

KINGSMAN RESOURCES INC.
MANAGEMENT DISCUSSION & ANALYSIS
For the Year Ending December 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 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 April 28, 2008.

SELECTED FINANCIAL INFORMATION

	2007				2006			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	0	0	0	0	0	0	0	0
G&A Expenses	155,670	61,660	71,599	82,554	92,055	17,439	30,252	21,678
Option Benefits	66,672	0	0	0	64,801	0	0	40,534
Property Write-off	0	0	708,294					
Income Tax Recovery	(307,933)							
Net Loss(Gain)	(85,591)	61,660	779,893	82,554	156,856	17,439	30,252	62,212
-per share	.00	.00	.06	.01	.02	.00	.00	.01
-per share-diluted	.00	.00	.06	.01	.01	.00	.00	.01
Total Assets	1,488,806	1,140,733	711,542	1,456,889	1,309,585	286,252	287,398	295,549
Liabilities(L.T.)	-	-	-	-	-	-	-	-
Cash Dividends	-	-	-	-	-	-	-	-
Working Capital(Deficiency)	1,145,092	1,010,241	666,650	742,970	888,999	(20,608)	(3,169)	48,353
Resource Property Expenditures	173,980	84,749	24,721	342,475	88,338	0	36,270	5,189
Share Capital:								
-Authorized	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
-Outstanding	20,611,430	18,156,430	16,026,430	15,926,430	14,743,630	8,843,630	8,843,630	8,768,630
-Warrants	8,341,000	5,986,000	3,986,000	3,986,000	4,900,000	2,800,000	2,800,000	2,800,000
-Options	2,136,470	1,416,470	1,266,470	1,266,470	1,586,470	830,000	830,000	830,000

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		
	2007	2006	2005
Revenues	-	-	-
G & A Expenses	438,155	161,424	106,765
Net Loss (Gain)	838,516	266,759	147,413
Per share- basic and diluted	(.05)	(.03)	(.02)
Working Capital (Deficiency)	1,145,092	888,999	45,220
Total Assets	1,495,820	1,309,585	322,653
Deferred Resource Property Expenditures	625,925	114,797	153,312
Liabilities (L.T.)	-	-	-
Cash dividends	-	-	-

RESOURCE PROPERTIES

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.

To maintain the Agreement and the Option in good standing, the Company is required to make payments to the vendors and to perform exploration work according to the following schedule:

Date	Payment	Shares	Exploration Work
2007- on approval	⁽¹⁾ \$ 10,000	⁽²⁾ 50,000	0
2007- by December 31	⁽¹⁾ 10,000	⁽²⁾ 50,000	⁽³⁾ \$ 100,000
2008- by December 31	20,000	75,000	\$ 100,000
2009- by December 31	30,000	100,000	\$ 100,000
2010- by December 31	30,000	125,000	\$ 100,000
2011- by December 31	0	0	\$ 100,000
	\$ 100,000	400,000	\$ 500,000

⁽¹⁾ Paid

⁽²⁾ Issued

⁽³⁾ Completed

The vendors retained a 2.0% net smelter return royalty (“NSR”).

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The Luxor property has seen sporadic exploration programs carried out throughout the 1960's, 1970, 1971, 1980 and 1981. The majority of this work has consisted of several small-scale geochemical soil sampling programs, sporadic rock sampling, prospecting and geological mapping. A program of 10 diamond drill holes totaling 4,750 feet were drilled in 1966, but no results were ever reported. The drill holes were probably partially focused on a known area of molybdenum mineralization referred to as the 'Main' showing area. The drill holes appear to have been mainly drilled from an access trail down-slope from the "Main" showing area and probably were poorly positioned to properly assess the showing area. In 1980, one vertical hole totaling 305 metres was drilled, approximately 4 kilometers northeast of the 'main' showing, with negligible results. In 1981 a second vertical hole totaling 610.0 metres was drilled at the top of the steep slope, approximately 600 metres east of the 'main showing'. This hole showed more extensive alteration with reported MoS₂ values of 0.03% reported from 75.3-90.5 (15.2)m and 0.025% from 179.0-194.2 (15.2)m.

