
KINGSMEN RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2022

(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, 2022 \$	December 31, 2021 \$
ASSETS			
Current assets			
Cash		995,210	891,799
GST receivable		4,870	3,969
Amount receivable		-	3,029
Prepaid expenses		<u>16,539</u>	<u>10,033</u>
Total current assets		<u>1,016,619</u>	<u>908,830</u>
Non-current assets			
Exploration and evaluation assets	4	<u>-</u>	<u>1</u>
Total non-current assets		<u>-</u>	<u>1</u>
TOTAL ASSETS		<u>1,016,619</u>	<u>908,831</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	6	<u>13,003</u>	<u>7,738</u>
TOTAL LIABILITIES		<u>13,003</u>	<u>7,738</u>
SHAREHOLDERS' EQUITY			
Share capital	5	18,901,106	18,901,106
Share-based payment reserve		2,159,638	2,159,638
Deficit		<u>(20,057,128)</u>	<u>(20,159,651)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,003,616</u>	<u>901,093</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,016,619</u>	<u>908,831</u>

Nature of Operations - see Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 25, 2022 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 INCOME (LOSS)
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2022 \$	2021 \$	2022 \$	2021 \$
Expenses					
Accounting and administration	6(b)	2,600	1,800	16,300	12,500
Audit		-	-	10,000	10,000
Due diligence		3,675	-	3,675	-
Legal		3,000	2,654	15,545	4,062
Management fees	6(a)	24,000	24,000	72,000	72,000
Office		2,114	2,916	8,618	7,188
Professional fees	6	7,900	6,000	29,400	18,000
Regulatory		5,762	8,215	19,357	18,013
Shareholder costs		-	-	1,505	1,146
Transfer agent		469	1,655	4,401	3,884
Travel		862	-	17,516	-
		<u>50,382</u>	<u>47,240</u>	<u>198,317</u>	<u>146,793</u>
Loss before other items		<u>(50,382)</u>	<u>(47,240)</u>	<u>(198,317)</u>	<u>(146,793)</u>
Other items					
Interest and other income		4,026	1,197	12,397	3,769
Foreign exchange		19,456	8,650	21,408	5,460
Gain on disposition	4	-	-	267,035	-
		<u>23,482</u>	<u>9,847</u>	<u>300,840</u>	<u>9,229</u>
Net (loss) income and comprehensive (loss) income		<u>(26,900)</u>	<u>(37,393)</u>	<u>102,523</u>	<u>(137,564)</u>
Basic and diluted (loss) income per common share		<u>\$(0.00)</u>	<u>\$(0.00)</u>	<u>\$0.00</u>	<u>\$(0.00)</u>
Basic and diluted weighted average number of common shares outstanding		<u>28,032,825</u>	<u>24,747,955</u>	<u>28,032,825</u>	<u>24,694,978</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 SHAREHOLDERS' EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended September 30, 2022				
	Share Capital		Share-Based Payment Reserve \$	Deficit \$	Total Shareholders' Equity \$
	Number of Shares	Amount \$			
Balance at December 31, 2021	28,032,825	18,901,106	2,159,638	(20,159,651)	901,093
Net income for the period	-	-	-	102,523	102,523
Balance at September 30, 2022	<u>28,032,825</u>	<u>18,901,106</u>	<u>2,159,638</u>	<u>(20,057,128)</u>	<u>1,003,616</u>

	Nine Months Ended September 30, 2021				
	Share Capital		Share-Based Payment Reserve \$	Deficit \$	Total Shareholders' Equity \$
	Number of Shares	Amount \$			
Balance at December 31, 2020	24,668,490	18,615,138	2,159,638	(19,970,686)	804,090
Common shares issued for warrants	2,751,893	233,911	-	-	233,911
Net loss for the period	-	-	-	(137,564)	(137,564)
Balance at September 30, 2021	<u>27,420,383</u>	<u>18,849,049</u>	<u>2,159,638</u>	<u>(20,108,250)</u>	<u>900,437</u>

