
KINGSMEN RESOURCES LTD.
(formerly Tumi Resources Limited)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2015

(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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

KINGSMEN RESOURCES LTD. (formerly Tumi Resources Limited)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	September 30, 2015 \$	December 31, 2014 \$
ASSETS			
Current assets			
Cash		616,539	780,952
GST receivable		2,205	1,979
Prepaid expenses		<u>2,848</u>	<u>1,390</u>
Total current assets		<u>621,592</u>	<u>784,321</u>
Non-current assets			
Investment	4	-	7,500
Property, plant and equipment	5	-	1,603
Exploration and evaluation assets	6	<u>1</u>	<u>1</u>
Total non-current assets		<u>1</u>	<u>9,104</u>
TOTAL ASSETS		<u>621,593</u>	<u>793,425</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	<u>19,084</u>	<u>15,111</u>
TOTAL LIABILITIES		<u>19,084</u>	<u>15,111</u>
SHAREHOLDERS' EQUITY			
Share capital	7	17,539,956	17,539,956
Share-based payment reserve		2,159,638	2,159,638
Deficit		(19,097,085)	(18,913,330)
Accumulated other comprehensive (loss) income		<u>-</u>	<u>(7,950)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>602,509</u>	<u>778,314</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>621,593</u>	<u>793,425</u>

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on November 16, 2015 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. (formerly Tumi Resources Limited)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)

	Note	Three Months Ended September 30		Nine Months Ended September 30	
		2015 \$	2014 \$	2015 \$	2014 \$
Expenses					
Accounting and administration	8(b)	6,632	8,605	24,770	37,525
Audit		-	-	17,340	24,607
Depreciation	5	-	1,941	-	5,922
Due diligence		-	-	-	1,062
General exploration		3,963	-	8,374	-
Investment conferences		-	-	-	1,370
Legal	8(b)	2,232	9,224	7,582	29,686
Management fees	8(a)	24,000	24,000	72,000	72,000
Office		5,495	7,562	14,680	16,840
Professional fees	8	6,000	4,502	18,101	24,944
Regulatory		1,800	1,300	7,043	6,257
Rent		3,300	3,300	9,900	5,850
Shareholder costs		1,905	90	3,455	3,285
Transfer agent		2,966	638	5,069	4,742
Travel and related		565	1,061	2,943	3,328
		<u>58,858</u>	<u>62,223</u>	<u>191,257</u>	<u>237,418</u>
Loss before other items		<u>(58,858)</u>	<u>(62,223)</u>	<u>(191,257)</u>	<u>(237,418)</u>
Other items					
Interest income		1,605	2,745	5,781	8,223
Realized loss on sale of investment	4	-	(2,892)	(2,279)	(2,892)
Impairment of exploration and evaluation assets	6(b)	-	(84,189)	-	(84,189)
Write-off of property, plant and equipment	5	-	-	(1,603)	-
Gain on disposal of property, plant and equipment		-	15,326	-	15,326
Foreign exchange gain		2,565	2,032	5,603	4,416
		<u>4,170</u>	<u>(66,978)</u>	<u>7,502</u>	<u>(59,116)</u>
Net loss for the period		<u>(54,688)</u>	<u>(129,201)</u>	<u>(183,755)</u>	<u>(296,534)</u>
Other comprehensive (loss) income		<u>-</u>	<u>(3,800)</u>	<u>7,950</u>	<u>(6,300)</u>
Net loss and comprehensive loss for the period		<u>(54,688)</u>	<u>(133,001)</u>	<u>(175,805)</u>	<u>(302,834)</u>
Basic and diluted loss per common share		<u>\$(0.00)</u>	<u>\$(0.01)</u>	<u>\$(0.01)</u>	<u>\$(0.02)</u>
Basic and diluted weighted average number of common shares outstanding		<u>17,788,759</u>	<u>17,788,759</u>	<u>17,788,759</u>	<u>17,019,528</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

