

Kimber Resources Inc.
Management's Discussion and Analysis
September 14, 2007

The following management discussion and analysis of the Company's financial position is for the year ended June 30, 2007 compared to June 30, 2006 and covers information up to the date of this report. This discussion should be read in conjunction with the attached financial statements and related "Notes to the Consolidated Financial Statements" which have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). The discussion and analysis may contain certain forward-looking statements about the Company's future prospects, and the Company provides no assurance that actual results will meet management's expectations.

All amounts are stated in Canadian dollars unless indicated otherwise. Additional information regarding the Company is available on SEDAR at www.sedar.com and on the Company's website at www.kimberresources.com.

The information is current to September 14, 2007, unless otherwise stated, and the Company's external auditor has audited the financial statements to June 30, 2007.

Introduction

Kimber Resources Inc. is a Canadian-based company principally engaged in the exploration of the Monterde gold/silver property (the "Property") located in the Monterde Mining District in the state of Chihuahua, Mexico. The Company's primary targets are open-pit or underground ore bodies, where gold and silver are amenable to extraction by heap leaching and, possibly, conventional milling. The Company's policy allocates the greater part of its funds to exploring for additional gold-silver resources on its principal asset, the Monterde Property.

The Company's priority is to advance the Carmen deposit towards pre-feasibility status so that its full value can be recognized. A second priority is to find and develop additional gold and silver resources. To this end, two drill targets have already been defined, and others will be sought on the 29,000 hectare property.

Results of Operations

The Company's net loss for the fiscal year ended June 30, 2007 was \$3,813,938 or \$0.08 per common share compared with \$2,363,420 or \$0.06 per share loss for the same period ended June 30, 2006. The Company's increase in net loss for the year was \$1,450,518.

In accordance with stock-based compensation policy required by the Canadian Institute of Chartered Accountants, the Company recorded an expense of \$527,957 (\$760,324 in 2006) on 1,125,000 stock options granted in the year and prior year options which vested during the year. This is a non-cash expense and does not affect the Company's operations. Without this non-cash expense, the Company would have recorded a loss of \$3,285,981 or \$0.07 loss per share during the year.

During the fiscal year ended June 30, 2007 the Company spent \$10,427,145 on its mineral

properties; \$507,585 for property acquisition payments and had mineral property expenditures of \$9,919,560. Drilling costs of \$3,285,491 were the highest cost activity, representing 32% of expenditures, a decrease from 2006 as a result of reduced drilling activity in the third and fourth quarters of the year (\$4,600,027 or 45% in 2006). Assay testing was the second highest cost category in fiscal year ending June 30, 2007 at \$1,355,513 or 13% of property expenditures (\$827,288 or 8% in fiscal year ended June 30, 2006). Geological and geophysical expenditures were \$1,165,931 or 11% of property expenditures in 2007 compared to \$1,300,005 or 13% in 2006. The decrease in geological costs represents decreases in personnel required due to reduced drilling activity. Other significant cost categories were road and drill site maintenance at \$831,336, engineering at \$543,942 and field supplies at \$623,439 in fiscal year ending June 30, 2007. The results of these expenditures are explained in the “Mineral Properties” section below.

Salary and benefits expenses rose during the year ended June 30, 2007 to \$1,840,643 from \$726,239 in the year ended June 30, 2006 due to Settlement Agreements with the CEO and the Vice President and Secretary (detailed more fully under “Contractual Obligations” herein), salary and fee increases, increased director activity and administrative demands that have grown due to increased regulatory compliance requirements.

Legal, consulting and audit costs increased significantly to \$952,743 for the year ended June 30, 2007 from \$150,424 in the previous year due to the impact of the now resolved proxy battle, recruitment fees, legal fees for acquisition due diligence, Sarbanes Oxley consulting fees as well as other fees in this category.

Investor relations and shareholder communications expenses of \$211,187 (2006 – \$309,669) were reduced as there was reduced investor related travel and conference attendance.

Office and miscellaneous expenses increased during the year by \$66,023 to \$252,637 in 2007. The increase is mainly attributable to increased insurance costs and general office costs.

