

Pitchstone Exploration Ltd.

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Management's Discussion and Analysis of Financial Results

For the year ended December 31, 2007

Containing information up to and including April 23, 2008.

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Pitchstone Exploration Ltd.'s ("Pitchstone" or the "Company") consolidated financial statements. The information provided herein should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2007 and the audited consolidated financial statements for the year ended December 31, 2006. The following discussion may contain management estimates of anticipated future trends, activities or results. These are not a guarantee of future performance, since actual results could change based on factors and variables beyond management control.

Management is responsible for the preparation and integrity of the consolidated financial statements, including the maintenance of appropriate information systems, procedures and internal controls, and to ensure that information used internally or disclosed externally, including the consolidated financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management regularly to review the consolidated financial statements and the MD&A, and to discuss other financial, operating and internal control matters.

The reader is encouraged to review the Company's statutory filings on www.sedar.com and to review general information.

DESCRIPTION OF BUSINESS AND OVERVIEW

Pitchstone was incorporated under British Columbia's Company Act on April 24, 2003. Since that time, the Company has been involved in the acquisition and exploration of mineral resource properties, with the potential to host uranium deposits. On October 14, 2005, Pitchstone's shares began trading on the TSX Venture Exchange as a Tier One Issuer under the symbol "PXP".

The recovery of the Company's investment in its resource properties is dependent upon the discovery, and development of ore reserves and sale of any mineral concentrate produced, and the ability to raise sufficient capital to finance exploration and any potential development and operations. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters. The Company does not currently have any producing mineral properties.

The Company has five groups of mineral properties with the potential to host uranium mineralization. The first group is comprised of five properties in the Athabasca Basin region of Saskatchewan (**Uranium One Joint Venture**). These properties had been under an Option Agreement with Uranium One Inc. ("Uranium One") since September 3, 2004. In January 2007, Uranium One completed all the earn-in requirements and acquired a 50% interest in these properties. The Company and Uranium One have formed a 50:50 joint venture to explore and develop these Athabasca Basin properties.

The second group is comprised of five properties in the Hornby Bay Basin region of Nunavut and the Northwest Territories (**Triex Joint Venture**). These properties are held in a 50:50 Joint Venture with Triex Minerals Corporation ("Triex"). One of these properties, the Mountain Lake property, has an inferred resource of 8.2 million pounds of uranium grading 0.23%.

The third group is comprised of five **100% Owned Properties** which are located in the Athabasca Basin region of Saskatchewan.

The fourth group of mineral properties is located in Gabon, Africa (**Gabon Optioned Properties**). On February 26, 2006, the Company, together with Cameco Corporation ("Cameco"), entered into a Letter Agreement with Motapa Diamonds Inc. ("Motapa") to jointly explore Motapa's uranium-gold-manganese exploration licenses in Gabon. The Company and Cameco have options to earn up to 80% (40% each) interest in the licenses by 2013.

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The fifth group of mineral properties is located in Namibia, Africa (**Namibia Optioned Properties**). In January 2007, the Company entered into an agreement with Manica Minerals Ltd. ("Manica") to explore three uranium properties in Namibia. The Company has options to earn up to 71% interest on these properties by 2011 and a further option to earn an additional 9%, for a total of 80%, by completing a positive feasibility study.

For additional information on mineral properties see "Mineral Properties" section.

RESULTS OF OPERATIONS**Selected Annual Information**

	Year ended December 31, 2007	Year ended December 31, 2006	Year ended December 31, 2005
	\$	\$	\$
Total revenues	2,751,279	2,575,556	1,130,633
Income for the year	604,863	1,378,359	166,922
Income per share – basic	0.02	0.05	0.01
Income per share – diluted	0.02	0.05	0.01
Total assets	24,222,699	14,157,541	5,750,954
Total long-term liabilities	3,686,608	898,270	232,126
Cash dividends declared – per share	Nil	Nil	Nil

**Results of Operations for the year ended December 31, 2007
compared to the year ended December 31, 2006**

In the year ended December 31, 2007, the Company's net income totaled \$604,863 (income before taxes was \$203,108) compared to a net income of \$1,378,359 (income before taxes expense of \$1,854,324) in 2006. The basic and diluted earnings per share was \$0.02, compared to basic and diluted earning per share of \$0.05 in the year end of 2006.

In the year ended December 31, 2007, revenues increased by \$175,723 and the cost of operating activities increased by \$1,826,939 compared to the year of 2006.

The Company's general and administrative expenses for the year ended December 31, 2007 were \$2,548,171 compared to \$721,232 in 2006. One of the major increases was in wages of \$265,748 as the Company raised the wages of its employees and added three new employees in 2007. As a result, wages expense in 2007 totaled \$477,392 (2006: \$211,644). Stock-based compensation increased from \$91,343 in 2006 to \$1,561,047 in 2007 as a result of the options vested during the year. The Company had non-cash increased amortization of \$58,231 (2006: \$27,182) due to new exploration equipment bought during the period. The Company also incurred more accounting and audit fees (\$108,250 in 2007; \$104,250 in 2006) as the Company's operation became more active. The President of the Company became an employee of the Company and thus, there was no management fee in 2007 compared to \$20,000 in the same period in 2006.

Other costs decreased during 2007 compared to 2006: (a) investor relations decreased from \$64,560 in 2006 to \$56,970 in 2007 as a result of the Company participating in fewer mining industry trade shows during the year; (b) transfer agent fees decreased from \$19,413 in 2006 to \$12,259 in 2007 as a result of fewer activities in stock transfers and Sedar filing.

