

Pitchstone Exploration Ltd.

Management's Discussion and Analysis

For the Three Months Ended March 31, 2007

Pitchstone Exploration Ltd.
Management's Discussion and Analysis of Financial Results
For the three months ended March 31, 2007
Containing information up to and including May 10, 2007.

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

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

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

DESCRIPTION OF BUSINESS AND OVERVIEW

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

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

The Company has five groups of mineral properties. The first group is comprised of five properties in the Athabasca Basin region of Saskatchewan. These properties had been under an Option Agreement with SXR Uranium One Inc. ("SXRU1") since September 3, 2004. During the first quarter of 2007, SXRU1 completed all the earn-in requirements and acquired a 50% interest in these properties. In January 2007, the Company and SXRU1 formed a 50:50 joint venture to explore and develop these Athabasca Properties.

The second group is comprised of six properties in the Hornby Bay Basin region of Nunavut and the Northwest Territories. These properties are under a 50:50 Joint Venture Agreement with Triex Minerals Corporation ("Triex") and the Company is funding its 50% share of exploration expenditures on these properties. One of these properties, the Mountain Lake property, has an inferred resource of 8.2 million pounds of uranium grading 0.23%.

The third group is comprised of three properties, of which the Company owns 100%, which are located in the Athabasca Basin region of Saskatchewan.

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

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

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

RESULTS OF OPERATIONS**Selected Annual Information**

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

Summary of Quarterly Results

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

	For the Quarter Ended							
	Mar. 31 2007	Dec. 31 2006	Sept. 30 2006	June 30 2006	Mar. 31 2006	Dec. 31 2005	Sept. 30 2005	June 30 2005
Total Revenue	2,239,991	2,053,468	120,876	304,092	98,171	251,840	199,978	22,519
Earnings (Loss) for the period	1,235,371	1,282,107	(181,596)	320,296	(41,412)	(343,186)	106,402	(21,090)
Earnings (loss) Per Share (Basic)	0.04	0.05	(0.01)	0.01	(0.00)	(0.02)	0.01	(0.04)
Earnings (loss) per Share (Diluted)	0.04	0.05	(0.01)	0.01	(0.00)	(0.02)	0.01	(0.04)

Results of Operations for the three months ended March 31, 2007 compared to the three months ended March 31, 2006

In the three months ended March 31, 2007, the Company's net income totaled \$1,235,371 compared to a net loss of \$41,412 in the three months ended March 31, 2006. The basic earnings per share was \$0.04 (diluted earnings per share - \$0.04) in the first quarter of 2007 and basic loss per share was (\$0.00) (diluted loss per share – (\$0.00)) in the same period of 2006.

The Company's revenue increased by \$2,141,820 from \$98,171 in the first quarter of 2006 to \$2,239,991 in 2007. A gain on contributed SXRU1 joint venture assets of \$2,012,500 was a result of forming the SXR joint venture in January 11, 2007 (see "Mineral Properties" section). With SXRU1 having funded \$4,000,000 towards the Athabasca Properties, the Company's 100% interest was reduced to a 50% interest and the

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Company's 50% interest in the joint venture was deemed to have a value of \$4,000,000, a net gain of \$4,000,000. The Company has immediately recognized income of \$2,000,000, being the 50% portion of the deemed value of the contribution to the joint venture. The remaining 50% gain will be deferred and amortized over the life of the joint venture or the life of the assets being contributed, which is deemed to have a life of 40 years and is amortized on a straight line basis. The Company's first quarter of 2007 amortization portion totalled \$12,500.

During the period ended March 31, 2007, the Company recorded the last option payment of \$87,500 from SXRU1. The Company's interest income increased by \$86,043 during the period ended March 31, 2007, compared to the same period last year, as a result of an increase in cash invested in Canadian financial institutions which was \$8 million in the first quarter of 2007, up from \$4 million in the same period of 2006. During the period ended March 31, 2006, the Company recorded a gain of \$47,854 on the sale of marketable securities. No marketable securities were sold in the first quarter of 2007.

