

PITCHSTONE

EXPLORATION LTD.

An Exploration Stage Company

Management's Discussion and Analysis

For the Six Months Ended June 30, 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 unaudited consolidated financial statements for June 30, 2010 and the audited consolidated financial statements for the year ended December 31, 2009. 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 materially 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 formed a joint venture to explore these Athabasca Basin properties. In 2008, Uranium One stopped funding their share of exploration expenditures and their interest is being diluted. At June 30, 2010, the participating interests of the Company and Uranium One in these properties ranged from 41.5% to 55.3% and 33.5% to 44.7%, 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 which was optioned to JOGMEC in 2009 (**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 (**Canterra Joint Venture**). These properties are held in a 50:50 Joint Venture with Canterra Minerals Corporation ("Canterra") formerly Triex Minerals Corporation. 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 Joint Venture 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% of 2009 exploration costs. As a result, the participating interests are currently 65.5% for the Company and 34.5% 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

Summary of Quarterly Results

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

	For the Quarter Ended							
	June 30 2010	Mar. 31 2010	Dec. 31 2009	Sept. 30 2009	June 30 2009	Mar. 31 2009	Dec. 31 2008	Sept. 30 2008
Total Revenues	70,505	75,298	21,758	60,507	47,837	59,021	47,382	244,426
Income (Loss) for the period	(124,800)	(74,374)	932,582	(2,044,014)	(307,188)	(146,373)	(1,011,032)	309,708
Income (loss) Per Share (Basic & diluted)	0.00	0.00	0.03	(0.06)	(0.01)	0.00	(0.03)	(0.01)

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Results of Operations for the second quarter ended June 30, 2010
compared to the second quarter ended June 30, 2009

In the three months ended June 30, 2010, the Company's net loss was \$124,800 compared to a net loss of \$307,188 in the same period in 2009. The basic and diluted loss per share was \$0.00 in the second quarter of 2010 compared to \$0.01 in the same period in 2009.

During the second quarter of 2010, revenues increased by \$22,668 comparing to the same period in 2009. The increase was mainly due to administrative operating fees charged to joint ventures.

The Company's general and administrative expenses for the three months ended June 30, 2010 decreased by \$159,720 to \$195,305 compared to \$355,025 in 2009. This is mainly due to a decrease of \$133,623 in stock-based compensation in the second quarter of 2010 compared to the same period in 2009. Salaries and wages decreased by \$10,582 in the second quarter of 2010 due to having one less employee compared to the same period in 2009.

Results of Operations for the six months ended June 30, 2010
compared to the six months ended June 30, 2009

In the six months ended June 30, 2010, the Company's net loss was \$199,173, compared to \$453,561 in the six months ended June 30, 2009. The basic and diluted loss per share was \$0.01 in the first half of 2010, the same as in 2009.

The Company's revenue increased by \$38,946 in the first six months of 2010 compared to the same period in 2009. This was a result of an increase in administrative fees charged to joint ventures. The interest income received in the second quarter of 2010 decreased from \$76,626 to \$21,607 due to a lower interest rate after renewal of term deposits and less cash on hand compared to the same period in 2009.

The Company's administrative expenses, including stock-based compensation, for the six months ended June 30, 2010, were \$344,975 compared to \$560,418 in the same period of 2009. In the first six months of 2010, stock-based compensation expense of \$16,619 was recorded whereas \$162,523 was recorded in the same period of 2009. Salaries and wages decreased by \$31,116 in the second quarter of 2010 due to having one less employee compared to the same period in 2009. Also, travel expenses decreased by \$10,038 in the second quarter in 2010 compared to the same period in 2009. Excluding the non-cash stock-based compensation and amortization, which decreased by \$150,133 in 2010, the administrative costs decreased by \$215,443 in the first six months of 2010 compared to 2009.