Rent expense for the head office increased to \$161,508 in the year ended June 30, 2007 from \$72,775 in the comparable period ended 2006 as the result of an increase in rent and additional office space occupied.

The Company recorded a loss from foreign exchange of \$10,701 during the year ended June 30, 2007 as opposed to a loss of \$22,636 in the period ended 2006. The loss originates from funds advanced to Mexico during the year that have depreciated in value due to fluctuations in the Mexican peso or United States Dollar relative to the Canadian dollar.

Selected Annual Information

The following information is for each of the three fiscal years ended June 30, 2007, 2006 and 2005:

	2007	2006	2005
Interest / investment income	415,493	295,962	74,784
Net loss	(3,813,938)	(2,363,420)	(1,825,982)
Net loss per share – basic and diluted	(0.08)	(0.06)	(0.06)
Total assets	39,508,524	39,260,405	16,937,717
Long-term liabilities	-	-	-
Dividends	-	-	-

The Company's income from interest and investments increased over the past three fiscal years due to higher amounts of cash and cash equivalents that were available for short-term investment. The net losses for the Company in the fiscal years ended June 30, 2007 and 2006 include non-cash charges for stock-option compensation expenses of \$527,957 in 2007 and \$760,324 in 2006.

The Company's net assets have increased over the fiscal periods mainly because of share capital proceeds raised through private placements and increased deferred mineral property expenditures capitalized during the years.

Summary of Quarterly Results September 30, 2005 to June 30, 2007

	Q1 Sep30/05	Q2 Dec31/05	Q3 Mar31/06	Q4 Jun30/06
Interest income	24,456	34,169	74,470	162,867
Total Loss	(502,769)	(608,484)	(546,797)	(705,370)
Loss per share	(0.01)	(0.02)	(0.01)	(0.02)

	Q1 Sep30/06	Q2 Dec31/06	Q3 Mar31/07	Q4 Jun30/07
Interest income	144,861	117,901	85,841	66,890
Total Loss	(418,217)	(737,982)	(606,468)	(2,051,271)
Loss per share	(0.01)	(0.01)	(0.01)	(0.04)

The Company is in the exploration stage, and therefore, variances in its quarterly losses are not affected by sales or production-related factors. Increases in costs are generally attributed to growth in operations and success in financing activities, which allow the Company to undertake further development and exploration on its properties.

Revenues for the Company are for interest and gains received on cash or short-term investments (low-risk banker's acceptance notes that yield 3.8% to 4.3% on an annual basis) classified as cash. Interest revenues fluctuate according to the amounts of funds held in deposit and interest rates offered during the period. Kimber does not have revenues from mining operations and does not expect to have revenues in the near future other than interest received on cash balances.

Financial Condition

At June 30, 2007, the Company had working capital of \$5,371,675 (2006 - \$15,484,719). The Company has no long-term indebtedness or long-term obligations. The change in working capital is the result of decreased available cash of \$6,200,602 compared to the previous year (2006 - \$15,866,960). This cash decrease is due to the ongoing net expenditure and the absence of a financing during the year. In the fiscal year ended June 30, 2007 the Company received \$2,819,999 from the exercise of 1,566,666 warrants and \$825,013 from the exercise of 742,032 stock options. As at August 31, 2007 the Company had approximately \$5.3 million in cash and liquid short-term banker's acceptance notes.

Current liabilities decreased to \$1,315,654 as at June 30, 2007 from \$1,422,519 on June 30, 2006. This was primarily due to a reduction in drilling expenditures in 2007 compared to the previous

year, partially offset by the increase in amounts due to related parties in respect of the Settlement Agreements dated April 26, 2007.

The Company is committed to paying approximately \$0.2 million at August 31, 2007 for expenses billed. The amounts due to related parties in respect of the Settlement Agreements with Mr Longe and Mr Hoole total \$624,710 at August 31, 2007.

Cash Flows

The Company generates cash inflow from selling its shares either through financings or the exercise of existing stock options. There is a liquidity risk that these options may not be exercised if the Company's share price falls below the exercise price due to market conditions. The exercise prices of a significant number of these options are currently below the current market price.