The Company's administrative expenses for the three months ended March 31, 2007 were \$1,004,620 compared to \$155,952 in the same period of 2006. Stock based compensation expense of \$803,680 was recorded for stock options vested in the first quarter of 2007. In 2006, only \$42,244 was recorded during the same period as a stock based compensation expense. Excluding the non-cash stock-based compensation, the administrative costs increased by \$87,232 in the first quarter of 2007 due to the increased exploration activities on the Company's mineral properties and related administrative costs associated with new mineral property acquisitions (see "Mineral Properties"). The major increase was in salaries and wages that totaled \$81,575 in the first quarter of 2007 (2006 - \$17,077) because the Company had five employees in 2007 and there was only one employee in the first quarter of 2006. The President of the Company also became an employee of the Company and thus, there was no management fee this quarter compared to \$15,000 in the same quarter last year. Other increases were in accounting and audit fees of \$7,500, investor relations fees of \$12,338, and filing fees of \$6,242.

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MINERAL PROPERTIES

Summary Of Mineral Property Expenditures And Exploration Activities

	SXRU1 Joint Venture Properties, Saskatchewan (Note 4a)	Triex Joint Venture Properties, Nunavut/ Northwest Territories (Note 4b)	100% owned Properties, Saskatchewan (Note 4c)	Namibia Optioned Properties, Africa (Note 4d)	Gabon Optioned Properties, Africa (Note 4e)	Total
Balance at December 31, 2005	\$ (31,484)	\$ 585,660	\$ 97,179	\$ -	\$ -	\$ 651,355
Aircraft charter	73,900	-	4,329	-	-	78,229
Camp and general	48,817	163	3,770	-	-	52,750
Drilling	107,129	768,279	-	-	-	875,408
Geological	117,189	196,574	625	-	-	314,388
Geophysical	11,558	181,851	418,952	-	-	612,361
Linecutting and chaining	-	-	85,711	-	-	85,711
Mineral claims expenses	369	37,099	226	-	-	37,694
Overhead	-	118,451	-	-	-	118,451
Sampling and analysis	1,175	132,484	-	-	-	133,659
Travel	2,804	5,135	767	-	13,031	21,737
Recovery from optionee	(91,667)	-	-	-	-	(91,667)
Government assistance	-	-	(45,518)	-	-	(45,518)
Total expenditures for the year	271,274	1,440,036	468,862	-	13,031	2,193,203
Balance at December 31, 2006	\$ 239,790	\$ 2,025,696	\$ 566,041	\$ -	\$ 13,031	\$ 2,844,558
Aircraft charter	10,124	-	1,796	-	-	11,920
Camp and general	180,187	-	420	-	-	180,607
Drilling	210,649	33	-	-	-	210,682
Geological	31,270	15,190	-	9,896	-	56,356
Geophysical	31,045	7,245	25,183	-	-	63,473
Linecutting and chaining	36,179	-	31,524	-	-	67,703
Mineral claims expenses	-	323	-	27,468	-	27,791
Overhead	-	940	-	-	-	940
Sampling and analysis	4,876	4,156	-	-	-	9,032
Travel	8,400	-	-	15,264	-	23,664
50% interest in joint venture	4,000,000	-	-	-	-	4,000,000
Total expenditures for the period	4,512,730	27,887	58,923	52,628	-	4,652,168
Balance at March 31, 2007	\$ 4,752,520	\$ 2,053,583	\$ 624,964	\$ 52,628	\$ 13,031	\$ 7,496,726

Cumulative totals as of March 31, 2007:

	SXRU1 Joint Venture Properties, Saskatchewan (Note 4a)	Triex Joint Venture Properties, Nunavut/ Northwest Territories (Note 4b)	100% owned Properties, Saskatchewan (Note 4c)	Namibia Optioned Properties, Africa (Note 4d)	Gabon Optioned Properties, Africa (Note 4e)	Total
Aircraft charter	\$ 84,024	\$ -	\$ 6,125	\$ -	\$ -	\$ 90,149
Camp and general	229,005	5,575	4,618	-	-	239,198
Drilling	317,778	768,312	-	-	-	1,086,090
Geological	148,459	477,387	5,406	9,896	-	641,148
Geophysical	42,602	426,802	475,281	-	-	944,686
Linecutting and chaining	36,179	-	117,235	-	-	153,414
Mineral claims expenses	369	65,473	61,049	27,468	-	154,359
Overhead	-	166,988	-	-	-	166,988
Sampling and analysis	6,051	137,673	-	-	-	143,724
Travel and accommodation	11,204	5,373	767	15,264	13,031	45,639
Recovery from optionee	(91,667)	-	-	-	-	(91,667)
Government assistance	(31,484)	-	(45,518)	-	-	(77,002)
50% interest in joint venture	4,000,000	-	-	-	-	4,000,000
Balance at March 31, 2007	\$ 4,752,520	\$ 2,053,583	\$ 624,964	\$ 52,628	\$ 13,031	\$ 7,496,726

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In January 2007, the Company and SXRU1, a TSX listed company, entered into a 50:50 joint venture to explore and develop the Athabasca properties. SXRU1 now holds the remaining 50% interest in the Darby, Waterfound, Moon Lake and Lynx Lake properties and 37.5%, or 50% of the Company's 75% interest, in the Candle property.

