

Kingsmen Resources Ltd.

Ticker: TSX.V: KNG

Jan 9th 2026

Equity Research Note | Precious Metals Exploration

Executive Summary

Rating: BUY

Price Target: C\$3.80 (41.3% Upside)

Current Price: C\$2.69 (Jan 9, 2026)

Horizon: 12 months

Risks: Speculative

Kingsmen Resources Ltd. is a junior mineral exploration company advancing district-scale silver and gold opportunities in the historic Parral mining district of Chihuahua, Mexico. The company's flagship Las Coloradas project has recently delivered high-grade drill results, including a 270 g/t silver-equivalent (AgEq) intercept from a 1.5 km step-out, confirming mineralization across multiple parallel structures. Combined with a recently completed C\$4.15 million financing, Kingsmen enters 2026 fully funded to execute an expanded drill program.

The investment case rests on three pillars: (1) early proof of a multi-vein, district-scale mineralized system at Las Coloradas, (2) a disciplined capital strategy that prioritizes drilling efficiency, and (3) exposure to a constructive macro backdrop for silver and gold. While the company remains pre-resource and high-risk by nature, recent results materially de-risk the geological thesis and position 2026 as a pivotal year for value creation.

Investment Positives

1. Proof of Concept at Las Coloradas

The recent step-out intercept transforms Kingsmen from a speculative landholder into a credible discovery-stage explorer. Confirming high-grade mineralization across multiple parallel structures significantly reduces geological risk and supports the interpretation of a district-scale system rather than a single-vein anomaly.

2. Capital Discipline and Exploration Efficiency

Kingsmen has structured its asset acquisitions with staged payments and minimal near-term obligations, preserving capital for drilling. Management's stated focus on directing the majority of funds into the ground rather than overhead enhances the probability that exploration spend translates into meaningful geological data.

3. Strategic Location and M&A Optionality

The Parral district is a proven mining camp with active operators nearby, including GoGold Resources. In a sector facing declining reserves, even a modest defined resource (30–50 Moz AgEq) could be strategically relevant to regional producers seeking bolt-on acquisitions.

4. Leverage to a Constructive Silver Macro

Silver's dual role as a monetary and industrial metal underpins a favorable medium-term outlook. Structural supply constraints, growing industrial demand (notably from electrification and solar), and heightened investor interest in hard assets support higher long-term silver prices. Exploration-stage equities such as Kingsmen offer leveraged exposure to this thematic.



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Mining & Resources



Kingsmen Resources is a pre-revenue exploration company focused on silver- and gold-rich epithermal systems in Mexico. The company controls two 100%-owned projects:

Las Coloradas (Flagship): A consolidated land package in the Parral district, covering historic high-grade silver-gold-lead-zinc mines previously operated by ASARCO. Kingsmen is the first junior to unify this district-scale opportunity under one ownership structure.

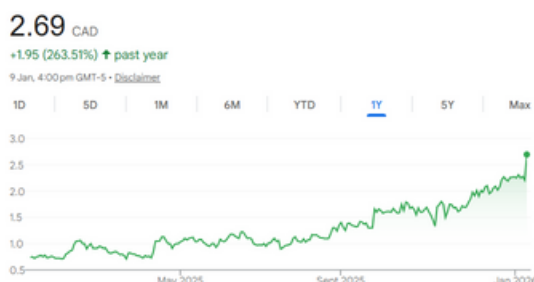
Almoloya: A gold-silver project acquired in 2025, hosting multiple historic workings and high-grade surface and underground samples.

Kingsmen's strategy is to apply modern exploration techniques to historically productive but underexplored districts, targeting depth and strike extensions beneath old workings. The company has no debt and maintains a relatively tight share structure for a junior explorer, reflecting an emphasis on capital efficiency.

Valuation	C\$3.80
Current price	C\$2.69
Market cap	~C\$77m
Cash on hand	~C\$4.2m (Dec)*

*estimate post financing cash on hand

Share Performance (CAD\$)



Over the past 12 months, Kingsmen shares have delivered a strong re-rating, rising to ~C\$2.69 for a gain of roughly +264%. The chart shows a relatively steady base through mid-2025 followed by a clear uptrend and acceleration into late 2025/early 2026, consistent with improving investor confidence around exploration momentum and funding visibility.