KINGSMEN RESOURCES LTD. (formerly Tumi Resources Limited)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

Nine Months Ended September 30, 2015						
	Share Capital		Share-Based Payment Reserve \$	Deficit \$	Accumulated Other Comprehensive Income (Loss) \$	Total Equity \$
	Number of Shares	Amount \$				
Balance at December 31, 2014	17,788,759	17,539,956	2,159,638	(18,913,330)	(7,950)	778,314
Reversal of unrealized loss on investment	-	-	-	-	7,950	7,950
Net loss for the period	-	-	-	(183,755)	-	(183,755)
Balance at September 30, 2015	17,788,759	17,539,956	2,159,638	(19,097,085)	-	602,509

Nine Months Ended September 30, 2014						
	Share Capital		Share-Based Payment Reserve \$	Deficit \$	Accumulated Other Comprehensive Income (Loss) \$	Total Equity \$
	Number of Shares	Amount \$				
Balance at December 31, 2013	15,788,759	17,341,806	2,159,638	(16,483,744)	2,500	3,020,200
Common shares issued for cash: - private placement	2,000,000	200,000	-	-	-	200,000
Share issue costs	-	(1,850)	-	-	-	(1,850)
Unrealized loss on investment	-	-	-	-	(6,300)	(6,300)
Net loss for the period	-	-	-	(296,534)	-	(296,534)
Balance at September 30, 2014	17,788,759	17,539,956	2,159,638	(16,780,278)	(3,800)	2,915,516

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

KINGSMEN RESOURCES LTD. (formerly Tumi Resources Limited)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)

	Nine Months Ended September 30.	
	2015 \$	2014 \$
Operating activities		
Net loss for the period	(183,755)	(296,534)
Adjustments for:		
Depreciation	-	5,922
Realized loss on sale of investment	2,279	2,892
Impairment of exploration and evaluation assets	-	84,189
Write-off of property, plant and equipment	1,603	-
Gain on disposal of property, plant and equipment	-	(15,326)
Changes in non-cash working capital items:		
Amounts receivable	-	22,086
GST receivable	(226)	833
Prepaid expenses	(1,458)	(1,299)
Accounts payable and accrued liabilities	3,973	(8,303)
Net cash used in operating activities	<u>(177,584)</u>	<u>(205,540)</u>
Investing activities		
Expenditures on exploration and evaluation assets	-	(84,189)
Proceeds from sale of investment	13,171	28,008
Proceeds from disposal of property, plant and equipment	-	17,090
Net cash provided by (used in) investing activities	<u>13,171</u>	<u>(39,091)</u>
Financing activities		
Issuance of common shares	-	200,000
Share issue costs	-	(1,850)
Net cash provided by financing activities	<u>-</u>	<u>198,150</u>
Net change in cash	(164,413)	(46,481)
Cash at beginning of period	<u>780,952</u>	<u>882,221</u>
Cash at end of period	<u>616,539</u>	<u>835,740</u>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

KINGSMEN RESOURCES LTD. (formerly Tumi Resources Limited)
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015
(Unaudited - Expressed in Canadian Dollars)

1. Nature of Operations and Name Change

The Company was incorporated on January 11, 2000 under the provisions of the Company Act (British Columbia). On July 6, 2015 the Company changed its name from Tumi Resources Limited to Kingsmen Resources Ltd. The Company is listed and trades on the TSX Venture Exchange ("TSXV") under the symbol "KNG". 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. The underlying value of the exploration and evaluation assets is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete development and upon future profitable production. Exploration and evaluation assets represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values.

As at September 30, 2015 the Company had working capital in the amount of \$602,508 and an accumulated deficit of \$19,097,085. To date the Company has not earned any revenues and is considered to be in the exploration stage. 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's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties 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. The Company currently does not anticipate incurring significant exploration activities on its existing exploration and evaluation assets and management considers that the Company has adequate resources to maintain its core operations the next twelve months. The Company continues to conduct reviews and due diligence on prospective exploration and evaluation asset acquisitions. Completion of any acquisition and resultant exploration activities 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.

