

KINGSMEN RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

This discussion and analysis of financial position and results of operation is prepared as at April 14, 2020 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2019 and 2018 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.

COVID-19

Recently, there was a global outbreak of a novel coronavirus identified as "COVID-19". On March 11, 2020 the World Health Organization ("WHO") declared a global pandemic. In order to combat the spread of COVID-19 governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The Company will continue to monitor the impact of the COVID-19 outbreak, the duration and impact which is unknown at this time, as is the efficacy of any intervention. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operations in future periods.

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" and on the OTCQB under the symbol "TUMIF". 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, V6E 3V7.

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 Company has entered into a letter of intent, dated February 18, 2020, and a purchase option agreement, dated April 7, 2020, with an arm's length purchaser (the "Buyer"), whereby the Company has agreed to

sell an initial 49% ownership interest (the “Initial Interest”) in TMXI to the Buyer for US \$225,000. The Buyer then has the option (the “Option”) to acquire the Company’s remaining 51% in TMXI by paying the Company US \$210,000 on or before February 18, 2020, subject to acceleration provisions (the “Option Period”). If the Buyer does not exercise the Option within the Option Period then the Company may re-purchase the Buyer’s Initial Interest for \$1.

Upon the exercise of the Option the Company will retain a 1% NSR on the La Trini Property, which may then be purchased by the Buyer for US \$1,000,000. As of the date of this MD&A, the Company has received conditional acceptance from the TSXV and closing is subject to final TSXV approval.

TMXI’s sole asset is the La Trini Project. The Buyer has agreed to directly fund all expenditures incurred on the La Trini Project and all future costs incurred in TMXI for the duration of the Option Period.

The Company is also conducting reviews and due diligence on prospective acquisition and business opportunities.

Exploration Project

La Trini, Mexico

Through TMXI, the Company owns a 100% interest in five mineral claims (the “La Trini Project”) located in the Hostotipaquillo mining district approximately 100 kilometres northwest of Guadalajara, Jalisco State, Mexico. The La Trini Project covers 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 National Instrument 43-101 (“NI 43-101”) 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.

In November 2019 the Company conducted geological mapping structural analysis and channel sampling programs on the La Trini Project. The focus of the work programs was to define the extent of the rhyolite unit that hosts the silver-gold mineralization at the La Trini deposit. The central area of the La Trini claim block was mapped and sampled. A total of 156 channel samples were collected from various outcrops and exposures around the historical workings on the property. Sample lengths varied between 0.5 to 1.3m depending on the rock exposures.

The samples were assayed for gold (fire assay) and multi-element ICP analysis. The results from assays from the 156 channel samples taken range from a low of <0.05 to a high of 35.3 g/t for gold and an average of 2.21 g/t gold; and 0.9 to 976.7 for silver and an average of 120.7 g/t for silver. The La Trini prospect is an epithermal, low sulphidation silver-gold deposit that strikes in an east-west direction for 450 meters and dips to the north between 25 to 30 degrees. The mineralization is hosted within a rhyolitic tuff with abundant quartz eyes, the hanging wall unit is an andesitic tuff with euhedral plagioclase. The footwall unit is a dacitic tuff. The mineralization is related to a zone up to 25 metres wide characterized by intense pervasive silicification forming patches of vuggy silica following a fault zone in the rhyolitic tuff. Quartz veinlets and veins up to 3cm thick are observed with vuggy, saccharoidal and drusic textures. Fine grained pyrite is disseminated in the veins and alteration zone along with trace amounts of chalcopyrite, galena and malachite. Hematite and goethite can also be observed along the zone.

A list of the significant intersections in the channel samples are listed below;

Trench ID	From (m)	To (m)	Length (m)	Gold (m)	Silver (g/t)	Gold Equiv* (g/t)	Silver Equiv* (g/t)
LRTRH-0446	0.00	5.95	5.95	9.524	278.1	13.231	992.3
LRTRH-0447	0.00	5.80	5.80	1.115	128.4	2.827	212.0
LRTRH-0519	0.00	1.45	1.45	0.646	79.9	1.712	128.4
LRTRH-0546	0.00	4.95	4.95	4.193	117.6	5.760	432.0
LRTRH-0548	0.00	2.80	2.80	1.877	37.7	2.379	178.4
LRTRH-0552	0.00	3.05	3.05	0.161	39.9	0.693	52.0
LRTRH-0553	0.00	2.30	2.30	0.188	47.2	0.818	61.4
LRTRH-0565	0.00	3.80	3.80	0.257	22.5	0.557	41.8

Note 1: Gold and Silver Equivalent is calculated using a Silver to Gold Ratio of 75:1

The sealed and tagged sample bags were transported to the ActLabs facility in Zacatecas, Mexico. ActLabs crushed the samples and prepared 200-300 gram pulp samples with ninety percent passing Tyler 150 mesh (106µm). The

pulps were assayed for gold using a 50-gram charge by fire assay (Code 1A2-50) and over limits greater than 10 grams per tonne were re-assayed using a gravimetric finish (Code 1A3-50). Silver and multi-element analysis was completed using total digestion (Code 1F2 Total Digestion ICP). Over limits greater than 100 grams per tonne silver were re-assayed using a gravimetric finish (Code 8-Ag FA-GRAV Ag).

