

KINGSMAN RESOURCES INC.
MANAGEMENT DISCUSSION & ANALYSIS
For the Quarter Ending June 30, 2007

DESCRIPTION OF BUSINESS

Kingsman Resources Inc. (the Company) is a development stage company engaged in the business of acquiring, exploring and, if warranted, developing mineral resource properties and placing such properties into production. The Corporation holds interests in mineral properties in British Columbia. None of the Corporation's properties contain a known ore body. The Corporation owns no producing properties and, consequently has no current operating income or cash flow. Operations are primarily funded by equity subscriptions. Currently the Company is concentrating its efforts on its properties located in Greenwood, British Columbia. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol KSM.

SELECTED FINANCIAL INFORMATION

	2007		2006				2005	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	0	0	0	0	0	0	0	0
G&A Expenses	71,599	82,554	92,055	17,439	30,252	21,678	24,878	24,183
Option Benefits	0	0	64,801	0	0	40,534	0	0
Property Write-off	708,294							
Net Loss(Gain)	779,893	82,554	156,856	17,439	30,252	62,212	24,878	24,183
-per share	.06	.01	.02	.00	.00	.01	.00	.00
-per share-diluted	.06	.01	.01	.00	.00	.01	.00	.00
Total Assets	711,542	1,456,889	1,309,585	286,252	287,398	295,549	322,653	304,481
Liabilities(L.T.)	-	-	-	-	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-	-
Working Capital(Deficiency)	666,650	742,970	888,999	(20,608)	(3,169)	48,353	45,220	62,132
Resource Property Expenditures	24,721	342,475	88,338	0	36,270	5,189	31,034	6,000
Share Capital:								
-Authorized	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
-Outstanding	16,026,430	15,926,430	14,743,630	8,843,630	8,843,630	8,768,630	8,568,630	8,228,630
-Warrants	3,986,000	3,986,000	4,900,000	2,800,000	2,800,000	2,800,000	3,000,000	3,000,000
-Options	1,266,470	1,266,470	1,586,470	830,000	830,000	830,000	341,429	681,429

Part 2 of the notes to the audited and interim financial statements indicates the accounting principles under which the financial data has been prepared. In summary, the Company's results are measured in Canadian dollars using Canadian Generally Accepted Accounting Principles (GAAP).

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SELECTED ANNUAL INFORMATION

	Years ended December 31		
	2006	2005	2004
Revenues	-	-	-
G & A Expenses	161,424	106,765	89,557
Net Loss (Gain)	266,759	147,413	136,380
Per share- basic and diluted	(.03)	(.02)	(.03)
Working Capital (Deficiency)	888,999	45,220	(33,703)
Total Assets	1,309,585	322,653	97,776
Deferred Resource Property Expenditures	114,797	153,312	22,736
Liabilities (L.T.)	-	-	-
Cash dividends	-	-	-

RESOURCE PROPERTIES

Luxor Moly Property

Through a purchase agreement with effective date of 19 June 2007, the Company acquired an option to acquire a 100% interest in a total of 7 mineral tenures totaling 2,260 hectares (“Luxor Moly Property”) located in the Kamloops Mining Division about 28 kilometers northeast of Barriere B.C.

To maintain the Agreement and the Option in good standing, the Company is required to make payments to the vendors and to perform exploration work according to the following schedule:

Date	Payment	Shares	Exploration Work
2007- on approval	⁽¹⁾ \$ 10,000	⁽²⁾ 50,000	0
2007- by December 31	10,000	⁽²⁾ 50,000	\$ 100,000
2008- by December 31	20,000	75,000	\$ 100,000
2009- by December 31	30,000	100,000	\$ 100,000
2010- by December 31	30,000	125,000	\$ 100,000
2011- by December 31	0	0	\$ 100,000
	\$ 100,000	400,000	\$ 500,000

⁽¹⁾ Paid

⁽²⁾ Issued

⁽³⁾ Completed

The vendors retained a 2.0% net smelter return royalty (“NSR”).

