

Pitchstone Exploration Ltd.

(An Exploration Stage Company)

Management's Discussion and Analysis

For the Year Ended December 31, 2009

Pitchstone Exploration Ltd.
Management's Discussion and Analysis of Financial Results
For the Year Ended December 31, 2009
Containing information up to and including April 27, 2010

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Management's Discussion and Analysis ("MD&A") is intended to help the readers 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 years ended December 31, 2009 and 2008. 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's 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 material 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 quarterly to review the consolidated financial statements and the MD&A, and to discuss other financial, operating and internal control matters.

The readers are encouraged to review the Company's statutory filings on www.sedar.com and to review general information on the Company's website www.pitchstone.net.

DESCRIPTION OF BUSINESS AND OVERVIEW

Pitchstone was incorporated under the British Columbia Company Act on April 24, 2003. Since that time, the Company has been involved in the acquisition and exploration of mineral properties with the potential to host mineral 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 mineral properties is dependent upon the discovery and development of Mineral Resources or Mineral Reserves, 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 six 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 50% of the Company's interest in these properties. The Company and Uranium One have formed a joint venture to explore and develop these Athabasca Basin properties. In 2008, Uranium One stopped funding their share of exploration expenditures and their interest is being diluted. At December 31, 2009, the participating interests of the Company and Uranium One in these properties ranged from 40.6% to 54.2% and 34.4% to 45.8%, respectively.

The second group is comprised of four 100% owned properties which are located in the Athabasca Basin region of Saskatchewan (**100% Owned Properties**). These include Gumboot, Fireweed, Fisher and Weasel. Two of the properties previously listed as 100% owned properties (Wolverine and Marten) were optioned to Japan Oil, Gas and Metals National Corporation ("JOGMEC") in 2009.

The third group is comprised of the Wolverine and Marten properties in the Athabasca Basin, Saskatchewan recently optioned to JOGMEC (**Wolverine & Marten Properties, JOGMEC Option**). JOGMEC can earn a 50% interest in the properties.

The fourth group is the Johnston Lake property. On March 18, 2009, the Company entered into a Letter Agreement with Denison Mines Corp. ("Denison") to acquire up to a 75% interest in Denison's Johnston Lake property in the Athabasca Basin, Saskatchewan (**Johnston Lake Property – Denison Option**).

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The fifth group is comprised of four properties in the Hornby Bay Basin region of Nunavut (**Triex Joint Venture**). These properties are held in a 50:50 Joint Venture with Triex Minerals Corporation (part of Canterra Minerals Corporation as of December 2009). One of these properties, the Mountain Lake property, has an Inferred Mineral Resource of 8.2 million pounds of uranium oxide grading 0.23% U₃O₈ contained in 1.6 million tonnes of rock.

The sixth 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 had options to earn up to an 80% interest in these properties. One of the three properties (Nakop) was intentionally allowed to lapse in 2008. The Company has exercised the initial option and earned a 51% interest in the two remaining properties (Dome and Kaoko). Subsequently, the Company elected not to exercise the second option of the Letter Agreement and is currently funding 100 percent of 2009 exploration costs. As a result, the participating interests are currently 63.1% for the Company and 36.9% for Manica.

The Company was also involved in a group of mineral properties 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 had options to earn an interest in the licenses. In the third quarter of 2009, the Company decided to withdraw from exploration in Gabon and therefore will not earn an interest in the licenses.

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

RESULTS OF OPERATIONS

Selected Annual Information

	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
	\$	\$	\$
Total revenues	189,123	655,384	2,751,279
Income (loss) for the year	(1,564,993)	(2,431,698)	604,863
Income (loss) per share – basic	(0.04)	(0.08)	0.02
Income (loss) per share – diluted	(0.04)	(0.08)	0.02
Total assets	23,291,839	24,458,268	24,222,699
Total long-term liabilities	3,663,844	4,591,392	3,686,608
Cash dividends declared – per share	Nil	Nil	Nil

**Results of Operations for the year ended December 31, 2009
compared to the year ended December 31, 2008**

In the year ended December 31, 2009, the Company's net loss was \$1,564,993 (loss before taxes was \$2,817,691) compared to a net loss of \$2,431,698 (loss before taxes of \$2,402,038) in 2008. The basic and diluted loss per share was \$0.04, compared to basic and diluted loss per share of \$0.08 in 2008.

In 2009, revenues decreased \$466,261 compared to 2008. The decrease was mainly due to less interest received from GICs (the Company had less cash in the bank and interest rates were lower) in 2009 compared to 2008. Also, the Company received less overhead on the Uranium One joint venture because Uranium One did not contribute to exploration funding in 2009.

The Company's general and administrative expenses for the year ended December 31, 2009 were \$1,084,409 compared to \$2,496,346 in 2008, a decrease of \$1,411,937. The decrease was mainly due to the reduction of non-cash stock based compensation (reduced by \$1,252,149) as a result of fewer stock options vested and granted to directors and employees. Also, the flow-through look-back interest expense decreased

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from \$24,164 to \$364 due to lower interest rates and a smaller amount renounced in 2009 compared to 2008.

In the year ended December 31, 2009, the Company had a cash balance of approximately \$5.5 million, which earned interest of \$131,476 (2008: \$383,090). In 2009, the Company received an overhead recovery as the operator of the Uranium One and JCU (Canada) Exploration Company, Limited ("JCU") joint venture properties of \$4,927 compared to \$195,554 in 2008.

During 2009, the Company wrote off \$1,922,405 of mineral property expenditures compared to \$561,076 in 2008. At December 31, 2009, the Company recorded future income tax recovery of \$1,252,698 compared to future income tax expense of \$29,660 in 2008.