The target for the Luxor property is that of a bulk-tonnage porphyry molybdenum deposit. Although significant values of molybdenum have been obtained within the area of the Luxor property, no clear parameters have been established to speculate on the overall extent or continuity of mineralization on the mineral property. In the past, exploration over the property area has been hampered by steep slopes, which have allowed only limited access or exposure for geological and/or prospecting evaluations. Past work has indicated that the 'main' showing area is approximately 150 metres by 100 metres in extent, but this is likely somewhat hypothetical and will require more detailed study to examine structural controls, rock alteration and strike/width extensions for the known mineralization area. Good molybdenum mineralization in rock float has been reported from as far as 1.5 kilometers south of the 'main' showing area, possibly representing a continuously mineralized zone throughout this distance. Various mineral grades have been reported from past work on the property, but cannot be relied upon, as they are often select grab samples and do not represent mineralization across sizable or measured sample widths. Mineral grades of up to 5.0% MoS₂ have been reported by previous operators. Rock and stream silt sampling carried out by previous claim owner B. Augsten show the highest values of 3,329 ppm Mo and 3,653 ppm Mo were obtained at the 'main' showing area. A sample collected by G. Thomson from this area returned a value of 0.085% Mo across a 1.0 metre outcrop containing molybdenite in strongly fractured pinkish quartz monzonite. A second sample across a 15 centimetre wide molybdenite-bearing fracture filling assayed 0.484% Mo.

Molybdenum mineralization at the Luxor property occurs within, or is associated with, quartz-potassium feldspar pegmatitic and aplitic veinlets and dykelets and as medium-grained flakes and rosettes hosted by a high level granitic phase of the Cretaceous Baldy batholith. Numerous molybdenite showings and occurrences have been identified by previous holders of the property, but little systematic exploration work has been undertaken across much of the property. Due to steep precipitous slopes along the western extent of the mineral property, systematic ground geochemical and geophysical surveys are not recommended. For the present, the mineral property should undergo additional prospecting and geological evaluations, within allowable topographical constraints.

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The area around the 'main' showing will be further evaluated in an attempt to follow out the mineralization in terms of strike extent and structural continuity. To this end, a relatively short exploration or trenched access trail from the lower road access upslope to the 'main' molybdenum showing area will be done. This work will be carried out using a small excavator to provide better outcrop exposure in this area of the mineral property and therefore provide a better geological understanding of the 'main' showing area. This new access can also be used to establish more optimally located drill site locations for the 'main' showing area. The upper or plateau area of the property will also be evaluated as anomalous molybdenum results have also been obtained in this area of the property.

In November 2007, 722 metres of core were drilled in four holes which targeted the Luxor "Main Showing" as well as mineralization exposed along road cuts leading to the showing. The first two holes, which were drilled from the same setup are reported here. They were lost before reaching target depth, although both intersected molybdenum mineralization. Highlights from the first hole include a three metre intersection of 925 ppm Mo (0.0925 % Mo) and a 6 metre intersection of 420 ppm Mo (0.0420% Mo). The second hole also yielded two intersections of molybdenum, with a three metre section returning 676 ppm Mo (0.0676% Mo) and a six metre section further downhole returning 301 ppm Mo (0.0301% Mo). Mineralization was also intersected in the third hole and although mineralization appears to be of similar tenor to that intersected in the first two holes, the results have not yet been received from the laboratory. The Company is encouraged by the fact that mineralization has been encountered in the drill holes and the Company plans to do further work on the property.

On February 28, 2008 the Company announced the commencement of a biogeochemical survey to be managed by Dr. Robert Thompson, P.Eng. and Bernhardt Augsten, P. Geo. over part of the Luxor Molybdenum property. Molybdenite in veins and fractures has been discovered in quartz monzonite outcrops along the flanks of a 1 km by 4 km marsh. Sericite and clay alteration minerals found in some of the flanking outcrops suggest the marsh masks a linear zone of faults and fractures formed during late stage volatile activity within the pluton. The intent of the survey is to test this hypothesis using tree tissue as a proxy for molybdenum concentrations in the subsurface.

Trees are natural water pumps, using their extensive root systems to move fluid from deep in the overburden and underlying outcrop, up into branches and foliage to serve the purposes of photosynthesis. If the fluid being moved has anomalous concentrations of molybdenum, among other metals, this concentration will be reflected in the chemistry of the foliage and outer bark of the tree. Hence, the trees can act as proxies for metal concentrations in the subsurface. Biogeochemistry is the application of this principle to mineral exploration. A text, outlining the methods and describing case histories where biogeochemistry has been effective in mineral exploration was recently authored by Dr. Colin Dunn (*Biogeochemistry in Mineral Exploration, 2007, Elsevier*). The Luxor Molybdenum property is considered an ideal setting to apply biogeochemical principles in the search for molybdenum concentrations. Dr. Dunn has been retained to interpret the results.