In the year ended December 31, 2007, the Company also had an average cash balance of approximately \$11 million, which earned interest of \$396,821 (2006: \$155,822). In 2007, the Company received an overhead

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recovery as the operator of the Uranium One and JCU (Canada) Exploration Company, Limited ("JCU") joint venture properties of \$182,501 compared to \$200,651 in 2006.

During October, 2007, the Company had one drill active on the Waterfound property compared to having two drills active from a camp at Bone Lake on the Darby, Candle, Gumboot and Fireweed properties during the summer months of 2007.

For the year ended December 31, 2007, the Company had an income tax recovery of \$2,813 compared to \$190,179 in 2006.

Pitchstone completed a \$3 million private placement in August 2007 and a \$3.1 million private placement in December 2007 – see "*Liquidity and Capital Resources*".

Summary of Quarterly Results

The following table has selected results of operations for each of the eight most recently completed quarters:

	For the Quarter Ended							
	Dec. 31 2007	Sept. 30 2007	June 30 2007	Mar. 31 2007	Dec. 31 2006	Sept. 30 2006	June 30 2006	Mar. 31 2006
Total Revenue	197,466	226,113	87,708	2,239,992	2,053,468	120,876	304,092	97,120
Income (Loss) for the period	(493,715)	25,800	(160,902)	1,233,680	1,282,107	(181,596)	320,296	(42,448)
Income (loss) Per Share (Basic)	(0.02)	0.00	(0.01)	0.04	0.05	(0.01)	0.01	(0.00)
Income (loss) per Share (Diluted)	(0.02)	0.00	N/A	0.04	0.05	N/A	0.01	N/A

Fourth Quarter

For the three months ended December 31, 2007, the Company's revenue totaled \$197,466 compared to \$2,053,468 in the same period of 2006. Revenue decreased by \$1,856,002 which was a result of a \$1,822,820 gain on the sale of 300,000 SXRU1 warrants in the fourth quarter of 2006 compared to \$Nil in 2007.

Administrative expenses increased by \$798,567 in the three months ended December 31, 2007 from \$294,235 in 2006. Stock based compensation in 2007 of \$732,100 was recorded for stock options vested in the fourth quarter in 2007 and only \$18,959 was recorded for the same period in 2006. Excluding the non-cash stock-based compensation, the administrative costs for the three months ended December 31, 2007 and 2006, totaled \$360,703 and \$275,277 respectively. The increase of \$85,426 in administrative costs is due to increased wages and the addition of new employees.

The Company recorded \$398,942 of future income tax recovery in the fourth quarter of 2007 (2006 – \$661,144).

The loss per share for the fourth quarter of 2007 was \$0.02 (2006 – earnings per share of \$0.05).

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MINERAL PROPERTIES

Summary of Mineral Property Expenditures and Exploration Activities

	Athabasca Basin JV Properties, Saskatchewan (Note 4a)	Hornby Bay Basin JV Properties, Nunavut/ Northwest Territories (Note 4b)	100% Owned Properties, Saskatchewan (Note 4c)	Gabon Optioned Properties, Africa (Note 4d)	Namibia Optioned Properties, Africa (Note 4e)	Total
Balance at December 31, 2005	\$(31,484)	\$ 585,660	\$ 97,179	\$ -	\$ -	\$ 651,355
Aircraft charter	73,900	-	4,329	-	-	78,229
Camp and general	48,817	163	3,770	-	-	52,750
Drilling	107,129	768,279	-	-	-	875,408
Geological	117,189	196,574	625	-	-	314,388
Geophysical	11,558	181,851	418,952	-	-	612,361
Linecutting and chaining	-	-	85,711	-	-	85,711
Mineral claims expenses	369	37,099	226	-	-	37,694
Overhead	-	118,451	-	-	-	118,451
Sampling and analysis	1,175	132,484	-	-	-	133,659
Travel	2,804	5,135	767	13,031	-	21,737
Recovery from optionee	(91,667)	-	-	-	-	(91,667)
Government assistance	-	-	(45,518)	-	-	(45,518)
Total expenditures for the year	271,274	1,440,036	468,862	13,031	-	2,193,203
Balance at December 31, 2006	\$ 239,790	\$ 2,025,696	\$ 566,041	\$ 13,031	\$ -	\$ 2,844,558
Aircraft charter	272,110	-	293,451	-	-	565,561
Camp and general	482,265	27,905	212,306	4,250	358	727,084
Drilling	961,767	824,686	617,243	-	-	2,403,696
Geological	84,630	(111,352)	30,262	72,595	157,304	233,439
Geochemical	-	-	-	-	16,343	16,343
Geophysical	103,763	23,400	29,483	151,877	126,671	435,194
Linecutting and chaining	79,449	-	31,524	-	-	110,973
Mineral claims expenses	526	195,446	59,353	3,254	88,833	347,412
Overhead	-	100,977	-	-	-	100,977
Sampling and analysis	35,212	312,830	20,743	-	-	368,785
Travel	26,808	3,351	12,475	21,332	37,804	101,770
Recovery from JV partner	(79,110)	-	-	-	-	(79,110)
Government assistance	-	-	(3,452)	-	-	(3,452)
50% interest in joint venture	4,000,000	-	-	-	-	4,000,000
Total expenditures for the year	5,967,420	1,377,243	1,303,388	253,308	427,313	9,328,672
Balance at December 31, 2007	\$6,207,210	\$3,402,939	\$1,869,429	\$266,339	\$427,313	\$12,173,230

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Cumulative totals as of December 31, 2007:

