

Pitchstone Exploration Ltd.

Management's Discussion and Analysis

For the Six Months Ended June 30, 2007

Pitchstone Exploration Ltd.
Management's Discussion and Analysis of Financial Results
For the six months ended June 30, 2007
Containing information up to and including August 24, 2007.

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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 unaudited consolidated financial statements for the period ended June 30, 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 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. The first group is comprised of five properties in the Athabasca Basin region of Saskatchewan. 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, acquired a 50% interest in these properties and the Company and Uranium One formed a 50:50 joint venture to explore and develop these Athabasca Properties.

The second group is comprised of five properties in the Hornby Bay Basin region of Nunavut and the Northwest Territories. These properties are under a 50:50 Joint Venture Agreement with Triex Minerals Corporation ("Triex") and the Company is funding its 50% share of exploration expenditures on these properties. 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 properties, of which the Company owns 100%, which are located in the Athabasca Basin region of Saskatchewan.

The fourth group of mineral properties is located in Gabon, Africa. 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. 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, 2006	Year ended December 31, 2005	Year ended December 31, 2004
	\$	\$	\$
Total revenues	2,575,556	1,130,633	476,436
Income (Loss) for the year	1,378,359	166,922	(34,299)
Income (Loss) per share – basic	0.05	0.01	(0.01)
Income (Loss) per share – diluted	0.05	0.01	(0.01)
Total assets	14,157,541	5,750,954	409,265
Total long-term liabilities	898,270	232,126	Nil
Cash dividends declared – per share	Nil	Nil	Nil

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							
	June 30 2007	Mar. 31 2007	Dec. 31 2006	Sept. 30 2006	June 30 2006	Mar. 31 2006	Dec. 31 2005	Sept. 30 2005
Total Revenue	87,708	2,239,992	2,053,468	120,876	304,092	98,171	251,840	199,978
Earnings (Loss) for the period	(160,902)	1,233,680	1,282,107	(181,596)	320,296	(42,448)	(343,186)	106,402
Earnings (loss) Per Share (Basic)	(0.01)	0.04	0.05	(0.01)	0.01	(0.00)	(0.02)	0.01
Earnings (loss) per Share (Diluted)	(0.01)	0.04	0.05	(0.01)	0.01	(0.00)	(0.02)	0.01

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Results of Operations for the second quarter ended June 30, 2007
compared to the second quarter ended June 30, 2006

In the three months ended June 30, 2007, the Company's net loss totaled \$160,902 (loss before taxes was the same) compared to a net income of \$320,296 (income before taxes recovery \$181,611) in the same period in 2006. The basic and diluted loss per share was \$0.01, compared to basic and diluted earnings per share of \$0.01 in the second quarter of 2006.

During the second quarter of 2007, revenues decreased by \$216,384 and the cost of operating activities increased by \$126,129 compared the same period of 2006.

During the second quarter in 2007, the Company also had an average cash balance of approximately \$8 million, which earned interest of \$64,360 (2006 - \$45,657). In the three months ended June 30, 2007, the Company received an overhead recovery as the operator of the Uranium One and JCU (Canada) Exploration Company, Limited ("JCU") joint ventures properties of \$10,848 compared to \$68,576 in 2006. A decrease of \$57,728 was a result of the earn-in by Uranium One such, that Company's fees are earned on only 50% of the exploration expenditures. In the second quarter of 2006, the Company received gains on the sale of marketable securities of \$189,089 for selling 26,000 Uranium One shares. No marketable securities were sold in 2007.

The Company's general and administrative expenses for the three months ended June 30, 2007 were \$248,610 compared to \$122,481 in 2006. The major increase was in wages of \$77,650 as the Company raised the wages of its employees and added two new employees in 2007. As a result, wages expenses in the three months ended June 30, 2007 totaled \$91,285 (2006: \$13,635). In the second quarter of 2007, the Company participated in the mining industry trade shows that resulted in an increase in investor relations expenditures to \$26,178 in the three months ended June 30, 2007, from \$15,730 in the same period of 2006, and an increase in travel expenses to \$12,522 from \$5,361. The Company also had non-cash increases in stock-based compensation of \$7,754 for the options vested during the three months ended June 30, 2007 and amortization of \$19,724.