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.

To maintain the Agreement and the Option in good standing, the Company is required to make payments to the vendors and to perform exploration work according to the following schedule:

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2007- on approval	⁽¹⁾ \$ 5,000	⁽²⁾ 40,000	0
2008- by July 1	5,000	40,000	\$ 50,000
2009- by July 1	5,000	40,000	\$ 50,000
2010- by July 1	10,000	40,000	\$ 50,000
2011- by July 1	10,000	40,000	\$ 50,000
	\$ 35,000	200,000	\$ 200,000

⁽¹⁾ Paid

⁽²⁾ Issued

⁽³⁾ Completed

The vendors retained a 2.0% net smelter return royalty (“NSR”).

The property lies within the Phoenix-Boundary mining camp, which dates back to the late 1890’s. Many precious and base metal deposits are found in the region. Since its discovery in the 1890’s, many individuals and several junior mining companies have worked on the Pathfinder property,

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 pyrrhotite 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.

Several shipments of ore totaling 1,230 tons were produced from the Pathfinder and Little Bertha deposits. Gold and silver, along with minor copper and lead were produced.

Diamond drilling has been minimal on the Pathfinder property, mainly focused on the main workings of the Pathfinder zone. Thirteen short holes were drilled in 1985, containing multiple intersections (0.6 to 1.6 m) of gold (3.8 to 16.0 g/t Au), silver (5.7 to 43.9 g/t Ag) and copper (0.26% to 2.52% Cu). Later examination of this drill core demonstrated that the drill core was not adequately sampled with un-sampled sections containing up to 2.3 g/t Au with associated copper up to 0.5% Cu plus silver. Results to date indicate that mineralization at the Pathfinder zone is probably more extensive than previously recognized.

Diamond drilling at the Diamond Hitch zone consisted of 7 short holes in 1983 and 1984, most drilled too shallow to reach the main mineral controlling structure. Drill hole 83-4 intersected massive pyrrhotite + pyrite at depth with a 0.7 m interval assaying **39.7 g/t Au**, while a second interval assayed 3.4 g/t Au across 4 metres. This zone measures at least 60 metres wide by 200 metres long and is possibly structurally related to the Pathfinder zone to the northeast.

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Numerous other scattered showings are known on the property, some of which have returned favorable gold grades (to 73.1 g/t Au). Trenching done in 1987, approximately 100 metres southeast of the Pathfinder zone located a significant mineralized interval assaying **6.7 g/t Au** across 5 metres. This zone is untested by drilling. Other geochemical and /or geophysical targets require further investigation utilizing trenching and diamond drilling exploration.

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. The work permit was received October 18th and a work program to open up the roads, trench and sample will commence the week of October 29th.

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 property consists of 15 mineral tenures totaling 5,979 hectares.

To maintain the Agreement and the Option in good standing, the Company is required to make payments to the vendors and to perform exploration work on the International Basin Property according to the following schedule:

Date	Payment	Shares	Exploration Work
2007- on approval	⁽¹⁾ \$ 20,000	⁽²⁾ 90,000	0
2008- by September 30	20,000	90,000	\$ 150,000
2009- by September 30	30,000	90,000	\$ 150,000
2010- by September 30	40,000	90,000	\$ 300,000
2011- by September 30	40,000	90,000	\$ 400,000
	\$ 150,000	450,000	\$ 1,000,000

⁽¹⁾ Paid

⁽²⁾ Issued

⁽³⁾ Completed

The vendors retained a 2.0% net smelter return royalty (“NSR”).

The claim area was once covered by numerous crown-granted mineral claims, and a significant amount of exploration and development work was recorded, mainly in the period between 1897 and 1927. Evidence of this work is still clearly present in the form of numerous pits, shafts, adits, access trails, and the remains of old exploration camps. From 1927 to the present, very little work was undertaken in the area, with the exception of a brief burst of activity in 1966. Interestingly, since 1966, air photo evidence shows a significant reduction in the extent of local glaciers, providing access to heretofore unexplored ground.

The claims are underlain by undivided Proterozoic sedimentary rocks, and preliminary work by the claim owners has identified a mappable belt of pyrite-sericite schist. The schist appears to host much of the known mineralization on the property and it is apparently flanked by chlorite schist, which suggests that the protolith may include a volcanic component.