Quality assurance and quality control (“QA/QC”) procedures monitored the chain-of-custody of the samples and included the systematic insertion and monitoring of appropriate reference materials (certified standards, blanks and duplicates) into the sample strings. The results of the assaying of the QA/QC material included in each batch were tracked to ensure the integrity of the assay data. All results stated have passed the Company’s QA/QC protocols.

The 2019 exploration programs were conducted by Servicios y Proyectos Mineros de Mexico (“SPM”) of Hermosillo, Mexico. Technical information has been approved by David R. Duncan, P. Geo., President of D. R. Duncan & Associates Ltd. and an independent qualified person for the person of NI 43-101.

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,		
	2019 \$	2018 \$	2017 \$
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(342,934)	(279,629)	(122,668)
Other items	6,598	13,146	(642)
Net loss and comprehensive loss	(336,336)	(266,483)	(123,310)
Basic and diluted loss per share	(0.02)	(0.02)	(0.01)
Dividends per share	Nil	Nil	Nil
Statement of Financial Position:			
Working capital	715,669	564,506	243,336
Total assets	724,622	586,721	252,187
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 2019				Fiscal 2018			
	Dec. 31 2019 \$	Sep. 30 2019 \$	Jun. 30 2019 \$	Mar. 31 2019 \$	Dec. 31 2018 \$	Sep. 30 2018 \$	Jun. 30 2018 \$	Mar. 31 2018 \$
Operations:								
Revenues	Nil							
Expenses	(132,131)	(66,197)	(63,713)	(80,893)	(72,546)	(75,526)	(81,468)	(50,089)
Other items	(15)	1,833	2,576	2,204	3,243	3,142	3,310	3,451
Net loss and comprehensive loss	(132,146)	(64,364)	(61,137)	(78,689)	(69,303)	(72,384)	(78,158)	(46,638)
Basic and diluted loss per share	(0.02)	(0.00)	(0.00)	(0.00)	(0.02)	(0.00)	(0.00)	(0.00)
Dividends per share	Nil							
Statement of Financial Position:								
Working capital	715,669	759,884	424,680	485,817	564,506	633,809	706,193	784,351
Total assets	724,622	791,154	444,849	518,503	586,721	654,361	746,106	814,721
Total long-term liabilities	Nil							

Results of Operations

Three Months Ended December 31, 2019 Compared to Three Months Ended September 30, 2019

During the three months ended December 30, 2019 (“Q4”) the Company reported a net loss of \$132,146 compared to a net loss of \$64,364 for the three months ended September 30, 2019 (“Q3”) an increase in loss of \$67,782. The

increase is primarily due to an increase in general exploration on the La Trini Project from \$65,689 recorded in Q4 compared to \$4,075 recorded in Q3. During Q4 the Company conducted a geological field program at the La Trini Project.

Three Months Ended December 31, 2019 Compared to Three Months Ended December 31, 2018

During the three months ended December 31, 2019 (“Q4/2019”) the Company reported a net loss of \$132,146 compared to a net loss of \$69,303 for the three months ended December 31, 2018 (“Q4/2018”) an increase in loss of \$62,843. The increase is due to the increase in general exploration expenses. During Q4/2019 the Company completed the geological mapping and channel sampling field programs at the La Trini Project. See also “Exploration Project - La Trini, Mexico”

Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018

During the year ended December 31, 2019 (“fiscal 2019”) the Company reported a loss of \$336,336 compared to a loss of \$266,483, for the year ended December 31, 2018 (“fiscal 2018”), an increase in loss of \$69,853. Specific general and administrative expenses of note are as follows