At June 30, 2007, the Company had two drill rigs supported by the Bone Lake Camp and a helicopter, which resulted in a large increase the accounts payable at that time - \$715,560 at June 30, 2007 compared to \$71,717 at December 31, 2006. These amounts have been paid in the normal course of business.

For the three months ended June 30, 2006, the Company had on income tax recovery of \$138,685 (2007: \$Nil).

Results of Operations for the six months ended June 30, 2007
compared to the six months ended June 30, 2006

In the six months ended June 30, 2007, the Company's net income totaled \$1,072,778, compared to net income of \$277,848 in the six months ended June 30, 2006. The basic earnings per share was \$0.04 (diluted earnings per share - \$0.04) in the first six months of 2007 and basic earnings per share was \$0.01 (diluted earnings per share - \$0.01) in the same period of 2006.

The Company's revenue increased by \$1,926,487 from \$401,213 in the first six months of 2006 to \$2,237,700 in 2007. A one-time, non-cash gain on contributed Uranium One joint venture assets of \$2,025,500 was a result of forming the Uranium One joint venture on January 11, 2007 (see "Mineral Properties" section). With Uranium One having funded \$4,000,000 towards the Athabasca Properties, the Company's 100% interest was reduced to a 50% interest and the Company's 50% interest in the joint venture was deemed to have a value of \$4,000,000, a net gain of \$4,000,000. The Company has immediately recognized income of \$2,000,000, being the extent of the contribution of Uranium One to the joint venture which is 50%. The remaining 50% gain is deferred and amortized over the life of the joint

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venture or the life of the assets being contributed, which is deemed to have a life of 40 years and is amortized on a straight line basis. The Company's amortized portion totalled \$25,000 during the first six months of 2007.

During the period ended June 30, 2007, Pitchstone recorded the last option payment of \$87,500 from Uranium One. The Company's interest income increased by \$104,747 during the period ended June 30, 2007, compared to the same period last year, as a result of an increase in cash invested in Canadian financial institution term deposits which averaged \$8 million in the first six months of 2007, up from \$4 million in the same period of 2006. During the period ended June 30, 2006, the Company recorded a gain of \$236,943 on the sale of marketable securities. No marketable securities were sold in the first six months of 2007. The overhead recovery for the Company as the operator of the Uranium One and JCU joint ventures properties totalled \$62,160 compared to \$114,157 in 2006 as a result of the earn-in by Uranium One such, that Company's fees are earned on only 50% of the exploration expenditures.

The Company's administrative expenses, including stock based compensation, for the six months ended June 30, 2007 were \$1,254,922 compared to \$278,419 in the same period of 2006. Stock based compensation expense of \$822,178 was recorded for stock options vested in the first six months of 2007. In 2006, only \$52,987 was recorded during the same period as a stock based compensation expense. Excluding the non-cash stock-based compensation and amortization, which increased by \$26,751, the administrative costs increased by \$180,561 in the first six months of 2007, mostly due to the increase in wages and benefits that totaled \$172,860 in the first six months of 2007 and \$30,697 in 2006. The President of the Company also became an employee of the Company and thus, there was no management fee in the first six months of 2007 compared to \$20,000 in the same period last year.

For the three months ended June 30, 2006, the Company had an income tax recovery of \$155,054 (2007: \$Nil).