2. Basis of Preparation

Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 "*Interim Financial Reporting*". They do not include all of the information required by the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board for full annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2014.

These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the year-end financial statements for the Company for the year ended December 31, 2014 as described in Note 3 of the December 31, 2014 consolidated financial statements.

Basis of Measurement

The Company's unaudited 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.

3. Subsidiaries

The subsidiaries of the Company are as follows:

<u>Company</u>	<u>Location of Incorporation</u>	<u>Ownership Interest</u>
TMXI Resources S.A. de C.V.	Mexico	100%
Tumi Resources Inc.	Idaho, United States	100%

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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3. Subsidiaries (continued)

Tumi U.S. was incorporated on March 17, 2014 as a wholly-owned subsidiary of the Company to pursue exploration in the United States, as described in Note 6(b). It is currently inactive.

4. Investment

During fiscal 2013 the Company received 50,000 common shares of Tasman Metals Ltd. ("Tasman"), at a value of \$51,500, as partial consideration under the terms of a sale agreement with Tasman. The Company and Tasman have two common directors.

During fiscal 2014 the Company sold 35,000 Tasman common shares for net proceeds of \$32,112 and realized a loss of \$3,938. As at December 31, 2014 the remaining 15,000 Tasman common shares were recorded at a carrying value of \$7,500, comprised of an original cost of \$15,450, less a \$7,950 unrealized holding loss.

During the nine months ended September 30, 2015 the Company sold the remaining 15,000 Tasman common shares for net proceeds of \$13,171 and recognized a realized loss of \$2,279.

5. Property, Plant and Equipment

	Office Furniture and Equipment \$	Vehicles \$	Total \$
Cost:			
Balance at December 31, 2013	6,278	23,441	29,719
Disposal	-	(23,441)	(23,441)
	<u>6,278</u>	<u>-</u>	<u>6,278</u>
Balance at December 31, 2014	6,278	-	6,278
Write-off	(6,278)	-	(6,278)
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2015	-	-	-
Accumulated Depreciation:			
Balance at December 31, 2013	(3,875)	(16,380)	(20,255)
Depreciation	(800)	(5,297)	(6,097)
Disposal	-	21,677	21,677
	<u>(4,675)</u>	<u>-</u>	<u>(4,675)</u>
Balance at December 31, 2014	(4,675)	-	(4,675)
Write-off	4,675	-	4,675
	<u>-</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2015	-	-	-
Carrying Value:			
Balance at December 31, 2014	<u>1,603</u>	<u>-</u>	<u>1,603</u>
Balance at September 30, 2015	<u>-</u>	<u>-</u>	<u>-</u>

During the nine months ended September 30, 2015 the Company recorded a \$1,603 write-off of the remaining net book value of its office furniture and equipment in Mexico.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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6. Exploration and Evaluation Assets

	<u>Mexico</u>	<u>United States</u>	
	<u>La Trini</u>	<u>Ajax Property</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Balance at December 31, 2013	<u>2,072,927</u>	<u>-</u>	<u>2,072,927</u>
Exploration costs			
Consulting	-	24,888	24,888
Property holding costs	12,581	-	12,581
Travel	-	4,683	4,683
	<u>12,581</u>	<u>29,571</u>	<u>42,152</u>
Acquisition costs	-	81,938	81,938
Recovery	-	<u>(27,320)</u>	<u>(27,320)</u>
	-	<u>54,618</u>	<u>54,618</u>
Balance before impairment	2,085,508	84,189	2,169,697
Impairment	<u>(2,085,507)</u>	<u>(84,189)</u>	<u>(2,169,696)</u>
Balance at December 31, 2014 and September 30, 2015	<u>1</u>	<u>-</u>	<u>1</u>

(a) La Trini, Mexico

The Company owns a 100% interest in the La Trini and Mololoa mineral claims (“La Trini Project”). The La Trini Project is located in the Jalisco silver belt approximately 100 kilometres northwest of Guadalajara, Jalisco State, Mexico.