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The area of the Luxor property has seen sporadic exploration programs carried out throughout the 1960's, 1970, 1971, 1980 and 1981. The majority of this work has consisted of several small-scale geochemical soil sampling programs, sporadic rock sampling, prospecting and geological mapping. A program of 10 diamond drill holes totaling 4,750 feet were drilled in 1966, but no results were ever reported. The drill holes were probably partially focused on a known area of molybdenum mineralization referred to as the 'Main' showing area. The drill holes appear to have been mainly drilled from an access trail down-slope from the "Main" showing area and probably were poorly positioned to properly assess the showing area. In 1980, one vertical hole totaling 305 metres was drilled, approximately 4 kilometers northeast of the 'main' showing, with negligible results. In 1981 a second vertical hole totaling 610.0 metres was drilled at the top of the steep slope, approximately 600 metres east of the 'main showing'. This hole showed more extensive alteration with reported MoS₂ values of 0.03% reported from 75.3-90.5 (15.2)m and 0.025% from 179.0-194.2 (15.2)m.

The target for the Luxor property is that of a bulk-tonnage porphyry molybdenum deposit. Although significant values of molybdenum have been obtained within the area of the Luxor property, no clear parameters have been established to speculate on the overall extent or continuity of mineralization on the mineral property. In the past, exploration over the property area has been hampered by steep slopes, which have allowed only limited access or exposure for geological and/or prospecting evaluations. Past work has indicated that the 'main' showing area is approximately 150 metres by 100 metres in extent, but this is likely somewhat hypothetical and will require more detailed study to examine structural controls, rock alteration and strike/width extensions for the known mineralization area. Good molybdenum mineralization in rock float has been reported from as far as 1.5 kilometers south of the 'main' showing area, possibly representing a continuously mineralized zone throughout this distance. Various mineral grades have been reported from past work on the property, but cannot be relied upon, as they are often select grab samples and do not represent mineralization across sizable or measured sample widths. Mineral grades of up to 5.0% MoS₂ have been reported by previous operators. The accompanying map shows rock and stream silt sampling carried out by previous claim owner B. Augsten. The highest values of 3,329 ppm Mo and 3,653 ppm Mo were obtained at the 'main' showing area. A sample collected by G. Thomson from this area returned a value of 0.085% Mo across a 1.0 metre outcrop containing molybdenite in strongly fractured pinkish quartz monzonite. A second sample across a 15 centimetre wide molybdenite-bearing fracture filling assayed 0.484% Mo.

Due to steep precipitous slopes along the western extent of the mineral property, systematic ground geochemical and geophysical surveys are not recommended. For the present, the mineral property should undergo additional prospecting and geological evaluations, within allowable topographical constraints.

The area around the 'main' showing should be further evaluated in an attempt to follow out the mineralization in terms of strike extent and structural continuity. To this end, a relatively short exploration or trenched access trail from the lower road access upslope to the 'main' molybdenum showing area will be done. This work could be carried out using a small excavator to provide better outcrop exposure in this area of the mineral property and therefore provide a better geological understanding of the 'main' showing area. This new access can also be used to establish more optimally located drill site locations for the 'main' showing area. A work program is being developed and is expected to occur in the Fall. The upper or plateau area of the property will also be evaluated as anomalous molybdenum results have also been obtained in this area of the property.

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Pathfinder Property

Through a purchase agreement with effective date of 31 July, 2007, the Company acquired an option for a 100% interest in a total of 4 mineral tenures totaling 1,056 hectares (“Pathfinder Property”) located in the Boundary Mining Division about 18 kilometers north of Grand Forks B.C. **This acquisition is awaiting TSX Venture Exchange acceptance.**

To maintain the Agreement and the Option in good standing, the Company is required to make payments to the vendors and to perform exploration work according to the following schedule:

Date	Payment	Shares	Exploration Work
2007- on approval	\$ 5,000	40,000	0
2008- by July 1	5,000	40,000	\$ 50,000
2009- by July 1	5,000	40,000	\$ 50,000
2010- by July 1	10,000	40,000	\$ 50,000
2011- by July 1	10,000	40,000	\$ 50,000
	\$ 35,000	200,000	\$ 200,000

⁽¹⁾ Paid

⁽²⁾ Issued

⁽³⁾ Completed

The vendors retained a 2.0% net smelter return royalty (“NSR”).

