BAYOU BEND PETROLEUM LTD.
(Formerly Kit Resources Ltd.)

MANAGEMENT DISCUSSION AND ANALYSIS
(Amounts in Canadian Dollars unless otherwise indicated)
Three Months Ended March 31, 2007 and 2006

Management's discussion and analysis ("MD&A") of Bayou Bend Petroleum Ltd.'s (the "Company" or "Bayou Bend") financial condition and results of operations should be read in conjunction with the unaudited consolidated financial statements for the three months ended March 31, 2007 and 2006 and related notes therein prepared in accordance with Canadian generally accepted accounting principles. The effective date of the MD&A is May 10, 2007. Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company's web-site at www.bayoubendpetroleum.com.

Overview

Bayou Bend is a Canadian-based oil and gas company that currently holds various interests in oil and gas exploration and development properties in the USA. Up to February 9, 2007, the Company operated under the name Kit Resources Ltd. and traded on the TSX Venture Exchange under the symbol "KIT". On February 9, 2007, the Company changed its name to Bayou Bend Petroleum Ltd. and started trading under the symbol "BBP".

Prior to December 31, 2006, the Company was a resource based company engaged in the continued search for new and viable opportunities in the mineral sector. During the quarter ended March 31, 2007, the Company began its transition into an oil and gas exploration and development company and completed several significant acquisitions which are described more fully below.

During the three months ended March 31, 2007, the Company's major accomplishments were as follows:

- Successfully completed a private placement of common stock raising $190,796,000 (net of fees) to be used for the acquisition of Summit Energy Company, L.L.C. ("Summit"), other properties and planned drilling programs, as well as for general working capital purposes.
- Completed the acquisition of Summit, an oil and gas company with a quality portfolio of assets onshore and offshore Marsh Island in the Gulf of Mexico off the Louisiana Coast.
- Acquired an additional 17.4175% interest in the Marsh Island project from other participants to bring the Company's total interest to 35.5809%.
- Drilled its first well which resulted in a gas and condensate discovery in the Marsh Island project. The well is currently being completed as a producing well with production planned to commence before the end of May 2007.

Subsequent to the quarter end, the Company had additional major accomplishments as follows:

- Completed acquisition of a 21.875% working interest in 2,899.9 acres, which includes the large LaPosada prospect, located in Louisiana.
- Completed the acquisition of five Gulf of Mexico offshore exploration leases (the "GOM Assets") from Pearl Exploration and Production Ltd.

Private Placement

On February 20, 2007, the Company sold 166,666,667 subscription receipts at a price of $1.20 per receipt for gross proceeds of $200,000,000. The subscription receipts were sold by a syndicate comprised of Canaccord Adams Limited and Orion Securities Inc. (the "Agents"). Subsequently, each subscription receipt was converted into one common share of the Company. A fee totaling $9,204,000 was paid to the Agents for the placement services.

Oil and Gas Acquisition

On February 20, 2007, the Company acquired 100% of the membership interests in Summit and Summit became a wholly-owned subsidiary of the Company. The assets acquired include an 18.1634% interest in a portfolio of assets onshore and offshore Marsh Island in the Gulf of Mexico, together with an 18.1634% interest in a 40 MMcfgpd production facility tied into the existing regional pipeline infrastructure. The acquisition costs for this operating company totaled $45,847,000.

On March 8, 2007, the Company exercised its option under the Summit purchase agreement to acquire two additional properties for the issuance of 1,222,604 shares of stock with a value of $1,712,000.

Also in February 2007, the Company closed on an additional 17.4175% participating interest in the Phase I Area of the Marsh Island project for a total participating interest of 35.5809%. The acquisition costs totaled $28,601,000.

Reserve Data

In connection with the Summit acquisition, Petrotech Engineering Ltd., independent engineers, prepared an engineering and economic evaluation of the Marsh Island project in accordance with NI 51-101 with an effective date of February 1, 2007 (a summary report is available on www.sedar.com).

The report reflects the Company's 35.5809% participating interest in the Marsh island project.

The following excerpted Constant Case Before Tax reserve estimate is based on a gas price of $7.23/MMBtu (Henry Hub price) and an oil price of $59.09/bbl (West Texas Intermediate) as of February 1, 2007.