The Company completed a \$610,000 common share private placement in July 2009 and a \$654,255 flow-through share private placement in December 2009 – 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 2009	Sept. 30 2009	June 30 2009	Mar. 31 2009	Dec. 31 2008	Sept. 30 2008	June 30 2008	Mar. 31 2008
Total Revenues	21,758	60,507	47,837	59,021	47,382	244,426	164,826	198,750
Income (Loss) for the period	932,582	(2,044,014)	(307,188)	(146,373)	(1,011,032)	(309,708)	(73,528)	(1,037,430)
Income (loss) Per Share (Basic)	0.03	(0.06)	(0.01)	0.00	(0.03)	(0.01)	0.00	(0.03)
Income (loss) per Share (Diluted)	0.03	(0.06)	(0.01)	0.00	(0.03)	(0.01)	0.00	(0.03)

Fourth Quarter

For the three months ended December 31, 2009, the Company's revenue totaled \$21,758 compared to \$47,382 in the same period of 2008. Revenue decreased by \$25,624 as a result of lower interest income received and less overhead recovered in 2009 compared to 2008.

Administrative expenses also decreased in the three months ended December 31, 2009 from \$1,028,754 to \$341,876 compared to 2008. The decrease was mainly due to non-cash stock based compensation which decreased by \$567,562 in 2009 compared to 2008. Also, flow-through share look-back rule interest decreased from \$24,164 to \$364 in 2009 compared to 2008. Salaries and wages also decreased by \$69,922 due to staff reductions in the last quarter of 2009 compared to the same period 2008.

The Company recorded \$1,252,698 of future income tax recovery in the fourth quarter of 2009 compared to \$29,660 of future income tax expense in 2008. As a result, the Company has a net income of \$932,582 in the three months ended December 31, 2009 compared to a net loss of \$1,011,032 in the same period 2008.

The income per share for the fourth quarter of 2009 was \$0.03 compared to the loss per share of \$0.03 in the same period of 2008.

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MINERAL PROPERTIES

Summary of Mineral Property Expenditures and Exploration Activities

	Athabasca Basin Properties, Saskatchewan Uranium One Joint Venture	Athabasca Basin Properties, Saskatchewan 100% Owned Properties	Athabasca Basin Properties, Saskatchewan Denison Option	Hornby Bay Basin Properties, Nunavut Triex Joint Venture	Gabon Optioned Properties, Africa	Namibia Properties, Africa Manica Joint Venture	Total
Balance at December 31, 2007	\$ 6,207,210	\$ 1,869,429	\$ -	\$ 3,402,939	\$ 266,339	\$ 427,313	\$ 12,173,230
Aircraft charter	266,164	61,475	-	-	-	-	327,639
Camp and general	492,760	37,911	-	25,334	48,213	320	604,538
Drilling	1,134,169	119,135	-	1,379,884	-	97,479	2,730,667
Geological	154,614	26,153	-	31,346	99,489	223,549	535,151
Geochemical	5,693	11,124	-	-	98,020	41,937	156,774
Geophysical	4,632	207,256	-	39,879	115,058	-	366,825
Linecutting and chaining	1,877	-	-	-	-	-	1,877
Mineral claims expenses	990	488	-	15,894	-	25,000	42,372
Overhead	-	-	-	124,774	903	-	125,677
Sampling and analysis	67,440	8,321	-	(9,935)	264	3,069	69,159
Travel	30,582	5,162	-	3,041	32,770	1,653	73,208
Community relations	1,001	619	-	5,996	-	-	7,616
Recovery from partners	(315,348)	-	-	-	-	-	(315,348)
Total expenditures for the year	1,844,574	477,644	-	1,616,213	394,717	393,007	4,726,155
Mineral property write-downs	-	-	-	(377,044)	-	(184,032)	(561,076)
Balance at December 31, 2008	\$ 8,051,784	\$ 2,347,073	\$ -	\$ 4,642,108	\$ 661,056	\$ 636,288	\$ 16,338,309
Aircraft charter	53,639	98,849	1,622	-	-	-	154,110
Camp and general	191,192	366,518	6,014	101,414	-	-	665,138
Drilling	403,791	1,100,541	-	-	-	133,374	1,637,706
Geological	48,696	144,112	16,087	-	16,199	346,995	572,089
Geochemical	417	-	-	-	-	-	417
Geophysical	36,268	159,900	-	-	-	-	196,168
Linecutting and chaining	5,960	-	-	-	-	-	5,960
Mineral claims expenses	1,148	1,779	27	-	-	39,261	42,215
Overhead	-	-	-	3,500	-	-	3,500
Sampling and analysis	21,025	64,795	32,396	-	-	21,022	139,238
Travel	7,788	25,507	1,348	-	-	5,655	40,298
Community relations	73	-	-	-	-	-	73
Recovery from partners	(104,448)	(200,000)	-	-	-	-	(304,448)
Total expenditures for the year	665,549	1,762,001	57,494	104,914	16,199	546,307	3,152,464
Mineral property write-downs	-	-	-	(1,245,149)	(677,255)	-	(1,922,404)
Balance at December 31, 2009	\$ 8,717,333	\$ 4,109,074	\$ 57,494	\$ 3,501,873	\$ -	\$ 1,182,595	\$ 17,568,369

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Cumulative totals as of December 31, 2009:

	Athabasca Basin Properties, Saskatchewan Uranium One Joint Venture	Athabasca Basin Properties, Saskatchewan 100% Owned Properties	Athabasca Basin Properties, Saskatchewan Denison Option	Hornby Bay Basin Properties, Nunavut Triex Joint Venture	Gabon Optioned Properties, Africa	Namibia Properties, Africa Manica Joint Venture	Total
Cumulative totals as of December 31, 2009:							
Aircraft charter	\$ 665,812	\$ 458,105	\$ 1,622	\$ -	\$ -	\$ -	\$ 1,125,539
Camp and general	1,215,036	620,933	6,014	160,226	52,464	678	2,055,351
Drilling	2,606,853	1,836,919	-	2,972,848	-	230,853	7,647,473
Geological	405,129	205,933	16,087	382,191	188,285	727,847	1,925,472
Geochemical	6,111	11,124	-	-	98,020	58,280	173,535
Geophysical	156,220	846,737	-	482,838	266,932	126,671	1,879,398
Linecutting and chaining	87,286	117,235	-	-	-	-	204,521
Mineral claims expenses	3,033	122,668	27	276,491	3,254	153,095	558,568
Overhead	-	-	-	395,299	903	-	396,202
Sampling and analysis	124,853	93,859	32,396	436,412	264	24,091	711,875
Travel	67,982	43,912	1,348	11,765	67,133	45,112	237,252
Community relations	1,075	619	-	5,996	-	-	7,690
Recovery from partners	(590,573)	(200,000)	-	-	-	-	(790,573)
Government assistance	(31,484)	(48,970)	-	-	-	-	(80,454)
Deemed value in joint venture	4,000,000	-	-	-	-	-	4,000,000
Total expenditures before write-downs	8,717,333	4,109,074	57,494	5,124,066	677,255	1,366,627	20,051,849
Mineral property write-downs	-	-	-	(1,622,193)	(677,255)	(184,032)	(2,483,480)
Balance at December 31, 2009	\$ 8,717,333	\$ 4,109,074	\$ 57,494	\$ 3,501,873	\$ -	\$ 1,182,595	\$ 17,568,369

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; Darby, Candle, Waterfound, Lynx Lake and Moon Lake. To exercise its 50% option and earn a 50% interest, Uranium One made total cash payments of \$350,000, issued an aggregate of 200,000 common shares and 300,000 share purchase warrants to the Company. In addition, Uranium One funded \$4,000,000 of aggregate exploration expenditures on the five Athabasca Basin properties.

The Company recognized its 50% interest in the joint venture at a deemed value of \$4,000,000, equivalent to the \$4,000,000 by Uranium One.

In October 2008, Uranium One's participating interest was diluted when Uranium One stopped funding their share of exploration expenditures. As a result, the Company has funded 100% of the Uranium One Joint Venture exploration expenditures since that date, except for the Candle property where JCU has funded its 25% share. At the year ended December 31, 2009, participating interests in Darby, Waterfound, Moon Lake, and Lynx Lake properties for the Company and Uranium One are 54.2% and 45.8%, respectively. Participating interests in the Candle property for the Company, Uranium One, and JCU are 40.6%, 34.4%, and 25%, respectively.

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The Company is the operator of these five joint venture properties. As of December 31, 2009 and 2008, the Company's share of exploration expenditures on these five properties totalled \$8,717,333 and \$8,051,784, respectively. This total includes the deemed value of the properties at the time of Uranium One's earn in to the Joint Venture.

Athabasca Basin Properties, Saskatchewan - Uranium One Joint Venture

	December 31, 2009		December 31, 2008	
50% interest in joint venture	\$	4,000,000	\$	4,000,000
Darby Property		2,638,767		2,301,147
Waterfound Property		317,966		295,792
Lynx Lake Property		40,389		37,544
Moon Lake Property		314,689		292,988
Candle Property		1,437,006		1,155,797
Unallocated assistance received		(31,484)		(31,484)
	\$	8,717,333	\$	8,051,784

Darby & Candle Properties

The Darby property, located in the Close Lake area of the Athabasca Basin, was acquired between 2003 and 2005. 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. The Darby and Candle properties are contiguous and comprise 19,316 hectares.

A total of 55 kilometers of conductive zones have been outlined on the Darby-Candle properties. Core drilling on Darby-Candle during 2006 and 2007 totalled 10,567 meters in 18 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% U₃O₈, including 0.9 meter that contained 0.76% U₃O₈. The mineralization in drill hole CD14 was considered significant by management. In August 2007, CD14D1, which is a daughter hole wedged off of CD14 to the west, was completed. CD14D1 intersected a 0.8 meter radioactive zone, from 672.7 to 673.5 meters, that averaged 850 ppm U (0.10% U₃O₈), including 0.15 meter that contains 1,810 ppm U (0.21% U₃O₈). Numerous other anomalous pathfinder metals are present in CD14D1 including an average of 21.3 g/t silver and 0.39% molybdenum over the 0.8 meter radioactive interval. Mineralization intersected in CD14 and CD14D1 was designated the 97G zone. A 25 line-kilometer fixed-loop electromagnetic survey was also completed on Darby during March 2007.

Drilling during 2008 totalled 8,167 meters in 12 drill holes at Candle and 3,974 meters in eight drill holes at Darby. Drill hole CD25, 100 meters north of CD14 and CD14D1, intersected strong alteration in the upper part of the Athabasca Group sandstone and a narrow, strongly radioactive zone in basement rocks. This radioactive interval has a 0.5 meter core length in altered pelitic gneiss, from 655.3 to 655.8 meters, that averaged 1.91% U₃O₈, including a 0.2 meter core length from 655.5 to 655.7 meters that averaged 4.18% U₃O₈. The mineralization is associated with a black, pyritic vein cutting the core at an acute angle, with a true thickness of approximately 5 centimeters; the vein orientation is interpreted to be almost vertical with a northerly strike. Follow up drilling to CD25 in the summer did not intersect significant radioactivity, but the zone is still considered to be open along strike to the north.