In order to exercise its 50% option and earn a 50% interest, SXRU1 made total cash payments of \$350,000 (the last payment of \$87,500 was made on January 11, 2007), issued an aggregate of 200,000 common shares and 300,000 share purchase warrants, and funded \$4,000,000 of aggregate exploration expenditures on the five Athabasca Properties. As a result of SXRU1 having funded \$4,000,000 in exploration of the Athabasca Properties, it is deemed that the Company's 50% portion of the Athabasca Properties is also valued at \$4,000,000.

The Company is the operator of the five optioned properties.

As of March 31, 2007, the Company's 50% portion of exploration expenditures on these five properties totaled \$4,752,520 (December 31, 2006: \$239,790).

	March 31, 2007	December 31, 2006
50% interest in joint venture	\$ 4,000,000	\$ -
Darby Property	373,617	228,719
Waterfound Property	1,830	1,168
Lynx Lake Property	34,907	5,963
Moon Lake Property	20	20
Candle Property	342,146	3,920
	<u>\$ 4,752,520</u>	<u>\$ 239,790</u>

In October 2005, SXRU1 and the Company commenced a diamond drilling program on the optioned properties. A budget of \$2.8 million was approved by the parties for exploration activities to September 2006 and was totally funded by SXRU1. In November 2006, SXRU1 and the Company commenced another diamond drilling program on the optioned properties with an approved budget of \$744,000.

During 2007, SXRU1 and the Company anticipate drilling a total of 13,000 meters at Darby-Candle, Waterfound and Moon Lake. Planned electromagnetic surveying was also completed on Darby-Candle and Lynx Lake properties. A budget of \$5 million has been approved for this work.

Darby & Candle Properties

The Darby Property was initially 11,015 hectares and is in the Close Lake area of the Athabasca Basin, Saskatchewan. In 2004 and 2005, the Company acquired additional claim blocks of 2,383 and 3,323 hectares in the same area by the way of staking.

The Candle property mineral claim totals 2,595 hectares in the Close Lake area of the Athabasca Basin, Saskatchewan and is contiguous with the Company's Darby property.

On April 3, 2004 the Company signed an option agreement with JCU (Canada) Exploration Company, Limited ("JCU") in respect of the Candle property whereby the Company can acquire a 75% undivided interest in the property. In March 2007, the Company and SXRU1 jointly earned a 75% interest in the property. The remaining 25% interest is held by JCU and the parties will be proceeding on a 37.5:37.5:25 joint venture basis for all future exploration on the property.

The Candle property mineral claim totals 2,595 hectares and is located in the Close Lake area of the Athabasca Basin, Saskatchewan; it is surrounded on three sides by the Company's Darby property. The contiguous Darby-Candle project now comprises 19,316 hectares.

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

The Company contracted Boart Longyear for an initial 6,000 meters of core drilling at the Darby-Candle properties. Drilling, commenced in January 2007, to continue testing conductors and follow up on anomalous uranium previously intersected. Hole CD08R was completed to a total depth of 694.2 meters. A 25 line-kilometer fixed-loop electromagnetic survey was completed during March 2007. Drilling on Darby-Candle is expected to resume after spring break-up.

Waterfound Property

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

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

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

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

Lynx Lake Property

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

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

Moon Lake Property

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

An airborne magnetic-electromagnetic MEGATEM survey that totaled 334 line-kilometers was completed over the property in 2005. In March 2006, the Company completed three lines of moving loop electromagnetic surveying totaling 10.2 line kilometers. Two weak conductive zones were identified from a

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preliminary interpretation and further analysis is underway. Drilling at Moon Lake is tentatively planned for 2007.