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Gold and silver mineralization on the property occurs primarily within base metalsulphide-bearing mesothermal quartz veins. Sulphides include galena, pyrite, sphalerite, tetrahedrite, chalcopyrite and arsenopyrite, and the quartz veins vary in thickness from greater than 3m to less than 15cm. In addition to discrete larger veins, recent prospecting has discovered an extensive zone of sheeted sulphide-bearing quartz veins, the full extent of which remains to be determined.

Gold and silver occur within several different styles of quartz veins with widths varying from 1 cm to greater than 1m. The principal sulphides associated with gold and silver mineralization within these veins are galena, pyrite, and sphalerite with lesser chalcopyrite, tetrahedrite and arsenopyrite. Malachite and azurite are also occasionally seen. Galena-bearing veins tend to be enriched in silver but interestingly on this property significant gold values occur in these as well.

Part of the property overlies several old crown granted mineral claims with numerous old workings including old pits, shafts, and adits. The remnants of old trails and exploration camps are still there. This work dates back to a period of time between 1897 and 1927. A two day prospecting trip was taken in early September to rediscover and sample many of these old workings.

The highest gold values occur within a 30cm quartz pyrite vein with minor galena. Most veins appear to occur within a strongly altered sequence of fine grained clastic sediments. Highlights of this program included selected vein material assaying to 4.23 oz/t gold and up to 44.62 oz/t silver.

The table below lists the more significant results. These results should not be deemed as average values, but rather as high grade character samples.

Sample_ID	Sample Type	Au oz/t	Ag oz/t	Cu%	Pb%	Zn%
G08551	Qtz vein dump sample	0.05	1.16	200 ²	2.09	1.68
G08552	Qtz vein dump sample	4.23	20.2 ²	38 ²	186 ²	355 ²
G08553	Qtz vein dump sample	1.39	2.32	123 ²	3.36	151 ²
G08554	Quartz vein float	910 ¹	2.08	2575 ²	2.57	6398 ²
G08555	Quartz vein grab	385 ¹	2.95	1446 ²	5.22	5.21
G08556	Quartz vein float	375 ¹	2.75	732 ²	6.72	2.16
G08557	Quartz vein grab	195 ¹	32.95	388 ²	29.1	637 ²
G08558	Qtz vein dump sample	0.44	25.49	2.17	19.1	4.55
G08559	Qtz vein grab	140 ¹	1.04	1237 ²	5592 ²	704 ²
G08560	Qtz vein float	1.18	14.32	1.92	16.9	4704 ²
G08561	Qtz vein grab	250 ¹	3.98	559 ²	9.11	267 ²
G08562	Qtz vein float	0.19	.01	4123 ²	754 ²	3447 ²
G08701	Qtz vein grab	0.88	44.62	4.11	17.9	1.18
G08702	Qtz vein grab	20 ¹	.15	120 ²	634 ²	45 ²
G08703	Qtz vein dump	0.08	15.49	6474 ²	21.4	12.9
G08704	Qtz vein grab	25 ¹	.41	566 ²	1168 ²	577 ²
24112	Qtz vein grab	0.22	9.97	399 ²	19.2	6740 ²
24114	Qtz vein grab	265 ¹	24.58	1210 ²	22.6	2475 ²
24115	Qtz vein grab	0.27	15.95	1.44	10.3	1.44
24116	Qtz vein grab	0.03	23.19	1747 ²	42.3	365 ²
24117	Qtz vein grab	0.06	16.77	906 ²	24.9	1.97
24118	Qtz vein grab	0.21	2.50	206 ²	2.67	2749 ²
24119	Qtz vein float	0.14	4.49	1.97	3.79	3993 ²

¹ppb Au, ²ppm

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On this trip, vein samples were collected over an area of approximately 1400 meters by 400 meters all from the north side of Bobbie Burns Creek. Importantly to the south of Bobbie Burns Creek, aerial reconnaissance shows numerous quartz veins of various orientations in an area that was largely covered by ice as recently as the mid 1960's. Weather and time precluded prospecting in this area but it remains a high priority target for the next field season.

A second two-day helicopter-supported program was undertaken at the end of September by four geologists and a prospector and was reported as follows:

Gold and silver occur within several different styles of quartz veins, and also locally within altered sedimentary wallrocks to the veins. Veins vary in width up to three metres, although most well-mineralized veins are narrower. Strike lengths of the veins range up to at least 100 metres, but most well-mineralized sections observed to date are less continuous. The highest precious metals values are associated with decimeter-thick quartz veins containing relatively abundant sulphide minerals. The principal sulphides are galena, pyrite, and sphalerite, with subordinate chalcopyrite and arsenopyrite; the sulphosalt tetrahedrite and the copper oxides, malachite and azurite, are also commonly associated with the sulphides. As is common elsewhere, galena-bearing veins tend to be enriched in silver, but as the table of significant results below shows, significant gold values may occur in these veins as well.