Diamond drilling at Darby in 2008 was successful in advancing two other target areas; the 95B conductor, and the east end of the 95D conductor. At 95B in the central part of the Darby property, drill hole DB30R contributed to the interpretation of structure and stratigraphy. Also, the prospectivity of the east end of the 95D conductor, in the northeast part of the Darby property, has been upgraded by drill hole DB27, which intersected anomalous geochemistry in basal sandstone above graphitic pelitic gneiss in the basement, and a 0.3 meter interval in the basement that assayed 0.12% U₃O₈.

A total of 2,726 meters of drilling was completed on Darby and Candle in four drill holes during 2009. No significant mineralization was observed in the core, however, weakly anomalous radioactivity and graphitic pelitic gneisses in the basement were intersected and require follow-up exploration.

Waterfound Property

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

In May to June 2006, a total of 2,275 meters was drilled in four holes at Waterfound. All four holes encountered anomalous radioactivity in proximity to the Athabasca Group unconformity. In October 2007, a total of 3,080 meters of diamond drilling was completed in six holes at Waterfound. Five holes were completed to target depths and each intersected anomalous uranium in proximity to the Athabasca Group unconformity. The most significant intersections included 1.6 meters (450.6-452.2 meters) of 100 ppm U, including 0.1 meters (451.5-451.6 meters) of 598 ppm U, in drill hole WF12, and 1.2 meters (435.6-436.8 meters) of 173 ppm U in drill hole WF13. The primary objective of the October 2007 diamond drill holes was to test several ground geophysical (DC-resistivity) anomalies. One hole (WF10R) intersected significant sandstone alteration, consistent with the position of a DC-resistivity anomaly. Additional drilling is required.

Lynx Lake Property

In 2004, the Company acquired the Lynx Lake 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 totalled 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.

Moon Lake Property

In 2003 and 2004 the Company acquired the 4,590 hectare Moon Lake property by way of staking. The property is 55 kilometers southwest of the Darby-Candle properties and one kilometer east of Cameco's Millennium deposit.

A 1,323 meter program of diamond drilling in two drill holes was completed at Moon Lake in August 2008. No significant radioactivity or alteration was intersected in either of the two drill holes.

The Company 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 45.8% interest in the NSR on that portion of the two claims within one kilometer of the Moon Lake Property.

Athabasca Basin Properties, Saskatchewan - 100% Owned Properties

The Company has four 100% owned exploration properties in the eastern Athabasca Basin, Saskatchewan, that are prospective for uranium. The four properties, Fireweed, Gumboot, Fisher and Weasel, total approximately 19,309 hectares, and were acquired by way of staking.

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

In November 2005, the Company acquired the 3,349 hectare Fisher property by way of staking. 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.

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In 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, to 0.3 meter of 0.10% U₃O₈, was intersected in proximity to the Athabasca Group unconformity in two holes at Gumboot. 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.

In 2008, one hole (GB04) was drilled at Gumboot and intersected a 0.09% U₃O₈ over 0.2 meter between 668.3 and 668.5 meters within a 35 meter interval of anomalous radioactivity immediately above the unconformity. However, much of the core in this 35 meter interval was not recovered, due to poor ground conditions, and the uranium content could not be determined.

During February and March 2009, 2,981 meters of drilling was completed in four holes on the Gumboot property. Significant zones of strong fracturing and alteration in proximity to the unconformity were intersected in all holes. Uranium mineralization to 0.11% U₃O₈ over 4.2 meters, including 2.06% U₃O₈ over 0.1 meter, was intersected in hole GB07. High assays for other metals, including nickel to 10.8%, cobalt to 4.60%, and silver to 52 g/t, were also encountered. A gravity survey over the conductive zone was also completed.

During the period June to August, 2009, six core drill holes totaling 4,550 meters were completed at Gumboot. Five of the holes were drilled near the mineralized area, and one was drilled 800 meters to the north. Five of the six, including the hole drilled 800 meters north, encountered significant intervals of moderate to strong sandstone alteration. Drill hole GB10, located 60 m south of GB07, intersected 1.2 meter averaging 0.17% U₃O₈, 2.84% Ni and 0.16% Co. One of the samples in the 1.2 meter interval contained 0.66% U₃O₈ over 0.3 meter.

In April 2009, the Company acquired the 843 hectare Weasel property by way of staking. Weasel is contiguous with the southwest part of the Company's Darby property.

As of December 31, 2009 and 2008, the Company spent a total of \$4,109,074 and \$2,347,073, respectively, on its 100% owned properties. These totals include exploration completed on the Wolverine and Marten properties to March 31, 2009. The Wolverine and Marten properties have now been optioned to JOGMEC and are described in the following section.

Athabasca Basin Properties, Saskatchewan - 100% Owned properties

	December 31, 2009		December 31, 2008
Fireweed	\$	812,206	\$ 811,786
Gumboot		3,082,398	1,139,094
Fisher		135,062	116,785
Marten		35,705	135,705
Wolverine		43,703	143,703
	\$	4,109,074	\$ 2,347,073

Athabasca Basin Properties, Saskatchewan – Marten & Wolverine Properties, JOGMEC Option

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.

A helicopter-borne electromagnetic and magnetic survey consisting of 1,097 line kilometers was completed on the Marten and Wolverine properties in September 2008.

On March 11, 2009, the Wolverine and Marten properties were optioned to JOGMEC. JOGMEC can acquire a 50% interest in the properties by paying Pitchstone \$200,000 (received) as an initial contribution for prior expenditures and spending \$1,800,000 in exploration on the properties by March 31, 2012. The Company is the initial operator with respect to the work to be carried out on the properties.

As of December 31, 2009, the expenditures made by JOGMEC on Marten and Wolverine were \$12,724 and \$10,658, respectively.