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,	
	2022	2021
	\$	\$
Operating activities		
Net income (loss) for the period	102,523	(137,564)
Adjustment for:		
Gain on disposition	(267,035)	-
Changes in non-cash working capital items:		
GST receivable	(901)	(1,407)
Amount receivable	3,029	(18,109)
Prepaid expenses	(6,506)	(6,073)
Accounts payable and accrued liabilities	5,265	5,961
Net cash used in operating activities	<u>(163,625)</u>	<u>(157,192)</u>
Investing activity		
Proceeds on disposition	<u>267,036</u>	<u>-</u>
Net cash provided by investing activity	<u>267,036</u>	<u>-</u>
Financing activity		
Issuance of share capital	<u>-</u>	<u>233,911</u>
Net cash provided by financing activity	<u>-</u>	<u>233,911</u>
Net change in cash during the period	103,411	76,719
Cash at beginning of period	<u>891,799</u>	<u>806,371</u>
Cash at end of period	<u>995,210</u>	<u>883,090</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, 2022
(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 ("KNGRF"). 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. On April 21, 2020 the Company sold an initial 49% interest in the La Trini Property and, effective February 1, 2022, disposed of the remaining 51% interest, as described in Note 4. With the sale of the La Trini Property the Company no longer holds any mineral interests. In September 2022 the Company entered into non-binding letters of intent, as described in Note 4(b).

As at September 30, 2022 the Company had working capital in the amount of \$1,003,616. 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 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. Management considers that the Company has adequate resources to maintain its core operations for the next twelve months. 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 any properties that it acquires 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.

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Company in future periods.

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, 2021, 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, 2021.

Basis of Measurement

The Company's 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. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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3. Subsidiary

On February 1, 2022 the Company completed the sale of its remaining 51% ownership interest in TMXI Resources S.A. de C.V. (“TMXI”), a company incorporated in Mexico. See also Note 4.

During the nine months ended September 30, 2022 the Company established a Canadian subsidiary, Kingsmen Holdings Ltd., and acquired a 100% interest in Leona Silver Exploraciones S.A. DE C.V. a company incorporated in Mexico.

As of September 30, 2022 the subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
Kingsmen Holdings Ltd.	Canada	100%
Leona Silver Exploraciones S.A. DE C.V. (“Leona Silver”)	Mexico	100%

4. Exploration and Evaluation Assets

(a) *La Trini, Mexico*

The La Trini Property consists of five mineral claims located in the Jalisco silver belt approximately 100 kilometres northwest of Guadalajara, Jalisco State, Mexico.

On April 21, 2020 the Company completed a purchase option agreement, dated April 7, 2020, with GoGold Resources Inc. (“GoGold”), an arm’s length purchaser, whereby the Company sold an initial 49% interest (the “Initial Interest”) in the La Trini Property to GoGold for \$316,305 (US \$225,000). GoGold also had the option (the “Option”) to acquire the Company’s remaining 51% interest in the La Trini Property by paying the Company US \$210,000 on or before February 18, 2022. On January 19, 2022 GoGold notified the Company of its election to exercise the Option and, effective February 1, 2022, the Company completed the disposition of its remaining 51% interest in the La Trini Property and received \$267,036 (US \$210,000) recognizing a gain of \$267,035.

The Company retains a 1% net smelter return royalty (“NSR”) on the La Trini Property, which may then be purchased by GoGold for US \$1,000,000. The La Trini Property is also subject to a 1% NSR to the original vendor which may be reduced to a 0.5% NSR through a cash payment of US \$1,000,000.

(b) *Los Colorados Project, Mexico*

In September 2022 the Company, through Leona Silver, entered into two non-binding letters of intent with Minera Sierra Almolya, S.A.DE C.V, Luz Adriana Ramos Garcia and Fermin Eduardo Ramos Garcia (collectively “LOI”) to acquire a 100% interest in the Los Colorados Project in Chihuahua, Mexico by making cash payments totalling US \$2,140,000 over a seven year period. The Los Colorados Project will also be subject to a 2.5% NSR.