Cumulative totals as of December 31, 2007:	Athabasca Basin Properties, Saskatchewan (Note 4a)	Hornby Bay Basin Properties, Nunavut/ Northwest Territories (Note 4b)	100% Owned Properties, Saskatchewa n (Note 4c)	Gabon Optioned Properties, Africa (Note 4d)	Namibia Optioned Properties, Africa (Note 4e)	Total
Aircraft charter	\$ 346,009	\$ -	\$ 297,781	\$ -	\$ -	\$ 643,790
Camp and general	531,083	33,479	216,504	4,250	358	785,674
Drilling	1,068,896	1,592,965	617,243	-	-	3,279,104
Geological	201,819	350,844	35,668	72,595	157,304	818,230
Geophysical	115,321	442,959	479,581	151,877	126,671	1,316,409
Geochemical	-	-	-	-	16,343	16,343
Linecutting and chaining	79,449	-	117,235	-	-	196,684
Mineral claims expenses	895	260,596	120,402	3,254	88,833	473,980
Overhead	-	267,025	-	-	-	267,025
Sampling and analysis	36,387	446,347	20,743	-	-	503,477
Travel and accommodation	29,612	8,724	13,242	34,363	37,804	123,745
Recovery from optionee	(170,777)	-	-	-	-	(170,777)
Government assistance	(31,484)	-	(48,970)	-	-	(80,454)
50% interest in joint venture	4,000,000	-	-	-	-	4,000,000
Balance at December 31, 2007	\$ 6,207,210	\$ 3,402,939	\$ 1,869,429	\$ 266,339	\$ 427,313	\$ 12,173,230

Athabasca Basin Properties, Saskatchewan – Uranium One Joint Venture

In January 2007, the Company and Uranium One, a TSX listed company, entered into a 50:50 joint venture to explore five Athabasca Basin properties. Uranium One now holds the remaining 50% interest in the Darby, Waterfound, Moon Lake and Lynx Lake properties and 37.5%, or 50% of the Company's 75% interest, in the Candle property. JCU owns the remaining 25% of the Candle property. The Company is the operator of these five joint venture properties.

In order to exercise its option and earn a 50% interest, Uranium One made total cash payments of \$350,000 (the last payment of \$87,500 was made on January 11, 2007), issued an aggregate of 200,000 common shares and 300,000 share purchase warrants, and funded \$4,000,000 of aggregate exploration expenditures on the five Athabasca Basin properties. As a result of Uranium One having funded \$4,000,000 in exploration on the Athabasca Basin properties, it is deemed that the Company's 50% portion of the Athabasca Basin properties is also valued at \$4,000,000.

As of December 31, 2007, the Company's 50% portion of exploration expenditures on these five properties totaled \$6,207,210 (2006: \$239,790).

	2007	2006
50% interest in joint venture	\$ 4,000,000	\$ -
Darby Property	1,600,568	260,203
Waterfound Property	277,365	1,168
Lynx Lake Property	35,565	5,963
Moon Lake Property	151	20
Candle Property	325,045	3,920
Unallocated assistance received	(31,484)	(31,484)
	\$ 6,207,210	\$ 239,790

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During 2007, Uranium One and the Company drilled approximately 11,615 meters at Darby-Candle and Waterfound. Planned electromagnetic surveying was completed on Darby-Candle and Lynx Lake properties. A revised budget of \$4.8 million has been approved for this work.

A contract was signed on March 13, 2007 with Bryson Drilling Ltd. ("Bryson") whereby the Company would buy a diamond drill and Bryson would provide other drilling equipment and perform drilling exclusively for the Company. Bryson would buy the drill from the Company after having drilled 10,000 meters on Pitchstone properties; Bryson completed this requirement in October 2007 and has purchased the drill from the Company. In November 2007 the Company signed a new contract with Bryson to complete a minimum of 14,000 meters of drilling on the Company's Saskatchewan properties during 2008. The contract with Bryson also provides the Company with options for Bryson to complete an additional 20,000 meters of diamond drilling in 2009 and 20,000 meters of diamond drilling in 2010.

Darby & Candle Properties

The Darby and Candle properties are contiguous and comprise 19,316 hectares.

On April 3, 2004 the Company signed an option agreement with JCU in respect of the Candle property whereby the Company could acquire a 75% undivided interest in the property. In March 2007, the Company and Uranium One jointly earned a 75% interest in the property. The remaining 25% interest is held by JCU and the parties are proceeding on a 37.5:37.5:25 joint venture basis for all future exploration on the property.

The Darby property is held in the 50:50 joint venture with Uranium One.

A total of 55 kilometers of conductive zones have been outlined on the Darby-Candle properties. During February and March 2006, a total of 2,032 meters of drilling in three holes was completed as an initial test of three separate conductors. Two of the three holes, both on the Candle Property, encountered zones of anomalous radioactivity. The most significant radioactivity was in hole CD02, which intersected 2.6 meters that averaged 169 parts per million uranium, including 0.5 meter that contained 422 parts per million uranium (0.05% U_3O_8). During November 2006, 1,968 meters of core drilling had been completed in three holes on the Darby property.

Core drilling on Darby-Candle during 2007 totalled 8,112.2 meters in 13 holes. In July 2007, drill hole CD14 on the Candle property intersected a 3.2 meter interval of uranium mineralization from 647.1 to 650.3 meters that assayed 0.31% U_3O_8 , including 0.9 meter that contained 0.76% U_3O_8 . The mineralization in drill hole CD-14 was considered significant by management and a minimum of approximately six additional drill holes would be required to follow up with this target. In August 2007, CD14D1, which is a daughter hole wedged off of CD14 to the west, was completed. CD14D1 intersected a 0.8 m radioactive zone, from 672.7 to 673.5 m, that averaged 850 ppm U (0.10% U_3O_8), including 0.15 m that contains 1,810 ppm U (0.21% U_3O_8). Numerous other anomalous pathfinder metals are present in CD14D1 including an average of 21.3 g/t silver and 0.39% molybdenum (Mo) over the 0.8 m radioactive interval. There are not sufficient data available to estimate the true thickness of the zone. Mineralization intersected in CD14 and CD14D1 is designated the 97G zone. A 25 line-kilometer fixed-loop electromagnetic survey was also completed on Darby during March 2007.