Amounts receivable decreased by \$563,960 to \$429,481 during the fiscal year ended June 30, 2007 mainly because of decreased IVA Tax receivable from the Government of Mexico. Receivables for IVA, which is 15% of expenditures in Mexico, decreased during the year from \$862,803 to \$374,501, as a result of decreased expenditure for the last six months of the year ended June 30, 2007.

Prepaid expenses increased by \$10,409 to \$57,246 during the year mainly due to an increase in advance payments for various insurance policies.

The Company made equipment purchases of \$192,505 during the year ended June 30, 2007 including: \$2,960 for camp vehicles, \$21,407 for computer equipment and software; \$140,747 for the exploration camp and related equipment and \$27,391 for office fixtures and equipment.

Property acquisition costs of \$507,585 were incurred for option payments and concession taxes on the Monterde Property (\$499,437) and the Pericones Property (\$8,148). The amount paid for Monterde includes the acquisition of concessions that were staked adjacent to the Property and not previously held by the Company. Future acquisition expenditures on these staked concessions will be minimal as there are no property payments.

Share capital increased cash inflows by an aggregate of \$3,645,012 through the issuance of 2,308,698 common shares during the fiscal year ended June 30, 2007.

Contractual Obligations

The Company has no long-term debt and does not anticipate that it will require debt financing for current planned expenditures. Kimber has no future contractual obligations to property vendors for the Monterde Property.

The Company leases its premises under an operating lease which expires in the fiscal year ending June 30, 2011. The Company is obligated to make basic rent payments under its operating lease in each of the fiscal years from 2007 to 2011 totaling \$311,698. In addition, under the lease the Company has the obligation to pay its proportionate share of operating costs and taxes for the building.

By Settlement Agreements dated April 26, 2007 the Company settled any claims which Robert V. Longe, President, CEO and Director and Michael E. Hoole, Vice President and Secretary may have in respect to Change of Control Agreements with each of them dated January 13, 2004.

Pursuant to the settlement agreement with Mr Longe, the Company has agreed to pay him \$339,657 plus unused vacation upon retirement on or before October 31, 2007. This amount has been accrued at year end.

Pursuant to the settlement agreement with Mr Hoole, it has been agreed that Mr Hoole will remain as Vice President and Secretary of the Company until his date of termination as an officer on or before February 28, 2008 and he will be paid \$339,657 by way of salary continuance from May 1, 2007 until he ceases to be an officer and employee of the Company with balance payable at that time. At June 30, 2007 the Company owes \$312,355 of remaining commitments to Mr. Hoole. In addition, Mr Hoole is being paid at the rate of \$1,000/day for each day worked for the Company. This amount has been accrued at year end.

Capital Resources and Liquidity

Capital resources of the Company consist primarily of cash and liquid short-term investments. As at August 31, 2007, the Company had cash and banker's acceptance notes totaling approximately \$5.3 million and approximately \$0.27 million in receivables.

If existing vested, in the money options were exercised, the Company would generate \$252,150.

At present, management believes that it has sufficient financial resources to complete planned expenditures to the end of the 1st Quarter of 2008.

The Company does not anticipate the payment of dividends in the foreseeable future.

Related Party Transactions

Unless otherwise stated, related party transactions are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

Mineral Properties

The Monterde Property, located in the Sierra Madre Mountains of southwestern Chihuahua State, is the Company's principal asset. It covers 29,000 hectares in claims which stretch for 37 kilometres along the trend of mineralization. Access to the developed part of the property is by 230 km of paved highway from Chihuahua city followed by 35 km of logging road from San Rafael, where railroad and power are also available.

The Company holds 100% of the Monterde property, free of royalties, through its wholly-owned Mexican subsidiary, Minera Monterde, S. de R.L. de C.V. In its northern part, three mineral deposits, the Carmen, Carotare, and Veta Minitas have been developed to the point of having gold and silver resources, most of them in the Measured and Indicated categories. Details of these resources are listed in the Annual Report, filed on SEDAR, and displayed on the Company's website.

The principal deposit is the Carmen on which 570 holes have been drilled. Like many other deposits in the Sierra Madre, it falls in the category oxidized, low sulphidation, epithermal. There are two satellite deposits: the Veta Minitas which is adjacent to the Carmen, and the Carotare, two kilometres to the east.

Carmen deposit

There were minor changes (a slight increase) to mineral resources on the Carmen deposit during this reporting period. The block model estimate of July 17, 2006 has been adjusted (May, 2007) and an estimate of resources which are likely to be minable from underground has been prepared by polygonal methods. No drilling was carried out during the fourth quarter of the year ended June 30, 2007. There is no immediate requirement for further drilling on the Carmen deposit. Current estimates on the Carmen deposit are shown in the table below.

Carmen Deposit							
	Tonnes	Gold (g/t)	Silver (g/t)	Gold Eq.* (g/t)	Gold (oz)	Silver (oz)	Gold Eq.* (oz)
Carmen Deposit (Estimate "M" block model)							
Measured ("M")	23,270,000	0.78	44	1.37	583,100	33,180,000	1,025,500
Indicated ("I")	9,950,000	0.68	26	1.03	218,000	8,460,000	330,800
M & I	33,220,000	0.75	39	1.27	801,100	41,640,000	1,356,300
Inferred	3,530,000	0.64	17	0.87	72,600	1,950,000	98,600
Carmen Deposit (higher grades, beneath Estimate M)							
Inferred	703,000	6.41	67	7.30	144,800	1,513,000	165,000

Gold-equivalent assumes equivalence of 75 units of silver to one unit of gold.

During the period May to September the principal focus on the Carmen deposit has been to compile all geologic data (from drill holes, mapping and sampling) so that greater detail can be applied to resource estimates (for both open pit and underground mining) and to the distribution of high and low recovery zones for silver within the deposit. This definitive geologic compilation and the accompanying interpretation are pre-requisites for the next resource estimates and for all economic studies to follow.

The next phase of metallurgical testing will involve agitation leach tests. The samples have been collected but, with the exception of a small pilot study, these samples await completion of the geologic compilation which will outline the different silver-recovery zones within the deposit.

Carotare and Veta Minitas Deposits

Resource estimates on both the Carotare deposit (November, 2005) and the Veta Minitas deposit (November, 2004) remain unchanged and are shown below.

Carotare Deposit								
	Tonnes	Gold	(g/t)	Silver	Gold Eq.*	Gold	Silver	Gold Eq.*
				(g/t)	(g/t)	(oz)	(oz)	(oz)
Measured	1,680,000		0.81	29	1.2	44,000	1,578,000	65,000
Indicated	1,020,000		0.83	29	1.21	27,000	945,000	40,000
M & I	2,700,000		0.82	29	1.21	71,000	2,523,000	105,000
Inferred	3,780,000		0.85	25	1.18	103,000	2,987,000	143,000
Veta Minitas								
Measured	701,000		0.63	88	1.8	14,200	1,974,900	40,600
Indicated	176,000		1.03	105	2.42	6,000	591,800	13,700
M & I	877,000		0.72	91	1.93	20,200	2,566,700	54,300
Inferred	400,000		0.37	69	1.28	4,500	840,000	15,700

Exploration Drilling at Carotare & El Orito

Drilling on the El Orito Norte and on extensions to the Carotare deposit ended in January 2007. No additional resources have been identified on these targets but final analyses of the results from the drilling and geological interpretation have not been completed.

New Drill Targets

During March and April two new drill targets were identified by geological mapping and sampling.

Structures on the Carmen deposit were followed to the south of the resources currently defined by drilling. The type of alteration typically associated with such structures has been extended for 900 metres and remains open. This drill target, now known as Carmen South, consists of at least two structures which appear to be extensions of those on the Carmen deposit. Application has been made for a drilling permit.

The Arimo target was identified by mapping and sampling. Lying to the immediate south of one of the villages and on a major regional structure, an outcrop of silicified hydrothermal breccia has been shown to be auriferous. Further mapping and sampling is being carried out and a drill permit application has been filed.

Exploration on the Monterde Property

The first stage of the reconnaissance exploration program has been completed. Results from the northern part of the Monterde property identified five catchment basins with significantly anomalous values in silver and gold on which follow up investigations are required.

Other Properties

The Company holds two other properties, the Setago, also in the Sierra Madre, 24 km to the west of Monterde, and Pericones in Estado de Mexico. Both were acquired by staking and are 100% owned.

Safety

Kimber continues to encourage a safe work environment. Safety meetings have been held and first aid instruction given. Protective equipment is mandatory in the vicinity of heavy machinery and underground.

Erosion Control

Measures to control erosion caused by periodic heavy rain in areas disturbed by drilling and road building continue. The effect of an exceptional storm on July 8 was mitigated by the structures (gabions and culverts) already installed, however remediation work necessitated by the storm is anticipated to cost approximately \$150,000.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements or transactions and none are contemplated.

Financial and Other Instruments

The Company maintains the majority of its cash balances in Canadian dollars and converts them to United States dollars or Mexican Pesos when payments are required. No hedging has been undertaken to date as management has viewed the Canadian dollar as the stronger currency in recent years. No funds have been invested in asset-backed commercial paper.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities, the fair value of which approximates their carrying value due to the short term to maturity. Property payment commitments are due in United States dollars which will vary with the Canadian/US dollar exchange rate.

Legal Proceedings

The Company and its subsidiaries are not parties to any legal proceedings and have no contingent liabilities, except as follows:

On September 12, 2006 an employee of Minera Monterde, S. de R.L. de C.V., a subsidiary of Kimber Resources Inc., was involved in a road collision with a group of cyclists while driving a truck owned by the subsidiary. \$89,401 was paid in December 2006 to the Mexican authorities in respect of this matter. The Company does not believe that there will be any further legal liability in relation to this incident but has not yet received formal releases from all potential claimants.

Changes in Accounting Policy

There were no changes to accounting policies adopted in the year ended June 30, 2007.

Internal Controls Over Financial Reporting

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial officer, the Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding

the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (“GAAP”). The Company’s controls include policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the annual financial statements or interim financial statements.

There has been no significant change in the Company’s internal control over financial reporting during the year ended June 30, 2007 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Disclosure Controls and Procedures

The Company has disclosure controls and procedures in place to provide reasonable assurance that material information is made known to the President and Chief Financial Officer and other officers and have concluded that its disclosure controls and procedures are effective.

Outstanding Share Data

The Company has one class of shares and at June 30, 2007 the Company had 49,423,620 shares issued and 52,118,620 outstanding on a fully diluted basis.

The Company has a stock option plan and at June 30, 2007 there were 2,695,000 options outstanding. Of the 2,695,000 options granted to employees, directors and consultants 2,061,666 had vested.

The Company had no warrants outstanding as at June 30, 2007.

Risk and Uncertainties

Except for historical information contained in this discussion and analysis, disclosure statements contained herein are forward-looking, which statements are subject to risks and uncertainties, which could cause actual results to differ materially from those in such forward-looking statements.

The Company is a mineral exploration company and is exposed to a number of risks and uncertainties that are common to other companies in the same business; some of these risks have been discussed elsewhere in this report and in the notes to financial statements.

The Company’s financial success is subject to general market conditions, which affect mining and exploration companies. The value of the Company’s mineral resources and future operating profit and loss may be affected by fluctuations in precious metal prices, over which the Company has no control, although it may choose to hedge some of its future production. The cost of exploration and future capital and operating costs are affected by foreign exchange rates for the Canadian dollar, United States dollar and Mexican peso. The Company can mitigate the effects of these rate fluctuations, to some extent, through forward purchases. Because of its limited operating record and history of losses, it may not be able to hedge future risk to the extent it feels

is warranted. The Company also competes with other mining companies, which are larger and have more economic resources to acquire prospective exploration properties or producing mines.

The Company also faces certain risks and uncertainties specific to its circumstances. The Company's ability to obtain financing to explore for mineral deposits and to continue and complete the development of those properties it has classified as assets is not assured; nor is there assurance that the expenditure of funds will result in the discovery of an economic mineral deposit. The Company has not completed a feasibility study on any of its deposits to determine if it hosts a mineral resource that can be economically developed and profitably mined. While the Company has used its best efforts to secure title to all its properties and secured access to surface rights, these titles or rights may be disputed.