BAYOU BEND PETROLEUM LTD. FORM 51-102F1

(Formerly: Kit Resources Ltd.)
MANAGEMENT DISCUSSION & ANALYSIS
FOR THE FOURTH QUARTER ENDED December 31, 2006
DATE OF REPORT: February 13, 2007

Management Discussion & Analysis:

The enclosed analysis is management's interpretation of the results and financial condition of Kit Resources Ltd. (the "Company" or "Kit") for the fiscal year ended December 31, 2006. This discussion should be read in conjunction with the audited financial statements to December 31, 2006 and related notes therein.

Description of Business:

Bayou Bend Petroleum Ltd. is a publicly traded company listed on the TSX Venture Exchange, trading under the symbol: BBP. The Company is a resource-based company engaged in the continued search for new and viable opportunities in the mineral and/or oil and gas sectors.

Forward Looking Statements:

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

Overall Performance:

Throughout the year management has retained the services of Endeavour Financial Ltd. to assist the company in its continued search for the acquisition of natural resource assets. The Company has entered into an acquisition agreement for an oil and gas opportunity . This project is discussed further under the Subsequent Events note to this Management Discussion and Analysis.

Selected Annual Information:

Operations for the fiscal year ended December 31, 2006 produced a loss of $1,042,007 (2005 - $120,584), resulting in a loss per share of $0.01 (2005 - $0.00). The main factors resulting in the increased annual loss, as compared with 2005, is as a result of both the write-off of the Copperline property ($290,277) and stock option compensation totaling $489,000. The reader is reminded that this Management Discussion and Analysis should be read in conjunction with the Company's annual, audited financial statements to December 31, 2006.

Selected Annual Information Continued:

	Dec. 31/06	Dec. 31/05	Dec 31/04
Revenue	$Nil	$ Nil	$ Nil
Net Loss	$1,042,007	$120,584	$174,928
Basic & Diluted Loss/Share	$0.01	$ 0.00	$ 0.00
Total Assets	$2,982,341	$3,066,055	$344,680
Long Term Liabilities	$NIL	$ NIL	$ NIL

Results from Operations:

Private Placement:

On January 9, 2006, a total of 40,000,000 common shares were issued from treasury from the closing of a private placement consisting of 40,000,000 units at $0.07 per unit with each unit consisting of one share and one share purchase warrant. Each share purchase warrant entitles the holder to purchase one common share at $0.10 to January 9, 2008. As at December 31, 2005, share subscriptions totaling $2,759,750 (net of filing fees of $14,000) had been received and placed in a trust account with the Company's solicitors with the balance received in January 2006. Commissions were not paid in connection with the private placement.

Copperline Mineral Property

As at December 31, 2006, accumulated costs totaling $290,277 for the Copperline and Molly Properties have been written off the Company's books.

Summarized Quarterly Financial Information:

The following financial information is derived from various unaudited and audited financial statements (as noted by *), prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

	2006 Dec 31	2006 Sep 30	2006 Jun 30	2006 Mar 31	2005 Dec 31	2005 Sep 30	2005 Jun 30	2005 Mar 31
Sales/Revenue	$71,840**	$28,336**	$11,662*	$Nil	$Nil	$Nil	$Nil	$Nil
Loss(Recovery) In Period	$400.668	$186,756	$394,676	$59,907	($5,061)	$36,367	$51,010	$38,268
Loss/Per Share	$0.01	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Diluted Loss/Share	$0.01	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

*Interest Income
** Interest and Investment Income

Change In Management:

Effective April 18, 2006, the Company accepted the resignation of Mr. Graham H. Scott. On March 21, 2006, Mr. Peter D. Leitch joined the board. Mr. Leitch was subsequently appointed Chairman of the Audit Committee on April 20, 2006. At the Company's annual meeting held on June 9, 2006, Mr. Bob Mason did not stand for re-election and Mr. Stephen G. Stanley was appointed in his stead.

