

KINGSMEN RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

This discussion and analysis of financial position and results of operation is prepared as at April 24, 2023 and should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2022 and 2021 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 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.

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 "KNGRD". 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 Property to GoGold Resources Inc. ("GoGold"), an arm's length purchaser and, on January 19, 2022, GoGold notified the Company of its election to exercise its option (the "Option") to acquire the Company's remaining 51% in the La Trini Project. Effective February 1, 2022, the Company closed on the disposition and now holds a 1% net smelter return royalty on the La Trina Project. During fiscal 2022 the Company, entered into

agreements to assemble a group of claims (the “Las Coloradas Project”) located in the Parral Mining District, State of Chihuahua, Mexico.

Las Coloradas Project

During fiscal 2022 the Company, entered into agreements to assemble a group of claims (the “Las Coloradas Project”) located in the Parral Mining District, State of Chihuahua, Mexico. As of the date of this MD&A the Las Coloradas Project comprise the following agreements:

- (i) promise contract (the “Ramos Agreement”) executed November 25, 2022, to which the Company has the right to acquire an assignment of rights to 12 mineral claims in consideration of making US \$1,140,000 in option payments over seven years. As of the date of this MD&A the Company has paid a total of \$7,882 for past mineral taxes in arrears, which have been applied towards the option payment amounts;
- (ii) mining exploration contract (the “MSA Agreement”) executed November 25, 2022, to which the Company has the right to acquire an assignment of rights to one mineral claim in consideration of making US \$1,000,000 in option payments over seven years. As of the date of this MD&A the Company paid an initial US \$20,000 in option payments;
- (iii) mining exploration contract (the “Loya Agreement”) executed November 8, 2022, to which the Company has the right to acquire an assignment of rights to one mineral claim in consideration of making US \$150,000 over three years. As of the date of this MD&A the Company has made a \$15,875 (US \$10,000) payment to the vendor and paid \$52,767 for past mineral taxes in arrears, which have been applied towards amounts to be paid; and
- (iv) promise agreement (the “Salazar Agreement”) executed November 3, 2022, to which the Company paid \$10,424 (US \$7,500) to the vendor and expensed to general exploration. Upon completion and delivery to the Company of the final assignment of the right to the one mineral claim, the vendor and the Company have agreed to enter into an assignment agreement to the Company with payment of US \$42,500. The mineral claim will be subject to a 1% net smelter return royalty (“NSR”).

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 ⁽¹⁾⁽²⁾. In 1988 these districts were estimated to have produced, since 1650, over 13 billion g (440 million oz) of silver⁽¹⁾.

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⁽³⁾.

On February 1, 2023 a NI 43-101 technical report, effective date December 7, 2022, entitled “NI 43-101 Technical Report On The Las Coloradas Project, Chihuahua, Mexico” was filed on SEDAR and is available for viewing under Kingsmen’s profile on www.sedar.com or the Company’s website at <https://www.kingsmenresources.com/reports>.

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. Dr. Downes is a consultant to Kingsmen.

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- (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 audited annual consolidated financial statements of the Company prepared in accordance with IFRS.

	Years Ended December 31,		
	2022 \$	2021 \$	2020 \$
Operations:			
Revenues	Nil	Nil	Nil
Expenses	(314,633)	(190,492)	(232,023)
Other items	303,911	1,527	320,413
Net income (loss) and comprehensive income (loss)	(10,722)	(188,965)	88,390
Basic and diluted income (loss) per share	(0.00)	(0.01)	0.00
Dividends per share	Nil	Nil	Nil
Statement of Financial Position:			
Working capital	766,453	901,092	804,089
Total assets	940,615	908,831	817,973
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 2022				Fiscal 2021			
	Dec. 31 2022 \$	Sep. 30 2022 \$	Jun. 30 2022 \$	Mar. 31 2022 \$	Dec. 31 2021 \$	Sep. 30 2021 \$	Jun. 30 2021 \$	Mar. 31 2021 \$
Operations:								
Revenues	Nil							
Expenses	(116,316)	(50,382)	(72,961)	(74,974)	(43,699)	(47,240)	(40,214)	(59,339)
Other items	3,071	23,482	16,277	261,081	(7,702)	9,847	(120)	(498)
Net income (loss) and comprehensive income (loss)	(113,245)	(26,900)	(56,684)	186,107	(51,401)	(37,393)	(40,334)	(59,837)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	0.01	(0.01)	(0.00)	(0.00)	(0.00)
Dividends per share	Nil							
Statement of Financial Position:								
Working capital	766,453	1,003,616	1,030,516	1,087,200	901,092	900,436	703,918	744,252
Total assets	940,615	1,016,619	1,052,137	1,107,772	908,831	920,281	716,107	768,607
Total long-term liabilities	Nil							