Sample number	Sample type	Au (ppm)	Au (oz/t)	Ag (ppm)	Ag (oz/t)	Cu (ppm)*	Pb (ppm)*	Zn (ppm)*
SFIB7R006	grab	68.1	1.986	237	6.913	2840	6.47%	736
SFIB7R004	30 cm chip	37.8	1.103	152	4.433	1380	2.34%	1480
RJUIB7F003	float from dump	34.7	1.012	57.6	1.680	412	2.71%	1.79%
SFIB7R023	grab	18.2	0.531	61.7	1.800	239	946	27
SFIB7R001	30 cm chip	16.65	0.486	4.3	0.125	19	259	16
SFIB7R012	grab	9.21	0.269	101	2.946	5370	2.61%	1890
SFIB7R007	grab	6.08	0.177	170	4.958	4600	2670	765
SFIB7R034	grab	2.4	0.070	6.9	0.201	11	883	99
SFIB7R025	grab	2.39	0.070	3	0.088	11	977	108
SFIB7R024	grab	1.74	0.051	29.2	0.852	165	6190	58
RJUIB7F009	grab	1.655	0.048	1555	45.354	1.39%	>20.0%	2280
SFIB7R011	grab	1.6	0.047	30.2	0.881	7080	7460	4720
SFIB7R002	1 meter chip	1.375	0.040	0.2	0.006	66	34	59
CGIB7R007	35 cm grab-chip	0.776	0.023	5.4	0.158	188	4960	1350
SFIB7R003	grab	0.747	0.022	715	20.854	5	10.60%	153
SFIB7R015	grab	0.602	0.018	157	4.579	2.29%	9.06%	1905
CGIB7R002	float	0.557	0.016	116	3.383	495	>20.0%	2150
SFIB7R035	grab	0.532	0.016	177	5.163	469	9.25%	1790
RJUIB7F004	grab	0.443	0.013	12.5	0.365	1.49%	234	197
RJUIB7F001	float	0.303	0.009	4.4	0.128	137	1930	15
SFIB7R033	chip	0.149	0.004	1.7	0.050	9	693	215
RJUIB7F002	grab	0.148	0.004	398	11.608	708	>20.0%	3.64%
SFIB7R009	grab	0.134	0.004	460	13.417	103	>20.0%	1670
RJUIB7F006	float	0.127	0.004	65.1	1.899	150	3.84%	3.93%
SFIB7R008	grab	0.12	0.004	203	5.921	304	10.75%	2060
SFIB7R013	grab	0.067	0.002	1360	39.667	886	>20.0%	337
SFIB7R016	composite grab	0.013	0.000	34.7	1.012	137	1.89%	115

*values greater than 10,000ppm are shown in percent

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Most well-mineralized veins appear to occur within a northwest-trending structural corridor that is marked by altered (quartz, sericite, Fe carbonate, and pyrite) fine-grained clastic sedimentary rocks. The well-mineralized veins appear to be concentrated preferentially near the upper contacts of coarsening-upward turbiditic sequences of fine- to coarse-grained quartz arenite that are interbedded locally with quartz and chert pebble conglomerate (grits). The immediately overlying rocks are typically very fine-grained and commonly intensely altered, and it is probable that they acted as a relatively impermeable barrier to the rising hydrothermal fluids from which the mineralized veins were deposited.

The samples were collected over an area of approximately 1500 meters by 500 meters on the north side of Bobbie Burns Creek, where historical workings were concentrated and where samples reported earlier (see News Release dated Nov. 7, 2007) were collected. Sampling from the two programs demonstrates that precious metals grades can be found along the entire length of the structural trend prospected to date. Furthermore, several samples of altered wallrock (e.g., SFIBR002, 016, and RJUIBF001) or wallrock with fine quartz vein stockworks (e.g., SFIBR023) suggests that the possibility exists on the property for zones of wallrock adjacent to the high-grade veins to carry significant grades.

Aerial reconnaissance during the program also suggests that numerous quartz veins may be found south of the creek, where ice cover was much more extensive as recently as the mid 1960's. This area remains a high priority for exploration in the coming field season.

