
KINGSMEN RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2023

(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	June 30, 2023 \$	December 31, 2022 \$
ASSETS			
Current assets			
Cash		1,230,844	800,619
GST receivable		7,302	5,449
Prepaid expenses		<u>27,962</u>	<u>10,629</u>
Total current assets		<u>1,266,108</u>	<u>816,697</u>
Non-current assets			
Exploration and evaluation assets	4	<u>232,390</u>	<u>123,918</u>
TOTAL ASSETS		<u>1,498,498</u>	<u>940,615</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		<u>27,004</u>	<u>50,244</u>
TOTAL LIABILITIES		<u>27,004</u>	<u>50,244</u>
SHAREHOLDERS' EQUITY			
Share capital	5	19,696,131	18,901,106
Share-based payment reserve		2,159,638	2,159,638
Deficit		<u>(20,384,275)</u>	<u>(20,170,373)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,471,494</u>	<u>890,371</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,498,498</u>	<u>940,615</u>

Nature of Operations - see Note 1

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on August 25, 2023 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 (LOSS) INCOME
(Unaudited - Expressed in Canadian Dollars)

		Three Months Ended June 30		Six Months Ended June 30	
	Note	2023 \$	2022 \$	2023 \$	2022 \$
Expenses					
Accounting and administration	6(b)	14,350	4,700	26,850	13,700
Audit		18,500	-	18,500	10,000
Corporate development		27,365	-	38,140	-
Director and officer compensation	6(a)	30,500	39,500	60,500	69,500
General exploration		1,646	-	1,646	-
Legal		648	1,393	9,043	12,545
Office		11,464	3,386	16,734	6,504
Professional fees		1,838	-	7,079	-
Regulatory		9,778	5,577	22,754	13,595
Shareholder costs		5,252	83	6,192	1,505
Transfer agent		9,764	2,178	18,090	3,932
Travel		5,696	16,144	9,540	16,654
		136,801	72,961	235,068	147,935
(Loss) income before other items		(136,801)	(72,961)	(235,068)	(147,935)
Other items					
Interest income		16,787	6,603	28,757	8,371
Foreign exchange		(4,007)	9,674	(7,591)	1,952
Gain on disposition	4(b)	-	-	-	267,035
		12,780	16,277	21,166	277,358
Net (loss) income and comprehensive (loss) income		(124,021)	(56,684)	(213,902)	129,423
Basic and diluted (loss) income per common share		\$(0.01)	\$(0.00)	\$(0.01)	\$0.01
Basic and diluted weighted average number of common shares outstanding		19,349,919	14,016,419	17,423,933	14,016,419

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)

Six Months Ended June 30, 2023					
	Share Capital		Share-Based Payment Reserve \$	Deficit \$	Total Shareholders' Equity \$
	Number of Shares*	Amount \$			
Balance at December 31, 2022	14,016,419	18,901,106	2,159,638	(20,170,373)	890,371
Common shares issued for:					
- private placement	5,333,500	800,025	-	-	800,025
Share issue costs		(5,000)	-	-	(5,000)
Net loss for the period	-	-	-	(213,902)	(213,902)
Balance at June 30, 2023	19,349,919	19,696,131	2,159,638	(20,384,275)	1,471,494

Six Months Ended June 30, 2022					
	Share Capital		Share-Based Payment Reserve \$	Deficit \$	Total Shareholders' Equity \$
	Number of Shares*	Amount \$			
Balance at December 31, 2021	14,016,419	18,901,106	2,159,638	(20,159,651)	901,093
Net income for the period	-	-	-	129,423	129,423
Balance at June 30, 2022	14,016,419	18,901,106	2,159,638	(20,030,228)	1,030,516

* The share numbers have been adjusted to reflect a consolidation of the Company's share capital on a one new for two old basis effective March 28, 2023. See also Note 5(b).

