

# **KINGSMEN RESOURCES LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023**

This discussion and analysis of financial position and results of operation is prepared as at November 27, 2023 and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the nine months ended September 30, 2023 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](http://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" and on the OTCQB under the symbol "KNGRF". The Company is a junior mineral exploration company primarily engaged in the acquisition and exploration of precious metals on mineral properties in Mexico. The Company's principal office is located at #1305 - 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

### **Directors and Officers**

As of the date of this MD&A the Officers and Directors of the Company are as follows:

Scott Emerson	- President, CEO and Director
Nick DeMare	- CFO and Director
Rod Johnston	- Director
Kieran Downes	- Director
Carlos Garza	- Director
Harvey Lim	- Corporate Secretary

## Las Coloradas Project

Kingsmen controls a 100% interest in a group of claims (the “Las Coloradas Project”) located in the Parral Mining District, State of Chihuahua, Mexico. The claims comprise of four agreements.

The project area is located approximately 30 kilometres southeast of the city of Hidalgo de Parral and 40 kilometers east of the mid-Tertiary polymetallic quartz sulfide vein deposits of the San Francisco del Oro and Santa Barbara mining districts which are amongst the largest Pb-Zn-Cu-Ag deposits in Mexico <sup>(1)(2)</sup>. In 1988 these districts were estimated to have produced, since 1650, over 13 billion g (440 million oz) of silver<sup>(1)</sup>.

Historic mining by the American Smelting and Refining Company (“ASARCO”) in the project area was conducted between 1943 - 1952 with production from the La Soledad, Santo Niño, Eva and Rosario veins. There are no records of production. The project area has recently been consolidated and is located within a well-established mining district, with the local communities fully supportive of mineral exploration.

The Las Coloradas Project is an epithermal, high-grade, narrow-vein, silver-gold copper-lead-zinc project within the Carbonate Replacement Deposits belt of Chihuahua state, Mexico. Outcropping mineralization is hosted by the Mezcalera Lower Cretaceous Formation. The Mezcalera Formation is of similar age and composition to the Parral Formation that hosts the mineralization in the San Francisco del Oro and Santa Barbara districts<sup>(3)</sup>.

During the quarter ended September 30, 2023, the Company reported a new 1:5,000 scale geological map of the 100% owned Las Coloradas project and its structural control(s) that delivers an excellent understanding of the mineralization. The mineralized structures may go to significant depths. Flexures, intersecting structures, en échelon veins, and dilation zones control the development and location of individual bodies of mineralization. Two important areas of mineralization were recognized. The first is at the southeast end of the Soledad structure. The second is the cluster of old workings at the northwest end of the Soledad II structure. The Las Coloradas mineralization is on the southeast flank of a prominent aeromagnetic high interpreted to be a buried felsic intrusive body. The felsic intrusives associated with the Soledad and Soledad II structures are likely linked to this body and the setting is favourable for porphyry, skarn and epithermal vein mineralization.

Results from the continuing surface sampling program of the old workings along the Soledad and Soledad II structures and their subsidiary structures in the southeast part of the Las Coloradas project are positive. The old workings on the NW-trending Soledad II structure are distributed over approximately 1,000 meters. The best silver grades are found over a 400-meter length of the northern part of the structure where it occurs in volcanics and tracks felsic intrusives. The overall structural picture is one where the two principal NW-trending mineralized structures (Soledad and Soledad II) are cut by NE-trending structures (+/- mineralization). Unsurprisingly, the projected intersections of the two sets of structures appear favourable for high grade silver mineralization and this is supported by the sampling. Twenty-one samples were collected in this area. Highlights include, 4 > 300 g/t silver, 2 > 200 g/t silver, 2 > 100 g/t silver. These results are extremely encouraging as they clearly demonstrate the persistence of high-grade silver mineralization on part of a second important structure which is 1.2 km to the NW of the old Las Coloradas mine. The currently exposed geology, structures and mineralization are functions of erosion and imperfect exposure. The significant strike length of the Soledad and Soledad II structures indicate the structures will continue at depth with the potential for high grade silver mineralization. The structures have not been tested/explored at depth, to-date.