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MINERAL PROPERTIES

Summary Of Mineral Property Expenditures And Exploration Activities

	Uranium One Joint Venture Properties, Saskatchewan (Note 4a)	Triex Joint Venture Properties, Nunavut/ Northwest Territories (Note 4b)	100% owned Properties, Saskatchewan (Note 4c)	Namibia Optioned Properties, Africa (Note 4d)	Gabon 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	158,713	-	53,132	-	-	211,845
Camp and general	332,948	300,459	57,845	-	-	691,252
Drilling	657,288	301,814	72,013	-	-	1,031,115
Geological	44,337	46,471	2,912	10,471	46,372	150,563
Geophysical	31,046	7,738	26,983	28,694	14,897	109,358
Linecutting and chaining	79,449	-	31,524	-	-	110,973
Mineral claims expenses	56	37,463	59,353	88,833	-	185,705
Overhead	(11,153)	8,575	-	-	-	(2,578)
Sampling and analysis	7,688	4,164	-	-	-	11,852
Travel	14,524	2,085	2,771	15,264	-	34,644
Government assistance	-	-	(3,452)	-	-	(3,452)
50% interest in joint venture	4,000,000	-	-	-	-	4,000,000
Total expenditures for the period	5,314,896	708,769	303,081	143,262	61,269	6,531,277
Balance at June 30, 2007	\$ 5,554,686	\$ 2,734,465	\$ 869,122	\$ 143,262	\$ 74,300	\$ 9,375,835

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Cumulative totals as of June 30, 2007:

	Uranium One Joint Venture Properties, Saskatchewan (Note 4a)	Triex Joint Venture Properties, Nunavut/ Northwest Territories (Note 4b)	100% owned Properties, Saskatchewan (Note 4c)	Namibia Optioned Properties, Africa (Note 4d)	Gabon Optioned Properties, Africa (Note 4e)	Total
Aircraft charter	\$ 232,613	\$ -	\$ 57,462	\$ -	\$ -	\$ 290,075
Camp and general	381,765	306,033	62,043	-	-	749,841
Drilling	764,418	1,070,093	72,013	-	-	1,906,524
Geological	161,526	508,667	8,318	10,471	46,372	735,354
Geophysical	42,603	427,297	477,081	28,694	14,897	990,572
Linecutting and chaining	79,449	-	117,235	-	-	196,684
Mineral claims expenses	425	102,613	120,402	88,833	-	312,273
Overhead	(11,153)	174,623	-	-	-	163,470
Sampling and analysis	8,863	137,681	-	-	-	146,544
Travel and accommodation	17,328	7,458	3,538	15,264	13,031	56,619
Recovery from optionee	(91,667)	-	-	-	-	(91,667)
Government assistance	(31,484)	-	(48,970)	-	-	(80,454)
50% interest in joint venture	4,000,000	-	-	-	-	4,000,000
Balance at June 30, 2007	\$ 5,554,686	\$ 2,734,465	\$ 869,122	\$ 143,262	\$ 74,300	\$ 9,375,835

Saskatchewan Properties – 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 and develop the Athabasca 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.

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 Properties. As a result of Uranium One having funded \$4,000,000 in exploration of the Athabasca Properties, it is deemed that the Company's 50% portion of the Athabasca Properties is also valued at \$4,000,000.

The Company is the operator of these five joint venture properties.

As of June 30, 2007, the Company's 50% portion of exploration expenditures on these five properties totaled \$5,554,686 (December 31, 2006: \$239,790).

	June 30, 2007	December 31, 2006
50% interest in joint venture	\$ 4,000,000	\$ -
Darby Property	1,064,429	260,203
Waterfound Property	5,617	1,168
Lynx Lake Property	35,565	5,963
Moon Lake Property	20	20
Candle Property	449,055	3,920
	\$ 5,554,686	\$ 271,274

In October 2005, Uranium One and the Company commenced a diamond drilling program on the properties. A budget of \$2.8 million was approved by the parties for exploration activities to September 2006 and was

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funded by Uranium One. In November 2006, Uranium One and the Company commenced another diamond drilling program on the properties with an approved budget of \$744,000.