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MINERAL PROPERTIES

Summary of Mineral Property Expenditures and Exploration Activities

	Athabasca Basin Properties, Saskatchewan Uranium One Joint Venture (Note 3a)	Athabasca Basin Properties, Saskatchewan 100% Owned Properties (Note 3b)	Athabasca Basin Properties, Saskatchewan Denison Option (Note 3d)	Hornby Bay Basin Properties, Nunavut Canterra Joint Venture (Note 3e)	Gabon Optioned Properties, Africa (Note 3f)	Namibia Properties, Africa Manica Joint Venture (Note 3g)	Total
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
Aircraft charter	227	984	-	-	-	-	1,211
Camp and general	472	196,002	26,351	-	-	-	222,825
Drilling	889	759,714	108,946	-	-	-	869,549
Geological/Geochemical	2,258	68,028	10,888	-	-	87,614	168,788
Geophysical	53	63	2,550	-	-	54,143	56,809
Mineral claims expenses	231	1,512	448	-	-	-	2,191
Overhead	-	-	20,028	-	-	-	20,028
Sampling and analysis	131	34,371	6,695	-	-	3,857	45,054
Travel	100	13,068	2,080	-	-	5,744	20,992
Recovery from partners	(170)	-	-	-	-	-	(170)
Total expenditures for the year	4,191	1,073,742	177,986	-	-	151,358	1,407,277
Mineral property write-downs	-	-	-	-	-	-	-
Balance at June 30, 2010	\$ 8,721,524	\$ 5,182,816	\$ 235,480	\$ 3,501,873	\$ -	\$ 1,333,953	\$ 18,975,646

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Cumulative totals as of June 30, 2010:

	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 Canterra Joint Venture	Gabon Optioned Properties, Africa	Namibia Properties, Africa Manica Joint Venture	Total
Cumulative totals as of June 30, 2010:							
Aircraft charter	\$ 666,039	\$ 459,089	\$ 1,622	\$ -	\$ -	\$ -	\$ 1,126,750
Camp and general	1,215,507	816,935	32,365	160,226	52,464	678	2,278,175
Drilling	2,607,744	2,596,634	108,945	2,972,848	-	230,853	8,517,024
Geological	407,385	273,961	26,975	382,191	188,285	815,461	2,094,258
Geochemical	6,113	11,124	-	-	98,020	58,280	173,537
Geophysical	156,273	846,799	2,550	482,838	266,932	180,814	1,936,206
Linecutting and chaining	87,316	117,235	-	-	-	-	204,551
Mineral claims expenses	3,234	124,180	475	276,491	3,254	153,095	560,729
Overhead	-	-	20,028	395,299	903	-	416,230
Sampling and analysis	124,983	128,230	39,092	436,412	264	27,948	756,929
Travel	68,082	56,980	3,428	11,765	67,133	50,856	258,244
Community relations	1,075	619	-	5,996	-	-	7,690
Recovery from partners	(590,743)	(200,000)	-	-	-	-	(790,743)
Government assistance	(31,484)	(48,970)	-	-	-	-	(80,454)
Deemed value in joint venture	4,000,000	-	-	-	-	-	4,000,000
Total expenditures before write-downs	8,721,524	5,182,816	235,480	5,124,066	677,255	1,517,985	21,459,126
Mineral property write-downs	-	-	-	(1,622,193)	(677,255)	(184,032)	(2,483,480)
Balance at June 30, 2010	\$ 8,721,524	\$ 5,182,816	\$ 235,480	\$ 3,501,873	\$ -	\$ 1,333,953	\$ 18,975,646

Athabasca Basin Properties, Saskatchewan – Uranium One Joint Venture

In January 2007, the Company and Uranium One 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 and 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 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 spent 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. As at June 30, 2010, participating interests in Darby, Waterfound, Moon Lake, and Lynx Lake properties for the Company and Uranium One are 55.3% and 44.7%, respectively. Participating interests in the Candle property for the Company, Uranium One, and JCU are 41.5%, 33.5%, and 25%, respectively.

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The Company is the operator of these five joint venture properties. As of June 30, 2010 and December 31, 2009, the Company's share of exploration expenditures on these five properties totalled \$8,721,524 and \$8,717,333, 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

	June 30, 2010		December 31, 2009	
50% interest in joint venture	\$	4,000,000	\$	4,000,000
Darby Property		2,641,641		2,638,767
Waterfound Property		318,074		317,966
Lynx Lake Property		40,403		40,389
Moon Lake Property		314,797		314,689
Candle Property		1,438,093		1,437,006
Unallocated assistance received		(31,484)		(31,484)
	\$	8,721,524	\$	8,717,333

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 by Pitchstone and previous operators. Pitchstone has completed surficial geochemical surveys, several types of ground and airborne geophysical surveys, and several winter and summer diamond drilling campaigns. Total drilling on Darby and Candle by Pitchstone to date consists of 27,617 meters in 49 drill holes during the period 2006-2009.