The old workings on the NW part of the Soledad structure are distributed over approximately 800 meters. Sampling in this area returned very encouraging silver values. Highlights include, 1 > 400 g/t silver, 1 > 300 g/t silver, 1 > 200 g/t silver and 1 > 100 g/t silver. Three areas with high grade silver values are recognized. Prospecting and sampling are continuing. Together with the previously reported silver assays from the SE end of the Soledad structure these results demonstrate significant silver mineralization over a distance of approximately 1.6 kilometers of the structure.

The Company initiated a regional prospecting and sampling to the west, north and northeast of the Soledad structures. This program identified elevated to anomalous silver values associated with a previously unrecognized, approximately 2,500 meter long, NE-trending zone of structures. As well, a number of other sites with anomalous silver values were identified. Pathfinder element concentrations occurring in variable combinations in the areas of interest include Au, As, Sb, Pb, Zn, Cu, Hg, Mo, Te and Tl. High pathfinder element concentrations are interpreted to reflect proximity to mineralizing fluid flow. The different combinations of pathfinder elements likely represent different stages or pulses of mineralization. Their distributions provide evidence for district-wide, structurally controlled mineralization which are being followed up by field crews.

Kingsmen’s field program is ongoing. It is continuing its field program of prospecting and sampling of the newly recognized 2,500 meter long, NE-trending zone of structures, and the pathfinder element concentrations identified. The Company is also conducting initial prospecting and sampling of previously unevaluated areas of the Las Coloradas project.

### Qualified Person

The scientific and technical disclosure in this MD&A has been reviewed and approved by Kieran Downes, Ph.D., P. Geo., a Qualified Person as defined by National Instrument 43-101. Mr. Downes is a Director of the Company.

- (1) Grant G.J. and Ruiz J. (1988) The Pb-Zn-Cu-Ag deposits of the Granadena Mine, San Francisco del Oro-Santa Barbara District, Chihuahua. Economic Geology (1988) Vol. 83 pp. 1683–1702.
- (2) Megaw, P.K., Ruiz, J. and Titley, S.R. (1988) High-temperature, carbonate-hosted Ag-Pb-Zn(Cu) deposits of northern Mexico. Economic Geology (1988) Vol. 83 pp. 1856-1885
- (3) Texidor Carlsson, J.M. and Wilson, V. (2020) NI 43-101 Technical Report on the Parral project, State of Chihuahua, Mexico..

### Selected Financial Data

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 2023			Fiscal 2022			Fiscal 2021	
	Sep. 30 2023 \$	Jun. 30 2023 \$	Mar. 31 2023 \$	Dec. 31 2022 \$	Sep. 30 2022 \$	Jun. 30 2022 \$	Mar. 31 2022 \$	Dec. 31 2021 \$
<b>Operations:</b>								
Revenues	Nil							
Expenses	(96,007)	(136,801)	(98,267)	(116,316)	(50,382)	(72,961)	(74,974)	(43,699)
Other items	12,546	12,780	8,386	3,071	23,482	16,277	261,081	(7,702)
Net income (loss) and comprehensive income (loss)	(83,461)	(124,021)	(89,881)	(113,245)	(26,900)	(56,684)	186,107	(51,401)
Basic and diluted income (loss) per share	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.00)	0.01	(0.01)
Dividends per share	Nil							
<b>Statement of Financial Position:</b>								
Working capital	1,101,829	1,239,104	1,450,664	766,453	1,003,616	1,030,516	1,087,200	901,092
Total assets	1,402,248	1,498,498	1,646,596	940,615	1,016,619	1,052,137	1,107,772	908,831
Total long-term liabilities	Nil							

### Results of Operations

#### *Three Months Ended September 30, 2023 Compared to Three Months Ended June 30, 2023*

During the three months ended September 30, 2023 (“Q3”) the Company reported a net loss of \$83,461 compared to a net loss of \$124,021 for the three months ended June 30, 2023 (“Q2”), a decrease in loss of \$40,560. The decrease in loss was primarily due to a \$40,794 decrease in general and administrative expenses, from \$136,801 during Q2 to \$96,007 during Q3.