During 2007, Uranium One and the Company anticipate drilling a total of 13,500 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. After Bryson has drilled 10,000 meters on Pitchstone properties Bryson will buy the drill from the Company. The Company also has an option with Bryson for an additional 20,000 meters of diamond drilling in 2008.

Darby & Candle Properties

The Darby Property was initially 11,015 hectares and is in the Close Lake area of the Athabasca Basin, Saskatchewan. In 2004 and 2005, the Company acquired additional claim blocks of 2,383 and 3,323 hectares in the same area by the way of staking. The Candle property mineral claim totals 2,595 hectares and is located in the Close Lake area of the Athabasca Basin, Saskatchewan; it is surrounded on three sides by the Company's Darby property. The contiguous Darby-Candle project now comprises 19,316 hectares.

On April 3, 2004 the Company signed an option agreement with JCU (Canada) Exploration Company, Limited ("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.

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% U₃O₈). This result is the most important mineralization encountered to date at Darby-Candle.

The Company contracted Boart Longyear for an initial 6,000 meters of core drilling at the Darby-Candle properties. Drilling commenced in January 2007 to continue testing conductors and follow up on anomalous uranium previously intersected. Hole CD08R was completed to a total depth of 694.2 meters. A 25 line-kilometer fixed-loop electromagnetic survey was completed during March 2007. Drilling on Darby-Candle resumed after spring break-up with five holes completed and one hole was in progress at the end of the quarter for a total of 3,643 meters drilled during May and June. One of the holes drilled on Darby was done by Bryson.

In July, 2007, drill hole CD-14 on the Candle property intersected a 3.2 meter interval of uranium mineralization from 647.1 to 650.3 meters that assayed 0.31% U₃O₈, including 0.9 meter that contained 0.76% U₃O₈.

The mineralization in drill hole CD-14 is considered significant by management and at least several additional drill holes will be required to follow up with this target.

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 have upgraded 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% U₃O₈, including a 0.2 meter interval of 0.18% U₃O₈. These are the highest uranium values obtained at Waterfound to date.

During October 2006, a 26 line kilometer resistivity survey was completed at Waterfound with the purpose of helping to refine drill targets. Additional drilling, planned for the fourth quarter of 2007, will be required to follow up results on the property.

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 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 has been postponed due to large forest fires in the area.

Nunavut and Northwest Territories Properties – 50% Joint Venture with Triex

On May 9, 2005, the Company entered into a 50:50 joint venture with Triex to explore and develop the Mountain Lake, West Dismal, and Leith properties, located in the Hornby Bay Basin of Nunavut and Northwest Territories.

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 must be spent on the two properties by September 30, 2007. The property vendors will each retain a 5% net smelter return royalty on these claims, with the Company and Triex having 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 with a total budget of \$2.3 million was initiated in May 2007 and is expected to be completed by the end of August 2007.

Work will be done on the Mountain Lake, Dismal Lake, West Dismal and Kendall River properties. To July 30 approximately 2,200 meters of drilling had been completed.

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 kilometres south of Kugluktuk (formerly Coppermine), Nunavut, 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.

During 2005, a \$1.2 million exploration program was completed on the Mountain Lake and West Dismal properties. The Mountain Lake property exploration program included a 684 line-kilometer MEGATEM survey. This survey was designed to identify lithologic and structural characteristics of the Mountain Lake uranium deposit and extrapolate these to the remainder of the claims. Follow-up ground geophysics was also conducted over the deposit with 40 line-kilometers of magnetic, resistivity and both time- and frequency-domain electromagnetic surveys. Other exploration work on the properties included ground and airborne radiometric surveying, geological mapping and prospecting.

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 SEDAR filings 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.

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

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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 kilometres 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. A follow-up ground program is anticipated for 2007.

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 to 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. A diamond drilling program designed to test two target areas on the Dismal Lake property is planned for May-July 2007.

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 kilometres 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.