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

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

In April 2006, two claim blocks totaling 59,760 hectares were optioned by the Company and Triex. These claim blocks included the Dismal Lake property and additional claims contiguous with the Mountain Lake property. The Company and Triex have paid a total of \$35,000 in cash to the property vendors, Ur-Energy Inc. ("URE") and Patrician Diamonds Inc. ("Patrician"), and in addition a cumulative \$1,225,000 must be spent on the two properties by September 30, 2007. The property vendors will each retain a 5% net smelter return royalty on these claims, with the Company and Triex having the right to purchase one half of the retained royalty for \$5,000,000 for each property.

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

As at March 31, 2007, the total joint venture land holdings in five properties (Mountain Lake, West Dismal, Leith, Dismal Lake and Kendall River) in the Hornby Bay Basin were approximately 221,000 hectares.

Mountain Lake Property

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

During fiscal 2005, a \$1.2 million exploration program was completed on the Mountain Lake and West Dismal properties. The Mountain Lake property exploration program included a 684 line-kilometer MEGATEM survey. This survey was designed to identify lithologic and structural characteristics of the Mountain Lake uranium deposit and extrapolate these to the remainder of the claims. Follow-up ground geophysics was also conducted over the deposit with 40 line-kilometers of magnetic, resistivity and both time- and frequency-domain electromagnetic surveys. An 81 line-kilometer GEOTEM survey, also conducted by Fugro, at 300 meters line spacing, was completed over a test area of the West Dismal property. Other exploration work on the properties included ground and airborne radiometric surveying, geological mapping and prospecting.

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

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

over 4.5 meters, including 0.33% U₃O₈ over 1.5 meters, under Fran Lake, and 0.17% U₃O₈ over 4.5 meters, including 0.32% U₃O₈ over 2.0 meters, in the main deposit.

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

A diamond drilling program designed to test various targets on the Mountain Lake property is planned for May-July 2007.

West Dismal Property

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

In May 2005, Triex staked two strategic areas contiguous to the West Dismal permits, designated as the Sandy Creek claims (10,451 hectares) and Dease River claims (2,090 hectares). These claims are also jointly owned by Triex and the Company and comprise part of the West Dismal property.

Leith Property

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

In September 2006, a 700 line kilometer GEOTEM (magnetic and electromagnetics) survey was flown at 400 meters line spacing by Fugro Airborne Surveys over the property. A follow-up ground program is anticipated for 2007.

Dismal Lake Property

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

During July to August 2006 exploration included a 730 line kilometer airborne radiometric survey at 200 meter line spacing, 100 line kilometers of ground magnetic surveying, and 400 soil samples on the Dismal Lake property. A diamond drilling program designed to test two target areas on the Dismal Lake property is planned for May-July 2007.

Kendall River Property

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

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

Triex is the operator of the Hornby Bay Basin properties. As of March 31, 2007, Triex and the Company incurred a total of \$4,083,830 exploration expenditures on the Hornby Bay Basin properties.

As of March 31, 2007, and December 31, 2006 and 2005, the Company spent a cumulative total of \$2,053,583, \$2,025,696 and \$585,660, respectively in the Nunavut and Northwest Territories properties.

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	March 31, 2007	December 31, 2006	December 31, 2005
Mountain Lake Property	\$ 1,285,368	\$ 1,278,500	\$ 328,108
Mountain Lake – URE Property	188,696	187,871	-
West Dismal Property	118,458	115,620	253,614
Leith Property	71,663	62,558	3,938
Dismal Lake Property	273,703	269,793	-
Kendall River Property	115,695	111,354	-
	\$ 2,053,583	\$ 2,025,696	\$ 585,660

The approved 2007 exploration program for the Hornby Bay Basin is budgeted at \$2.37 million and includes 5,000 metres of diamond drilling. There are four main targets based on airborne radiometric anomalies, radioactive boulder fields and favorable geological features: Dismal Lake; Jenny Lake; Helmut; Kendall River. Drilling at Kendall River is contingent on results of planned prospecting and resistively mapping. A possible extension of the Mountain Lake deposit to the north will also be tested during this program.

Saskatchewan Properties – 100% ownership

The Company has three 100% owned exploration properties in the eastern Athabasca Basin, Saskatchewan. The three, Fireweed, Gumboot, and Fisher, total approximately 18,466 hectares, and were acquired by way of staking.

In February 2006, the Company completed a moving loop electromagnetic survey on the Fireweed and Gumboot properties to help define conductors reported to exist on the properties. A total of 178 kilometers of grid lines were cut and 35.2 kilometers of electromagnetic surveying completed. Goldak Airborne Surveys completed a 1,634 line kilometer magnetic gradiometer survey over the properties in February 2006.