Marsh Island Project Summary of Proved + Probable + Possible Reserves and Cash Flow Values Constant Case Before Tax			
	35.5809% Participating Interest		
Reserve Category	Gas (MMcf)	Condensate (Mbbl)	NPV 10% (MMUS$)
Proved Developed, Non-Producing	260	1.89	0.50
Probable Undeveloped	8,166	0.82	43.41
Proved + Probable	8,426	2.71	43.91
Possible Undeveloped	16,480	12.57	74.96
Proved + Probable + Possible	21,905	15.28	118.87

Marsh Island Project Prospective Resources Summary Constant Case Before Tax			
	35.5809% Participating Interest		
Estimate	Gas (Bcf)	Condensate (Mbbl)	NPV 10% (MMUS$)
Low	66	1,292	313
Best	784	25,833	3,894
High	2,322	113,744	10,902

Selected Quarterly Information

The following is a summary of selected financial information for the Company for the periods indicated:

($000s, except per share data)	**Mar 31 2007**	**Dec 31 2006**	**Sep 30 2006**	**Jun 30 2006**	**Mar 31 2006**	**Dec 31 2005**	**Sep 30 2005**
Revenue	$697	$72	$28	$12	$Nil	$Nil	$Nil
Net (loss)	($2,202)	($400)	($187)	($49)	($60)	$5	($36)
Net (loss) per share - basic	($0.01)	($0.01)	$0.00	$0.00	$0.00	$0.00	$0.00
Net (loss) per share - diluted	($0.01)	($0.01)	$0.00	$0.00	$0.00	$0.00	$0.00
Total assets	$216,919	$2,982	$3,314	$3,349	$2,955	$3,066	$293

Prior to December 31, 2006, the Company was a mineral company and had limited operational activities. Subsequent to December 31, 2006, the Company changed its strategic direction to become an oil and gas exploration and development company by acquiring a variety of oil and gas interests in the USA. Beginning in the current quarter, revenues include oil and gas sales.

Oil and Gas Sales

The Company had oil and gas sales of $201,000 for the three months ended March 31, 2007, compared to $nil for the prior year three month period and $nil for the three month period ended December 31, 2006.

Interest Income

For the three months ended March 31, 2007, interest income was $496,000, compared to $nil for the prior year period and $44,000 for the three months ended December 31, 2006. Interest income represents bank interest earned on excess cash. The Company had excess cash balances as a result of its equity issues through the private placement.

Production Costs

The Company had production costs of $53,000 for the three months ended March 31, 2007, compared to $nil for the prior year three month period and $nil for the three month period ended December 31, 2006.

General and Administrative Expenses

General and administrative expenses for the three months ended March 31, 2007 were $533,000 compared to $60,000 for the prior year period and $142,000 for the three months ended December 31, 2006. The current quarter general and administrative expenses include $112,000 for legal and audit costs, $140,000 for salaries and benefits, $100,000 for management and consulting fees, and $181,000 for various other general expenses. General and administrative expenses are expected to continue to increase over the prior periods as the Company continues to increase its exploration and production activities.

Depletion, Depreciation and Amortization

Depletion, depreciation and amortization (“DD&A”) was $91,000 for the three months ended March 31, 2007 compared to $nil for the prior year period and $nil for the three month period ended December 31, 2006. The DD&A amount is mainly depletion of the oil and gas producing assets. The Company follows the full cost method of accounting for its oil and gas interests, whereby capitalized costs along with estimated future costs to develop proved reserves, are depleted on a unit-of-production basis using estimated proved oil and gas reserves.

Stock-Based Compensation

Stock-based compensation was $2,222,000 for the three months ended March 31, 2007 compared to $nil for the prior year period and $nil for the three months ended December 31, 2006. The Company uses the fair value method of accounting for stock options granted to directors, officers, employees and consultants whereby the fair value of all stock options granted is recorded as a charge to operations. The fair value of common share options granted is estimated on the date of grant using the Black-Scholes option pricing model. For the three months ended March 31, 2007, the Company issued 2,615,000 options at prices ranging from $1.20 to $2.15.

Financial Condition

At March 31, 2007, the Company had total assets of $216,919,000 compared to $2,982,000 at December 31, 2006.

Liquidity and Capital Resources

Working capital at March 31, 2007, totaled $132,538,000, compared to $2,900,000 at December 31, 2006.

Funds from operations were $3,663,000 for the three months ended March 31, 2007 compared to funds used in operations of $78,000 for the prior year three month period.

Net cash provided from financing activities for the three months ended March 31, 2007 was $195,072,000 compared to cash used in financing activities of $44,000 for the prior year three month period. During the quarter the Company issued 214,817,538 common shares at an average price of $0.97 per share.

Net cash used in investing activities was $65,544,000 for the three months ended March 31, 2007 compared to $nil for the prior year three month period. During the quarter ended March 31, 2007, the Company used cash of $65,838,000 to add to its oil and gas interests through the acquisition of leases and exploration and development activities.

Contributed surplus at March 31, 2007 increased $2,222,000 over the balance at December 31, 2006. The increase is due to the stock-based compensation for the period. When options are granted, the Black-Scholes option value method is used to calculate a value for the stock options. The offset to the amount that is recorded as stock compensation expense is a credit to contributed surplus. When stock options are exercised, a proportionate amount of the value recorded on the granting of options is moved from contributed surplus to share capital. For the three months ended March 31, 2007, contributed surplus was credited for $418,000 for stock compensation expenses. During the quarter ended March 31, 2007, 750,000 stock options were exercised.