Liquidity & Capital Resources:

Working capital as at December 31, 2006, totaled $2,899,748 (2005 - $2,668,486). The Company had been sufficiently funded throughout fiscal 2006. In its January 18, 2007 news release, the Company announced its intention to raise a further $200,000,000 to meet its future financial obligations as it enters into a new direction, post year-end. Please refer to the subsequent events notes at the end of this Management Discussion and Analysis for further details.

Off-Balance Sheet Arrangements:

There are no such existing arrangements.

Transactions With Related Parties:

Please refer to note 6 of the attached audited financial statements to December 31, 2006. The Company paid or accrued $30,000 (2005 - $20,000) for management fees payable to Hermes Management Limited, a company controlled by director, Matthew J. Mason. A further $30,000 (2005 - $30,000) was paid or accrued to Hermes Management Limited, a company controlled by director Matthew J. Mason, in respect of services rendered by Judee Fayle an officer of the Company. A total of $21,018 (2005 - $10,310) in legal fees was paid or accrued to a law firm that has a partner who is a director of the Company.

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

Internal Controls Over Financial Reporting:

Management has designed, established and is maintaining a system of internal controls over financial reporting to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with Canadian generally accepted accounting principles.

Disclosure Controls:

Management is responsible for the design, establishment and maintenance of disclosure controls and procedures. Based on an evaluation of the Company’s disclosure control and procedures as of the end of the period covered by this MD&A, management believes its disclosure controls and procedures are effective in providing reasonable assurance that material items requiring disclosure are identified and reported in a timely manner.

Use of Estimates:

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

RISKS & UNCERTAINTIES:

Mining:

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

Cash Flows and Funding:

During the year, the Company completed a financing for which share subscriptions (net of filing fees of $14,000) had been received in the amount of $2,786,000. Working capital is raised through equity market financing and the Company has announced, post year-end, its intention to raise a further $200,000,000 through a private placement financing. Please refer to the subsequent events note at the end of this Management Discussion and Analysis for further details concerning this financing.

Asset Retirement Obligations:

Effective January 1, 2004, the Company adopted the recommendations of the CICA Handbook Section 3110. As at December 31, 2006 (and 2005) the Company did not have any asset retirement obligations.

Environmental:

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

Securities Issued During The Period:

During the year ended December 31, 2006, the Company issued:

a) 40,000,000 shares pursuant to the closing of its January 9, 2006 private placement transaction,
b) a total of 715,000 shares were issued pursuant to the exercise of various share purchase warrants and
c) a total of 2,650,000 incentive stock options were exercised.

The Company's issued and outstanding capital as at December 31, 2006, totaled 83,238,550 common shares.

Existing Stock Options:

The Company granted the following incentive stock options during the year ended December 31, 2006:

Option Holder	Shares Granted	Exercise Price	Expiry Date
Consultant	500,000	$0.76	01 March 2011
Consultant	250,000	$0.75	26 Sept 2011

Therefore, the total existing and outstanding incentive stock options as at December 31, 2006, including the above-noted 2006 grants, are as follows:

Option Holder	Shares Granted	Exercise Price	Expiry Date
Officer	250,000	$0.15	24 July 2008
Consultant	500,000	$0.76	01 March 2011
Consultant	250,000	$0.75	26 Sept 2011

Incentive stock options exercised during the year ended December 31, 2006, are as follows:

Option Holder	Shares Exercised	Exercise Price	Expiry Date
Directors	2,650,000	$0.15	24 July 2008

Please refer to the subsequent events note at the end of this Management Discussion and Analysis wherein further incentive stock options were granted and exercised subsequent to year-end.

Outstanding Warrants:

As at December 31, 2006, a total of 39,285,000 share purchase warrants to purchase 39,285,000 shares at an exercise price of $0.10 per warrant, as issued in connection with a private placement financing, remaining outstanding.

List of Directors and Officers:

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

SUBSEQUENT EVENTS:

New Corporate Direction: Acquisition of Oil and Gas Interests:

By a news release dated January 18, 2007 the Company announced that it has signed a definitive agreement to acquire all of the issued and outstanding membership interests of Summit Energy Company, L.L.C. ("Summit") for cash consideration of US $29,262,002**.** This consideration will be adjusted for the general, administrative and technical overhead activities of Summit incurred since October 1, 2006. In addition, 5 million of the Company's shares, comprising part of the consideration for the acquisition of Summit, will be issued under the terms of certain assignment agreements pursuant to which the Company was granted the opportunity to acquire Summit.