The property lies within the Phoenix-Boundary mining camp, which dates back to the late 1890’s. Numerous precious and base metal deposits are found in the region. Since its discovery in the 1890’s, many individuals and several junior mining companies have worked on the Pathfinder property,

There are numerous old workings in the northern portion of the Pathfinder property. Three known mineral zones are known to occur on the mineral property referred to as **Pathfinder, Diamond Hitch and Little Bertha**. The Pathfinder and Diamond Hitch zones located approximately 1 kilometre apart consist of massive gold-bearing sulphides (mainly pyrite and pyrrhotite with some chalcopyrite) hosted in altered volcanic and sedimentary rocks. The Little Bertha zone lies about 1 kilometre northwest of the Pathfinder zone and consists of a northerly trending, gold-bearing mesothermal quartz vein(s), 1-2 metres in width hosted by intrusive rocks.

Several shipments of ore totaling 1,230 tons were produced from the Pathfinder and Little Bertha deposits. Gold and silver, along with minor copper and lead were produced.

Diamond drilling has been minimal on the Pathfinder property, mainly focused on the main workings of the Pathfinder zone. Thirteen short holes were drilled in 1985, containing multiple intersections (0.6 to 1.6 m) of gold (3.8 to 16.0 g/t Au), silver (5.7 to 43.9 g/t Ag) and copper (0.26% to 2.52% Cu). Later examination of this drill core demonstrated that the drill core was not adequately sampled with un-sampled sections containing up to 2.3 g/t Au with associated copper up to 0.5% Cu plus silver. Results to date indicate that mineralization at the Pathfinder zone is probably more extensive than previously recognized.

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Diamond drilling at the Diamond Hitch zone consisted of 7 short holes in 1983 and 1984, most drilled too shallow to reach the main mineral controlling structure. Drill hole 83-4 intersected massive pyrrhotite + pyrite at depth with a 0.7 m interval assaying **39.7 g/t Au**, while a second interval assayed 3.4 g/t Au across 4 metres. This zone measures at least 60 metres wide by 200 metres long and is possibly structurally related to the Pathfinder zone to the northeast.

Numerous other scattered showings are known on the property, some of which have returned favorable gold grades (to 73.1 g/t Au). Trenching done in 1987, approximately 100 metres southeast of the Pathfinder zone located a significant mineralized interval assaying **6.7 g/t Au** across 5 metres. This zone is untested by drilling. Other geochemical and /or geophysical targets require further investigation utilizing trenching and diamond drilling exploration.

The favorable regional setting of the Pathfinder property, including zones of known mineralization with good gold grades as well as multiple unexplored and under-explored target areas combine to make the Pathfinder an attractive land package. A work program is being planned for the Fall.

Snowshoe Property

In December, 2005 the Company conducted an AeroTEM 3D helicopter airborne geophysical study on the Snowshoe property. The survey, conducted by Aeroquest Limited covered the entire property at 100 meter spacing with the upper portion being flown at 50 meter spacing and was successful in identifying several high-priority targets on the property.

Known mineralization on the Snowshoe property includes semi-massive to massive sulfides (with associated gold mineralization) along shear zones, as well as high-grade gold-silver quartz veins. Both styles of mineralization are believed to be part of an Eocene mineralizing event. In excess of 3 million ounces of gold has been produced from Eocene-aged epithermal veins in the Republic and Curlew areas of Washington State, 20-40 kilometers south of the Snowshoe property. In these areas, widespread alteration is associated with the veins, and has destroyed primary magnetite in the host rocks.