Follow up drilling at the 97G zone commenced in January 2008. Exploration budgeted for 2008 on the Darby-Candle properties provides for approximately 10,600 meters of drilling.

Waterfound Property

In 2003 and 2005 the Company staked the 4,124 hectare Waterfound Property. This property is located 55 kilometres north of the Darby-Candle properties.

A fall 2005 diamond drilling program at the Waterfound property was originally planned to be 2,000 meters and was expanded to 2,714 meters in 5 holes after encouraging initial results from the first three drill holes were encountered. Strong metal enrichment and favorable alteration intersected over a large area on the Waterfound Property.

In May to June 2006, a second phase of drilling was completed with a total of 2,275 meters drilled in four holes. All four holes encountered anomalous radioactivity in proximity to the Athabasca Group unconformity. Hole WF07 intersected a 0.85 meter mineralized core interval, immediately below the unconformity, that assayed 0.07% U_3O_8 , including a 0.2 meter interval of 0.18% U_3O_8 . These are the highest uranium values obtained at Waterfound to date. Also in October 2006, a 26 line kilometer resistivity survey was completed at Waterfound with the purpose of helping to refine drill targets.

In October, 2007, six diamond drill holes for a total of 3,080 meters were completed at Waterfound. Five holes were completed to target depths and each intersected anomalous uranium in proximity to the basal Athabasca unconformity. The most significant intersections included 1.6 m (450.6-452.2 m) of 100 ppm U, including 0.1m (451.5-451.6 m) of 598 ppm U, in drill hole WF-12, and 1.2 m (435.6-436.8 m) of 173 ppm U in drill hole WF-13.

Lynx Lake Property

In 2004, the Company acquired the Lynx Lake property mineral claim totaling approximately 1,274 hectares by way of staking. The property is located 35 kilometers southwest of the Company's Darby-Candle properties.

An airborne magnetic-electromagnetic MEGATEM survey that totaled 102 line-kilometers was completed over the property in 2005. A 26 line-kilometer fixed-loop electromagnetic survey was completed at Lynx Lake in March 2007. The Company is currently assessing the results of these surveys to plan further exploration.

Moon Lake Property

The 4,590 hectare Moon Lake property is 55 kilometers southwest of the Darby-Candle properties and one kilometer east of Cameco's Millennium Deposit.

An airborne magnetic-electromagnetic MEGATEM survey that totaled 334 line-kilometers was completed over the property in 2005. In March 2006, the Company completed three lines of moving loop electromagnetic surveying totaling 10.2 line kilometers. Two weak conductive zones were identified from a preliminary interpretation. Drilling at Moon Lake was tentatively planned for 2007 but was postponed.

Pitchstone also holds a 3% net smelter royalty on two claims, S-107557 and S-107558, adjacent to the Moon Lake property. CanAlaska Ventures Ltd., the owner of the claims, can purchase 1% of the net smelter royalty for \$1,500,000. Uranium One has a 50% interest in the NSR on that portion of the two claims within one kilometer of the Moon Lake Property.

Hornby Bay Basin Properties, Nunavut and Northwest Territories – Triex Joint Venture

On May 9, 2005, the Company entered into a 50:50 joint venture with Triex to explore the Mountain Lake, West Dismal, and Leith properties, located in the Hornby Bay Basin of Nunavut and Northwest Territories. The Mountain Lake uranium deposit contains a 43-101 compliant Inferred Resource of 8.2 million pounds of U_3O_8 with an average grade of 0.23% U_3O_8 , contained in 1.6 million tonnes of rock.

In April 2006, two claim blocks totaling 59,760 hectares were optioned by the Company and Triex. These claim blocks included the Dismal Lake property and additional claims contiguous with the Mountain Lake property. The Company and Triex have paid a total of \$35,000 in cash to the property vendors, Ur-Energy Inc. ("URE") and Patrician Diamonds Inc. ("Patrician"), and in addition a cumulative \$1,225,000 was spent on the two properties by September 30, 2007. At the end of the quarter, the earn-in requirements were met and the Company and Triex have completed the purchase of these properties subject to a 5% net smelter return

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royalty retained by the property vendors; the Company and Triex have the right to purchase one half of the retained royalty for \$5,000,000 for each property.

In July 2006, the Company and Triex acquired 100% of the Kendall River property from Aramis Ventures Inc. ("Aramis"). The purchase terms included a cash payment of \$25,000 (paid) and completion of \$50,000 (requirement met) of assessment work on the property. The vendor will retain a 5% net smelter return royalty half of which the Company and Triex have the right to purchase for \$2.5 million.

An exploration program of geochemistry, geophysical surveys, prospecting and diamond drilling on the Hornby Bay Basin properties, with a total budget of \$2.3 million, was initiated in May 2007 and was completed by the end of August, 2007. Work was performed on the Mountain Lake, Dismal Lake, West Dismal and Kendall River properties. During the third quarter, the drill program was completed with 2,818 meters drilled in 11 holes of which 3 holes were at Mountain Lake and 8 holes were at Dismal Lake.

Mountain Lake Property

In 2004, the Company acquired a 50% interest in the Mountain Lake uranium property located in the Hornby Bay Basin, Nunavut. The property is situated approximately 550 kilometers north of Yellowknife, 100 kilometers south of Kugluktuk (formerly Coppermine), and comprises 8 mineral claims totaling 6,647 hectares. In 2006, the Company and Triex acquired an additional 41 claims (38,544 hectares) contiguous with the original Mountain Lake property from URE.

