

**KINGSMAN RESOURCES INC.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
**For the Six Months Ended June 30, 2009**

**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 three 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 three properties located in British Columbia. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol KSM. The effective date of this report is August 19, 2009.

**SELECTED FINANCIAL INFORMATION**

	2009		2008				2007	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	0	0	0	0	0	0	0	0
G&A Expenses	90,201	65,027	84,036	69,686	33,300	29,337	155,670	61,660
Option Benefits	53,971	0	0	0	70,300	0	66,672	0
Property Write-off	0	0	0	0	0	0	0	0
Income Tax Recovery	0	0	0	0	0	0	(307,933)	0
Net Loss(Gain)	144,172	65,027	84,036	69,686	103,600	29,337	(85,591)	61,660
-per share	.00	.00	.00	.00	.01	.00	.00	.00
-per share-diluted	.00	.00	.00	.00	.01	.00	.00	.00
Total Assets	1,193,997	1,280,460	1,363,271	1,407,691	1,485,469	1,500,203	1,488,806	1,140,733
Liabilities(L.T.)	-	-	-	-	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-	-
Working Capital(Deficiency)	140,967	263,559	344,764	633,916	1,020,359	1,145,147	1,145,092	1,010,241
Resource Property Expenditures	20,892	16,177	351,714	306,757	91,488	33,008	173,980	84,749
Share Capital:								
-Authorized	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
-Outstanding	21,294,435	21,294,430	21,296,430	21,221,430	21,131,430	21,091,430	20,611,430	18,156,430
-Warrants	8,341,000	8,341,000	8,341,000	8,341,000	8,341,000	8,341,000	8,341,000	5,986,000
-Options	1,670,000	1,670,000	2,250,000	2426,470	2426,470	1,626,470	2,136,470	1,416,470

**Part 2 of the notes to the audited 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		
	2008	2007	2006
Revenues	-	-	-
G & A Expenses (including option benefits)	286,659	438,155	161,424
Net Loss (Gain)	286,659	838,516	266,759
Per share- basic and diluted	(.01)	(.05)	(.03)
Working Capital (Deficiency)	344,764	1,145,092	888,999
Total Assets	1,363,271	1,495,820	1,309,585
Deferred Resource Property Expenditures	784,112	639,491	114,797
Liabilities (L.T.)	-	-	-
Cash dividends	-	-	-

**RESOURCE PROPERTIES**

**Note:** For a more complete history of the work and commentary on the resource properties, readers are referred to the December 31, 2008 Management Discussion & Analysis report, and, to the Company's website at [www.kingsmanresources.com](http://www.kingsmanresources.com) .

**International Basin Property**

In September, 2007 the Company optioned a 100% working interest in the International Basin Property located 35 kilometers south of Golden, British Columbia in the Slocan and Golden Mining Divisions. The Company has expanded the original property of 15 mineral tenures totaling 5,979 hectares to 23 tenures totaling 9.354 hectares.

The Company has performed a full review of the gold, silver, copper, lead and zinc values in rock samples from its International Basin property located in the northern Purcell Mountains, at the headwaters of Bobbie Burns Creek, south of Golden, British Columbia, and presents a geologic model for ore controls on the property. This review expands on the results announced in the December 2, 2008 news release and can be found on the Company website at [www.kingsmanresources.com](http://www.kingsmanresources.com) .

The Property was worked from 1883-1900 when the silver price collapsed; numerous legal suits stopped it till 1920. It closed again in 1923 and was mostly forgotten until Kingsman picked it up in 2007. In minifile under author (Haggen) the 1927 file (56 pages) can be found. When we found the file we did not have the map for the first year unfortunately. The report stated gold to 3.5 oz and silver to 283 oz. Our task has been to try and duplicate their results to bring the property to the next level.

The system at International Basin is 7 km by 1 km and contains Au, gold, silver, copper, lead and zinc. Years 2007-2008 have generated approximately 1000 samples consisting of 500 rock 400 soils and 100 channel samples. The highest gold was 4.28 oz. The silver runs to 63 oz, copper 10+%, lead to 50% and Zinn to 60%. The galena runs silver and lead as well as gold uncommon to the area.

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New overage assays for rock samples from the International Basin Property indicate significant concentrations of copper, lead and zinc to go along with the gold and silver results reported previously. Samples from the zone include samples up to 19.2% copper, up to 62% lead, and greater than 30% zinc. The Company has compiled sample data into a sophisticated Geographical Information System (GIS) in its continuing effort to establish a comprehensive database suitable for advanced planning and modeling.

The combination of size of the mineralizing system and locally very high metal concentrations suggest that significant mineral potential exists on the property. Earlier, the company reported results yielding 4.23 oz/t gold and forty-six grab samples exceeding 5 grams per tonne gold. Silver values ranged up to 63.9 oz/t.