Pitchstone discovered the 97G zone uranium mineralization on the Candle claim during 2007. Drill hole CD14 intersected a 3.2 meter interval of uranium mineralization immediately below the sub-Athabasca unconformity from 647.1 to 650.3 meters that assayed 0.31% U₃O₈, including 0.9 meter that contained 0.76% U₃O₈. This was followed up in 2008 with Drill hole CD25, 100 meters north of CD14, which intersected strong alteration in 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. Follow up drilling to CD25 did not intersect significant radioactivity.

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.

During the period 2005 to 2007, several airborne and ground geophysical surveys were completed and a total of 7,675 meters was drilled in fourteen diamond drill holes during three different drilling campaigns. 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. 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 were intersected in either of the two drill holes. Other work on the property has included surficial geochemical surveys and both ground and airborne geophysical surveys.

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 44.7% 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. Expenditures on the properties are summarized in the following table.

Athabasca Basin Properties, Saskatchewan - 100% Owned properties			
	June 30, 2010		December 31, 2009
Fireweed	\$	812,206	\$ 812,206
Gumboot		4,156,140	3,082,398
Fisher		135,062	135,062
Weasel		-	-
	\$	5,103,408	\$ 4,109,074
Marten		35,705	35,705
Wolverine		43,703	43,703
	\$	5,182,816	\$ 4,188,482

Fireweed Property

The Fireweed property (10,921 hectares) is located 15 kilometers northwest of the Company's Darby-Candle properties and was acquired in October 2004. A total of 1,706 meters of diamond drilling was completed in two holes in 2007 to follow up on the results of airborne and ground geophysical surveys. No significant mineralization was observed in either hole.

Fisher Property

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. This was followed by a program of soil geochemistry in 2009. No drilling has ever been completed on the Fisher property.

Gumboot Property

The Gumboot property (4,196 hectares) is located 20 kilometers north of the Company's Darby-Candle properties and was acquired in November 2004 by way of staking. In 2007 and 2008, ground geophysical surveys and a total of five drill holes were completed on the property.

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% U_3O_8 over 4.2 meters, including 2.06% U_3O_8 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 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% U_3O_8 , 2.84% Ni and 0.16% Co. One of the samples in the 1.2 meter interval contained 0.66% U_3O_8 over 0.3 meter.

In 2010, six additional holes, completed in a January to March winter drilling campaign, totalled 4,792 meters. The highest uranium result from the winter drilling program was in hole GB13R, which intersected 0.07% U_3O_8 and 0.11% Ni over 0.5 meter. The program extended the alteration zone along strike to the north and south; it now measures 500 meters long and is still open in both directions.

Weasel Property

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 June 30, 2010 and December 31, 2009, the Company spent a total of \$5,103,412 and \$4,109,074, respectively, on its 100% owned properties. These totals do not include exploration completed on the Wolverine and Marten properties to March 12, 2009. The Wolverine and Marten properties have now been optioned to JOGMEC and are described in the following section.

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.

Exploration to date in 2010 includes several geophysical surveys including ground gravity, ground TDEM and DC-Resistivity at Wolverine and Marten during the winter exploration season. These have generated prospective targets on both properties. First phases of drilling were subsequently completed at both Marten and Wolverine. At Marten, an initial program consisting of 6 drill holes totaling 984 meters was completed during March. While the drilling did not intersect significant radioactivity or mineralization, anomalous alteration and faulting are present in four of the holes. In June, four drill holes totaling 1,409 meters were completed at Wolverine to explore two geophysical target areas. Anomalous radioactivity up to 10,400 cps (>100x background) was observed in down hole gamma probe data in one of the holes.

As of June 30, 2010, the expenditures made by JOGMEC on Marten and Wolverine were \$590,377 and \$646,007, 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.

