(204,190)	(204,190)
Balance at September 30, 2019	23,239,760	18,527,177	2,159,638	(19,926,930)	759,885

Nine Months Ended September 30, 2018					
	Share Capital		Share-Based Payment Reserve \$	Deficit \$	Total Equity \$
	Number of Shares	Amount \$			
Balance at December 31, 2017	8,894,376	17,539,956	2,159,638	(19,456,257)	243,337
Common shares issued for:					
- private placement	8,000,000	600,000	-	-	600,000
Share issue costs	-	(12,347)	-	-	(12,347)
Net loss for the period	-	-	-	(197,180)	(197,180)
Balance at September 30, 2018	16,894,376	18,127,609	2,159,638	(19,653,437)	633,810

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

KINGSMEN RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended September 30.	
	2019 \$	2018 \$
Operating activities		
Net loss for the period	(204,190)	(197,180)
Changes in non-cash working capital items:		
Amounts receivable	(54)	-
GST receivable	394	(2,562)
Prepaid expenses	(6,007)	(16,057)
Accounts payable and accrued liabilities	9,055	11,701
Net cash used in operating activities	<u>(200,802)</u>	<u>(204,098)</u>
Financing activities		
Issuance of share capital	412,450	600,000
Share issue costs	(12,882)	(12,347)
Net cash provided by financing activities	<u>399,568</u>	<u>587,653</u>
Net change in cash during the period	198,766	383,555
Cash at beginning of period	<u>570,554</u>	<u>249,061</u>
Cash at end of period	<u>769,320</u>	<u>632,616</u>

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

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations

The Company was incorporated on January 11, 2000 under the provisions of the Company Act (British Columbia). The Company's common shares are listed and trade on the TSX Venture Exchange ("TSXV") under the symbol "KNG" and on the OTCQB under the symbol ("TUMIF"). The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

The Company is engaged in the acquisition and exploration of precious metals on mineral properties. On the basis of information to date, the Company has not yet determined whether these properties contain economically recoverable ore reserves. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

As at September 30, 2019 the Company had working capital in the amount of \$759,884 and an accumulated deficit of \$19,926,930. To date the Company has not earned any revenues and is considered to be in the exploration stage. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. The Company's operations are funded from equity financings which are dependent upon many external factors and may be difficult to impossible to secure or raise when required. The Company currently does not anticipate incurring significant exploration activities on its existing exploration and evaluation assets and management considers that the Company has adequate resources to maintain its core operations for the next twelve months. The Company continues to conduct reviews and due diligence on prospective acquisitions and business opportunities. Completion of any acquisition may require the Company to obtain additional financing. 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.

2. Basis of Preparation

Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS"), and in accordance with International Accounting Standards ("IAS") 34, "*Interim Financial Reporting*", as issued by the International Accounting Standards Board ("IASB"). These condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB. The accounting policies followed in these condensed consolidated interim financial statements are consistent with those applied in the Company's audited financial statements for the year ended December 31, 2018.

Basis of Measurement

The Company's unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets and financial liabilities to fair value.

3. Summary of Significant Accounting Policies

Adoption of New Accounting Standards

The Company adopted IFRS 16 - *Leases* ("IFRS 16") effective January 1, 2019.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

There was no impact on the Company's condensed consolidated interim financial statements upon the adoption of this new standard.

4. Subsidiary

Details of the Group

As at September 30, 2019 the Company has one wholly-owned subsidiary, TMXI Resources S.A. de C.V., a company incorporated in Mexico.

5. Exploration and Evaluation Assets

La Trini, Mexico

The Company owns a 100% interest in five mineral claims (the "La Trini Project") located in the Jalisco silver belt approximately 100 kilometres northwest of Guadalajara, Jalisco State, Mexico.

The La Trini Project is subject to a 1% net smelter return royalty ("NSR") and the Company has the right to reduce the NSR to 0.5% through a cash payment of US \$1,000,000.

6. Share Capital

(a) *Authorized Share Capital*

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

(b) *Equity Financings*

Nine Months Ended September 30, 2019

On September 30, 2019 the Company completed the first tranche of a non-brokered private placement and issued 6,345,384 units for gross proceeds of \$412,450. Each unit comprised one common share of the Company and one share purchase warrant. Each warrant is exercisable to acquire one additional common share of the Company at an exercise price of \$0.085 per share, expiring September 30, 2021. The Company incurred \$12,882 for legal and filing costs associated with this private placement. The President of the Company, a company controlled by the President and the spouse of the President purchased a total of 1,415,384 units for \$92,000.

See also Note 10.

Fiscal 2018

On January 22, 2018 the Company completed a non-brokered private placement of 8,000,000 units for gross proceeds of \$600,000. Each unit comprised one common share of the Company and one-half of one share purchase warrant. Each whole warrant is exercisable to acquire one additional common share of the Company at an exercise price of \$0.10 per share, expiring January 22, 2020. The Company also incurred \$12,347 for legal and filing costs associated with this private placement. Close family members of Directors and/or Officers of the Company purchased 313,332 units for \$23,500.