Geophysics was recommended for the Snowshoe property to identify conductive zones related to sulfide mineralization and to identify areas of low magnetic response that could represent magnetite destructive alteration associated with veining. The Aeroquest survey was successful in identifying two linear mag-low features in an untested part of the property that had previously been identified as having a favourable structural setting for mineralization. Numerous small, but high-grade quartz veins occur nearby, none of which have been the subject of any recent exploration. One of these nearby veins, the EPU vein, has historical production of 571 tonnes at an average grade of 78.1 g/t Au (2.3 oz/t) and 402 g/t Ag (11.7 oz/t Ag). Locally, grades to in excess of 171 g/t Au (5 oz/t Au) have been reported from the vein. A second nearby vein, the Bay vein has past-production of 447 tonnes at a grade of 38.0 g/t Au (1.1 oz/t Au) and 32.4 g/t Ag (0.95 oz/t Ag). The presence of Au-Ag tellurides in these veins and an abundance of Eocene dykes, suggest that the mag-low anomalies could be related to alteration along Eocene structures. The mag-low targets both exceed 600 meters in strike length, and the eastern anomaly continues on-strike to the southeast for over 2.5 kilometers.

Several discrete AeroTEM II conductors were also identified by the Aeroquest survey. All of these conductors are new targets in unexplored parts of the property. One of the anomalies is situated only 1 kilometer west of the Phoenix open-pit mine, from which over 1 million ounces of gold was historically produced. A second AeroTEM II anomaly is located 2.1 kilometers west of the Phoenix pit. Both of the conductors exceed 200 meters in strike length, and trend northwards, parallel to the trend of the Phoenix ore body. Rock exposure is minimal in these areas, and drilling was recommended to test these, as well as other conductors on the property.

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In mid-December, 2006 the Company began a winter diamond drill program to test electromagnetic and magnetic anomalies resulting from last year's helicopter-borne survey by Aeroquest Ltd. Nineteen NQ holes, totaling 3090 meters were drilled. The program was designed to test Priority 1 electromagnetic and magnetic anomalies resulting from a 2005 helicopter-borne Aeroquest survey. In total, 6 targets were drilled, within a 3 kilometer by 3.7 kilometer area. Over 640 drill-core samples were collected and submitted to Eco Tech Laboratory in Kamloops for analysis for gold plus a multi-element ICP suite. A quality control/quality assurance program, which included company inserted blanks and standards at regular intervals, was implemented.

All of the airborne targets generated by the Aeroquest airborne geophysical survey were successfully drilled and all were explained by geological conditions that did not include economic mineralization. In all cases, elevated values were associated with narrow quartz +/- sulfide veins or veinlets within the interval sampled. Few samples returned significantly anomalous values as shown below:

Drill Hole	Sample	From (m)	To (m)	Sample Interval (m)	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)
07-12	G37715	110.10	110.40	0.30	2.09	13.5	0.26	0.37
07-12	G37735	158.30	159.80	1.50	1.04	-	-	-
07-17	G37896	110.35	110.85	0.50	1.95	860.0	-	-
07-19	G37940	58.00	58.75	0.75		39.1	2.75	-
07-19	G37954	171.00	171.50	0.50	8.05	562.0	4.00	3.80

Samples G37715 and G37735 contained numerous narrow quartz-sulfide veinlets within the intervals sampled. The relationship between the true width and sampled width of the mineralized zones is unknown. Sample G37896 was a 0.5 meter sample that included a 5 centimeter quartz-sulfide veinlet (true width) within unmineralized quartzite. There were no anomalous values in the adjoining sample above or below. Sample G37940 included a 3 centimeter (true width) quartz-sulfide veinlet, that was sampled within a 0.75 meter long sample. The veinlet is hosted in unmineralized quartzite, with no values in the adjoining sample above or below. Sample G37954 was a 0.5 meter long sample that included a 23 centimeter (true width) mineralized quartz vein. As above, it is hosted in unmineralized quartzite, with no significant values carrying into the hangingwall or footwall rocks.

The Company reviewed the overall results from work on the property to date and have decided to drop the property and absorbed those costs in the second quarter of 2007.

OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY

- The loss for the six months ended June 30, 2007 was \$862,447 compared to a loss of \$92,464 the corresponding period last year. Included in this year's loss is a property cost write-off of \$708,294 for the dropping of the Snowshoe Property. The single largest year over year G & A variance was the investor relations costs due to the aggressive advertising campaign costing \$85,000, including an upgraded website commenced in December. Travel costs were \$9,000 higher due to the drilling program and audit and legal costs were \$8,000 higher. Partially offsetting these costs was the stock option benefit charge of \$40,534 last year. There have been no options granted so far this year.
- Completion costs for the December, 2006 work program on the Snowshoe Property totalled \$358,868. The total costs spent on the drilling program were \$473,868, in line with the \$425,000 in flow through funds raised in December.