Exploration by Pitchstone to date consists of a program of core review and re-sampling carried out in the summer of 2009, followed by the completion of one 710 meter drill hole during February 2010. While no significant mineralization or radioactivity was observed in this hole, oriented core data has allowed a re-interpretation of the geology in the area and indicates that the primary target may be untested.

The Company acts as operator with respect to the work to be carried out on the property. As of June 30, 2010, the Company spent a total of \$235,480 on the Johnston Lake property.

Hornby Bay Basin Properties, Nunavut and – Canterra Joint Venture

On May 9, 2005, the Company entered into a 50:50 joint venture with Canterra 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 Canterra from Ur-Energy Inc. ("URE") and Patrician Diamonds Inc. ("Patrician"). Earn-in requirements were met during 2007 and the Company and Canterra have completed the purchase of these properties subject to a 5% net smelter return royalty retained by the property vendors. The Company and Canterra have the right to purchase one half of the retained royalty for \$5,000,000 for each property.

In July 2006, the Company and Canterra 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 Canterra have the right to purchase for \$2.5 million.

Canterra 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 June 30, 2010, the Company spent a total of \$4,620,079 on the joint venture properties and wrote down \$1,118,206 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 Canterra 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 controlled 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, Canterra 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, Canterra 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 Canterra 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.

**Pitchstone Exploration Ltd.
Management's Discussion and Analysis of Financial Results
For the Six Months Ended June 30, 2010
Containing information up to and including July 27, 2010**

Dismal Lake Property

In 2006, the Company and Canterra 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 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 Canterra 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 of drilling was completed in three 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 - Canterra Joint Venture

	June 30, 2010	December 31, 2009
Mountain Lake Property	\$ 2,005,841	\$ 2,005,841
Mountain Lake – URE	675,672	675,672
Dismal Lake - Patrician	510,150	510,150
Dismal Lake - URE	853,823	853,823
Kendall River Property	574,593	574,593
	4,620,079	5,124,066
Mineral property write-downs	(1,118,206)	(1,118,206)
	\$ 3,501,873	\$ 3,501,873

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.

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

Namibia Joint Venture 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 was exercised by spending \$900,000 in exploration work on the properties by November 9, 2009 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.

In 2008, a program of geological mapping, prospecting and litho geochemistry 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 in December 2009 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-hosted occurrence contain 149 and 152 ppm U_3O_8 .

Work in 2010 to date consisted of detailed geological mapping and sampling in March at the granite-hosted occurrence discovered in December 2009. This program outlined leucogranite outcrop or subcrop totalling about 50 hectares in three distinct areas; the North Hinge, South Hinge and Ridge zones. To date, significant radioactivity has been identified at the North Hinge and South Hinge zones. A high definition helicopter-borne magnetic and radiometric geophysical survey was completed on the Dome property in June. This 1,880 line kilometer survey will aid in the mapping of Damaran stratigraphy and leucogranite at Dome North, in preparation for a drilling program planned for later in the summer.

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 exploration costs and as a result the participating interests are currently 65.5% for the Company and 34.5% for Manica.

As of June 30, 2010 and December 31, 2009, the Company had spent \$1,517,985 and \$1,366,627 (including the \$184,032 write-off), respectively, on the Namibia joint venture properties.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company completed impairment analysis for the six month ended June 30, 2010, 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 activities on its properties.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2010, the Company had \$3,615,920 in cash and cash equivalents and working capital of \$3,646,954 (December 31, 2009, \$5,458,978 and \$5,260,691, respectively). During the second quarter in 2010, the Company spent \$1,407,277 on exploration compared to \$1,566,514 in the same period in 2009.

The Company's authorized share capital consists of an unlimited number of common shares without par value. As at June 30, 2010, 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. During the second quarter of 2010, the Company granted 130,000 stock options at exercise prices ranging between \$0.30 and \$0.34. No options were exercised in the first half of 2010.

At the end of the second quarter 2010, the Company has 3,427,500 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 \$1,277,975.

In 2009, 500,000 warrants with an exercise price of \$3.75 expired. The Company has 1,525,000 warrants outstanding as of June 30, 2010. 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 41,453,685 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) For the six months ended June 30, 2010, the Company paid fees of \$30,000 (2009: \$33,795) to a company of which the Chief Financial Officer is the President and a Director. As of June 30, 2010, \$5,250 (June 30, 2009: \$5,250) was owed to that company.
- b) The Company has a bank account for the optionee JOGMEC which remits cash contributions as per the Company's request. The cash in this account is strictly used for exploration expenditures on the Marten and Wolverine properties. As of June 30, 2010, there was \$112,859 (June 30, 2009: \$Nil) in this bank account.