Results of Operations

Three Months Ended December 31, 2022 Compared to Three Months Ended September 30, 2022

During the three months ended December 31, 2022 (“Q4”) the Company reported net loss of \$113,245 compared to a net loss of \$26,900 for the three months ended September 30, 2022 (“Q3”), an increase in loss of \$86,345. The increase in loss was primarily due to a \$65,934 increase in general and administrative expenses, from \$50,382 during Q3 to \$116,316 during Q4, due to increased activities with the recent property negotiations, and a \$28,407 fluctuation in foreign exchange, from a gain of \$19,456 in Q3 to a loss of \$8,951 in Q4.

Three Months Ended December 31, 2022 Compared to Three Months Ended December 31, 2021

During the three months ended December 31, 2022 (“Q4/2022”) the Company reported a net loss of \$113,245 compared to a net loss of \$51,401 for the three months ended December 31, 2021 (“Q4/2021”) an increase in loss of \$61,844. The increase in loss is mainly due to a \$72,617 increase in general and administrative expenses, from \$43,699 in Q4/2021 to \$116,316 in Q4/2022, which was partially offset by a \$7,379 increase in interest income, from \$1,614 in Q4/2021 to \$8,993 in Q4/2022 due to higher interest rates on funds held on deposit.

Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021

During the year ended December 31, 2022 (“fiscal 2022”) the Company reported a net loss of \$10,722 compared to a net loss of \$188,965 for the year ended December 31, 2021 (“fiscal 2021”), a decrease in loss of \$178,243. The decrease in loss in fiscal 2022 was attributable to a gain of \$270,064 in fiscal 2022 from the disposition of the Company’s remaining 51% interest in the La Trini Property, a \$16,313 fluctuation in foreign exchange, from a loss of \$3,856 during fiscal 2021 to a gain of \$12,457 during fiscal 2022 and a \$16,007 increase in interest income due to rising interest rates on funds held on deposit. The decrease in loss was partially offset by a \$124,141 increase in general and administrative expenses, from \$190,492 during fiscal 2021 to \$314,633 during fiscal 2022.

Specific fluctuations in expenses are as follows:

- (i) during fiscal 2022 the Company incurred legal expenses of \$33,149 (2021 - \$5,003) for services provided on the sale and transfer of the 51% in TMXI and the negotiations and preparation of the various agreements for the Las Coloradas properties;
- (ii) during fiscal 2022 the Company incurred \$20,300 (2021 - \$15,900) 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 fiscal 2022 the Company incurred \$57,097 (2021 - \$nil) for general due diligence, professional and consulting services and general exploration activities relating to the Las Coloradas Project and \$10,424 (US \$7,500) payment pursuant to the Salazar Agreement; and
- (iv) during fiscal 2022 the Company incurred \$29,722 for travel expenses for ongoing travel to Mexico to review and negotiate the property agreements. Limited travel of \$1,256 took place during fiscal 2021 due to COVID-19 travel restrictions.

Financings

No financings were conducted during fiscal 2022 or 2021. See also “Financial Condition / Capital Resources”.

During fiscal 2021 the Company issued 1,682,167 common shares for \$285,968 on the exercise of warrants.

Financial Condition / Capital Resources

As at December 31, 2022 the Company had working capital in the amount of \$766,453. On March 8, 2023 the Company completed a non-brokered private placement for 5,333,500 common shares for proceeds of \$800,025. 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 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, 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 fiscal 2022 and 2021 the following amounts were incurred with respect to its key management personnel:

	2022 \$	2021 \$
Mr. Emerson - CEO and director	96,000	96,000
Mr. DeMare - CFO and director	6,000	6,000
Mr. Henstridge - director	6,000	6,000
Mr. Johnston - director	6,000	6,000
Mr. Lim - Corporate Secretary	6,000	6,000
	<u>120,000</u>	<u>120,000</u>

- (b) During fiscal 2022 the Company incurred a total of \$20,300 (2021 - \$15,900) 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, 2022 \$3,500 (2021 -\$1,700 remained unpaid).

Outstanding Share Data

The Company's authorized share capital is unlimited common shares with no par value. As at April 24, 2023 there were 19,349,919 common shares issued and outstanding.