#### *Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022*

During the nine months ended September 30, 2023 (the “2023 period”) the Company reported a net loss of \$297,363 compared to net income of \$102,523 for the nine months ended September 30, 2022 (the “2022 period”), a fluctuation of \$399,886. The fluctuation was attributable to the \$267,035 gain recorded in the 2002 period from the disposition of the Company’s remaining 51% interest in the La Trini Property and a \$132,758 increase in general and administrative expenses in the 2023 period, from \$198,317 during the 2022 period to \$331,075 during the 2023 period. Specific fluctuations in expenses are as follows:

- (i) during the 2023 period the Company incurred audit expenses of \$18,500 compared to \$10,000 in the 2022 period due to increased activities and transactions conducted by the Company;

- (ii) during the 2023 period the Company incurred \$31,400 (2022 - \$16,300) for accounting and administrative services provided by Chase Management Ltd., a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare;
- (iii) during the 2023 period the Company incurred \$43,376 for corporate development for market awareness programs. No corporate development activities were conducted in the 2022 period;
- (iv) during the 2023 period the Company incurred \$12,591 (2022 - \$4,401) for transfer agent fees. The increase in the 2023 period was due to additional services required for the Company's consolidation of its share capital conducted in March 2023;
- (v) during the 2023 period the Company incurred professional fees of \$41,844 compared to \$11,400 for the 2022 period. During the 2023 period the Company engaged consultants to review prospective mineral properties and provide corporate advisory services;
- (vi) during the 2023 period the Company incurred regulatory fees of \$29,037 compared to \$19,357 for the 2022 period. The increase is due to ongoing filing fees associated with the Company's listing on the OTCQB; and
- (vii) see also directors and officers compensation in "Related Party Disclosures".

### ***Financings***

During the 2023 period the Company completed a non-brokered private placement for 5,333,500 common shares for proceeds of \$800,025.

No equity financings were conducted during the 2022 period.

### **Financial Condition / Capital Resources**

As at September 30, 2023 the Company had working capital in the amount of \$1,103,829. Although management considers that the Company has adequate resources to maintain its core operations, make option or property payments as required, conduct planned exploration programs on its existing exploration and evaluation assets and discharge its obligations as they become due in the next twelve months, the Company recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required 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.

### **Contractual Commitments**

Other than its property agreements, the Company has no other contractual commitments. See "Las Coloradas Project".

### **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, 2022 audited annual consolidated financial statements.

### **Changes in Accounting Policies**

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, 2022 audited annual consolidated financial statements.

### Related Party Disclosures

Transactions made with related parties are made in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. 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 members of the Company's Board of Directors and executive officers.

- (a) During the 2023 and 2022 period the following amounts were incurred with respect to its key management personnel:

	2023 \$	2022 \$
Mr. Emerson - CEO and director	85,500	48,000
Mr. DeMare - CFO and director	4,500	4,500
Mr. Johnston - director	4,500	4,500
Mr. Henstridge - former director <sup>(1)</sup>	2,500	4,500
Mr. Downes - director <sup>(2)</sup>	15,550	-
Mr. Garza - director <sup>(2)</sup>	2,000	-
Mr. Lim - Corporate Secretary	4,500	4,500
	<u>117,050</u>	<u>90,000</u>

(1) Mr. Henstridge did not stand for re-election at the AGM on June 2, 2023.

(2) Messrs. Downes and Garza were elected as directors at the AGM on June 2, 2023.

During the 2023 period the Company incurred total compensation of \$119,050 (2022 - \$90,000) to key management personnel of which \$105,500 (2022 - \$76,500) was expensed to director and officer compensation and \$13,550 (2022 - \$nil) was capitalized to exploration and evaluation assets.

As at September 30, 2023 \$6,200 (December 31, 2022 - \$nil) remained unpaid.

- (b) During the 2023 period the Company incurred a total of \$31,400 (2022 - \$16,300) to Chase, a private corporation owned by Mr. DeMare, for accounting and administration services provided by Chase personnel, excluding Mr. DeMare. As at September 30, 2023 \$3,800 (December 31, 2022 - \$3,500) remained unpaid.

### Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at November 27, 2023 there were 19,349,919 common shares issued and outstanding.