Summit is a privately held company based in Lafayette, Louisiana. Summit's primary assets include an 18.1634% participating interest in the Phase I Area of the Marsh Island project (gas/condensate assets located onshore/offshore Marsh Island in the Gulf of Mexico) and a 6.25% participating interest in the Phase II Area. The Company was required to fund Summit's share of two AFEs (authorization for expenditure) relating to the purchase and refurbishment of a production facility and two shut-in gas wells (US $227,500 paid subsequent to year-end) and to the drilling of the Greylock Prospect within the Phase I Area (US $803,000 paid subsequent to year-end). A US $2,000,000 non-refundable deposit was paid into escrow upon execution of the definitive agreement. The transaction is anticipated to close on or before February 28, 2007. The Company also has an option, exercisable until February 28, 2007, to acquire an interest in certain joint operating agreements relating to additional fields for an additional US $1,250,000. An additional 2.2 million shares of the Company are payable as finders fees in connection with the above transactions and the financing described below.

In addition, by a letter agreement dated January 2, 2007, the Company has agreed to acquire the Gulf offshore Assets ("GOM") of Pearl Exploration and Production Ltd. ("Pearl") in consideration for 10 million common shares of the Company. The Company will purchase Pearl's GOM Assets, comprised of a 100% working interest in five Gulf of Mexico offshore exploration blocks, farm-in rights to acquire a 25% working interest in a sixth offshore block, and all physical data, work products and files and records associated with these blocks, in exchange for 10 million Company shares. The Company will also acquire any contingent and contractual liability associated with the Pearl GOM Assets. Closing of the transaction is also expected to occur on or before February 28, 2007 and is subject to the successful closing of the Summit transaction and all requisite regulatory approvals.

The Summit transaction is contingent upon the completion of the equity financing described below to provide the required funds.

CDN $200 Million Financing Announced

The Company has signed an agreement to sell, on a private placement basis, up to an aggregate of 166,666,667 subscription receipts at a price of Cdn $1.20 per share for gross proceeds of up to Cdn $200,000,000. The subscription receipts will be sold by a syndicate comprised of Canaccord Adams Inc. and Orion Securities Inc. (the "Agents"). Each subscription receipt will entitle the holder to acquire one common share of the Company, without further action or payment on the part of the holder, concurrently with the closing of the Summit acquisition. A 5% fee will be payable on gross proceeds placed by the Agents. Net proceeds of the private placement will be used towards the acquisition of Summit and related transaction fees and planned drill programs, and also for general working capital purposes. The shares issued upon exercise of the subscription receipts will be subject to a hold period of 4 months commencing on the date the subscription receipts are issued. The private placement is subject to regulatory approval.

Outstanding Warrants Subsequent to Year-End

A total of 38,565,000 shares were issued from Treasury at $0.10 per share, pursuant to exercise of share purchase warrants, leaving a balance of 720,000 warrants exercisable at $0.10 per share by January 9, 2008.

Incentive Stock Option Grants

On January 18, 2007, the Company granted 1,450,000 stock options to directors and officers that are exercisable at $1.20 per share until January 18, 2012. On January 19, 2007, the Company granted a further 400,000 incentive stock options to consultants, exercisable at $1.20 per share until January 19, 2012.

Change of Name

On February 7, 2007, the Company received regulatory approval to change its name to Bayou Bend Petroleum Ltd., with an effective date of February 9, 2007 and trades on the TSX Venture Exchange under the symbol of "BBP".

Issued Capital Subsequent to Year-End:

As of the date of this report, February 13, 2007, the Company's issued and outstanding share capital is: 121,803,550 shares.

Anticipated Change in Management

The current Board of Directors, and the Company's Chief Financial Officer and Corporate Secretary, will all resign at the closing of the Summit acquisition/transaction.