- c) For the six months ended June 30, 2010, the Company incurred directors' fees of \$11,600 to non-executive directors (June 30, 2009: \$5,200). As of June 30, 2010, \$9,600 (June 30, 2009: \$Nil) was owed to directors.

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

The Company has a lease commitment for its offices in Vancouver, British Columbia, for approximately \$2,500 monthly rent from May 1, 2010 until April 30, 2013.

The Company has committed to a minimum charge of \$113,000 with a helicopter contractor for air support for the drilling program that began July 8, 2010.

SUBSEQUENT EVENTS

A program of drilling has commenced on the Gumboot, Johnston Lake and Candle properties, all located within 20 kilometers of the Cigar Lake deposit. A total of 3,700 meters is planned.

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

There were no changes in accounting policies during the quarter.

FUTURE ACCOUNTING PRONOUNCEMENTS

(i) 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.

(ii) 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.

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 June 30, 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 the adoption date will be January 1, 2011 with 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. In the second quarter of 2010, the Company is evaluating the quantitative effect on the financial statements.

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 March 31, 2011's financial statements on the transition date.

b) Share-based Payment Transactions

IFRS 1 First-Time Adoption encourages, 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 March 31, 2011'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 March 31, 2011'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. No significant impact is expected.

e) IAS 31 - Joint Venture Interest

As *IAS 31 Joint Ventures* 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. As a result, on transition date, there will be a reclassification in the assets section between expenditures on mineral properties and equity accounting for joint ventures.

During the six months ended June 30 2010, the Company has identified these adjustments:

a) Contributed Surplus

IFRS requires "contributed surplus" to be broken down into different categories by naming them various reserves. The Company examined its "contributed surplus" account and concluded that on transition date, there will be a reclassification in the equity section which "Contributed Surplus" will be reclassified into "Equity Settled Employee Benefit Reserve" and "Warrants" for \$3,385,376 and \$554,346, respectively.

b) Share-based payment transactions

IFRS 2, similar to Under Canadian Generally Accepted Accounting Principles ("Canadian GAAP"), requires the Company to measure share-based compensation related to share purchase options granted to employees at the fair value of the options on the date of grant and to recognize such expense over the vesting period of the options.

However, under IFRS 2, the recognition of such expense must be done with a "graded vesting" methodology as opposed to the straight-line vesting method allowed under Canadian GAAP. The adjustments were calculated only for unvested options issued and outstanding as of and after January 1, 2010, the Transition Date. During the six months ended, the share-based compensation related to the share purchase options granted during the period resulted in an adjusted of \$32,308 to stock based compensation.

c) Flow Through Shares Income Tax Accounting

IFRS is a principal based set of accounting guidelines and is essentially mute on the Canadian issue of the income tax accounting for flow through shares. In such a case, the Company will follow common practice, the substance of the other related IFRS rules, and other examples of similar issues. The Company has determined that the practice of recording an income tax recovery upon the renouncement of expenditures under a flow through share agreement is not in accordance with IFRS so there will be an adjustment of \$1,977,408 to retained earnings and income tax liability.

FINANCIAL INSTRUMENTS

The fair values of the Company's cash and cash equivalents, short-term investments and accounts receivable, 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 \$3.6 million at June 30, 2010, it is well positioned to continue to work towards this goal. Pitchstone's expenditures will be focused on the Gumboot, Johnston Lake and Candle properties in the Athabasca basin and on the Dome property in Namibia. Minor work will also be done to advance other properties. Additionally, the Company continues to benefit from exploration funding contributions from JCU on the Candle property and from JOGMEC on the Marten and Wolverine properties.

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

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

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

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. Sample preparation and analyses on rock samples collected in Namibia were completed by ALS-Chemex Laboratories in Johannesburg, RSA. The analytical technique there is ICP-MS. 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 mineral properties;
- The potential of certain mineral exploration properties to host a uranium deposit.