

Pitchstone Exploration Ltd.
(the “Company”)

Correction to Management’s Discussion and Analysis

To the Shareholders of Pitchstone Exploration Ltd.

Please be informed that the Company had inadvertently SEDAR filed an incorrect version of the Management’s Discussion and Analysis of Financial Results for the year ended December 31, 2005 earlier. This correct Management’s Discussion and Analysis have the following changes made:

- A decrease of the current income taxes payable from \$95,427 to \$69,742 as of December 31, 2005; as a result, the working capital increased from \$4,724,809 to \$4,750,494 as of December 31, 2005; and
- A decrease of the income taxes from \$96,591 to \$70,906 for the year ended December 31, 2005; as a result, the net income increased from \$141,237 to \$166,922 for the year ended December 31, 2005.

On behalf of the Company

“Mark T. Brown”

Mark T. Brown, CFO

April 20, 2006

**Management's Discussion and Analysis of Financial Results
For the year ended December 31, 2005
Containing information up to and including April 10, 2006.**

Management's Discussion and Analysis ("MD&A") is intended to help the reader understand Pitchstone Exploration Ltd.'s ("Pitchstone" or the "Company") financial statements. The information provided herein should be read in conjunction with the audited financial statements for the year ended December 31, 2005 and 2004. 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 other factors and variables beyond management control.

Management is responsible for the preparation and integrity of the 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 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 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, exploration and development 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, development and sale of ore reserves and the ability to raise sufficient capital to finance the 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 three groups of mineral properties. The first group is comprised of five properties in the Athabasca Basin region of Saskatchewan on which it has an Option Agreement with sxr Uranium One (formerly Southern Cross Resources Inc.) ("SXRUI"). SXRUI is in the process of earning a 50% interest in these properties and is currently funding 100% of the exploration expenditures on these properties.

The second group is comprised of three 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% shares of exploration expenditures on these properties.

The third group is comprised of three properties, which the Company owns 100%, and which are located in the Athabasca Basin region of Saskatchewan. See the additional information under "Exploration Activities".

On February 23, 2006, the Company together with Cameco Corporation ("Cameco") entered in a Letter Agreement with Motapa Diamonds Inc. ("Motapa") to jointly explore Motapa's uranium exploration licenses in Gabon, Africa, subject to certain closing conditions to be removed by June 6, 2006. The Company and Cameco have an option to earn up to 80% (40% each) interest in the licenses within the next seven years.

SELECTED ANNUAL INFORMATION

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The Company had \$4,750,494 in working capital at December 31, 2005 from private financings, option payments under its option agreements, proceeds received from sale of marketable securities, exercise of the Company's options and warrants, and the completion of the Initial Public Offering of \$3.3 million.

In the year ended December 31, 2005, the Company recorded \$1,130,633 revenues, of which \$791,093 was option payments received from SXRU1, \$107,811 was management fees for operating the joint venture properties, \$2,010 was equipment rental and \$30,110 was interest income. During the year, the Company incurred a gain of \$199,609 on sale of its marketable securities.

In the year ended December 31, 2005, total assets increased by \$5,341,689 from \$409,265 as at December 31, 2004 to \$5,750,954. This increase was due to the increase in cash (see "Liquidity and Capital resources") and amount due from SXRU1, the increase in exploration activities and the acquisition of fixed assets during the year.

In the year ended December 31, 2004, total assets increased by \$207,572 from \$201,693 as at December 31, 2003 to \$409,265. This increase was mostly due to the receipt of the first allotment of common shares from SXRU1 in 2004.

In the year ended December 31, 2005, current liabilities increased by \$212,430 from \$129,386 as at December 31, 2004 to \$341,816 due to the increased exploration and administrative activities. In the year ended December 31, 2004 current liabilities increased by \$124,156 from \$5,230 as at December 31, 2003 as a result of the income taxes payable.

As of December 31, 2005, the Company recorded future income tax liability of \$232,126 as a result of temporary differences between accounting and taxable income. In the year ended December 31, 2004, there was no future income tax liability recorded.

	Year ended December 31, 2005	Year ended December 31, 2004	From incorporation on April 23, 2003 to December 31, 2003
	\$	\$	\$
Total revenues	1,130,633	476,436	69
Income (Loss) for the year	166,922	(34,299)	(8,653)
Income (Loss) per share – basic	0.01	(0.01)	(0.00)
Income (Loss) per share – diluted	0.01	N/A	N/A
Total assets	5,750,954	409,265	236,693
Total long-term liabilities	232,126	Nil	Nil
Cash dividends declared – per share	Nil	Nil	Nil

This review of the results of operations should be read in conjunction with the audited financial statements of the Company for the years ended December 31, 2005 and 2004.