The Company does not currently generate sufficient cash flow from its oil and gas operations to fund the entire oil and gas exploration, development and acquisition activities. The Company has relied upon the issuance of common shares to assist with financing its ongoing oil and gas exploration, development and acquisition activities to the extent that sufficient cash flow from oil and gas assets or farming out interests in oil and gas properties is not sufficient to finance its operations.

Financial Instruments

The carrying amounts of financial instruments comprising cash, accounts receivable and accounts payable approximate their fair value due to the immediate or short-term nature of these financial instruments.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Outstanding Share Data

As of May 10, 2007, the Company had 308,156,088 shares outstanding, 2,865,000 stock options outstanding under its stock-based compensation plan and 600,000 warrants outstanding.

Related Party Transactions

There were no related party transactions during the quarter ended March 31, 2007.

Changes to Management

On February 19, 2007, the Company accepted the resignations of Matthew J. Mason as President and Chief Executive Officer, Peter D. Leitch as Director, Stephen G. Stanley as Director and Judee Fayle as Chief Financial Officer and Corporate Secretary.

Also on February 19th and on March 27th, 2007, the following individuals were appointed to the Company's Board of Directors:

Clinton W. Coldren
Brian D. Edgar*
Gary S. Guidry*
Keith C. Hill*
John Zaozirny.
* Member of Audit Committee

On February 19, 2007, Clinton W. Coldren was appointed President and Chief Executive Officer of the Company and Kevin E. Hisko was appointed Corporate Secretary. On April 1, 2007, William D. Hoffman was appointed Chief Financial Officer.

Accounting Policies and Critical Accounting Estimates

Due to the Company's transition into the oil and gas exploration and development industry, the Company has adopted the full cost method of accounting for its oil and gas interests. This policy is described in Note 2 of the March 31, 2007 unaudited interim consolidated financial statements.

Risks and Uncertainties

The Company is exposed to a number of risks and uncertainties inherent in exploring for, developing and producing crude oil and natural gas. These risks and uncertainties include, but are not limited to, the following: economic risk of finding and producing reserves at a reasonable cost; cost of capital risk associated with securing the needed capital to carry out the Company's operations; risk of fluctuating currency exchange rates; risk of carrying out operations with minimal environmental impact; risk of weather, including hurricanes and other storms; risk of governmental policies, social instability or other political, economic or diplomatic developments in the US operations; market risk associated with investing the Company's cash reserves in interest bearing depository instruments; and environmental risks related to its oil and gas and mineral properties. Many of the previously mentioned risks are beyond the Company's control, and it is impossible to ensure that any exploration drilling program will result in commercial operations. The Company does not utilize derivative instruments to hedge its foreign currency exchange or interest rate risks.

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.

Outlook

The Company plans to continue pursuing Gulf of Mexico oil and gas opportunities to add to its portfolio of exploration and development properties, and to focus on the development of its existing interests in the USA.

The Company's drilling program includes seven (7) more wells during the remainder of 2007 with an estimated capital budget of US $66 million. Included in the plans are three (3) wells in the Gulf of Mexico shallow water shelf area, three (3) wells in the Marsh Island project area and one (1) well in the Louisiana tidal area.

Production from the Company's first well in the Marsh Island project, the Greylock Prospect, is expected to commence during May 2007. This well was drilled to a total depth of 10,500 feet and encountered 18 feet of Miocene Tex L "C" gas bearing sand with an average porosity of 29%. The well is currently being completed with a flowline is being laid to the Company's production facility.

During the remainder of 2007 the Company will continue to pursue strategic acquisitions through planned lease sales and other arrangements.

Forward-Looking Statements

Certain information regarding the Company contained herein may constitute forward-looking statements. Forward-looking statements may include estimates, plans, expectations, opinions, forecasts, projections, guidance or other statements that are not statements in facts. By their nature, forward-looking statements and information involve assumptions, inherent risks and uncertainties, many of which are difficult to predict, and are usually beyond the control of management, that could cause actual results to be materially different from those expressed by these forward-looking statements and information. The Company does not undertake to update or re-issue the forward-looking statements and information that may be contained herein, whether as a result of new information, future events or otherwise. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

Non-GAAP Measures

Certain measures in this MD&A do not have any standardized meaning as prescribed by Canadian GAAP such as "funds from operations" and "cash flows" and therefore are considered non-GAAP measures. These measures may be comparable to similar measures presented by other issuers. These measures have been described and presented in this MD&A in order to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance operations. Management's use of these measures has been disclosed further in this MD&A as these measures are discussed and presented.