Triex is the operator of the Hornby Bay Basin properties. As of June 30, 2007, Triex and the Company incurred a total of \$5,131,996 of exploration expenditures on the Hornby Bay Basin properties.

As of June 30, 2007 and December 31, 2006, the Company spent a total of \$2,734,465 and \$2,025,696, respectively, on the joint venture properties.

	June 30, 2007	December 31, 2006
Mountain Lake Property	\$ 1,444,777	\$ 1,278,500
Mountain Lake – URE	229,935	187,871
West Dismal Property	356,987	269,793
Leith Property	72,832	62,558
Dismal Lake - URE	508,036	115,620
Kendall River Property	121,898	111,354
	\$ 2,734,465	\$ 2,025,696

The approved 2007 exploration program for the Hornby Bay Basin is budgeted at \$2.3 million and includes 5,000 metres of diamond drilling. There are four main targets based on airborne radiometric anomalies, radioactive boulder fields and favorable geological features: Dismal Lake; Jenny Lake; Helmut; Kendall River. Drilling at Kendall River is contingent on results of planned prospecting and resistivity mapping. A possible extension of the Mountain Lake deposit to the north will also be tested during this program.

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Saskatchewan Properties – 100% ownership

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

In February 2006, the Company completed a moving loop electromagnetic survey 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. Goldak Airborne Surveys completed a 1,634 line kilometer magnetic gradiometer survey over the properties in February 2006.

In November 2005, the Company acquired the Fisher property by staking two claims totaling 3,349 hectares. 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 Marten (2,768 hectares) and Wolverine (3,632 hectares) properties in the Athabasca Basin, Saskatchewan by way of staking.

As of June 30, 2007 and December 31, 2006, the Company spent a total of \$869,122 and \$566,041, respectively, on its 100% owned properties.

	June 30, 2007	December 31, 2006
Fireweed	\$ 370,978	\$ 361,982
Gumboot	325,342	148,059
Fisher	113,562	56,000
Marten	25,621	-
Wolverine	33,319	-
	<u>\$ 869,122</u>	<u>\$ 566,041</u>

The Company has 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.

Gabon Optioned Properties

On February 26, 2006, the Company together with Cameco Corporation ("Cameco") signed a Letter Agreement, subject to the satisfactory completion of a due diligence review, with Motapa Diamonds Inc. ("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.

The Company, Cameco and the project operator Motapa signed a contract for a 13,350 line kilometer airborne magnetic plus radiometric survey on the property. The survey will cover approximately 170,000 hectares of the property. Due to the inability of the contractor to obtain necessary permits on a timely basis

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the start of the survey was delayed until June 2007. A reconnaissance geochemical and geophysical survey was completed in June and prospecting is planned for later in 2007.

As at June 30, 2007 and December 31, 2006, the Company had spent \$74,300 and \$13,031 on the Gabon properties.

Namibia Optioned Properties

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,
\$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.

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 June 30, 2007 and December 31, 2006, the Company had spent \$143,262 and \$Nil, respectively, on the Namibia optioned properties.

The three properties, Nakop, Dome and Kaoko, cover approximately 500,000 hectares. During the first half of 2007, magnetic data covering Dome and Nakop were acquired, an initial prospecting and sampling program was completed at Nakop, geophysical depth soundings and radon gas sampling were initiated at Dome and Kaoko.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2007, the Company had \$8,401,301 cash and cash equivalents on hand and working capital of \$8,139,423 (December 31, 2006 - \$10,844,837 and \$10,597,210, respectively).

During the six months ended June 30, 2007, the Company received \$463,450 from the exercise of 265,000 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 \$2,472,777, the purchase of office and exploration equipment of \$346,260, and \$175,449 used in operating activities during the first six months of 2007.

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at June 30, 2007 and the date of this MD&A, the Company had 28,825,585 and 29,935,585 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 a cash finder's fee 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.