RESULTS OF OPERATIONS

Results of Operations for the year ended December 31, 2005

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compared to the year ended December 31, 2004

In the fiscal year 2005, the Company became a reporting issuer and increased its operating and exploration activities. Consequently, revenues increased by \$654,197 and operating activities increased by \$398,275 compare to fiscal 2004. In the year ended December 31, 2005 the Company's net income totaled \$166,922 (income before taxes \$340,896) compared to a net loss of \$34,299 (income before taxes \$84,974) in the same period in 2004. The basic earnings per share for the fiscal year 2005 was \$0.01 (diluted earnings per share - \$0.01), compare to loss per share of \$0.01 (diluted loss per share - N/A) in fiscal 2004.

During the year ended December 31, 2005, the Company earned interest income of \$30,110 (2004 - \$950), recovered its overhead expenses of \$107,811 (2004 - \$13,783) and received option proceeds in excess of resource property costs of \$791,093 (2004 - \$461,703). The option proceeds includes \$156,218 (2004 - \$87,000) received in cash and \$635,000 in 500,000 (2004 - \$635,000 in 500,000 common shares) common shares of SXRU1. (These SXRU1 share amounts are before SXRU1 completed a one for five share rollback.) A gain of \$199,609 was recognized during the year on the sale of marketable securities (see "Marketable Securities").

The Company's administrative expenses for the year ended December 31, 2005 were \$789,737 compared to \$391,462 in 2004. The increase in the administrative costs was due to the increased activities of the Company in three areas: the signing of two significant agreements with SXRU1 and Triex; the resulting increase in exploration activities and associated increased administrative costs; and the increased financing activity, including one private financing and the Initial Public Offering ("IPO"). \$70,986 (2004: \$Nil) transfer agent and filing fees (2004 - \$Nil), \$21,565 (2004 - \$9,343) of legal fees and \$64,746 (2004 - \$2,610) accounting and audit fees were incurred in 2005 as a result of the Company becoming a reporting issuer. Travel costs also increased to \$12,119 compared to \$3,325 in 2004 and management and directors' fees were \$26,668 (2004 - \$Nil) in 2005. The grant of 1,430,000 stock options resulted in \$530,791 of stock-based compensation expenses in 2005 compare to \$32,715 in 2004. In 2004, an unrealized loss on marketable securities of \$330,000 was recorded as a result of valuing the SXRU1 shares at the lower of cost and market value. In 2005, another \$22,800 was recorded as unrealized loss on these shares.

The income tax expenses for the fiscal year 2005 were \$70,906 and \$119,273 for 2004. Due to a timing difference between the carrying amount of the Company's assets and their tax base, \$103,068 was also recognized as a future income tax expense in 2005.

SUMMARY OF QUARTERLY RESULTS

Since the Company became a reporting issuer during the fourth quarter of 2005, the Company has not prepared financial statements for quarters prior to September 30, 2004. As such, the Company presents selected financial indicators for the past six quarters as shown in the following table:

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	Dec. 05 Quarter	Sept. 05 Quarter	June 05 Quarter	Mar. 05 Quarter	Dec. 04 Quarter	Sept. 04 Quarter
Total Revenue	251,841	199,978	649,690	29,124	475,870	261
Earnings (loss) For the period	(343,186)	106,402	380,388	23,318	12,992	(6,414)
Earnings (loss) per Share (Basic)	(0.02)	0.01	0.11	0.01	0.00	(0.00)
Earnings per Share (Diluted)	N/A	0.01	0.10	0.01	0.00	N/A

Fourth quarter

For the three months ended December 31, 2005, the Company had a decrease of \$224,029 in total revenue compare to the three months ended December 31, 2004. The decrease was due to the receipt of the first option proceeds in the fourth quarter of 2004. The loss for the fourth quarter of 2005 was \$343,186 compared with the earnings of \$12,992 in the same period of 2004. This increase in operating expenses is due to increased administrative and exploration activities of the Company, grant of stock options to the directors, officers and consultants, and expenditures related to the Company becoming a reporting issuer.

In three months period ended December 31, 2005, the Company incurred \$171,482 in exploration costs compare to \$Nil in the same period of 2004. The loss per share for the fourth quarter of 2005 was \$0.02 (2004 – earnings per share \$0.00).