In November 2005, the Company acquired the Fisher property by staking two claims totaling 3,349 hectares. In September 2006, a 473 line kilometer airborne magnetic survey was completed over the property and a ground fixed loop electromagnetic survey was completed in February 2007.

As of March 31, 2007, and December 31, 2006 and 2005, the Company had incurred the following cumulative exploration expenditures on these properties:

	March 31, 2007	December 31, 2006	December 31, 2005
Fireweed Property	\$ 362,194	\$ 361,982	\$ 22,357
Gumboot Property	148,059	148,059	46,534
Fisher Property	114,711	56,000	28,288
	\$ 624,964	\$ 566,041	\$ 97,179

The Company has budgeted \$1.2 million for exploration on its 100% owned eastern Athabasca Basin properties in 2007, including 3,000 meters of drilling on Gumboot and Fireweed.

Namibia Optioned Properties

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

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

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

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

As at March 31, 2007 and December 31, 2006, the Company had spent \$52,628 and \$Nil, respectively, on the Namibia Optioned Properties.

During the first quarter 2007, magnetic data covering two properties, Dome and Nakop, was acquired, and a initial prospecting and sampling program was completed at Nakop.

Gabon Optioned Properties

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

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

The Company, Cameco and the project operator Motapa signed a contract for a 13,350 line kilometer airborne magnetic plus radiometric survey on the property. The survey will cover approximately 170,000 hectares of the property. Due to the inability of the contractor to obtain necessary permits on a timely basis the start date of the survey has been rescheduled to May 2007. A reconnaissance prospecting, geochemical and geophysical survey is planned for 2007.

As at March 31, 2007 and December 31, 2006, the Company spent \$13,031 on the properties.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2007, the Company had \$9,913,861 cash on hand and working capital of \$10,038,410 (December 31, 2006 - \$10,844,837 and \$10,597,210, respectively).

During the three months ended March 31, 2007, the Company received \$139,600 from the exercise of 200,000 options, and an \$87,500 option payment from SXRU1. These cash inflows were offset by exploration expenditures of \$652,168, the purchase of office and exploration equipment of \$80,218, and \$425,690 used in operating activities during the first quarter of 2007.

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The Company's authorized share capital consists of an unlimited number of common shares without par value. As at March 31, 2007 and the date of this MD&A, the Company had 28,613,585 and 28,825,585 issued and outstanding common shares, respectively.

The Company has established a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant. Options vest on the grant date unless determined otherwise by the Board of Directors. During the first quarter of 2007, a total of 790,000 options at an exercise price of \$2.90 were granted and 200,000 options at a weighted average exercise price of \$0.70 were exercised. As of March 31, 2007, 2,062,500 options were outstanding at an average weighted exercise price of \$1.57. Subsequent to the period end, another 65,000 options at prices ranging from \$1.06 to \$1.38 were exercised. If all the remaining outstanding options were exercised, it would increase the Company's available cash by \$3,119,675.

As of March 31, 2007, 132,000 brokers' warrants were outstanding. Subsequent to the period end, 66,000 of these brokers' warrants were exercised. If the remaining warrants were exercised, it would increase the Company's available cash by \$125,400.

The number of shares held in escrow as of March 31, 2007 was 3,230,116. On April 14, 2007, the balance of 3,230,116 common shares was released and there are no longer any shares in escrow.

TRANSACTIONS WITH RELATED PARTIES

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

- a) During the period ended March 31, 2007, the President was paid \$Nil management fees (2006: \$15,000). As at March 31, 2007, \$Nil was owed to the President (December 31, 2006: \$Nil).
- b) During the period ended March 31, 2007, the Company incurred \$22,500 for accounting and administrative fees (2006: \$15,000) from Pacific Opportunity Capital Ltd., a company of which the Chief Financial Officer is the President and a Director. As at March 31, 2007, \$8,391 (December 31, 2006: \$17,490) was owed to Pacific Opportunity Capital Ltd.
- c) As at March 31, 2007, the Company owed \$6,838 (December 31, 2006: \$6,838) of director's fees to a non-executive director.

COMMITMENTS

On June 28, 2006, the Company retained Blueprint Investor Relations Consulting ("Blueprint") to develop and execute an investor relations campaign. Blueprint has been engaged for a two-year term. In consideration for the services to be provided, Blueprint was paid \$20,000 for the first six-month period and granted an option to purchase 60,000 shares of the Company at an exercise price of \$1.38 per share expiring June 12, 2009. Subsequent to the initial six months, the Company will pay Blueprint a monthly retainer of \$3,000 per month. The relationship may be terminated by either party with two months notice.

