

KINGSMEN RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR MONTHS ENDED DECEMBER 31, 2020

This discussion and analysis of financial position and results of operation is prepared as at March 26, 2021 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2020 and 2019 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

On March 11, 2020 the World Health Organization ("WHO") declared the outbreak of a novel coronavirus, identified as "COVID-19", as 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. On April 21, 2020 the Company completed the sale of an initial 49% interest (the "Initial Interest") in the La Trini Project to GoGold Resources Inc. ("GoGold"), an arm's length purchaser, for \$316,305

(US \$225,000). GoGold also has the option (the “Option”) to acquire the Company’s remaining 51% in the La Trini Project by paying the Company US \$210,000 on or before February 18, 2022, subject to acceleration provisions (the “Option Period”). If GoGold does not exercise the Option within the Option Period then the Company may repurchase GoGold’s Initial Interest for \$1. Upon the exercise of the Option the Company will retain a 1% net smelter return royalty (“NSR”) on the La Trini Project, which may then be purchased by GoGold for US \$1,000,000.

The La Trini Project is also subject to a 1% NSR to the original vendor which may be reduced a 0.5% NSR through a cash payment of US \$1,000,000.

GoGold 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 continuing its reviews and due diligence on prospective acquisition and business opportunities.

Exploration Project

La Trini, Mexico

The La Trini Project comprises five mineral claims located in the Hostotipaquillo mining district approximately 100 kilometres northwest of Guadalajara, Jalisco State, Mexico.

The La Trini project is now part of a larger project operated by GoGold (www.gogoldresources.com) called the Los Ricos North Project. The Los Ricos North Project was launched in March 2020 and included drilling at the El Favor, La Trini, and El Orito targets. During 2020 GoGold’s exploration team identified over 100 targets on the Los Ricos North properties demonstrating the significant exploration potential. A 100,000 metre drilling program is now currently underway with plans to define a significant mineral resource estimate in 2021.

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,		
	2020 \$	2019 \$	2018 \$
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(232,023)	(342,934)	(279,629)
Other items	320,413	6,598	13,146
Net income (loss) and comprehensive income (loss)	88,390	(336,336)	(266,483)
Basic and diluted income (loss) per share	0.00	(0.02)	(0.02)
Dividends per share	Nil	Nil	Nil
Statement of Financial Position:			
Working capital	804,089	715,669	564,506
Total assets	817,973	724,622	586,721
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 2020				Fiscal 2019			
	Dec. 31 2020 \$	Sep. 30 2020 \$	Jun. 30 2020 \$	Mar. 31 2020 \$	Dec. 31 2019 \$	Sep. 30 2019 \$	Jun. 30 2019 \$	Mar. 31 2019 \$
Operations:								
Revenues	Nil							
Expenses	(52,147)	(47,735)	(64,084)	(68,057)	(132,131)	(66,197)	(63,713)	(80,893)
Other items	(1,722)	(467)	314,844	7,758	(15)	1,833	2,576	2,204

Three Months Ended	Fiscal 2020				Fiscal 2019			
	Dec. 31 2020 \$	Sep. 30 2020 \$	Jun. 30 2020 \$	Mar. 31 2020 \$	Dec. 31 2019 \$	Sep. 30 2019 \$	Jun. 30 2019 \$	Mar. 31 2019 \$
Net income (loss) and comprehensive income (loss)	(53,869)	(48,202)	250,760	(60,299)	(132,146)	(64,364)	(61,137)	(78,689)
Basic and diluted income (loss) per share	(0.01)	(0.00)	0.01	(0.00)	(0.02)	(0.00)	(0.00)	(0.00)
Dividends per share	Nil							
Statement of Financial Position:								
Working capital	804,089	857,958	906,160	655,400	715,669	759,884	424,680	485,817
Total assets	817,973	870,248	919,282	668,381	724,622	791,154	444,849	518,503
Total long-term liabilities	Nil							

Results of Operations

Three Months Ended December 31, 2020 Compared to Three Months Ended September 30, 2020

During the three months ended December 31, 2020 (“Q4”) the Company reported a net loss of \$53,869 compared to a net loss of \$48,202 for the three months ended September 30, 2020 (“Q3”) an increase in loss of \$5,667. The decrease was primarily due to a \$4,412 increase in expenses from \$47,735 during Q3 to \$52,147 during Q4.

Three Months Ended December 31, 2020 Compared to Three Months Ended December 31, 2019

During the three months ended December 31, 2020 (“Q4/2020”) the Company reported a net loss of \$53,869 compared to a net loss of \$132,146 for the three months ended December 31, 2019 (“Q4/2019”) a decrease in loss of \$78,277. The decrease in loss is mainly due to the decrease in general exploration expenses from \$65,689 during Q4/2019 to \$nil during Q4/2020. During Q4/2019 the Company completed the geological mapping and channel sampling field programs at the La Trini Project.