Athabasca Basin Properties, Saskatchewan - Johnston Lake Property, Denison Option

On March 18, 2009, the Company entered into a Letter Agreement with Denison to acquire an interest in the Johnston Lake property in the Athabasca Basin, Saskatchewan. Johnston Lake comprises 15,666 hectares in four claims. Three of the claims are contiguous to the east and north with the Company's Gumboot property, and the fourth claim is eight kilometers north of Gumboot.

Terms of the Letter Agreement provide the Company with the option to earn an initial 49% interest in the licenses by incurring exploration expenditures of \$1,000,000 by February 28, 2012. In addition, the Company will have a second option to acquire a further 26% interest, for a total interest of 75%, by spending an additional \$1,000,000 on exploration by February 28, 2014.

The Company acts as operator with respect to the work to be carried out on the property. As of December 31, 2009, the Company spent a total of \$57,494 on the Johnston Lake property.

Hornby Bay Basin Properties, Nunavut and – 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 N.I. 43-101 compliant Inferred Mineral Resource of 8.2 million pounds of U₃O₈ with an average grade of 0.23% U₃O₈, contained in 1.6 million tonnes of rock.

In April 2006, two claim blocks totalling 59,760 hectares, the Dismal Lake property and part of the Mountain Lake property, were optioned by the Company and Triex from Ur-Energy Inc. ("URE") and Patrician Diamonds Inc. ("Patrician"). Earn-in requirements were met during 2007 and the Company and Triex have completed the purchase of these properties subject to a 5% net smelter return 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 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.

During 2007, a 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. In 2008, a total of 3,172 meters in 13 drill holes was completed. Seven of the drill holes were located on the Mountain Lake property, three on the Dismal Lake property and three on the Kendall River property. No significant radioactivity was observed in any of the drill holes. Ohm Mapper geophysical surveying was completed on the Mountain Lake and Dismal Lakes properties.

Triex is the operator of these properties. During 2009, the Company spent \$104,914 on camp clean up on the Hornby Bay Basin properties. As of December 31, 2009, the Company spent a total of \$5,124,066 on the joint venture properties and wrote down \$1,622,193 of the mineral property costs, partly as a result of the expiration of permits and the intentional lapse of some claims.

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 initially comprised eight 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 Mineral 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 Mineral Resource estimate report filed on www.sedar.com 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.

Diamond drill holes completed in 2006 on the Mountain Lake property confirmed the mineralization within the main deposit and extended it at shallow depth to the southwest under Fran Lake. In 2007, three additional holes were drilled at Mountain Lake. Seven holes totaling 1,654 meters were drilled in 2008 at the Mountain Lake property. Four of these were drilled at the Helmut Lake target north of the Mountain Lake deposit, three of which were completed to designed depths. The other three were drilled at the Jenny Lake target area northwest of the Mountain Lake deposit. No significant radioactivity was observed.

During 2009, the Company wrote down \$500,000 of mineral exploration expenditures on the Mountain Lake property.

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 were situated approximately 70 kilometers west of the Mountain Lake property, 570 kilometers north of Yellowknife, Northwest Territories and 150 kilometers southwest of Kugluktuk, Nunavut. These permits expired early in 2008.

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 were also jointly owned by Triex and the Company and comprise part of the West Dismal property.

In early 2008, as a result of the expiration of prospecting permits and intentional lapse of some claims, a large portion of the West Dismal lands was no longer held by the Joint Venture. The only portion of the West Dismal property that remains is located in Nunavut and is called the Sandy Creek property. During 2008, the Company wrote down \$307,616 on West Dismal properties. In the third quarter of 2009, the Company wrote down the remaining balance of \$45,149.

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 were situated approximately 400 kilometers northwest of Yellowknife. The permits expired in 2008. As a result, \$70,487 of the mineral property costs were written off in the first quarter of 2008.

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.

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For the Year Ended December 31, 2009
Containing information up to and including April 27, 2010

During 2007 and 2008, a total of 3,094 meters were drilled in 11 holes at the Dismal Lake Property; no significant radioactivity was encountered. Ohm Mapper surveying and additional soil sampling were also completed.

During 2009, the Company wrote down \$400,000 of mineral property costs on the Dismal Lake property.

Kendall River Property

In 2006 the Company and Triex acquired four 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 2007 exploration on the Kendall River property included Ohm Mapper surveying and soil sampling. A total of 762.3 meters was completed in three drill holes on the property in 2008. No significant radioactivity was observed in any of the drill holes.

During 2009, the Company wrote down \$300,000 on the Kendall River property.

Hornby Bay Basin Properties, Nunavut - Triex (Canterra) Joint Venture

	December 31, 2009		December 31, 2008	
Mountain Lake Property	\$	2,005,841	\$	1,930,808
Mountain Lake – URE		675,672		675,636
West Dismal Property		433,500		418,675
Leith Property		70,487		70,487
Dismal Lake - Patrician		510,150		510,075
Dismal Lake - URE		853,823		853,749
Kendall River Property		574,593		559,722
		5,124,066		5,019,152
Mineral property write-downs		(1,622,193)		(377,044)
	\$	3,501,873	\$	4,642,108

Gabon Optioned Properties, Africa

On June 12, 2006, the Company together with Cameco Corporation ("Cameco") finalized a Letter Agreement with Motapa Diamonds Inc. ("Motapa") to jointly explore Motapa's uranium-gold-manganese exploration licenses in the Franceville Basin in central Gabon, Africa.

A 13,352 line kilometer airborne magnetic and radiometric survey of approximately 170,000 hectares of the property was completed in 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. During 2008 a sampling, geological mapping and prospecting program was conducted to follow up anomalous areas within various parts of the licenses. A total of 338 stream sediment and 326 rock samples were collected and analyzed. Also in 2008, an 877 line kilometer, helicopter-borne electromagnetic survey was completed on part of the license area.