The La Trini Project is subject to a 1% net smelter return royalty (“NSR”) and the Company has the right to reduce the NSR to 0.5% through a cash payment of US \$1,000,000.

During fiscal 2014 the Company determined to record an impairment charge of \$2,085,507 to reduce the carrying value of the La Trini Project to a nominal amount of \$1.

(b) Ajax Property, USA

On April 23, 2014 the Company entered into an agreement (the “Ajax Agreement”), whereby the Company agreed to acquire a 100% interest in 11 unpatented claims covering the Ajax Gold Mine and the West Ajax Gold Prospect (collectively the “Ajax Property”) located southwest of Wisdom, Montana, USA. The Company was required to make cash payments to the Vendors totalling US \$825,000 over a period of seven years. On June 7, 2014 the Company received final TSXV approval and made an initial property payment of US \$75,000. An initial work program was conducted and, on August 20, 2014, the Company terminated the Ajax Agreement and a recovery of \$27,320 was received from the Vendors. The Company wrote-off the remaining \$84,189 of exploration and evaluation costs in fiscal 2014.

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7. 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.

(b) *Reconciliation of Changes in Share Capital*

(i) No equity financings were conducted by the Company during the nine months ended September 30, 2015.

(ii) During fiscal 2014 the Company completed a non-brokered private placement of 2,000,000 common shares, at a price of \$0.10 per share, for proceeds of \$200,000. The Company paid \$1,850 for filing fees incurred on the private placement.

Certain family members of the Company's directors purchased 450,000 common shares of the private placement.

(c) *Warrants*

A summary of the number of common shares reserved pursuant to the Company's outstanding warrants at September 30, 2015 and 2014 and the changes for the nine months ended on those dates is as follows:

	2015		2014	
	Number	Weighted Average Exercise Price \$	Number	Weighted Average Exercise Price \$
Balance, beginning and end of period	3,125,000	0.40	3,125,000	0.40

The following table summarizes information about the number of common shares reserved pursuant to the Company's warrants outstanding and exercisable at September 30, 2015:

Number	Exercise Price \$	Expiry Date
2,875,000	0.40	January 17, 2016
250,000	0.40	January 22, 2016
3,125,000		

The weighted average remaining contractual life of the outstanding warrants at September 30, 2015 was 0.30 years.

(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 five years.

The Company did not grant any share options during the nine months ended September 30, 2015 and 2014.

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7. Share Capital (continued)

Option-pricing models require the use of estimates and assumptions including the expected volatility. Changes in the underlying assumptions can materially affect the fair value estimates and, therefore, existing models do not necessarily provide a reliable measure of the fair value of the Company's share options.

A summary of the Company's share options at September 30, 2015 and 2014, and the changes for the nine months ended on those dates, is as follows:

	2015		2014	
	Options Outstanding	Weighted Average Exercise Price \$	Options Outstanding	Weighted Average Exercise Price \$
Balance, beginning of period	348,750	0.49	410,000	0.48
Expired	<u>(348,750)</u>	0.49	<u>(61,250)</u>	0.42
Balance, end of period	<u>-</u>	-	<u>348,750</u>	0.49

8. Related Party Disclosures

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Certain of these entities transacted with the Company during the reporting period.

(a) *Key Management Personnel Disclosures*

During the nine months ended September 30, 2015 and 2014 the following amounts were incurred with respect to the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the Company:

	2015 \$	2014 \$
Management fees - CEO	72,000	72,000
Professional fees - CFO	<u>4,500</u>	<u>4,500</u>
	<u>76,500</u>	<u>76,500</u>

As at September 30, 2015, \$nil (2014 - \$500) remained unpaid and has been included in accounts payable and accrued liabilities.