The veins on the IB property occur within a large fold (west-verging anticline) of quartz grit. Mineralized veins occur within a variably altered zone up to 1 km wide and 7 km long. This large alteration footprint is defined by significant iron-carbonate and sericite.

Dr. Bob Thompson, formerly of the Geological Survey of Canada's Pacific Division, has interpreted a causal relationship between folding, focused fluid flow, vein development and emplacement of precious and base metals at the International Basin property. The model is further illustrated in a talk Dr. Thompson gave recently at the KEG conference in BC, and which also is available on Kingsman's website.

The Company's 2009 exploration plans for the International Basin property are:

- construct and complete an 18 km exploration trail to enhance access to the property;
- additional systematic sampling, including trenching, 3,000 - 5,000 of drilling and possible bulk sampling; and
- additional prospecting of outlying parts of the property.

### **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. The Company has expanded the footprint to 31 tenures totaling 13,727 hectares. It contains a large soil geochemical anomaly measuring approximately 1.1 km by 0.5 km that is supported by geophysics and biogeochemistry.

The Company, encouraged by the fact that mineralization of appreciable grade was intersected in three of the four holes drilled in 2007, and by the fact that the mineralization locally displays significant widths, ran an expanded exploration program in 2008 that included soil sampling and mapping, a 50 line-km grid, and an Induced Polarization and magnometer survey. Further encouragement has been provided by the positive results of a winter biogeochemical survey that was undertaken on the property. The biogeochemical work outlined several new anomalies and also returned anomalies in areas of known molybdenum mineralization.

Plans in 2009 are to permit and build a 1.7 kilometre exploration trail and undertake a drilling program. Drilling is expected to provide additional evidence of the size and grade of the prospect.

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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. The Company has expanded the footprint to 10 tenures totaling 4,159 hectares.

There are numerous old workings in the northern portion of the Pathfinder property. Three mineral zones known to occur on the mineral property are 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 pyrrotite 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.

In October, the Company completed a 985 metre, 17 hole diamond drill program. Drilling focused on two targets, Pathfinder and Diamond Hitch, with fifteen holes completed at Pathfinder and two holes completed at Diamond Hitch. At Pathfinder, the drilling targeted several areas of gold-copper skarn-type mineralization which had previously returned up to 4.49 grams/tonne gold across 9.5 metres in trenches (see News Release dated July 14, 2008).

The polymetallic nature (gold-copper-silver, locally significant molybdenum and tungsten) of the semi-massive to massive sulphide mineralization and the opportunity it affords to build significant tons at significant grades makes the Pathfinder target particularly attractive. Its potential is best exemplified by an intersection of 17 metres of 1.1 g/T Au (0.032 oz/T Au), 10.2 g/T Ag, and 0.37% Cu in DDH PF08-13, as well as by supportive and significant intersections in many of the other holes (including the three closest holes to PF08-13). These intersections correlate well with mineralization exposed in the nearby trenches at the Pathfinder.

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. Based on the encouraging results, the company is planning further work, which may include both, ground and airborne geophysics, further trenching, and diamond drilling.

**OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY**

- The net loss for the six months ended June 30, 2009 was \$209,199 compared to a loss of \$132,937 for the corresponding period last year. Costs were mostly in line with the previous year with the following exceptions: interest income of \$1,510 (2008 - \$15,051) was lower due to reduced investments and lower interest rates, stock option compensation was \$16,329 lower, compensation costs of \$64,736 (2008 - \$15,000) were higher due to adding two people to manage the Company's exploration and investor communications programs this year and investor communications were up \$25,000 for costs associated with a fund raising foray into Eastern Canada.
- Costs for the six months ended June 30, 2009 for the work programs on the Luxor, Pathfinder and International Basin totalled \$37,069 compared to \$124,496 last year.

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- The net loss for the three months ended June 30, 2009 was \$144,172 compared to a loss of \$103,600 for the corresponding period last year. Major variances were Stock Option Compensation down \$16,329, investor communication up \$24,266, compensation up \$29,518 and interest income down \$5,866.
- At the end of the quarter, the Company's working capital was \$140,967. 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**

	2009		2008				2007	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Filing Fees and Transfer Agent	5,816	6,289	9,307	3,467	5,649	6,481	6,697	7,078
Investor Relations	26,054	12,772	7,522	21,237	1,788	11,619	22,270	21,938
Accounting/Legal	9,000	12,650	39,503	9,000	15,360	9,050	75,143	9,500
Compensation costs	37,018	27,717	20,750	7,500	7,500	7,500	60,500	7,500
Stock-based compensation	53,971	0	0	0	70,300	0	0	0
Office	6,422	4,666	9,134	3,035	1,592	1,579	3,522	4,330
Property Investigation	0	0	0	1,025	2,491	0	0	0
Travel	6,821	1,513	5,863	21,870	5,716	1,363	6,378	17,199
Other	(930)	(580)	(8,043)	2,552	(6,796)	(8,255)	(18,840)	(5,885)
<b>Total</b>	<b>144,172</b>	<b>65,027</b>	<b>84,036</b>	<b>69,686</b>	<b>103,600</b>	<b>29,337</b>	<b>155,670</b>	<b>61,660</b>

