

**KINGSMAN RESOURCES INC.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
For the Quarter Ending March 31, 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**

	<b>2007</b>	<b>2006</b>				<b>2005</b>		
	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>	<b>Q1</b>	<b>Q4</b>	<b>Q3</b>	<b>Q2</b>
Revenues	0	0	0	0	0	0	0	0
G&A Expenses	82,554	92,055	17,439	30,252	21,678	24,878	24,183	35,745
Option Benefits	0	64,801	0	0	40,534	0	0	0
Net Loss(Gain)	82,554	156,856	17,439	30,252	62,212	24,878	24,183	35,745
-per share	.01	.02	.00	.00	.01	.00	.00	.00
-per share-diluted	.01	.01	.00	.00	.01	.00	.00	.00
Total Assets	1,456,889	1,309,585	286,252	287,398	295,549	322,653	304,481	340,829
Liabilities(L.T.)	-	-	-	-	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-	-
Working Capital(Deficiency)	742,970	888,999	(20,608)	(3,169)	48,353	45,220	62,132	92,315
Resource Property Expenditures	342,475	88,338	0	36,270	5,189	31,034	6,000	96,278
Share Capital:								
-Authorized	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	100,000,000
-Outstanding	15,926,430	14,743,630	8,843,630	8,843,630	8,768,630	8,568,630	8,228,630	8,228,630
-Warrants	3,986,000	4,900,000	2,800,000	2,800,000	2,800,000	3,000,000	3,000,000	3,000,000
-Options	1,266,470	1,586,470	830,000	830,000	830,000	341,429	681,429	821,429

**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 PROPERTY**

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 "Snowshoe Property" ) located in the Boundary District about 3 kilometers southeast of Greenwood B.C. 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](http://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.

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

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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.

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 Ms Caron recommended a two phase work program which included a suitable geophysical survey followed up with boundary surveys being undertaken in the areas of interest.

Significant results from drilling are tabulated below:

	From	To	Interval	Au	Ag	Pb	Zn	
	meters	meters	meters	g/t	g/t	ppm (or %)	ppm (or %)	
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

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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 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.

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. Anomalous results are summarized below.

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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 is reviewing the overall results from work on the property to date to investigate the potential for other targets to pursue.

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

- The loss for the quarter ended March 31, 2007 was \$82,554 compared to a loss of \$62,212 the corresponding period last year. The single largest year over year variance was the investor relations costs due to the aggressive advertising campaign costing \$49,000, including an upgraded website commenced in December. Travel costs were \$9,000 higher due to the drilling program. 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 \$342,475. The total costs spent on the drilling program were \$457,475, in line with the \$425,000 in flow through funds raised in December.
- 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 March 31, 2007 the Company's share position was as follows:

Shares	15,926,430
Options	1,266,470
Warrants	<u>3,986,000</u>
Fully Diluted	<b><u>21,178,900</u></b>

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- At the end of March, 2007, the Company's working capital was \$743,000 down \$146,000 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		
	Q4	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Filing Fees and Transfer Agent	6,667	4,757	926	6,370	4,273	1,092	2,327	6,346
Investor Relations	49,249	26,999	328	1,650	713	733	300	268
Professional fees	8,159	45,463	6,000	8,750	6,000	13,332	12,998	12,000
Management Fees	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Office	3,391	1,397	2,048	2,653	3,372	1,610	1,182	2,864
Travel	9,670	4,268	622	3,712	684	1,234	286	7,098
Other	(2,082)	1,671	15	(383)	(864)	(623)	(410)	(331)
<b>Total</b>	<b>82,554</b>	<b>92,055</b>	<b>17,439</b>	<b>30,252</b>	<b>21,678</b>	<b>24,878</b>	<b>24,183</b>	<b>35,745</b>

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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 is planned for 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**

- 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).