During 2009, the Company elected not to participate in further exploration in Gabon and the Company wrote off all (\$677,255) of its expenditures in Gabon as a result.

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 would be exercised by spending

\$900,000 in exploration work on the properties by November 9, 2008 (the "Initial Option Date") 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 (paid).

Once the initial option had been exercised, the Company would have additional options to earn further interests in the properties, to a total of 80%. 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.

On September 24, 2008, the Company and Manica signed an amendment to the Letter Agreement dated January 18, 2007 to extend the Initial Option Date by one year to November 9, 2009.

In 2008, a program of geological mapping, prospecting and lithogeochemistry was completed at Kaoko, and a program of radon sampling was completed at the Dome property. During the period November, 2008 to February, 2009, an initial drill test of a Rössing style, granite-hosted uranium target on the Dome property, was completed. The program totalled 1,294 meters in eight drill holes.

A program of scintillometer prospecting was completed on the northern part of the Dome property (Dome North) in the first quarter of 2009. The program was successful in locating uranium mineralization exposed intermittently on surface along a 2.5 kilometer long dry drainage channel. A 128 line kilometer program of ground electromagnetic geophysics (EM34) was completed to help locate paleochannels and define drilling targets.

During September, 2009, a total of 734 meters of reverse circulation (RC) drilling was completed in 37 holes at Dome North to follow up on the uranium mineralization discovered with scintillometer prospecting, and to test other targets. Uranium mineralization was encountered in two drill holes, DN11 and DN23, with the best result being 1.0 meter averaging 352 ppm U_3O_8 and 66 ppm vanadium in DN23. A subsequent program of geophysical surveying and geological mapping identified additional areas considered to be prospective for calcrete style mineralization, and also located a new occurrence of granite hosted mineralization. Two grab samples from the new granite occurrence contain 149 and 152 ppm U_3O_8 .

The anniversary date for the Nakop licenses was July 18, 2008 and the licenses were not renewed. In 2008, the Company wrote off \$184,032 on the Namibia properties as a result of the expiration of the Nakop licenses.

As of March 11, 2009, the Company has exercised the initial option and earned a 51% interest in the Dome and Kaoko properties in Namibia. The Company elected not to exercise the second option of the Letter Agreement and a joint venture has been formed. The Company is funding 100% of the 2009 exploration costs and as a result the participating interests are currently 63.1% for the Company and 36.9% for Manica.

As of December 31, 2009 and 2008, the Company had spent \$1,366,627 (including the \$184,032 write-off) and \$820,320, respectively, on the Namibia joint venture properties.

Application to renew property licenses in Namibia has been submitted and renewal is pending and expected to be forthcoming.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company completed impairment analysis for the year ended December 31, 2009, which considered the indicators of impairment in accordance with Section 3063, "Impairment of Long-lived Assets" as well as EIC-126, "Accounting by Exploration Companies for Exploration Costs". Management concluded that no impairment charge was required because:

- There have been no significant changes in the legal factors or climate that affects the value of the properties;

- All property rights remain in good standing;
- There have been no significant changes in the projections for the properties;
- Exploration results continue to be positive;
- The Company intends to continue its exploration and development plans on its properties.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2009, the Company had \$5,637,320 in cash and cash equivalents and working capital of \$5,260,691 (2008, \$7,956,118 and \$7,784,046, respectively). The Company closed a non-brokered private placement of 1,525,000 units at \$0.40 per unit to raise gross proceeds of \$610,000 in July 2009. Each unit consists of one common share and a share purchase warrant, with each warrant exercisable into a common share for a period of two years after closing at an exercise price of \$0.60 to July 3, 2010 and at an exercise price thereafter of \$0.80 until July 3, 2011.

Further, in December 2009, the Company closed a non-brokered private placement of 1,453,900 flow-through common shares at \$0.45 per share to raise gross proceeds of \$654,255. There were no warrants issued in the private placement.

During 2009, the Company spent \$3,150,178 on exploration compared to \$4,510,103 in 2008.

The Company's authorized share capital consists of an unlimited number of common shares without par value. At the end of the year 2009, the Company had 36,501,185 issued and outstanding common shares. As of the date of this MD&A the Company had 36,501,185 common shares issued and outstanding.

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.

In 2008, the Company granted 635,000 stock options at prices ranging from \$0.23 to \$1.35 per share to directors and employees. The Company also cancelled 790,000 options issued on January 2, 2007 to directors and senior officers. The Company has re-priced 1,177,500 options granted to directors, employees and a consultant that were granted at prices ranging between \$1.09 to \$2.60, to a new exercise price of \$0.23, approved by disinterested shareholders at the May 14, 2009 Annual General Meeting. During 2009, the Company granted 900,000 stock options to directors and employees at an exercise price of \$0.40 and donated 15,000 stock options at an exercise price of \$0.42. In addition, 92,500 stock options with a weighted average exercise price of \$0.96 expired and 77,500 stock options with an exercise price of \$0.23 were exercised.

At the end of the year 2009, the Company has 3,297,500 options outstanding at a weighted average price of \$0.37 per share. If all the remaining outstanding options were exercised, it would increase the Company's available cash by \$1,237,775.

In the first quarter of 2009, 500,000 warrants with an exercise price of \$3.75 expired. The Company has 1,525,000 warrants outstanding as of December 31, 2009. If all the outstanding warrants were exercised in the first year, it would increase the Company's available cash by \$915,000. If all the outstanding warrants were exercised in the second year, it would increase the Company's available cash by \$1,220,000.