Recent Developments & Operational Momentum

Las Coloradas – Step-Out Discovery

In January 2026, Kingsmen reported a 270 g/t AgEq intercept over 1.3 meters from a hole drilled approximately 1.5 km from the original discovery zone. This result confirmed mineralization on a parallel structure (Soledad II), distinct from previously drilled veins. Importantly, high-grade intercepts have now been recorded on three separate vein systems across the property.

While the reported intercept width is narrow, the result is strategically significant: it demonstrates that high-grade mineralization is not isolated, but rather distributed across a broader structural corridor. This materially strengthens the district-scale thesis and expands the potential footprint for follow-up drilling.

Earlier holes at Las Coloradas returned grades exceeding 1,000 g/t AgEq over narrow intervals, supporting the interpretation of a high-grade epithermal system with potential for continuity along strike and at depth. Much of the property remains untested by drilling.

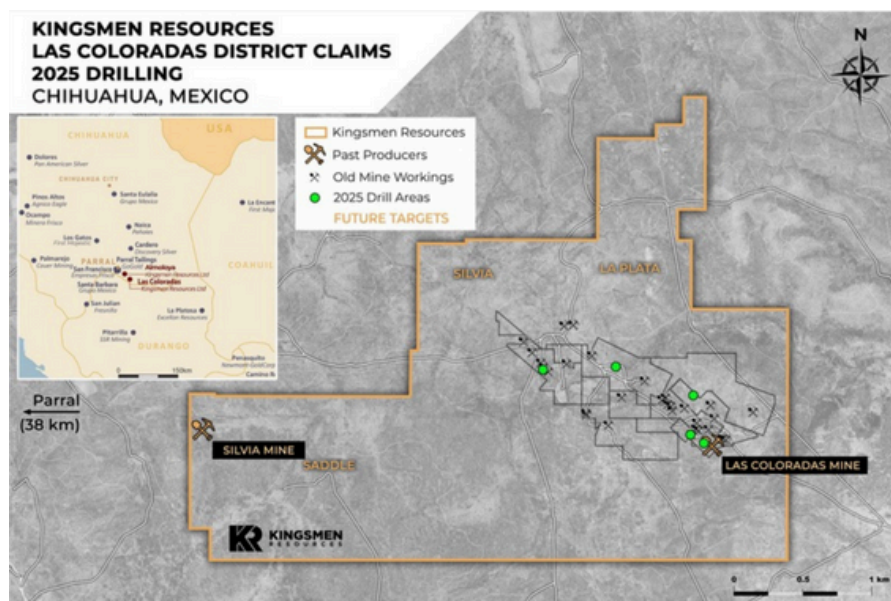


Figure 1: Kingsmen Resources Las Coloradas District (Source: kingsmenresources.com/news)

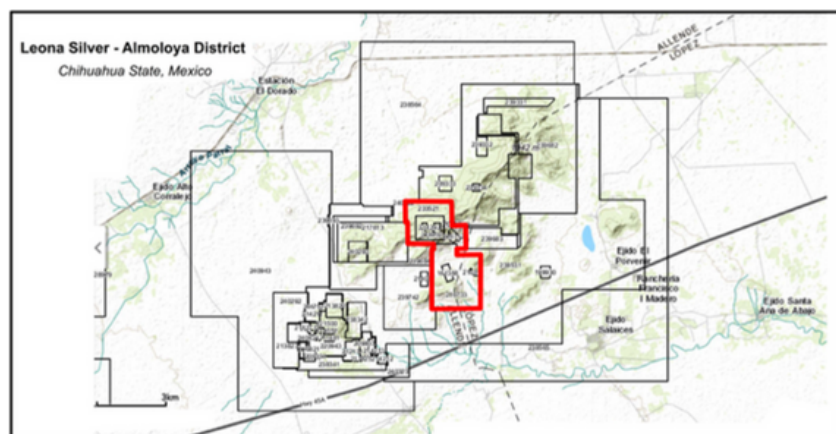


Figure 2: Kingsmen Resources Leona Silver Project (Source: kingsmenresources.com/news)

Almoloya – High-Grade Gold Sampling

At the Almoloya project, Kingsmen reported high-grade gold values from surface and underground sampling, including individual samples exceeding 30 g/t Au. Sampling confirmed multiple mineralized structures across the South Block, reinforcing Almoloya's potential as a second discovery engine.