Other plans for next field season include the establishment of a soil geochemical grid in the valley of Bobbie Burns Creek. The geochemistry of the veins suggests that geochemical "pathfinder" elements, such as As, Sb, Bi, and Cd, in addition to the precious (Au and Ag) and base metals (Cu, Pb, Zn), will be useful in helping to trace the extent of mineralized veins beneath areas of heavier cover, such as near the bottom of the creek valley.

A third trip planned to investigate the vein structure on the south side of Bobby Burns Creek that was covered by a glacier until recently, was postponed due to snow and will be completed in the spring of 2008.

Snowshoe Property

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.

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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 as shown below:

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.

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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 reviewed the overall results from work on the property to date and dropped the property. These costs were absorbed in the second quarter of 2007.

OPERATING RESULTS, FINANCIAL CONDITION, LIQUIDITY AND SOLVENCY

- The loss for the year ended December 31, 2007 was \$838,516 compared to a loss of \$266,759 for the corresponding period last year. Included in this year's loss is a property cost write-off of \$708,294 for the dropping of the Snowshoe Property and an income tax recovery of \$307,933 for flow through shares considerations. The single largest year over year G & A variance was the investor relations costs due to the aggressive advertising campaign costing \$102,000, including an upgraded website commenced in December. Management costs and travel costs were \$45,000 and \$28,000 higher due to three drilling programs conducted during the year and property acquisitions and regulatory (professional fees, filing fees and transfer agent) costs were \$51,000 higher. Partially offsetting these costs were a reduction in the stock option benefit charge of \$39,000 as compared to last year and interest income of \$26,000.
- Costs for the fourth quarter of \$222,342 before the flow through income tax recovery of \$307,933 were \$65,000 higher than the corresponding period last year due mainly to management fees of \$45,000 charged for the three drill programs and professional fees (audit accounting and legal) up \$30,000 offset by interest income earned on the funds raised by private placement.
- Completion costs for the December, 2006 work program on the Snowshoe Property totalled \$358,868. The total costs spent on the drilling program were \$473,868, in line with the \$425,000 in flow through funds raised in December.
- During the year the Company raised \$289,000 through the issuance of 1,232,800 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.
- In the third quarter of 2007, the Company completed a 2,000,000-unit flow-through private placement at \$0.24 per unit for gross proceeds of \$480,000. In the fourth quarter the Company completed a non-flow through private placement of 2,405,000 units at \$0.20 per share. The units consisted of one share plus one warrant exercisable at \$0.25 in the first year or \$0.30 in the second year.
- In 2007 the Company issued 230,000 shares at a fair market value of \$48,000 on acquiring the Luxor Moly, Pathfinder and International Basin Properties' options.

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- As at April 28, 2008 the Company's share position is as follows:

	March 1, 2008	December 31, 2007
Shares	21,091,430	20,611,430
Options	1,300,000	1,810,000
Broker's options	326,470	326,470
Warrants	8,341,000	8,341,000
Fully Diluted	<u>31,058,900</u>	<u>31,088,900</u>

- At the end of the year 2007, the Company's working capital was \$1,145,000 up \$256,000 over last 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			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Filing Fees and Transfer Agent	6,697	7,078	7,040	6,667	4,757	926	6,370	4,273
Investor Relations	22,270	21,938	38,316	49,249	26,999	328	1,650	713
Professional fees	75,143	9,500	14,150	8,159	45,463	6,000	8,750	6,000
Management Fees	60,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Office	3,522	4,330	1,454	3,391	1,397	2,048	2,653	3,372
Travel	6,378	17,199	4,049	9,670	4,268	622	3,712	684
Other	(18,840)	(5,885)	(910)	(2,082)	1,671	15	(383)	(864)
Total	155,670	61,660	71,599	82,554	92,055	17,439	30,252	21,678

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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

INVESTOR RELATIONS ACTIVITIES

- The Company's shareholder information is handled in house by directors of the Company.

RELATED PARTY TRANSACTIONS

- In the first quarter directors and officers exercised 200,000 options @ \$0.20 per share.
- Directors and officers were granted 425,000 two-year options at \$0.20 per share.
- Monthly management fees total \$2,500 for all comparative periods.
- Management fees totaling \$45,000 were paid to three directors and officers for their roles in directly managing three drilling and exploration programs during the year.

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

- In January, 2008 480,000 options were exercised for proceeds of \$62,400.

ADDITIONAL INFORMATION

Additional information about the Company can be found on www.sedar.com and www.kingsmanresources.com.