SUMMARY OF MINERAL PROPERTY EXPNDITURES AND EXPLORATION ACTIVITIES

Saskatchewan Properties

The Company is an aggressive uranium exploration company with eight exploration properties in the eastern Athabasca Basin, Saskatchewan. Three of those properties, *Fireweed*, *Gumboot*, and *Fisher*, totaling approximately 18,466 hectares were acquired by way of staking and are 100% owned by the Company.

In January 2006, the Company carried out 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 km of grid lines have been cut. Goldak Airborne Surveys commenced a Tri-Maxial magnetic gradiometer survey on the properties in February 2006.

In November 2005, the Company acquired the *Fisher property* by staking two claims totaling 3,349 hectares.

As at December 31, 2005 and 2004 the Company incurred the following exploration expenditures on these properties:

	2005		2004	
Fireweed Property	\$	22,357	\$	18,776
Gumboot Property		46,534		13,759
Fisher Property		28,288		-
	\$	97,179	\$	32,535

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The other five properties *Darby*, *Waterfound*, *Lynx Lake*, *Moon Lake*, and *Candle*, totaling approximately 29,304 hectares, and are governed by the Option Agreement with SXRU1.

11,015 hectares of the *Darby Property* mineral claims in the Close Lake area of the Athabasca Basin, Saskatchewan were acquired in 2003 from the President of the Company by issuing 1,166,657 (4,666,628 after stock split) common shares at a deemed pre-split price of \$0.04 per share. In 2004 and 2005, the Company acquired additional claim blocks of 2,383 and 3,323 hectares in the same area.

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 50% undivided interest in the property. If the 50% option is exercised, JCU will grant the Company the right to acquire an additional 25% of the property resulting in an aggregate of 75% undivided interest in the property. In order to exercise the 50% option, the Company made a cash payment of \$8,725 to JCU, incurred aggregate exploration expenditures of \$73,600 (\$8,725 + \$64,875) to July 28, 2005, and is required to expend an additional \$376,400 (\$450,000 - \$73,600) by July 28, 2006.

The *Candle* property mineral claim totals approximately 2,595 hectares in the Close Lake area of the Athabasca Basin, Saskatchewan and is surrounded on three sides by the Company's *Darby* property.

In 2003 the Company staked 1,694 hectares of *Waterfound Property* mineral claim (an additional 2,430 hectares were staked in April 2005) and 1,637 hectares of *Moon Lake Property* mineral claim (an additional 2,953 hectares were staked in March 2004). The properties are located 55km north and southwest, respectively, of the *Darby* and *Candle* properties.

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

On September 3, 2004 the Company signed an Option Agreement for the Athabasca Properties ("the Option Agreement") with SXRU1, a TSE listed company, whereby SXRU1 can earn a 50% interest in the Company's 100% interests in each of the *Darby*, *Waterfound*, *Moon Lake* and *Lynx Lake* properties, and the Company's option to earn up to 75% joint venture interest in the *Candle* property. As consideration, SXRU1 must make cash payments of \$350,000 (\$87,500 each year) (\$175,000 paid), issue an aggregate of 1,000,000 common shares and 1,500,000 share purchase warrants (500,000 common shares and 750,000 share purchase warrants were issued on September 16, 2004 and the remaining shares and share purchase warrants were issued on January 4, 2005) (see "Marketable Securities"), and provide the funding for aggregate exploration expenditures on the Athabasca Properties of \$4,000,000 before September 3, 2007. The Company is the operator of the five optioned properties during the option period. (The SXRU1 shares and warrants issued are before a one for five share rollback completed by SXRU1.)

On October 2005, SXRU1 and the Company commenced the diamond drilling program on their joint venture properties. A budget of \$2.8 million has been approved by the parties for exploration activities to September 2006 and will be totally funded by SXRU1.

The 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 reported.

Analytical results of a total of 202 samples from the five holes drilled on *Waterfound* were received in February 2006. A radioactive zone at the basal Athabasca Group unconformity was encountered in drill holes WF02 and WF05. A 2.8 m core interval straddling the unconformity in hole WF02 averages 94 ppm uranium, including 338 ppm (0.04 % U₃O₈) over a 0.39 m interval of sandstone immediately above the

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unconformity. The mineralized 0.5 m core interval in WF05 is partly in Athabasca sandstone, partly in underlying graphitic-pyritic metapelites and averages 202 ppm uranium (0.02 % U₃O₈). Hole WF05 is on a section 700 m east of WF02. There is anomalous uranium in WF03 but none was detected in holes WF01 and WF04. Uranium at Waterfound is accompanied by enrichment in other metals (cobalt, copper, nickel, lead, zinc, arsenic, vanadium and rare earth elements) often encountered in major deposits in the eastern Athabasca Basin (see February 2, 2006 news release on Sedar for more details).