As of the date of this MD&A the Company had 41,323,685 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 year ended December 31, 2009, the Company paid fees of \$63,795 (2008: \$62,500) to a company of which the Chief Financial Officer is the President and a Director. As of December 31, 2009, \$5,250 (2008: \$5,250) was owed to that company.
- b) During the year ended December 31, 2009, the Company incurred directors' fees of \$9,200 to non-executive directors (2008: \$18,000). As of December 31, 2009, \$Nil (2008: \$2,741) was owed to an executive director for expense reimbursement.
- c) The Company has a separate bank account for the optionee JOGMEC, which remits cash contributions as per the Company's request. The cash in this account is strictly used as exploration expenditures on Marten and Wolverine properties. As of December 31, 2009, there was \$178,342 cash in the bank account.

Related party transactions are measured at the fair value amount as determined by management. The amounts owed bear no interest and are unsecured with no repayment terms.

COMMITMENTS

1. The Company has a lease for its offices in Vancouver, British Columbia, for approximately \$2,400 monthly rent from May 1, 2006 until April 30, 2010.
2. The Company has entered into a contract with Bryson Drilling Ltd. (Bryson) such that the Company will pay for a minimum of 4,650 meters of drilling on the Athabasca basin properties in 2010.
3. The Company has committed to spend the balance of \$606,942 under flow through share agreements by December 31, 2010.

SUBSEQUENT EVENTS

The Company renewed its office lease and committed to a three year term for approximately \$2,500 monthly rent from May 1, 2010 to April 30, 2013.

OFF BALANCE SHEET ARRANGEMENTS

There are no Off Balance Sheet arrangements at this time.

PROPOSED TRANSACTIONS

There are no proposed transactions at this time.

CHANGES IN ACCOUNTING POLICIES

(i) Goodwill and Intangible Assets

The CICA issued Section 3064 – Goodwill and Intangible Assets replacing Section 3450, Research and Development Costs. The new standard establishes guidelines for the recognition, measurement, presentation and disclosure of research and development costs. The Company adopted this policy during the first quarter of the 2009 fiscal year and this standard did not have a material impact on the Company's financials statements.

(ii) Credit Risk and the Fair Value of Financial Assets and Liabilities

In January 2009, the CICA issued the Emerging Issues Committee ("EIC") Abstract EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", effective for interim and annual financial statements ending on or after January 20, 2009. EIC-173 provides further information on the

determination of the fair value of financial assets and liabilities under Section 3855, "Financial Instruments – Recognition and Measurement". It states that an entity's own credit and credit risk of the counterparty should be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. EIC-173 should be applied retroactively, without restatement of prior periods, to all financial assets and liabilities measured at fair value. The Company adopted this abstract during the first quarter of the 2009 fiscal year and this standard did not have a material impact on the Company's financial statements.

(iii) *Consolidated Financial Statements and Non-controlling Interests*

In January 2009, the CICA issued the new handbook Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests", effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of these recommendations is permitted. These pronouncements further align Canadian GAAP with US GAAP and IFRS. Sections 1601 and 1602 change the accounting and reporting for ownership interest in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated statement of financial position within equity but separate from the parent's equity. The amount of consolidated net income attributable to the parent and to the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of income. In addition, these pronouncements establish standards for a change in the parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated.

They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the non-controlling owners. The Company is currently considering the impact of adopting these pronouncements on its consolidated financial statements in 2011 in connection with the conversion to IFRS.

(iv) *Business Combinations*

In January 2009, the CICA issued the new handbook Section 1582, "Business Combinations" effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of Section 1582 is permitted. This pronouncement further aligns Canadian GAAP with US GAAP and IFRS and changes the accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest and goodwill acquired. The section also establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. Although the Company is considering the impact of adopting this pronouncement on the consolidated financial statements, it will be limited to any future acquisitions beginning in 2011.

(v) *EIC – 174, Mining Exploration Costs*

On March 27, 2009, the CICA approved EIC-174 "Mining Exploration Costs." This guidance clarified that an entity that has initially capitalized exploration costs has an obligation in the current and subsequent accounting periods to test such costs for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. This new standard is effective for the Company's annual consolidated financial statements for the year ended December 31, 2009.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the mandatory changeover date to International Financial Reporting Standards ("IFRS") for Canadian profit-oriented publicly accountable entities (PAE's) such as the Company.

The AcSB requires that IFRS compliant financial statements be prepared for annual and interim financial statements commencing on or after January 1, 2011. For PAE's with a December 31 year-end, the first

unaudited interim financial statements under IFRS will be the quarter ending March 31, 2011, with comparative financial information for the quarter ended March 31, 2010. The first audited annual financial statements will be for the year ending December 31, 2011, with comparative financial information for the year ended December 31, 2010. This also means that all the opening balance sheet adjustments relating to the adoption of IFRS must be reflected in the January 1, 2010 opening balance sheet which will be issued as part of the comparative financial information in the March 31, 2011 unaudited interim financial statements.

In 2009, the Company's management assessed the impact of adoption to IFRS and concluded that an adoption date will be January 1, 2011 and a transition date January 1, 2010. The Company's first financial statements prepared under IFRS will be the interim financial statements for the three months ended March 31, 2011 with comparatives for the three months ended March 31, 2010 along with the balance sheet as of the transition date and will include full disclosure of all new IFRS policies.

During 2009, the Company's accounting department and CFO examined the impact of the changes in accounting policies per IFRS and attended seminars on the adoption and implementation of IFRS.

The Company reviewed its existing accounting system along with its internal and disclosure control process and concluded that they would not need significant modification as a result of the Company's conversion to IFRS in 2011. The Company also determined that it would rely on certain exemptions allowed under *IFRS 1 First-time Adoption* as of the transition date on January 1, 2010.