On the Mountain Lake property, the Mountain Lake deposit contains an estimated Inferred Resource of 8.2 million pounds U_3O_8 , with an average grade of 0.23% U_3O_8 , contained in 1.6 million tonnes of rock, at depths between 28 and 136 meters (see the Ni 43-101 compliant resource estimate report filed on SEDAR for more details). Two types of mineralization have been recognized to date; dominantly stratabound sandstone-hosted and minor discordant fracture filling mineralization. Fracture controlled mineralization included an intersection of 5.19% U_3O_8 over a 0.9 meter core interval.

During April to June 2006, a total of 3,101 meters in 20 diamond drill holes was completed on the Mountain Lake property. Drilling confirmed the mineralization within the main deposit and extended it at shallow depth to the southwest under Fran Lake. Also, a new zone of anomalous radioactivity was identified at Jenny Lake about one kilometer northwest of the main deposit. Seven of the holes returned significant mineralization; anomalous radioactivity was encountered in other holes drilled. The better intersections included 0.11% U_3O_8 over 4.5 meters, including 0.33% U_3O_8 over 1.5 meters, under Fran Lake, and 0.17% U_3O_8 over 4.5 meters, including 0.32% U_3O_8 over 2.0 meters, in the main deposit.

During July to August 2006, a 1,310 line kilometer airborne radiometric survey at 200 meter line spacing was completed over that portion of the Mountain Lake property optioned from URE.

During the summer of 2007, three additional drill holes that totalled 477 meters were completed at Mountain Lake; thin zones of weak radioactivity were intersected. Additional drilling was planned for other targets on the Mountain Lake property but was not completed due to poor drilling performance. Soil sampling and Ohm Mapper surveying were also completed on the property in 2007.

West Dismal Property

In 2005, Triex was granted seven prospecting permits comprising 105,097 hectares (West Dismal property) in the Northwest Territories and Nunavut for uranium exploration. These permits are situated approximately 70 kilometers west of the Mountain Lake property, 570 kilometers north of Yellowknife, Northwest Territories and 150 kilometers southwest of Kugluktuk, Nunavut. Five of the seven permits are located partly or totally in the Northwest Territories.

In May 2005, Triex staked two strategic areas contiguous to the West Dismal permits, designated as the Sandy Creek claims (10,451 hectares) and Dease River claims (2,090 hectares). These claims are also jointly owned by Triex and the Company and comprise part of the West Dismal property. During 2005, an 81 line-kilometer GEOTEM survey, conducted by Fugro Airborne Surveys at 300 meters line spacing, was completed over a test area of the West Dismal property. Other exploration work on the property included ground and airborne radiometric surveying, geological mapping and prospecting.

Leith Property

In 2005, Triex was granted two prospecting permits for uranium exploration, the Leith property, comprising 32,722 hectares in the Northwest Territories. These permits are situated approximately 400 kilometers northwest of Yellowknife.

In September 2006, a 700 line kilometer GEOTEM (magnetic and electromagnetics) survey was flown at 400 meters line spacing by Fugro Airborne Surveys over the property. The joint venture partners have agreed to allow these permits to expire.

Dismal Lake Property

In 2006, the Company and Triex acquired 17 claims (13,921 hectares) from URE and 10 claims (7,295 hectares) from Patrician. These contiguous claims are prospective for uranium and are situated 40 kilometers northwest of the Mountain Lake property in the Hornby Bay Basin, Nunavut.

During July and August 2006 exploration included a 730 line kilometer airborne radiometric survey at 200 meter line spacing, 100 line kilometers of ground magnetic surveying, and 400 soil samples on the Dismal Lake property. This data was compiled and used to locate drill targets.

During the summer of 2007, a total of 2,341 meters were drilled in eight holes at the Dismal Lake Property; analytical results are pending although no significant radioactivity was apparent in drill core or down-hole radiometric probing of drill holes. Ohm Mapper surveying and additional soil sampling were also completed.

Kendall River Property

In 2006 the Company and Triex acquired 4 claims (4,180 hectares) from Aramis. The Kendall River property is prospective for uranium and is situated 15 kilometers southeast of the Mountain Lake property in the Hornby Bay Basin, Nunavut.

During July to August 2006 exploration completed included a 388 line kilometer airborne radiometric survey at 200 meter line spacing, 124 line kilometers of ground magnetic surveying, and 1,200 soil samples.

During 2007 exploration on the Kendall River property included Ohm Mapper surveying and soil sampling.

Triex is the operator of the Hornby Bay Basin properties. As of September 30, 2007, Triex and the Company incurred a total of \$5,759,718 of exploration expenditures on the Hornby Bay Basin properties.

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As of December 31, 2007 and 2006, the Company spent a total of \$3,402,940 and \$2,025,696, respectively, on the joint venture properties.

	2007	2006
Mountain Lake Property	\$ 1,547,029	\$ 1,278,500
Mountain Lake – URE	410,511	187,871
West Dismal Property	305,874	269,793
Leith Property	70,487	62,558
Patrician Property	346,596	-
Dismal Lake - URE	582,207	115,620
Kendall River Property	140,235	111,354
	\$ 3,402,940	\$ 2,025,696

The approved 2007 exploration program for the Hornby Bay Basin was budgeted at \$2.3 million and included 5,000 metres of diamond drilling; however, only 2,818 meters were completed. The shortfall was due to poor drilling performance. A 5,000 meter diamond drilling program estimated to cost \$3.06 million is planned for the Hornby Bay Basin properties in 2008.