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- In the first quarter the Company raised \$279,000 through the issuance of 1,182,800 shares from the exercise of options and warrants. There have not been any material variances in the use of disclosed principal purposes of financings completed in both current and prior years and the actual expenditures during the current period. As at June 30, 2007 the Company's share position was as follows:

Shares	16,026,430
Options	1,266,470
Warrants	<u>3,986,000</u>
Fully Diluted	<u>21,278,900</u>

- In the second quarter the company issued 100,000 shares at a deemed value of \$20,000 on its Luxor Moly Property option.
- At the end of June, 2007, the Company's working capital was \$667,000 down \$222,000 from year end. The Company's continuing losses and ongoing overhead and resource property investigation costs bring into question the Company's ability to survive as a going concern if it is unable to secure adequate financing.
- The ability of the Company to successfully acquire properties in the resource sector is conditional on its ability to secure financing when required. The Company proposes to meet any additional financing requirements through the exercise of outstanding stock options and warrants or arranging equity financing. In light of the continually changing financial markets, there is no assurance that funding by equity subscriptions will be possible at the times required or desired by the Company.
- **Table 1. General and Administrative Expenditures**

	2007		2006				2005	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Filing Fees and Transfer Agent	7,040	6,667	4,757	926	6,370	4,273	1,092	2,327
Investor Relations	38,316	49,249	26,999	328	1,650	713	733	300
Professional fees	14,150	8,159	45,463	6,000	8,750	6,000	13,332	12,998
Management Fees	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Office	1,454	3,391	1,397	2,048	2,653	3,372	1,610	1,182
Travel	4,049	9,670	4,268	622	3,712	684	1,234	286
Other	(910)	(2,082)	1,671	15	(383)	(864)	(623)	(410)
Total	71,599	82,554	92,055	17,439	30,252	21,678	24,878	24,183

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CORPORATE ACTIVITIES

- The Board is structured as follows:

Robert McLaughlin	- President
James G. Stewart	- Audit Committee Member
Derek Bartlett	- Audit Committee Member
Jeanette Hutchinson	- Secretary and CFO
Edward (Ted) Drummond	- Audit Committee Member
- The 2007 Annual General Meeting was held June 26, 2007 in Vancouver, BC.

INVESTOR RELATIONS ACTIVITIES

- The Company's shareholder information continues to be handled in house by directors and officers of the Company.

RELATED PARTY TRANSACTIONS

- In the first quarter directors and officers exercised 200,000 options @ \$0.20 per share. Directors and officers have 600,000 options at \$0.32 per share.
- Monthly management fees total \$2,500 for all comparative periods.

CRITICAL ACCOUNTING ESTIMATES

- None.

OFF-BALANCE SHEET ARRANGEMENTS

- None.

DISCLOSURE CONTROLS AND PROCEDURES

- Management is responsible for establishing and maintaining disclosure controls and procedures for the Company. Based on an evaluation of the Company's disclosure controls and procedures as of the end of the period covered by this MD&A, management believes such controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

SUBSEQUENT EVENTS

- On July 24, 2007 the Company announced a non-brokered private placement of up to \$1,080,000 for ongoing development of its British Columbia properties and general working capital. This offering consists of up to 3,000,000 non flow-through units at \$0.20 per unit and up to 2,000,000 flow-through units at \$0.24 per unit. Each non flow-through unit and each flow-through unit consists of one common share and one two-year non-transferable warrant exercisable at a price of \$0.25 in year one, and \$0.30 in year two.

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- The Company announced the acquisition of the Pathfinder Property. See the Properties section of this report for more information on the Pathfinder property.

ADDITIONAL INFORMATION

- Additional information about the Company can be found on www.sedar.com and www.kingsmanresources.com.