



ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
KIT RESOURCES LTD.	June 30, 2006	2006/08/17

ISSUER'S ADDRESS

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CITY, PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Vancouver, B.C.	V6C 3N6	604 684 9277	604 684 6707
CONTACT PERSON	CONTACT'S POSITION		CONTACT TELEPHONE NO.
Judee Fayle	Corporate Secretary		604 684 6707
CONTACT EMAIL ADDRESS		WEB SITE ADDRESS	
Judee_fayle@telus.net (judee underscore fayle....)		N/A	

CERTIFICATE

The schedule required to complete this Report is attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
<i>"Matthew J. Mason"</i>	Matthew J. Mason	2006/08/17
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD
<i>"Peter D. Leitch"</i>	Peter D. Leitch	2006/08/17

(Electronic signatures should be entered in "quotations".)

KIT RESOURCES LTD.
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE SECOND QUARTER ENDED
DATE OF REPORT:

FORM 51-102F1

June 30, 2006
August 17, 2006

Management Discussion & Analysis:

The enclosed analysis is management's interpretation of the results and financial condition of Kit Resources Ltd. (the "Company" or "Kit") for the second quarter, or three months ended June 30, 2006. This discussion should be read in conjunction with both the audited financial statements to December 31, 2005, as well as, the unaudited financial statements to June 30, 2006, and related notes therein.

Description of Business:

Kit Resources Ltd. is a publicly traded company listed on the TSX Venture Exchange, trading under the symbol: KIT. The Company is a resource-based company engaged in the continued search for new and viable opportunities in the mineral sector.

Forward Looking Statements:

This Management Discussion and Analysis contains certain forward-looking statements and information relating to the Company that was based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. When used in this document, the words "anticipate", "believe", "estimate", "expect", "implied", "intend" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted. Should one or more of these risks materialize, or should under-lying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein. The Company cautions that forward-looking statements involve risk and uncertainty and the Company's actual results could differ materially from those implied.

Overall Performance:

From a financial prospective, the Company is well funded and able to carry out operations for the ensuing quarter and foreseeable future. Endeavour Financial Ltd. also continues with its objective of finding an opportunity of merit to introduce to the Company.

Selected Information:

Operations for the three months ended June 30, 2006, produced a loss for the period of \$48,676 (2005 - \$51,010) resulting in a loss per share of \$0.00 (2005 - \$0.00). The reader is reminded that this Management Discussion and Analysis should be read in conjunction with the Company's audited financial statements to December 31, 2005 and unaudited financial statements to June 30, 2006.

Results from Operations:

Copperline Mineral Property

The company owns a 100% interest in the Molly claims, consisting of six claims, free of all royalties, totaling 120 units that are contiguous to the company's Copperline property in the Omenica Mining Division, and for all intents and purposes, are considered to form part of the Copperline property.

There has been no change in the status of this property. The Company continues to seek a joint venture partner to join in the exploration of the various Copperline property targets and to conduct further studies to determine the economic potential of the Main Zone.

Summarized Quarterly Financial Information:

The following financial information has been derived from various financial statements, prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). While these statements follow the same accounting policies and methods of application as per the December 31, 2005, annual audited financial statements, they do not contain all the information presented in the annual audited statements and should, therefore, be read in conjunction with same.

	<u>2006</u> <u>Jun 30</u>	<u>2006</u> <u>Mar 31</u>	<u>2005</u> <u>Dec 31</u>	<u>2005</u> <u>Sep 30</u>	<u>2005</u> <u>Jun 30</u>	<u>2005</u> <u>Mar 31</u>	<u>2004</u> <u>Dec 31</u>	<u>2004</u> <u>Sep 30</u>
Sales/Revenue	\$11,662*	\$Nil						
Loss(Recovery) In Period	\$48,676	\$59,907	(\$5,061)	\$36,367	\$51,010	\$38,268	\$42,748	\$41,598
Loss/Per Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Diluted Loss/Share	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

*Interest Income

Liquidity & Capital Resources:

Working capital as at June 30, 2006, totaled \$3,029,395 (2005 – deficiency of \$59,958). Until such time as a prospective property or project of merit is secured, or a joint venture partner is found for the Copperline/Molly project, the Company is well funded and able to meet its financial obligations to support on-going operations during the ensuing quarter and beyond.

The following common shares and convertible securities of the Company were outstanding at August 17, 2006:

	<u># Of</u> <u>Shares</u>	<u>Exercise</u> <u>Price</u>	<u>Expiry</u> <u>Date</u>
Issued & Outstanding Common Shares at August 17, 2006	83,033,550		
Stock Options	250,000	\$0.15	July 24/2008
	500,000	\$0.76	Mar 01/2011
Warrants	39,490,000	\$0.10	Jan. 09/2008
Fully Diluted at August 17, 2006	123,273,550		

Off-Balance Sheet Arrangements:

There are no such existing arrangements.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financials statements and revenues and expenses for the period reported. Significant estimates that involve highly subjective assumptions by management include the Company's estimate of stock-based compensation expense and its assessment of its mineral property values. Actual results could differ from those reported.