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)

	Six Months Ended June 30,	
	2023	2022
	\$	\$
Operating activities		
Net (loss) income for the period	(213,902)	129,423
Adjustment for:		
Gain on disposition	-	(267,035)
Changes in non-cash working capital items:		
GST receivable	(1,853)	(1,906)
Amount receivable	-	(6,250)
Prepaid expenses	(17,333)	(12,267)
Accounts payable and accrued liabilities	(17,470)	13,883
Net cash used in operating activities	(250,558)	(144,152)
Investing activities		
Exploration and evaluation asset expenditures	(114,242)	-
Proceeds on disposition	-	267,036
Net cash (used in) provided by investing activities	(114,242)	267,036
Financing activities		
Issuance of common shares	800,025	-
Share issue costs	(5,000)	-
Net cash provided by financing activities	795,025	-
Net change in cash	430,225	122,884
Cash at beginning of period	800,619	891,799
Cash at end of period	1,230,844	1,014,683

Supplemental cash flow information - Note 7

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 SIX MONTHS ENDED JUNE 30, 2023
(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 a junior mineral exploration company engaged in the acquisition and exploration of mineral properties in Mexico. As at June 30, 2023 the Company has not earned any production revenue, nor has it determined whether these properties contain economically recoverable ore reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and upon future profitable production. Mineral resource interests represent costs incurred to date, less amounts amortized and/or written off, and do not necessarily represent present or future values. As a mineral company in the exploration stage the ability of the Company to complete the exploration and development of its mineral property interests will be affected primarily by its ability to raise adequate amounts of capital through equity financings, debt financings, joint venturing of projects and other means.

The Company has a history of losses with no operating revenues and, as at June 30, 2023, the Company had working capital in the amount of \$1,239,104. 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. 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.

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, 2022, 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, 2022.

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.

3. Subsidiaries

As of June 30, 2023 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.	Mexico	100%

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets

	June 30, 2023			December 31, 2022		
	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$	Acquisition Costs \$	Deferred Exploration Costs \$	Total \$
Las Coloradas Project	136,224	96,166	232,390	123,918	-	123,918
						Los Coloradas Project \$
Balance at December 31, 2021						-
Acquisition costs:						
Option payments						123,918
Balance at December 31, 2022						123,918
Exploration costs:						
Assays						5,352
Geology						39,871
Legal						36,753
VAT tax						14,190
						96,166
Acquisition costs:						
Option payments						12,306
						108,472
Balance at June 30, 2023						232,390

(a) *Las Coloradas Project, Mexico*

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 at June 30, 2023 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 follows:

	Amount US \$
Year one	25,000
Year two	21,000
Year three	42,000
Year four	84,000
Year five	168,000
Year six	300,000
Year seven	500,000
	<u>1,140,000</u>

As at June 30, 2023 the Company has made total payments of \$9,652 (December 31, 2022 - \$7,882) towards the option payment amounts.

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

- (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 follows:

	Amount US \$
On signing	20,000 (paid)
Year one	15,000
Year two	20,000
Year three	30,000
Year four	35,000
Year five	80,000
Year six	200,000
Year seven	<u>600,000</u>
	<u>1,000,000</u>

- (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 at June 30, 2023 the Company has made total payments of \$68,462 (US\$50,000).

- (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”).

(b) *La Trini, Mexico*

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

In fiscal 2020 the Company sold an initial 49% interest in the La Trini Property to GoGold Resources Inc. (“GoGold”) for \$316,305 (US \$225,000). On February 1, 2022 the Company completed the disposition of its remaining 51% interest in the La Trini Property to GoGold and received US \$210,000 recognizing a gain of \$267,035.

The Company retains a 1% 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.

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.

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - Expressed in Canadian Dollars)

5. Share Capital (continued)

(b) ***Share Consolidation***

On March 28, 2023 the Company completed a consolidation of its share capital on a one new for two old basis. The share and per share amounts have been adjusted within these condensed consolidated interim financial statements to reflect the share consolidation.