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in Canadian Dollars)

6. Share Capital (continued)

(c) **Warrants**

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at September 30, 2019 and 2018 and the changes for the nine months ended on those dates is as follows:

	2019		2018	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	4,000,000	0.10	-	-
Issued	6,345,384	0.085	4,000,000	0.10
Balance, end of period	10,345,384	0.09	4,000,000	0.10

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at September 30, 2019:

Number	Exercise Price \$	Expiry Date
4,000,000	0.10	January 22, 2020
6,345,384	0.085	September 30, 2021
10,345,384		

See also Note 10.

(d) **Share Option Plan**

The Company has established a rolling share option plan (the "Plan"), in which the maximum number of common shares which can be reserved for issuance under the Plan is 10% of the issued and outstanding shares of the Company. The exercise price of the options is set at the Company's closing share price on the day before the grant date, less allowable discounts in accordance with the policies of the TSXV. Options granted may be subject to vesting provisions as determined by the Board of Directors and have a maximum term of five years.

The Company did not grant any share options during the nine months ended September 30, 2019 and 2018 and, as of September 30, 2019, the Company had no share options outstanding.

7. Related Party Disclosures

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company.

(a) **Key Management Personnel Disclosures**

During the nine months ended September 30, 2019 and 2018 the following amounts were incurred with respect to the CEO and CFO of the Company:

	2019 \$	2018 \$
Management fees - CEO	72,000	51,100
Professional fees - CFO	4,500	4,500
	76,500	55,600

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in Canadian Dollars)

7. Related Party Disclosures (continued)

As at September 30, 2019, \$8,000 (December 31, 2018 - \$nil) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Other Related Party Disclosures*

(i) During the nine months ended September 30, 2019 and 2018 the following amounts were incurred with respect to non-management directors of the Company:

	2019 \$	2018 \$
Professional fees	<u>13,500</u>	<u>13,500</u>

As at September 30, 2019, \$4,500 (December 31, 2018 - \$6,000) remained unpaid and has been included in accounts payable and accrued liabilities.

(ii) During the nine months ended September 30, 2019 the Company incurred a total of \$16,500 (2018 - \$20,300) to Chase Management Ltd. ("Chase"), a private corporation owned by the CFO of the Company, for accounting and administration services provided by Chase personnel, excluding the CFO. As at September 30, 2019, \$1,000 (December 31, 2018 - \$3,100) remained unpaid and has been included in accounts payable and accrued liabilities.

(iii) See Note 6(b).

8. Segmented Information

The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results. The Company's total assets are segmented geographically as follows:

	<u>As at September 30, 2019</u>		
	Canada \$	Mexico \$	Total \$
Current assets	790,659	493	791,152
Exploration and evaluation assets	<u>-</u>	<u>1</u>	<u>1</u>
	<u>790,659</u>	<u>494</u>	<u>791,153</u>
	<u>As at December 31, 2018</u>		
	Canada \$	Mexico \$	Total \$
Current assets	585,130	1,590	586,720
Exploration and evaluation assets	<u>-</u>	<u>1</u>	<u>1</u>
	<u>585,130</u>	<u>1,591</u>	<u>586,721</u>

9. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: fair value through profit or loss ("FVTPL"); amortized costs; and fair value through other comprehensive income. The carrying values of the Company's financial instruments are classified into the following categories:

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Financial Instrument	Category	September 30, 2019 \$	December 31, 2018 \$
Cash	FVTPL	769,320	570,554
Amounts receivable	Amortized costs	54	-
Accounts payable and accrued liabilities	Amortized costs	(31,269)	(22,214)

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The recorded amount for amounts receivable, accounts payable and accrued liabilities approximate their fair value due to the short-term nature. The Company's fair value of cash under the fair value hierarchy are measured using Level 1 inputs.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Management believes that the credit risk concentration with respect to financial instruments included in cash is remote.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that it will have sufficient liquidity to meet its obligations. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal period. The following table is based on the contractual maturity dates of financial assets and the earliest date on which the Company can be required to settle financial liabilities.

	Contractual Maturity Analysis at September 30, 2019				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	769,320	-	-	-	769,320
Amounts receivable	54	-	-	-	54
Accounts payable and accrued liabilities	(31,269)	-	-	-	(31,269)

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019
(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

	Contractual Maturity Analysis at December 31, 2018				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	570,554	-	-	-	570,554
Accounts payable and accrued liabilities	(22,214)	-	-	-	(22,214)

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant.

Interest Rate Risk

The Company is exposed to interest rate risk to the extent that the cash bears floating rates of interest. The interest rate risk on cash and on the Company's obligations are not considered significant.

Foreign Currency Risk

The Company has operations in Mexico subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian Dollars and Mexican Pesos. The fluctuation of the Canadian Dollar in relation to the Mexican Peso will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company also maintains a US Dollar bank account with its Canadian bank. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At September 30, 2019, 1 Canadian Dollar was equal to 14.90 Mexican Pesos and 0.76 US Dollars.

Balances are as follows:

	Mexican Pesos	US Dollars	CDN \$ Equivalent
Cash	7,353	1,710	2,757
Accounts payable and accrued liabilities	(5,965)	-	(400)
	<u>1,388</u>	<u>1,710</u>	<u>2,357</u>

Based on the net exposures as of September 30, 2019 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Mexican Peso and the US Dollar would be insignificant to the Company.

Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain development of the business. The Company defines capital that it manages as share capital. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

10. Event after the Reporting Period

Subsequent to September 30, 2019 the Company completed the final tranche of the non-brokered private placement and issued 1,428,730 units for gross proceeds of \$92,867.