Transactions With Related Parties:

Please refer to notes 5(a) and 5(b) of the attached unaudited financial statements to June 30, 2006. The Company paid or accrued \$15,000 (2005 - \$30,000) for management fees and \$NIL (2005 - \$7,661) in administration fees to Hermes Management Limited, a company controlled by a director. A further \$15,000 (2005 - \$16,000) was paid or accrued to Hermes Management Limited, a company controlled by a director, in respect of services rendered by Judee Fayle an officer of the Company. A total of \$21,018 (2005 - \$2,756) in legal fees was paid or accrued to a law firm that has a partner who is a director of the Company.

The Company engages the services of Hermes Management Limited "Hermes", a non-reporting company controlled by Matthew J. Mason. Hermes was engaged to provide professional, managerial and administrative services commencing February 1, 2001 and terminating at the end of any calendar month by giving at least 30 days prior written notice to the other party.

Exercise of Incentive Stock Options

During the period, and specifically on May 2, 2006, a total of 2,650,000 incentive stock options were exercised by Directors at an exercise price of \$0.15 per share, netting the treasury \$397,500.

Continuance into British Columbia

At the Company's Annual and Special Meeting of Shareholders, held on June 9, 2006, approval was obtained for the continuance of the Company into the Province of British Columbia. The Company is currently seeking approval to the finalization of the said continuance by filing the nece.

Cash Flows and Funding:

The Company's June 30, 2006, working capital total of \$3,029,395 is sufficient to fund the company for the ensuing quarter and beyond.

Asset Retirement Obligations:

Effective January 1, 2004, the Company adopted the recommendations of the CICA Handbook Section 3110. Please refer to note 1(c) of the Company's audited annual financials to December 31, 2005, for full details.

RISKS & UNCERTAINTIES:

Mining:

The Company is engaged in the inherently risky business of exploration and development of mineral properties. There is no guarantee that a mineable orebody will ever be determined and economically produced. Generally speaking, the majority of exploration programs do not result in the discovery of commercially viable orebodies. Gold and metals prices are also affected by numerous factors beyond the control of management including political and economic conditions, demand, production levels, terrorism etc. and can be quite volatile.

Environmental:

Mineral exploration and development is subject to extensive governing laws and regulations concerning environmental protection and there is no assurance that all future requirements will be obtainable on reasonable terms. While the Company endeavors to operate in compliance with all environmental regulations, failure to comply could result in enforcement action against the Company causing severe impact to operations (i.e. possible remedial measures may require unplanned capital expenditures).

Securities Issued During The Period:

During the three months ended June 30, 2006, the Company issued the following securities from its treasury:

Issued Capital Beginning of Period (March 31, 2006)	79,873,550
Issued Capital Subsequent to March 31, 2006:	
Exercise of Private Placement Warrants	375,000
Exercise of Stock Options	2,650,000
Issued Capital at June 30, 2006:	82,898,550*

* Please refer to subsequent event note wherein further warrants were exercised subsequent to the end of the period (i.e. June 30, 2006).

Existing Stock Options:

During the three months ended June 30, 2006, a total of 2,650,000 Director's incentive stock options were exercised netting the treasury \$397,500. As such, the following incentive stock options have been granted and remain unexercised as of June 30, 2006:

<u>Option Holder</u>	<u>Shares Granted</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
Officers	250,000	\$0.15	24 July 2008
Consultants	500,000	\$0.76	01 Mar. 2011

Outstanding Warrants:

Beginning of Period (i.e. April 1, 2006)	40,000,000*
Warrants Exercised In the Period	<u>(375,000)**</u>
End of Period (i.e. June 30, 2006)	39,625,000***

- * The warrants are exercisable at \$0.10 per share until January 9, 2008.
- ** The exercise of these warrants netted the treasury \$37,500.
- *** Please refer to the Subsequent Events note at the end of this management discussion and Analysis for details of those warrants exercised subsequent to the quarter ended June 30, 2006.

Changes to Management:

On April 18, 2006, the Company accepted the resignation of Mr. Graham H. Scott from his position as Director. Also, at its Annual and Special Meeting of Shareholders held on June, 9, 2006, Mr. Robert Mason did not stand for re-election as a Director. The Company would like to thank Messrs. Scott and Mason for their valuable corporate contributions.

Mr. Stephen G. Stanley was elected to the Company's board of directors at the Annual and Special Meeting of Shareholders thus replacing Mr. Robert Mason. Mr. Stanley has over 12 years experience in public markets with expertise in financing and developing junior companies, primarily in the resource sector.

List of Directors and Officers:

- *Matthew J. Mason, President & Chief Executive Officer
- *Peter D. Leitch, Director & Chairman of Audit Committee
- *Stephen G. Stanley, Director
- Judee Fayle, Chief Financial Officer & Corporate Secretary

- *Audit Committee Members

SUBSEQUENT EVENTS:

Outstanding Warrants Subsequent to Year-End:

As at March 31, 2006, a total of 40,000,000 share purchase warrants exercisable at \$0.10 per share were outstanding. Subsequent to the quarter ended June 30, 2006, a total of 135,000 warrants were exercised at \$0.10 per share leaving 39,490,000 private placement warrants presently outstanding until January 9, 2008.

Increase In Issued Capital Subsequent To Quarter End

Issued Capital at end of Period, i.e. June 30, 2006	82,898,550
Exercise of Private Placement Warrants	<u>135,000</u>
Issued Capital at August 17, 2006	83,033,550