(c) ***Equity Financings***

Six Months ended June 30, 2023

On March 8, 2023 the Company completed a non-brokered private placement for 5,333,500 common shares for proceeds of \$800,025. The Company incurred \$5,000 for filing costs associated with this private placement.

Fiscal 2022

No equity financings were conducted by the Company during fiscal 2022.

(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 six months ended June 30, 2023 and 2022 and, as of June 30, 2023, the Company had no share options outstanding.

6. 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 six months ended June 30, 2023 the Company incurred total compensation of \$64,350 (2022 - \$60,000) to key management personnel of which \$60,500 (2022 - \$60,000) was expensed to director and officer compensation and \$3,850 (2022 - \$nil) was capitalized to exploration and evaluation assets.

As at June 30, 2023 \$4,850 (December 31, 2022 - \$nil) remained unpaid and has been included in accounts payable and accrued liabilities.

- (b) During the six months ended June 30, 2023 the Company incurred a total of \$26,850 (2022 - \$13,700) 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 June 30, 2023 \$7,750 (December 31, 2022 - \$3,500) remained unpaid and has been included in accounts payable and accrued liabilities.

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - Expressed in Canadian Dollars)

7. Supplemental Cash Flow Information

During the six months ended June 30, 2023 and 2022 non-cash activities were conducted by the Company as follows:

	2023 \$	2022 \$
Operating activity		
Accounts payable and accrued liabilities	(5,770)	-
Investing activity		
Exploration and evaluation assets	5,770	-

8. Segmented Information

As at June 30, 2023 and December 31, 2022 the Company has no reportable segment revenues or operating results. The Company's total assets are segmented geographically as follows:

	As at June 30, 2023		
	Canada \$	Mexico \$	Total \$
Current assets	1,253,477	12,631	1,266,108
Exploration and evaluation assets	-	232,390	232,390
	<u>1,253,477</u>	<u>245,021</u>	<u>1,498,498</u>
	As at December 31, 2022		
	Canada \$	Mexico \$	Total \$
Current assets	814,538	2,159	816,697
Exploration and evaluation assets	-	123,918	123,918
	<u>814,538</u>	<u>126,077</u>	<u>940,615</u>

9. 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	June 30, 2023 \$	December 31, 2022 \$
Cash	FVTPL	1,230,844	800,619
Accounts payable and accrued liabilities	Amortized cost	(27,004)	(50,244)

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.

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

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 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 June 30, 2023				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	1,230,844	-	-	-	1,230,844
Accounts payable and accrued liabilities	(27,004)	-	-	-	(27,004)
	Contractual Maturity Analysis at December 31, 2022				
	Less than 3 Months \$	3 - 12 Months \$	1 - 5 Years \$	Over 5 Years \$	Total \$
Cash	800,619	-	-	-	800,619
Accounts payable and accrued liabilities	(50,244)	-	-	-	(50,244)

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.

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.

KINGSMEN RESOURCES LTD.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023
(Unaudited - Expressed in Canadian Dollars)

9. Financial Instruments and Risk Management (continued)

Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company maintains foreign currency bank accounts to support the cash needs of its foreign operations. The Company also maintains a bank account in US Dollars with its Canadian bank. Management believes the foreign exchange risk related to currency conversions is minimal and therefore does not hedge its foreign exchange risk. At June 30, 2023, 1 Canadian Dollar was equal to 12.89 Mexican Pesos and 0.76 US Dollar.

Balances are as follows:

	Mexican Pesos	US \$	CDN \$ Equivalent
Cash	369,340	122,847	190,294
Accounts payable and accrued liabilities	<u>(79,865)</u>	<u>-</u>	<u>(6,196)</u>
	<u>289,475</u>	<u>122,847</u>	<u>184,098</u>

Based on the net exposures as of June 30, 2023 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 comprehensive loss being approximately \$19,500 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.