- (i) management fees of \$96,000 (2018 - \$75,100), an increase of \$20,900 reflecting the increase in Mr. Emerson’s compensation in his capacity as President, effective April 1, 2018;
- (ii) regulatory fees increased by \$15,890, from \$14,389 during fiscal 2018 to \$30,279 during fiscal 2019. The increase is mainly attributed to OTCQB sustaining fees;
- (iii) professional fees decreased by \$15,900, from \$39,900 during fiscal 2018 to \$24,000 during fiscal 2019. During fiscal 2018 the Company engaged a consultant to provide due diligence on prospective acquisitions and business opportunities;
- (iv) general exploration increased by \$62,174, from \$11,659 during fiscal 2018 to \$73,833 during fiscal 2019. The increase is due to the geological mapping and channel sampling field programs conducted at the La Trini Project in Q4/2019;
- (v) rent expenses increased \$7,200, from \$14,300 during fiscal 2018 to \$21,050 during fiscal 2019. In January 2019 the Company relocated its office. The arrangement is on a monthly basis;
- (vi) during fiscal 2019 the Company incurred \$2,161 for management to attend a conference seeking business opportunities;
- (vii) \$19,975 (2018 - \$23,800) 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 \$4,109 (2018 - \$4,030) for services provided by an arms-length accountant for the Company’s Mexican operations;
- (viii) during fiscal 2019 the Company recorded a foreign exchange loss of \$5,250 compared to a foreign exchange gain of \$697 during fiscal 2018; and
- (ix) during fiscal 2018 the Company incurred \$26,244 for listing and sponsorship fees relating to the application and listing of the Company’s common shares on the OTCQB.

During fiscal 2019 the Company reported interest income of \$11,848 compared to \$12,449 during fiscal 2018.

Financings

During fiscal 2019 the Company completed a non-brokered private placement and issued 7,774,114 units for gross proceeds of \$505,317. The Company incurred approximately \$70,000 of the net proceeds for the field programs on the La Trini Project in Q4/2019 and the remaining proceeds have been allocated for general working capital and corporate purposes.

During fiscal 2018 the Company completed a non-brokered private placement of 8,000,000 units for gross proceeds of \$600,000.

Financial Condition / Capital Resources

As at December 31, 2019 the Company had working capital in the amount of \$715,699. Management believes that the Company has adequate resources to maintain its current levels of overhead and ongoing corporate expenses for the next 12 months and continue ongoing due diligence on potential business acquisitions. In addition, the Company has entered into agreements under which it proposes to dispose an initial 49% indirect interest in the La Trini Project

for US \$225,000 cash and the Buyer funding ongoing exploration activity. See “Company Overview”. 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. See also “COVID-19”.

Contractual Commitments

The Company has no contractual commitments.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Proposed Transactions

On February 18, 2020 the Company entered into an agreement to dispose a 49% interest in its sole mineral property. See “Company Overview”.

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 period. 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, 2019.

Changes in Accounting Principles

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 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.

A detailed summary of the Company’s other significant accounting policies is included in Note 3 to the December 31, 2018 audited annual consolidated financial statements.

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 CEO and CFO of the Company.

(a) *Key Management Personnel Disclosures*

During fiscal 2019 and 2018 the following amounts were incurred with respect to Mr. Scott Emerson, the CEO and Mr. Nick DeMare, the CFO of the Company:

	2019 \$	2018 \$
Management fees - Mr. Emerson	96,000	75,100
Professional fees - Mr. DeMare	<u>6,000</u>	<u>6,000</u>
	<u>102,000</u>	<u>81,100</u>

(b) *Other Related Party Disclosures*

- (i) During fiscal 2019 and 2018 the following amounts were incurred with respect to non-management directors of the Company (Messrs. David Henstridge and Rod Johnston) and the corporate secretary (Mr. Harvey Lim) as follows:

	2019 \$	2018 \$
Professional fees - Mr. Henstridge	6,000	6,000
Professional fees - Mr. Lim	6,000	6,000
Professional fees - Mr. Johnston	<u>6,000</u>	<u>6,000</u>
	<u>18,000</u>	<u>18,000</u>

As at December 31, 2019, \$6,000 (2018 - \$6,000) remained unpaid.

- (ii) During fiscal 2019 the Company incurred a total of \$19,975 (2018 - \$23,800) 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, 2019, \$500 (2018 - \$3,100) remained unpaid.
- (iii) During fiscal 2019 the Company completed a non-brokered private placement and issued a total of 7,774,114 units at \$0.065 per unit for \$505,317. Mr. Emerson, a company controlled by Mr. Emerson and Mr. Emerson's spouse, purchased a total of 1,415,384 units for \$92,000.

During fiscal 2018 the Company completed a non-brokered private placement of 8,000,000 units at \$0.075 per unit for \$600,000. Direct family members of Mr. Emerson and Mr. Lim purchased a total of 313,332 units for \$23,500 of this private placement.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at April 14, 2020, there were 24,668,490 common shares issued and outstanding and 7,774,114 warrants outstanding at an exercise price of \$0.085 per share.