(b) *Other Related Party Disclosures*

(i) During the nine months ended September 30, 2015 and 2014 the following amounts were incurred with respect to non-management directors of the Company:

	2015 \$	2014 \$
Professional fees	<u>13,500</u>	<u>13,500</u>

As at September 30, 2015, \$11,000 (2014 - \$5,000) remained unpaid and has been included in accounts payable and accrued liabilities.

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8. Related Party Disclosures

- (ii) During the nine months ended September 30, 2015 the Company incurred a total of \$17,400 (2014 - \$22,000) 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, 2015, \$3,600 (2014 - \$2,800) remained unpaid and has been included in accounts payable and accrued liabilities.
- (iii) During the nine months ended September 30, 2015 the Company incurred \$5,525 (2014 - \$13,848) for legal services provided by Axiom Law Corporation ("Axiom"), a firm of which a non-executive officer of the Company is a partner. As at September 30, 2015, \$525 (2014 - \$nil) remained unpaid and has been included in accounts payable and accrued liabilities.
- (c) See also Notes 4 and 7(b).

9. Segmented Information

The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results. The Company's total assets are segmented geographically as follows:

	<u>As at September 30, 2015</u>		
	<u>Canada</u>	<u>Mexico</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Current assets	620,079	1,513	621,592
Exploration and evaluation assets	-	1	1
	<u>620,079</u>	<u>1,514</u>	<u>621,593</u>
	<u>As at December 31, 2014</u>		
	<u>Canada</u>	<u>Mexico</u>	<u>Total</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Current assets	782,998	1,323	784,321
Investment	7,500	-	7,500
Property, plant and equipment	-	1,603	1,603
Exploration and evaluation assets	-	1	1
	<u>790,498</u>	<u>2,927</u>	<u>793,425</u>

10. Financial Instruments and Risk Management

Categories of Financial Assets and Financial Liabilities

Financial instruments are classified into one of the following categories: FVTPL; held-to-maturity investments; loans and receivables; available-for-sale; and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

Financial Instrument	Category	September 30, 2015	December 31, 2014
		\$	\$
Cash	FVTPL	616,539	780,952
Investment	Available-for-sale	-	7,500
Accounts payable and accrued liabilities	Other financial liabilities	(19,084)	(15,111)

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10. 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 amounts for amounts receivable and accounts payable and accrued liabilities approximate their fair value due to their short-term nature. The Company's fair value of cash and investment 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 counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Management believes that the credit risk concentration with respect to financial instruments included in cash and amounts receivable 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, 2015				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	616,539	-	-	-	616,539
Accounts payable and accrued liabilities	(19,084)	-	-	-	(19,084)
	Contractual Maturity Analysis at December 31, 2014				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	780,952	-	-	-	780,952
Investment	7,500	-	-	-	7,500
Accounts payable and accrued liabilities	(15,111)	-	-	-	(15,111)

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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10. Financial Instruments and Risk Management (continued)

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. The investment is subject to market risk.

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

The Company has operations in Mexico subject to foreign currency fluctuations. The Company's operating expenses are incurred in Canadian Dollars and Mexican Pesos. The fluctuation of the Canadian Dollar in relation to the Mexican Peso will have an impact upon the profitability of the Company and may also affect the value of the Company's assets and the amount of shareholders' equity. The Company also maintains US Dollar bank accounts with its Canadian bank. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks. At September 30, 2015, 1 Canadian Dollar was equal to 12.67 Mexican Pesos and 0.75 US Dollar.

Balances are as follows:

	Mexican Pesos	US Dollars	CDN \$ Equivalent
Cash	10,915	30,470	41,673
Accounts payable and accrued liabilities	<u>(23,685)</u>	<u>-</u>	<u>(1,870)</u>
	<u>(12,770)</u>	<u>30,470</u>	<u>39,803</u>

Based on the net exposures as of September 30, 2015 and assuming that all other variables remain constant, a 10% fluctuation on the Canadian Dollar against the Mexican Peso and the US Dollar would result in the Company's net loss being approximately \$4,500 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.