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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 first six months of 2007, a total of 790,000 options at an exercise price of \$2.90 were granted and 265,000 options at a weighted average exercise price of \$0.80 were exercised. As of June 30, 2007, 1,997,500 options were outstanding at an average weighted exercise price of \$1.57. Subsequent to the period end, another 110,000 options at prices ranging from \$0.55 to \$1.38 were exercised. If all the remaining outstanding options were exercised, it would increase the Company's available cash by \$3,034,275.

On April 14, 2007, the balance of 3,230,116 common shares were released from escrow and there were no longer any shares in escrow as of June 30, 2007. There was no warrant outstanding as of June 30, 2007. As of the date of this MD&A the Company had 32,323,085 common shares outstanding on a 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 June 30, 2007, the President was paid \$Nil for management fees (2006: \$20,000). As at June 30, 2007, \$Nil was owed to the President (December 31, 2006: \$Nil).
- b) During the period ended June 30, 2007, the Company incurred \$45,000 for accounting and administrative fees (2006: \$40,250) from Pacific Opportunity Capital Ltd., a company of which the Chief Financial Officer is the President and a Director. As at June 30, 2007, \$7,950 (December 31, 2006: \$17,490) was owed to Pacific Opportunity Capital Ltd.
- c) During the period ended June 30, 2007, the Company incurred directors' fees of \$6,700 (2006: 7,300) to non-executive directors. As at June 30, 2007, the Company owed \$9,137 (December 31, 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. Blueprint has been engaged for a two-year term. In consideration for the services to be provided, 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 will pay Blueprint a monthly retainer of \$3,000 per month. The relationship may be terminated by either party with two months notice. 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.

SUBSEQUENT EVENTS

- a. Subsequent to June 30, 2007, a total of 110,000 stock options were exercised. 30,000 stock options were exercised at \$1.38 per share and 80,000 stock options were exercised at \$0.55 per share.

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- b. 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 a cash finder's fee 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.
- c. Subsequent to June 30, 2007, drill hole CD-14 on the Candle property intersected a 3.2 meter interval of uranium mineralization from 647.1 to 650.3 meters that assayed 0.31% U₃O₈, including 0.9 meter that contained 0.76% U₃O₈.

The mineralization in drill hole CD-14 is considered significant by management and at least several additional drill holes will be required to follow up with this target.

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 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;

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- 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 first six months 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 anticipate drilling approximately 13,500 meters to test targets on Darby, Candle and Waterfound properties, Saskatchewan; this work is progressing on schedule. As of August 24 drilling on Darby-Candle had been completed and results are pending. Drilling at Waterfound is planned for the fourth quarter of 2007. Linecutting and electromagnetic surveying were completed at Darby and Lynx Lake. A joint venture budget of \$4.8 million has been approved for this work.

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 includes approximately 5,000 metres of diamond drilling on targets on the Mountain Lake, Dismal Lake and possibly Kendall River properties. The field work on the properties is expected to be completed about the end of August.

The Company has budgeted \$1.2 million for exploration on its 100% owned eastern Athabasca Basin properties in 2007, including approximately 3,000 meters of drilling on the Gumboot and Fireweed properties; as of August 24 the field work had been completed and results are pending. Linecutting and electromagnetic surveying on the Fisher property were completed.

Prospecting, geophysical surveys, geochemical surveys, mapping and sampling programs are also in progress on properties in Gabon and Namibia. The Company will fund 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 in place. One objective will be to follow up on mineralization discovered on the Candle property in drill hole CD-14 (a 3.2 meter core interval assayed 0.31% U₃O₈, including 0.9 meter that contained 0.76% U₃O₈).

The Company's long term focus continues to be the discovery of significant and economic uranium deposits and with its current cash position of approximately \$10,200,000, it is well positioned to continue to work towards this goal. The Company will be funding its share of exploration expenditures on all of its projects.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Changes in Internal Control Over Financial Reporting ("ICFR")

No changes occurred in the second quarter of the Company's ICFR that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

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.

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.