The project is earlier stage than Las Coloradas, but its historic production, structural scale, and gold-dominant profile provide optionality and diversification within the portfolio. The company plans to advance Almoloya toward drill-ready status following further mapping and targeting.

Balance Sheet Strength

Kingsmen closed a C\$4.15 million private placement in late 2025, providing a fully funded exploration runway into 2026. The financing allows the company to focus on execution rather than near-term capital raising, a notable advantage in a challenging junior mining capital market.

Macro Backdrop: Silver and Gold

Silver enters 2026 with particularly strong structural support. Industrial demand now represents more than half of global silver consumption, driven by continued growth in solar energy, electrification, and advanced electronics. At the same time, global mine supply remains constrained by declining grades, a lack of new large-scale discoveries, and years of underinvestment in exploration. This tightening supply-demand balance has increased silver's sensitivity to incremental demand shifts, reinforcing its asymmetric upside profile in a strengthening commodities cycle.

Five-Year Relative Performance of Gold and Silver (%)



Figure 3: Source: tradingview.com

Gold's outlook is similarly constructive. Central bank purchases remain near multi-decade highs, reflecting ongoing efforts to diversify reserves away from fiat currencies. Elevated geopolitical risk, persistent fiscal deficits in developed markets, and the prospect of lower real interest rates continue to support gold as a strategic store of value. Historically, such environments have been favorable for precious metals equities, particularly those offering leverage to discovery.

For junior explorers, a higher and more stable precious metals price environment meaningfully improves project economics, investor risk appetite, and access to capital. Sustained silver and gold prices above long-term averages tend to support valuation multiple expansion across the sector, with the strongest re-ratings accruing to companies that demonstrate high-grade discoveries and clear pathways to scale.

Key Risks

- **Geological Continuity Risk:** High-grade intercepts to date are narrow, and economic continuity has not yet been established.
- **Exploration and Dilution Risk:** As a pre-revenue company, Kingsmen will require additional capital beyond 2026 unless a major discovery accelerates strategic options.
- **Jurisdictional Risk:** While Chihuahua is a mining-friendly state, Mexico carries regulatory and permitting uncertainty that could impact timelines.
- **Option Obligations:** Both core assets are subject to staged payment agreements, creating longer-term funding commitments.

Valuation Commentary

At its current market capitalization (~C\$75-80 million), Kingsmen is being valued primarily on exploration potential rather than defined resources. On an implied basis, the market is assigning a speculative value consistent with early-stage discovery peers that have demonstrated grade but not yet scale.

The risk-reward profile remains asymmetrically skewed: downside exists if follow-up drilling fails to establish continuity, but successful delineation of a multi-vein system could justify a materially higher valuation. A base-case valuation scenario supports a C\$3.80* per share estimate, though this figure is sensitive to drilling outcomes and silver prices and should be viewed as illustrative rather than definitive.

*Our target is derived from an EV/oz-style scenario analysis using implied exploration ounces and peer discovery-stage multiples, discounted for stage and jurisdiction, with sensitivity to silver price and continuity

Conclusion

Kingsmen Resources offers high-risk, high-reward exposure to silver and gold exploration at a time when new discoveries are increasingly scarce. Recent drill success at Las Coloradas provides meaningful validation of the district-scale thesis, while a strengthened balance sheet positions the company to aggressively pursue follow-up exploration in 2026.

Although still early-stage, Kingsmen has moved beyond concept and into execution. With multiple catalysts ahead and leverage to a supportive precious metals macro environment, the company is well positioned to create value if continued drilling confirms scale and continuity. For investors comfortable with exploration risk, Kingsmen represents a focused and capital-efficient vehicle to participate in potential silver-led discovery upside.

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