Under *IFRS 1* the IFRS standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company intends to apply the following exemptions to its opening balance sheet dated January 1, 2010.

a) Business Combinations

IFRS 1 First-Time Adoption indicates that a first-time adopter may elect not to apply *IFRS 3 Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company will take advantage of this election and will apply *IFRS 3* to business combinations that occurred on or after January 1, 2010. There is no adjustment required to the December 31, 2009's financial statements on the transition date.

b) Share-based Payment Transactions

IFRS 1 First-Time Adoption encourage, but does not require, first-time adopters to apply *IFRS 2 Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company will apply *IFRS 2* to awards that vested prior to January 1, 2010 resulting in no adjustments to the December 31, 2009's financial statements on the transition date.

c) IAS 27 – Consolidated and Separate Financial Statements

In accordance with *IFRS 1 First-Time Adoption*, if a company elects to apply *IFRS 3 Business Combinations* retrospectively *IAS 27 Consolidation* must also be applied retrospectively. As the Company elected to apply *IFRS 3* prospectively, the Company has also elected to apply *IAS 27* prospectively. Therefore, there is no change to the December 31, 2009's financial statements on the transition date.

d) Mineral Property Costs

IFRS 6 Exploration/Evaluation permits the capitalization of exploration costs prior to the establishment of ore reserves which would support the economic viability of the project. The Company reviews and evaluates mineral properties expenditures and records impairment charges every quarter accordingly. So no significant impact is expected.

e) IAS 31 - Joint Venture Interest

As *IAS 31 Joint Venture* exposure draft proposes to eliminate the use of proportionate consolidation method in favour of the equity method for joint ventures. The Company expects the final standard issued for joint ventures will be in effect for its transition to IFRS. The impact is reduction in reported amount of assets, liabilities, revenues and expenses, but no expected impact on net income.

FINANCIAL INSTRUMENTS

The fair values of the Company's cash and cash equivalents, short-term investments and accounts receivable, prepaid expenses and deposits, accounts payables and accrued liabilities, and due to related parties/joint venture parties approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, and interest rate risk.

(a) Currency risk

The Company's property interests in Africa make it subject to foreign currency fluctuations and inflationary pressures which may adversely affect the Company's financial position, results of operations and cash flows. The Company is affected by changes in exchange rates between the Canadian Dollar and foreign functional currencies. The Company does not invest in foreign currency contracts to mitigate the risks. For every \$0.01 change in the exchange rate between the Canadian dollar and the South African Rand, based on the Company's estimated expenditures for 2009 in Namibia, the Company's costs would change by approximately \$15,000.

(b) Credit risk

The Company's cash and cash equivalents are held in large Canadian financial institutions. Short-term investments are composed of financial instruments issued by Canadian banks. These investments mature at various dates over the current operation period. The Company does not have any asset-backed commercial paper in its short-term investments. The Company's GST receivable consists primarily of goods and services tax due from the federal government of Canada.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating period.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is limited because these investments, although available for sale, are withdrawn with interest as needed. For every 1% change in the interest rate on the Company's short term investments, the Company's revenue would change by approximately \$50,000 over a full year.

MANAGEMENT OF CAPITAL RISK

The Company manages its cash and cash equivalents, common shares, stock options and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to

continue as a going concern in order to pursue the exploration of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects its current capital resources to be sufficient to carry out its exploration plans and operations through 2010.

RISKS AND UNCERTAINTIES

The Company's financial success will be dependent upon the discovery or acquisition of Mineral Resources, 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 properties 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 is required to consult with First Nations Peoples in order to obtain necessary land use rights; there is no guarantee land use permits will be forthcoming;
- 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 Mineral Resources or Mineral Reserves on mineral properties, if any Mineral Resources or Mineral Reserves exist;
- 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 may be 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;
- expensive and time consuming governmental and public reviews may be required to advance projects; and
- the directors and officers own a control position of the shares that may allow them to affect certain corporate actions

OUTLOOK

The Company's long term focus continues to be the discovery of economic uranium deposits and with its cash position of approximately \$5.5 million at December 31, 2009 year end, it is well positioned to continue to work towards this goal. Occurrences of uranium discovered on the Gumboot property in the Athabasca basin and on the Dome property in Namibia will be followed up in 2010. Some work will also be done to advance the other properties. More specifically:

1. Athabasca Basin property exploration in 2010 will include:
 - a. Work at Gumboot to follow up on the encouraging results obtained in 2009. A winter drilling program is currently underway. This program will also include some drilling on the contiguous Johnston Lake property. Exploration in the summer season will be influenced by the results of the winter program and may include a combination of geophysical surveys and diamond drilling.
 - b. Diamond drilling is also currently planned for the Candle property in 2010.
 - c. A winter program of diamond drilling and ground geophysics at the Marten and Wolverine properties is currently underway.
2. Namibia Properties:
 - a. Reverse circulation drilling is planned to follow up last year's discovery of calcrete hosted mineralization at Dome North.
 - b. A program of sampling and mapping is also underway to follow up last year's discovery of granite hosted mineralization also at Dome North.

Exploration expenditures in the near future on the properties in the Hornby Bay Basin are expected to be relatively minor.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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, 2009. 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.

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).

Steve Blower, P.Geo., President of 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 in Saskatchewan 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 U were re-analyzed with ICP. Pitchstone utilizes internally and externally submitted standard reference materials for quality assurance and quality control in the preparation and analyses of samples from Saskatchewan properties.

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.

Forward-looking statements included or incorporated by reference in this document include statements with respect to:

- The Company's future adoption of IFRS;
- Future exploration plans on certain properties such as Darby, Candle, Gumboot, Dome, and Waterfound;
- The potential of certain mineral exploration properties to host a uranium deposit.