100% Owned Properties, Saskatchewan

The Company has five 100% owned exploration properties in the eastern Athabasca Basin, Saskatchewan, that are prospective for uranium. The five properties, Fireweed, Gumboot, Fisher, Marten and Wolverine, total approximately 24,866 hectares, and were acquired by way of staking.

The Fireweed property (10,921 hectares) is centered 15 kilometers northwest of the Company's Darby-Candle properties and was acquired in October 2004. The Gumboot property (4,196 hectares) is centered 20 kilometers north of the Company's Darby-Candle properties and was acquired in November 2004.

In February 2006, the Company completed moving loop electromagnetic surveys on the Fireweed and Gumboot properties to help define conductors reported to exist on the properties. A total of 178 kilometers of grid lines were cut and 35.2 kilometers of electromagnetic surveying completed. An airborne magnetic gradiometer survey that totalled 1,634 line kilometers was completed over the properties in February 2006.

In November 2005, the Company acquired the 3,349 hectare Fisher property. Fisher is located 40 kilometers north of the Company's Darby-Candle properties. In September 2006, a 473 line kilometer airborne magnetic survey was completed over the property and a ground fixed loop electromagnetic survey was completed in February 2007.

In June 2007, the Company acquired the Marten and Wolverine properties in the Athabasca Basin, Saskatchewan by way of staking. Marten (2,768 hectares) is located 40 kilometers east-southeast of the Company's Darby-Candle properties. Wolverine (3,632 hectares) is located 30 kilometers southeast of the Company's Darby-Candle properties.

As of December 31, 2007 and December 31, 2006, the Company spent a total of \$1,869,429 and \$566,041, respectively, on its 100% owned properties.

	2007	2006
Fireweed	\$ 808,838	\$ 361,982
Gumboot	885,953	148,059
Fisher	114,560	56,000
Marten	26,040	-
Wolverine	34,038	-
	\$ 1,869,429	\$ 566,041

The Company budgeted \$1.2 million for exploration on its 100% owned eastern Athabasca Basin properties in 2007, including 3,000 meters of drilling on Gumboot and Fireweed. This drill program was completed during the third quarter of 2007. A total of 2,892 meters was drilled in four holes at Gumboot and a total of 1,706 meters in two holes was drilled at Fireweed. Anomalous uranium was intersected in proximity to the Athabasca Group unconformity in two holes at Gumboot. Hole GB01 intersected a 1.75-meter interval in sandstone that averages 0.04% U₃O₈, including 0.3 meter of 0.10% U₃O₈. Hole GB02 intersected a 2.2-meter interval, also in sandstone, that averages 0.03% U₃O₈, including 0.3 meter of 0.07% U₃O₈. Anomalous quantities of numerous other metals are associated with these intersections at Gumboot including nickel to 0.43%, cobalt to 0.13% and arsenic to 1.01%; these metals are often associated with high grade Athabasca deposits. Narrow intervals of weakly anomalous uranium values in basement units were recorded at Fireweed (to 36 ppm U) and Gumboot (to 21 ppm U).

Gabon Optioned Properties, Africa

On February 26, 2006, the Company together with Cameco signed a Letter Agreement, subject to the satisfactory completion of a due diligence review, with Motapa to jointly explore Motapa's uranium-gold-manganese exploration licenses in Gabon, Africa. Motapa holds the exclusive rights to explore for uranium, gold and manganese on approximately 600,000 hectares of the Franceville Basin in central Gabon, pending ratification by the President of Gabon. The Company, Cameco and Motapa removed all subjects and finalized the Letter Agreement on June 12, 2006, and the licenses were ratified by the president of Gabon on September 12, 2006.

Terms of the Letter Agreement provide Cameco and the Company with the option to earn a 56% (28% each) interest in the licenses by incurring exploration expenditures of \$3,500,000 (\$1,750,000 each) over a four year period. In addition, the parties will have a second option to acquire an additional 24% interest (12% each) by expending a further \$8,500,000 (\$4,250,000 each) within three years following the completion of initial vesting. The Company's commitment is \$200,000 during the first year of exploration, of which the starting date has been revised to January 1, 2007.

A 13,352 line kilometer airborne magnetic plus radiometric survey of approximately 170,000 hectares of the property was completed in July, 2007. Reconnaissance geochemical surveying, two Transient Audio Magneto-Telluric test lines that totalled 75 line kilometers, stream sediment sampling and prospecting were also completed in 2007.

As at December 31, 2007 and December 31, 2006, the Company had spent \$266,339 and \$13,031 on the Gabon properties.

Namibia Optioned Properties, Africa

The Company entered into a Letter Agreement on January 18, 2007 with Manica to acquire a 51% interest in three uranium exploration properties in Namibia, Africa. The initial option may be exercised by spending \$900,000 in exploration work on the properties by November 9, 2008 and making the following cash payments to Manica:

- \$15,000 on signing the Letter Agreement (paid),
- \$25,000 by the first anniversary of the date of the Letter Agreement (paid),
- \$35,000 by the second anniversary of the date of the Letter Agreement.

Once the initial option has been exercised, the Company will have a second and a third option to earn further 20% and 9% interests in the properties, respectively, for a total interest of up to 80%, by expending an additional \$1,400,000 in exploration on the properties by January 18, 2011 and then completing a positive feasibility study by an independent mutually acceptable qualified party.

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In addition, on April 20, 2007, the Company issued 15,000 common shares to Manica, for a right of first refusal on any new uranium licenses acquired in Namibia by Manica.

As at December 31, 2007 and December 31, 2006, the Company had spent \$427,313 and \$Nil, respectively, on the Namibia optioned properties.