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- As at August 18, 2009 the Company's share position is as follows:

	<b>August 18, 2009</b>	<b>June 30, 2009</b>	<b>December 31, 2008</b>
Shares	21,296,435	21,296,435	21,296,430
Options	1,520,000	1,520,000	1,520,000
Broker's options	150,000	150,000	150,000
Warrants	<u>8,341,000</u>	<u>8,341,000</u>	<u>8,341,000</u>
Fully Diluted	<b><u>31,307,435</u></b>	<b><u>31,307,435</u></b>	<b><u>31,307,430</u></b>

**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 Company held the Annual General Meeting on June 24, 2009 with all items on the agenda passed.
- The Company has created a "Geological Advisory Group" of retired/semi-retired geologists who have held prominent roles in the mining history of British Columbia.
  - o Boyd Hardwicke, P.Eng., graduated from the University of British Columbia, Vancouver, B.C. in 1955. As a student, Mr. Hardwicke worked at Granby's Copper Mountain mine at Princeton. He became Chief Engineer at the Granby Phoenix Mine located in Greenwood British Columbia and then moved to Granisle Copper (a Granby subsidiary) located at Babine Lake, British Columbia, as Mine Superintendent. Mr. Hardwicke became Mine Manager of Granisle Copper and was later transferred back to The Granby Phoenix Mine as Mine Manager, a position he held for seven years until the mine closed. It should be noted that mineralization at Kingsman's Pathfinder property, which is located less than 18 km northeast of the Phoenix mine open pit, bears some similarities to the Phoenix ore bodies.

The total production from the Phoenix mine Copper-Gold-Silver ore bodies, which were mined first by underground and later by open-pit methods, was approximately 520 million pounds copper, 911,000 ounces gold, and 5.8 million ounces silver (source: B.C. Ministry Energy, Mines, and Petroleum Resources "B.C. Minfile" website: <http://minfile.gov.bc.ca/>).

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- Boris Karpoff is a Consulting Mining Engineer with over 50 years mining experience and has held numerous positions with major mining companies. He was mine geologist and general mine superintendent for the Sullivan Group in 1964 and assistant to the Vice-President Mines from 1966 to 1970. Prior to joining David S. Robertson and Associates in 1973 as senior associate he was with Penarroya Canada Ltee, the Canadian arm of Societe Miniere et Metallurgique de Pennarroya, France and was responsible for technical and economic evaluation studies of Canadian projects. Between 1973 and 1987 his responsibilities were concentrated on ore reserves and grade control, capital and operating cost estimation and feasibility studies to mining companies on behalf of financial institutions and government agencies in Canada, North and South America, Africa and Asia.
- Ed Kimura spent six years doing underground mine geology at Eldorado Uranium Mines at Uranium City, northern Saskatchewan, 15 years doing open pit mine geology and exploration at Craigmont Copper Mine near Merritt, B.C. (2 years) and Endako Molybdenum Mine at Endako, B.C. His geological work at these mines was related to production planning, ore grade control, mine and regional exploration, resource and reserve estimations, and geotechnical studies.

He held the position of Chief Engineer for four years at Placer Dome's Endako open pit molybdenum mine with responsibilities for coordinating and administrating activities in mine production, open pit design, mine geology, industrial engineering and environmental control. Ed also spent 16 years with Placer Dome in mineral exploration across Canada, initially as a project geologist, and later as Exploration Manager, Canada.

### **INVESTOR RELATIONS ACTIVITIES**

- The Company's shareholder information is handled in house by directors of the Company.
- The Company attended both the Kootenay and K.E.G. (Kamloops) mining shows. Dr. Bob Thompson delivered a power point presentation on the International Basin property. This presentation is available on the website.

### **RELATED PARTY TRANSACTIONS**

- Management Compensation of \$42,000 (2008 - \$41,250) in salaries and management fees were paid to directors of the Company.

### **CRITICAL ACCOUNTING ESTIMATES**

- None.

### **OFF-BALANCE SHEET ARRANGEMENTS**

- None.

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**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**

- None

**ADDITIONAL INFORMATION**

Additional information about the Company can be found on [www.sedar.com](http://www.sedar.com) and [www.kingsmanresources.com](http://www.kingsmanresources.com).