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

PROPOSED TRANSACTIONS

There are no proposed transactions as this time.

SUBSEQUENT EVENTS

A total of 65,000 stock options were exercised. 10,000 stock options were exercised at \$1.38 per share, 50,000 stock options were exercised at \$1.06 per share, and 5,000 stock options were exercised at \$1.25 per share.

132,000 brokers' warrants at a price \$1.90 per share were exercised.

On April 20, 2007, the Company issued 15,000 shares to Manica for a first refusal on new uranium exploration properties in Namibia.

FINANCIAL INSTRUMENTS

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

RISKS AND UNCERTAINTIES

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

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

- the high degree of volatility in the price of uranium;
- the demand for uranium can be dependent on the public's acceptance of the use of nuclear power;
- the Company has a limited operating history and must be considered a start-up company;
- the performance of the Company will largely depend on the performance of certain key officers, consultants and employees;
- title to properties can be challenged or impugned;
- the Company may be required to consult with First Nations Peoples in order to ensure necessary land use rights;
- certain officers and directors of the Company are associated with other natural resource companies which may give rise to conflicts of interest;
- the Company's exploration plans will require substantial additional financing and such financing may not be available on a timely and reasonable basis;
- the exploration business is highly speculative;
- the Company's ability to conduct exploration may be restricted by the availability 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 or other factors beyond the Company's control;
- substantial additional expenditures will be required to establish resources or reserves on mineral properties, if any resources or reserves exist on the properties;

- there are many potential barriers in developing a property prior to it becoming a commercial producing operation;
- the rights to the Company's mineral properties must be maintained in accordance with many regulations and agreements;
- there is increasing competition to acquire mineral properties throughout the world;
- the Company's joint venture or option agreements are subject to decisions made by its partners;
- the Company can not insure against all potential risks;
- there are many varied governmental and other regulations that must be followed which are constantly changing;
- there are many environmental regulations to comply with and such regulations are changing frequently;
- various regulations and interest groups may limit the Company's ability to conduct exploration and development activities, and
- the directors and officers own a control position of the shares that may allow them to affect certain corporate actions.

OUTLOOK

During 2006, the Company completed its transaction with Cameco and Motapa, carried out drilling on the Waterfound and Darby-Candle properties, and completed a drilling program on the Mountain Lake property. During 2006, the Company sold the SXRU1's warrants and completed a \$4.18 million flow-through financing, giving the Company \$10.5 million in working capital. In the first quarter of 2007, the Company also completed its letter agreement with Manica for the Namibia properties. Exploration planned for 2007 is in progress.

The Company's long term focus continues to be the discovery of significant and economic uranium deposits and with its current working capital it is well positioned to continue to work towards this goal. The Company will be funding 50% of the exploration expenditures on the five Athabasca Basin projects joint ventured with SXRU1 and 50% of the exploration expenditures on the five Hornby Bay Basin projects joint ventured with Triex.

During 2007 the Company and SXRU1 anticipate drilling approximately 13,000 meters to test targets on Darby, Candle, Waterfound and Moon Lake properties, Saskatchewan. Linecutting and electromagnetic surveying were completed at Darby and Lynx Lake. A joint venture budget of \$5 million has been approved for this work.

During 2007 the Company and Triex have budgeted \$2.3 million for exploration in the Hornby Bay Basin in Nunavut and Northwest Territories. The planned program includes approximately 5,000 metres of diamond drilling on targets on the Mountain Lake, Dismal Lake and possibly Kendall River properties. Drilling at Kendall River is contingent on results of planned prospecting and resistively mapping. A possible extension of the Mountain Lake deposit to the north will be tested during this program.

The Company has budgeted \$1.2 million for exploration on its 100% owned eastern Athabasca Basin properties in 2007, including approximately 3,000 meters of drilling on the Gumboot and Fireweed properties, plus linecutting and electromagnetic surveying on the Fisher property. Prospecting, mapping and sampling programs are also planned for properties in Gabon and Namibia; the Company will fund 50% of the Gabon exploration and 100% of that in Namibia.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions

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can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

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

INTERNAL CONTROLS AND PROCEDURES

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

DISCLAIMER

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

FORWARD LOOKING STATEMENTS

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

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