The three properties, Nakop, Dome and Kaoko, cover a total area of approximately 500,000 hectares. During 2007, magnetic and radiometric data covering Dome and Nakop were acquired and interpreted, satellite spectral data was acquired interpretation, an initial prospecting and sampling program was completed at Nakop, and time domain electromagnetic depth soundings and radon gas surveys were completed at Dome and Kaoko. Radon anomalies were outlined on both the Kaoko and Dome properties.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2007, the Company had \$11,681,184 in cash and cash equivalents and working capital of \$11,403,500 (2006 - \$10,844,837 and \$10,597,210, respectively).

During the year ended December 31, 2007, the Company received \$3,000,000 and \$3,125,420 from two non-brokered private placements, \$548,850 from the exercise of 375,000 options and 132,000 broker's warrants, and an \$87,500 option payment from Uranium One. These cash inflows were offset by exploration expenditures of \$5,270,172, the purchase of office and exploration equipment of \$29,308, \$319,566 share issued costs and \$306,377 used in operating activities in 2007.

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at December 31, 2007 and the date of this MD&A, the Company had 30,943,785 and 30,943,785 issued and outstanding common shares, respectively.

On August 2, 2007, the Company closed a non-brokered private placement for gross proceeds of \$3,000,000. 1,000,000 units were issued at \$3.00 per unit, with each unit consisting of one common share and one-half of a share purchase warrant. Each whole warrant entitles the holder to acquire a common share for eighteen months at a price of \$3.75. The Company paid cash finder's fees in the amount of \$150,000 in connection with the private placement. All securities issued under the private placement have a hold period expiring on December 8, 2007.

On December 5, 2007, the Company closed a non-brokered private placement of 1,008,200 flow-through common shares at \$3.10 per share to raise gross proceeds of \$3,125,420. Cash finder fees of 5% was paid to certain parties in connection with part of the private placement and totaled \$131,440.

The Company has established a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant. Options vest on the grant date unless determined otherwise by the Board of Directors. During the year ended 2007, a total of 1,675,000 options were granted at prices ranging from \$1.98 to \$2.90 and 375,000 options at a weighted average exercise price of \$0.79 were exercised. As of December 31, 2007, 2,772,500 options were outstanding. Subsequent to the period end, 30,000 options at \$1.35 were granted to its contractor. If all the remaining outstanding options were exercised, it would increase the Company's available cash by \$5,360,275.

In 2007, 132,000 brokers' warrants were exercised at \$1.90. As at September 30, 2007, in association with the non-brokered private placement completed in August 2007, the Company had 500,000 warrants outstanding at \$3.75 expiring on February 2, 2009. If the outstanding warrants were exercised, it would increase the Company's available cash by \$1,875,000.

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As of the date of this MD&A the Company had 34,246,285 common shares outstanding on a fully diluted basis.

TRANSACTIONS WITH RELATED PARTIES

Except as noted elsewhere in these consolidated financial statements, related party transactions are as follows:

- a) During the period ended December 31, 2007, the President was paid \$Nil management fees (2006: \$20,000). As at December 31, 2007, \$Nil was owed to the President (2006: \$Nil).
- b) In 2007, the Company incurred \$90,000 for accounting and administration fees (2006: \$83,500) from Pacific Opportunity Capital Ltd., a company of which the Chief Financial Officer is the President and a Director. As at December 31, 2007, \$Nil (2006: \$17,490) was owed to Pacific Opportunity Capital Ltd.
- c) In 2007, the Company incurred directors' fees of \$14,476 (2006: \$13,000) to non-executive directors. As at December 31, 2007, the Company owed \$11,137 (2006: \$6,838) of director's fees to a non-executive director.

COMMITMENTS

On June 28, 2006, the Company retained Blueprint Investor Relations Consulting ("Blueprint") to develop and execute an investor relations campaign for two years. Blueprint was paid \$20,000 for the first six-month period and granted an option to purchase 60,000 shares of the Company at an exercise price of \$1.38 per share expiring June 12, 2009. Subsequent to the initial six months, the Company paid Blueprint a monthly retainer of \$3,000 per month. The engagement of Blueprint was terminated by mutual agreement as of July 31, 2007.

The Company has commitments under a lease for its premise in Vancouver, British Columbia, for approximately \$2,400 monthly rent from May 1, 2006 until April 30, 2010.

PROPOSED TRANSACTIONS

There are no proposed transactions as this time.

FINANCIAL INSTRUMENTS

The Company's financial instruments are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and due from/to related parties and joint ventures partners. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity for prompt liquidation.

RISKS AND UNCERTAINTIES

The Company's financial success will be dependent upon the discovery or acquisition of mineral resources and mineral reserves, and the economic viability of developing its properties. The market price of minerals and/or metals is volatile and cannot be controlled. There is no assurance that the Company's mineral exploration activities will be successful. The exploration of mineral resources and mineral reserves involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company has no source of financing other than those identified in the previous sections.

The following are some of the key risks and uncertainties identified, however, there may be other risks and uncertainties that have not been listed:

- the high degree of volatility in the price of uranium;
- the demand for uranium can be dependent on the public's acceptance of the use of nuclear power;
- the Company has a limited operating history and must be considered a start-up company;
- the performance of the Company will largely depend on the performance of certain key officers, consultants and employees;
- title to properties can be cancelled, challenged or impugned;
- the Company may be required to consult with First Nations Peoples in order to ensure necessary land use rights;
- certain officers and directors of the Company are associated with other natural resource companies which may give rise to conflicts of interest;
- the Company's exploration plans will require substantial additional financing and such financing may not be available on a timely and reasonable basis;
- the exploration business is highly speculative;
- the Company's ability to conduct exploration may be restricted by the unavailability of equipment and qualified personnel;
- geology is an inexact science subject to differing interpretations that could affect the success of any exploration or development program;
- access to the Company's properties may be restricted by weather conditions, forest fires, blockades, the inability to obtain land use permits on a timely basis, or other factors beyond the Company's control;
- substantial additional expenditures will be required to establish resources or reserves on mineral properties, if any resources or reserves exist on the properties;
- there are many potential barriers in developing a property prior to it becoming a commercial producing operation;
- the rights to the Company's mineral properties must be maintained in accordance with many regulations and agreements;
- there is increasing competition to acquire mineral properties throughout the world;
- the Company's joint venture or option agreements are subject to decisions made by its partners;
- exploration programs and budgets are subject to the concurrence of joint venture partners;
- various factors could impede the Company's ability to expend flow-through funding;
- the Company can not insure against all potential risks;
- there are many varied governmental and other regulations that must be followed which are constantly changing;
- there are many environmental regulations to comply with and such regulations are changing frequently;
- various regulations and interest groups may limit the Company's ability to conduct exploration and development activities, and
- the directors and officers own a control position of the shares that may allow them to affect certain corporate actions.

OUTLOOK

In the year of 2007, the Company completed its letter agreement with Manica for the Namibia properties and acquired the Wolverine and Marten properties in the Athabasca Basin by staking.

During 2007 the Company and Uranium One completed drilling of approximately 11,615 meters to test targets on Darby, Candle and Waterfound properties, Saskatchewan; 18 holes were completed to target depths. This total includes 3,080 meters completed at Waterfound during the fourth quarter. Linecutting and electromagnetic surveying were completed at Darby and Lynx Lake. A joint venture budget of \$4.8 million had been approved for this work.

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During 2007 the Company and Triex have budgeted \$2.3 million for exploration in the Hornby Bay Basin in Nunavut and Northwest Territories. The planned program included approximately 5,000 meters of diamond drilling on targets on the Mountain Lake, Dismal Lake and possibly Kendall River properties. The field work on the properties was completed in August and included 2,818 meters of drilling. Pitchstone was informed by the operator (Triex) that there was a lack of experienced drilling personnel available to complete the budgeted amount of drilling. A 5,000 meter diamond drilling program estimated to cost \$3.06 million is planned for the Hornby Bay Basin properties in 2008.

As a result of the expiration of prospecting permits, and prioritization of exploration targets, it is anticipated that joint venture land areas in the Hornby Bay Basin will be significantly reduced during 2008.

The Company had budgeted \$1.2 million for exploration on its 100% owned eastern Athabasca Basin properties in 2007, including approximately 3,700 meters of drilling on the Gumboot and Fireweed properties. The field work has been completed, including 2,892 meters drilled at Gumboot and 1,706 meters drilled at Fireweed. Anomalous geochemistry was observed in two drill holes at Gumboot and one hole at Fireweed. Linecutting and electromagnetic surveying on the Fisher property were completed.

Prospecting, geophysical surveys, geochemical surveys, mapping and sampling programs were completed on properties in Gabon and Namibia. The Company is funding 50% of the Gabon exploration and 100% of that in Namibia.

The Company anticipates a very active exploration program for 2008, similar in magnitude to 2007, and funding is in place. Priorities include follow up diamond drilling to explore mineralization discovered on the Candle property (97G zone) in drill hole CD14 (a 3.2 meter core interval assayed 0.31% U₃O₈, including 0.9 meter that contained 0.76% U₃O₈) and CD14D1 (a 0.8 meter core interval averaged 0.10% U₃O₈, including 0.15 m that contains 0.21% U₃O₈). Mineralization encountered on the Gumboot property and numerous targets on Darby also warrant drilling. A budget of \$6.5 million for 2008 has been approved by the Saskatchewan joint venture partners.

Pitchstone has executed a contract with Bryson Drilling Ltd. for a minimum of 14,000 m of diamond drilling in Saskatchewan in 2008. The contract with Bryson also provides Pitchstone with an option for 20,000 m of drilling in 2009 and a further option for 20,000 m of drilling in 2010. Drilling was initiated on the Candle property in Saskatchewan in January 2008.

The Company's long term focus continues to be the discovery of economic uranium deposits and with its current cash position of approximately \$11,600,000, it is well positioned to continue to work towards this goal. The Company is now funding its share of exploration expenditures on all of its projects.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROLS AND PROCEDURES

The Company evaluated the design of its internal controls and procedures over financial reporting as defined under Multilateral Instrument 52-109 for the year ended December 31, 2007. Based on this evaluation, management has concluded that the design of these internal controls and procedures over financial reporting was effective.

The internal controls have an inherent weakness in the area of management override and segregation of accounting duties, in that the accounting staff is small in number and it is not practical or cost effective to increase accounting personnel to enable the segregation of all accounting duties in a company of this size.

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.

Steve Blower, P.Geo., Vice President of Exploration for Pitchstone, is the Qualified Person for the purposes of NI 43-101 with respect to the geological information in this document. Sample preparation and analyses on rock samples from Pitchstone operated properties were completed by SRC Geoanalytical Laboratories, (SRC) Saskatoon. A partial digestion with fluorimetric analysis was used for SRC's uranium determinations. All samples containing greater than 100 ppm uranium were re-analyzed with ICP. Pitchstone utilizes internally and externally submitted standard reference materials for quality assurance and quality control of the sample preparation and analyses.

FORWARD LOOKING STATEMENTS

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward looking statements are usually identified by our use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates", "plans" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward-looking statements. Forward-looking statements are statements that are not historical facts, and include but are not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model; future operations, products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the markets for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance.

Forward-looking statements used in this discussion are subject to various risks and uncertainties, most of which are difficult to predict and generally beyond the control of the Company. If risks or uncertainties materialize, or if underlying assumptions prove incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Forward looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements.