

KINGSMAN RESOURCES INC.

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ending September 30, 2006

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

	2006			2005				2004
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	0	0	0	0	0	0	0	0
G&A Expenses	17,439	30,252	21,678	24,878	24,183	35,745	21,959	19,488
Option Benefits	0	0	40,534	0	0	0	40,648	17,928
Net Loss(Gain)	17,439	30,252	62,212	24,878	24,183	35,745	62,607	37,416
-per share	.00	.00	.01	.00	.00	.00	.01	.00
-per share-diluted	.00	.00	.01	.00	.00	.00	.00	.00
Total Assets	286,252	287,398	295,549	322,653	304,481	340,829	334,711	97,776
Liabilities(L.T.)	-	-	-	-	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-	-
Working Capital(Deficiency)	(20,608)	(3,169)	48,353	45,220	62,132	92,315	224,338	(33,703)
Resource Property Expenditures	0	36,270	5,189	31,034	6,000	96,278	20,000	22,500
Share Capital:								
-Authorized	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	100,000,000	100,000,000	100,000,000
-Outstanding	8,843,630	8,843,630	8,768,630	8,568,630	8,228,630	8,228,630	8,228,630	5,228,630
-Warrants	2,800,000	2,800,000	2,800,000	3,000,000	3,000,000	3,000,000	3,000,000	0
-Options	830,000	830,000	830,000	341,429	681,429	821,429	821,429	501,429

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		
	2005	2004	2003
Revenues	-	-	-
G & A Expenses	106,765	89,557	151,449
Net Loss (Gain)	147,413	136,380	204,738
Per share- basic and diluted	(.02)	(.03)	(.05)
Working Capital (Deficiency)	45,220	(33,703)	34,054
Total Assets	322,653	97,776	108,758
Deferred Resource Property Expenditures	153,312	22,736	57,146
Liabilities (L.T.)	-	-	-
Cash dividends	-	-	-

RESOURCE PROPERTIES

Through a purchase agreement with effective date of 13 May 2003, the Company acquired an option to acquire a 100% interest in a total of 66 mineral claim units (the "Claims") located in the Boundary District about 3 kilometers southeast of Greenwood B.C. In order to exercise the option, the Company must pay \$85,000 (\$5,000 on TSX approval) and issue 360,000 shares (60,000 shares on TSX approval) to the Owners, the payments and shares to be spread over 4 years, as well as undertake a work program on the Property totaling \$350,000 over seven years (\$50,000 per year.) A further payment of \$150,000 and 150,000 shares is required on the sooner of commercial production defined as 10,000 tons of material, or the ninth anniversary of the Agreement. The claims are subject to an underlying 2.5% net smelter return in favour of the Owners to a maximum of \$2.5 million. Work was commenced in October, 2003 in line with recommendations made in a technical report prepared by Linda Caron M. Sc., P. Eng. which is available on Sedar (www.sedar.com) and completed in November, 2003 at a cost of \$50,182.

The Company closed a \$300,000 financing in January, 2005 and completed both the 2004 and 2005 work programs concurrently May 13th, 2005. Independent consulting geologist Linda Caron, M.Sc., P.Eng, a qualified person as defined by National Instrument 43-101, designed and supervised the 2005 program.

A seven-hole (842 metre) diamond drill program was completed and a total of 228 drill core samples were collected and shipped to Eco Tech Laboratories in Kamloops, B.C., for analyses. Samples returning anomalous gold values were assayed by both fire assay and metallic screen fire assay methods. There was good reproducibility of gold values using the two assay methods.

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Significant results from drilling are tabulated below:

	From	To	Interval	Au	Ag	Pb	Zn	
	<u>meters</u>	<u>meters</u>	<u>meters</u>	<u>g/t</u>	<u>g/t</u>	<u>ppm (or %)</u>	<u>ppm (or %)</u>	
DDH 05-1	74.04	74.6	0.56	3.08	229.0	2452	4458	Serp Zone
DDH 05-2	42.88	43.65	0.77	1.25	55.6		4931	H Zone
	75.90	76.10	0.20	6.43	297.0	3704	8037	Serp Zone
	77.76	79.42	1.66	1.38	18.9			
DDH 05-3	71.65	72.01	0.36	3.03	152.0	3150	2.24 %	H Zone
	88.70	89.15	0.45	1.11	240.0	3878	3468	Serp Zone
DDH 05-4	no significant results							
DDH 05-5	66.30	67.50	1.20	10.14	939.1	1.31 %	1.09 %	H Zone
<i>including</i>	67.25	67.50	0.25	44.10	3400.0	4.86 %	3.96 %	
	98.56	102.60	4.04	1.61	109.9	1438	1736	Serp Zone
<i>including</i>	98.56	98.86	0.30	9.42	198.0	1674	1631	
<i>and</i>	99.90	100.15	0.25	5.36	240.0	1522	1898	
DDH 05-6	6.10	9.0	2.90	1.37	122.7	1127	8261	H Zone
<i>including</i>	8.33	8.44	0.11	19.7	1390.0	2.09 %	7950	
	91.50	92.85	1.35	1.34	19.7	1476	769	Serp Zone
DDH 05-7	102.04	102.73	0.69	1.89	750.5	7669	1.18 %	H Zone
<i>including</i>	102.04	102.17	0.13	8.80	3560.0	2.65 %	5.16 %	
	118.40	119.10	0.70	2.48	56.2	518	173	Serp Zone
	122.80	123.20	0.40	1.42	50.6	1.48 %	5582	Serp Zone

Drilling tested the Serp Zone, a zone of gold mineralization hosted within the Snowshoe Fault that was discovered by Skylark Resources during the late 1980's. Previous exploration of the Serp Zone (by Skylark Resources and joint venture partner Viscount Resources) from 1986-1989 included 25 surface diamond drill holes, 18 surface reverse circulation holes and 21 underground percussion holes. Partial drill results from this work were reported in various Skylark news releases and included 13.5 feet grading 0.431 oz/t Au (4.1 meters @ 14.8 g/t Au), 7.5 feet grading 0.53 oz/t Au (2.29 meters @ 18.2 g/t Au) and 30 feet grading 0.367 oz/t Au (9.14 meters @ 12.56 g/t Au). The purpose of the 2005 drill program was to attempt to duplicate results from Skylark's drilling, and to provide geological information about the zone and controls of gold mineralization to guide further exploration. The 2005 drill holes tested the Serp Zone over a strike length of approximately 120 meters and to a depth of approximately 250 meters below surface.

All seven of the 2005 diamond drill holes intersected the Snowshoe Fault, a 25-meter thick zone of serpentinite, listwanite, tectonic breccia and altered dykes trending 353°/20-30° E. Within the fault zone, local quartz breccia zones, quartz veins and zones of massive pyrite and pyrrhotite-pyrite contain elevated gold, silver, lead and zinc values. The best result from the 2005 drilling was 0.3 meters grading 9.42 g/t Au and 198.0 g/t Ag, within a broader zone of 4.04 meters grading 1.61 g/t Au and 109.9 g/t Ag in hole 05-5.

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Five of the 2005 drill holes also intersected the H Zone, a narrow quartz-sulfide vein hosted within granodiorite, from which Skylark mined a total of 33,298 tonnes at an average grade of 2.7 g/t Au and 352.9 g/t Ag during 1988 and 1989. Drill hole 05-5 returned 44.1 g/t Au, 3400.0 g/t Ag, 4.86% Pb and 3.96% Zn over 0.25 meters from the H zone, while hole 05-6 returned 19.7 g/t Au, 1390.0 g/t Ag, 2.09% Pb and 7950 ppm Zn over 0.11 meters and hole 05-7 returned 8.8 g/t Au, 3560 g/t Ag, 2.65% Pb and 5.16% Zn over 0.13 meters.

In her September, 2005 technical report independent consulting geologist Linda Caron, M.Sc., P.Eng, a qualified person as defined by National Instrument 43-101, recommended a two phase work program which included a suitable geophysical survey followed up with boundary surveys being undertaken in the areas of interest.

In December 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. An updated NI 43-101 compliant technical report is being prepared that will summarize the results of the airborne survey and make recommendations for further work.

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. These targets are a high-priority for drill testing.

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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 has been recommended to test these, as well as other conductors on the property.

Kingsman is planning a fall diamond drill program to follow-up on the results of the Aeroquest survey. Independent consulting geologist Linda Caron, M.Sc., P.Eng, will design and supervise the 2006 drill program.

OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY

- The loss for the nine months ended September 30, 2006 was \$109,903 compared to a loss of \$122,535 the corresponding period last year – no significant variances to report. The single largest cost in each period was a stock option benefit charge in the \$40,000 per period range.
- Completion costs for last December's work program on the Snowshoe Property totalled \$16,459. In addition, property payments of \$10,000 and 75,000 common shares were made in the second quarter.
- 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.
- Stock options totaling 510,000 shares at \$0.13 for two years were granted to 4 officers and directors and 2 consultants in January, 2006.
- 200,000 share purchase warrants were exercised in the first quarter for proceeds of \$30,000.
- At the end of September, 2006, the Company had a working capital deficiency of \$20,608. 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.

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- **Table 1. General and Administrative Expenditures**

	2006			2005				2005
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Filing Fees and Transfer Agent	926	6,370	4,273	1,092	2,327	6,346	6,505	959
Investor Relations	328	1,650	713	733	300	268	0	2
Professional fees	6,000	8,750	6,000	13,332	12,998	12,000	6,140	9,645
Management Fees	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Office	2,048	2,653	3,372	1,610	1,182	2,864	1,176	1,182
Travel	622	3,712	684	1,234	286	7,098	464	140
Other	15	(383)	(864)	(623)	(410)	(331)	174	60
Total	17,439	30,252	21,678	24,878	24,183	35,745	21,959	19,488

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
- Edward (Ted) Drummond joined the Board in June, 2006
- The Company's Annual General Meeting was held June 14, 2006 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

- \$22,638 is owing to related parties.
- Directors and officers were granted two-year options totaling 310,000 shares at \$0.13 per share. Directors and officers have 470,000 options at prices from \$0.13 to \$0.20.
- Monthly management fees total \$2,500 for all comparative periods.

SUBSEQUENT EVENTS

- None