The project area includes the Los Colorados mine and surrounding claims. The Company is now working towards a definitive agreement, which will be subject to TSXV approval.

5. 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.

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5. Share Capital (continued)

(b) ***Equity Financings***

No equity financings were conducted by the Company during the nine months ended September 30, 2022 or fiscal 2021.

(c) ***Warrants***

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at September 30, 2022 and 2021 and the changes for the nine months ended on those dates is as follows:

	2022		2021	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning of period	-	-	7,774,114	0.085
Exercised	-	-	(2,751,893)	0.085
Expired	-	-	(3,640,549)	0.085
Balance, end of period	-	-	1,381,672	0.085

As at September 30, 2022 the Company had no warrants outstanding.

(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 ten years.

The Company did not grant any share options during the nine months ended September 30, 2022 and 2021 and, as of September 30, 2022, the Company had no share options outstanding.

6. 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, 2022 and 2021 the following amounts were incurred with respect to the CEO and CFO of the Company:

	2022 \$	2021 \$
Management fees - CEO	72,000	72,000
Professional fees - CFO	4,500	4,500
	76,500	76,500

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6. Related Party Disclosures (continued)

(b) *Other Related Party Disclosures*

- (i) During the nine months ended September 30, 2022 and 2021 the following amounts were incurred with respect to non-management directors and the corporate secretary of the Company:

	2022 \$	2021 \$
Professional fees	<u>13,500</u>	<u>13,500</u>

As at September 30, 2022 \$1,500 (December 31, 2021 - \$nil) remained unpaid and has been included in accounts payable and accrued liabilities.

- (ii) During the nine months ended September 30, 2022 the Company incurred a total of \$16,300 (2021 - \$12,500) 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, 2022 \$2,600 (December 31, 2021 - \$1,700) remained unpaid and has been included in accounts payable and accrued liabilities.

7. Segmented Information

As at September 30, 2022 the Company has no reportable segment revenues or operating results. The Company's total assets are segmented geographically as follows:

	<u>As at September 30, 2022</u>		
	Canada \$	Mexico \$	Total \$
Current assets	<u>1,015,619</u>	<u>1,000</u>	<u>1,016,619</u>
	<u>As at December 31, 2021</u>		
	Canada \$	Mexico \$	Total \$
Current assets	906,568	2,262	908,830
Exploration and evaluation assets	<u>-</u>	<u>1</u>	<u>1</u>
	<u>906,568</u>	<u>2,263</u>	<u>908,831</u>

8. 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 cost; and fair value through other comprehensive (loss) income. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	September 30, 2022 \$	December 31, 2021 \$
Cash	FVTPL	995,210	891,799
Amount receivable	Amortized cost	-	3,029
Accounts payable and accrued liabilities	Amortized cost	(13,003)	(7,738)

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8. Financial Instruments and Risk Management (continued)

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 amount receivable, accounts payable and accrued liabilities approximate its 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 counter-party'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, 2022				
	Less than 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Total
	\$	\$	\$	\$	\$
Cash	995,210	-	-	-	995,210
Accounts payable and accrued liabilities	(13,003)	-	-	-	(13,003)

	Contractual Maturity Analysis at December 31, 2021				
	Less than 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	Total
	\$	\$	\$	\$	\$
Cash	891,799	-	-	-	891,799
Amount receivable	3,029	-	-	-	3,029
Accounts payable and accrued liabilities	(7,739)	-	-	-	(7,739)

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.

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8. Financial Instruments and Risk Management (continued)

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

As at September 30, 2022 the Company held \$237,225 in 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, 2022, 1 Canadian Dollar was equal to 0.73 US Dollar.

Based on the net exposures as of September 30, 2022 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the US Dollar would result in the Company's net income or loss being approximately \$33,000 higher (or lower).

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.