Year Ended December 31, 2020 Compared to the Year Ended December 31, 2019

During the year ended December 31, 2020 (“fiscal 2020”) the Company reported a net income of \$88,390 compared to a net loss of \$336,336 for the year ended December 31, 2019 (“fiscal 2019”), mainly due to the Company receiving \$316,305 (US \$225,000) proceeds as a gain on the disposition of a 49% indirect interest in the La Trini Project during fiscal 2020. In addition, expenses decreased by \$110,911, from \$342,934 in fiscal 2019 to \$232,023 in fiscal 2020. Specific fluctuations in expenses are as follows:

- (i) regulatory fees decreased by \$6,057, from \$30,279 during fiscal 2019 to \$24,222 during fiscal 2020. The decrease is due to the application fees paid to list on the OTCQB in fiscal 2019;
- (ii) general exploration decreased \$68,702 from \$73,833 during fiscal 2019 to \$5,131 during fiscal 2020. During fiscal 2019 the Company completed the geological mapping and channel sampling field programs at the La Trini Project;
- (iii) incurred \$15,900 (2019 - \$24,084) for accounting and administrative services during fiscal 2020 of which \$15,900 (2019 - \$19,975) was provided by Chase Management Ltd. (“Chase”) a private corporation owned by Mr. DeMare, the CFO of the Company and \$nil (2019 - \$4,109) was provided by an arms-length accountant for the Company’s Mexican operations. During fiscal 2020 all administrative expenditures in Mexico are being funded by GoGold;
- (iv) office expenses decreased by \$4,144 from \$14,777 during fiscal 2019 to \$10,633 during fiscal 2020. The Company has minimal office costs as the Company no longer maintains a dedicated office space;
- (v) during fiscal 2019 the Company incurred \$2,161 for management to attend a conference. No conferences were attended in fiscal 2020 due to COVID-19;
- (vi) during fiscal 2020 the Company incurred \$13,706 (2019 - \$3,784) for legal expenses on the disposition of the La Trini Project;
- (vii) during fiscal 2020 the Company incurred \$7,101 for travel and related expenses compared to \$34,522 during fiscal 2019, a decrease of \$27,421. During fiscal 2019 the Company’s President incurred travel costs to review business opportunities for the Company and conduct due diligence. Due to COVID-19 travel was very restricted during fiscal 2020; and
- (viii) rent expenses decreased by \$10,085 from \$21,050 during fiscal 2019 to \$10,963 during fiscal 2020. The Company terminated its rental arrangement effective May 31, 2020.

Financings

No financings were conducted during fiscal 2020.

During fiscal 2019 the Company completed a non-brokered private placement and issued 7,774,114 units for gross proceeds of \$505,317.

Financial Condition / Capital Resources

As at December 31, 2020 the Company had working capital in the amount of \$804,089. The increase in working capital was due to the receipt of \$316,305 (US \$225,000) cash on April 21, 2020 on the disposition of a 49% interest in TMXI. See “Company Overview”. 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. 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

The Company has no proposed transactions.

Critical Accounting Estimates

The preparation of financial statements in conformity with 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 estimating the fair values of financial instruments, valuation allowances for deferred income tax assets and assumptions used for share-based compensation. Actual results may differ from those estimates.

A detailed summary of the Company’s critical accounting estimates and sources of estimation is included in Note 3 to the December 31, 2020 audited annual consolidated financial statements.

Changes in Accounting Principles

There were no changes in accounting policies.

A detailed summary of the Company’s significant accounting policies is included in Note 3 to the December 31, 2020 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 2020 and 2019 the following amounts were incurred with respect to Mr. Scott Emerson, the CEO and Mr. Nick DeMare, the CFO of the Company:

	2020 \$	2019 \$
Management fees - Mr. Emerson	96,000	96,000
Professional fees - Mr. DeMare	<u>6,000</u>	<u>6,000</u>
	<u>102,000</u>	<u>102,000</u>

As at December 31, 2020, \$8,000 (2019 - \$nil) remained unpaid.

(b) *Other Related Party Disclosures*

- (i) During fiscal 2020 and 2019 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:

	2020 \$	2019 \$
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, 2020 \$nil (2019 - \$6,000) remained unpaid.

- (ii) During fiscal 2020 the Company incurred a total of \$15,900 (2019 - \$19,975) 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, 2020 \$2,500 (2019 - \$500) 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 and a family member, purchased a total of 1,415,384 units for \$92,000.

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at March 26, 2021, 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.