Strong metal enrichment and favorable alteration intersected over a large area has significantly upgraded the Waterfound Property and additional drilling is warranted.

A diamond drilling program on the Darby-Candle properties started in February 2006, once the winter road was opened. A total of 55 km of conductive zones have been outlined on the Darby-Candle properties. The primary objective of the current drill program is to provide an initial test of some of the conductors that have not previously been drilled.

As of December 31, 2005, SXRU1 had incurred \$1,734,114 earn-in expenditures on the five optioned properties.

	December 31, 2005	December 31, 2004
Darby Property	\$ 573,568	\$ 248,124
Waterfound Property	815,291	10,619
Lynx Lake Property	25,144	92
Moon Lake Property	145,587	23,484
Candle Property	174,524	11,812
	\$ 1,734,114	\$ 294,131

During the year ended December 31, 2004 the Company spent a total of \$294,131 on the five optioned properties before the recovery from SXRU1.

Properties in Nunavut and Northwest Territories

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.

On May 9, 2005, the Company entered into a 50-50 joint venture to explore and develop the *Mountain Lake, Dismal Lake, and Leith properties*, located in the Hornby Bay Basin of Nunavut and Northwest Territories, with Triex, a TSX Venture Exchange listed company. Triex is the operator of these three properties. As of December 31, 2005, Triex and the Company incurred a total of \$1,085,013 exploration expenditures on the three optioned properties.

In 2005, Triex was granted seven prospecting *Dismal Lake Property* permits comprising 105,097 hectares in the Northwest Territories and Nunavut for uranium exploration where Triex holds these permits in a 50-50 joint venture with Company. These permits are situated approximately 70 kilometres west of the Mountain Lake property, 570 kilometres north of Yellowknife, Northwest Territories and 150 kilometres southeast of Kugluktuk, Nunavut. Five of the seven permits are located partly or totally in the Northwest Territories.

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In May 2005, Triex staked two strategic areas contiguous to the Dismal Lake 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 *Dismal Lake* property.

In 2005, Triex was granted two prospecting permits, the *Leith Property*, comprising 32,722 hectares in the Northwest Territories for uranium exploration and the Company has a 50-50 joint venture with Triex on these permits. These permits are situated approximately 400 kilometres northwest of Yellowknife.

During the fiscal 2005, a \$1.2 million exploration program was completed on the *Mountain Lake* and *Dismal Lake* properties. The Mountain Lake property exploration program included a 684 line-km MEGATEM II survey, conducted by Fugro Airborne Surveys at 150 m line spacing. 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-km of magnetic, resistivity and both time- and frequency-domain electromagnetic surveys. An 81 line-km GEOTEM survey, also conducted by Fugro, at 300 m line spacing, was completed over a test area of the Dismal Lake property. Other exploration work on the properties included ground and airborne radiometric surveying, geological mapping and prospecting.

The Mountain Lake deposit contains an estimated Inferred Resource of 8.2 million pounds U₃O₈, with an average grade of 0.23% U₃O₈, at depths between 28 and 136 m (see Sedar filings for more details). Two types of mineralization have been recognized to date; stratabound sandstone-hosted and discordant fracture filling. Fracture controlled mineralization included an intersection of 5.19% U₃O₈ over a 0.9 m core interval.

Results from the summer exploration program were compiled and integrated with historic geological and drill data and a major exploration program is planned on the properties for 2006.

As of December 31, 2005 and December 31, 2004, the Company spent a total of \$585,660 and \$248, respectively.

	2005	2004
Mountain Lake Property	\$ 328,108	\$ 248
Dismal Lake Property	253,614	-
Leith Property	3,938	-
	<u>\$ 585,660</u>	<u>\$ 248</u>

Gabon Properties

On February 23, 2006, the Company together with Cameco Corporation ("Cameco") signed a Letter Agreement with Motapa Diamonds Inc. ("Motapa") to jointly explore Motapa's uranium exploration licenses in Gabon, Africa. Motapa holds the executive rights to explore for uranium on 396,100 hectares underlain by the Francevillian Basin in east-central Gabon.

Terms of the Letter Agreement provide Cameco and the Company with the option to earn a 56% (26% 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 Letter Agreement is subject to the satisfactory completion of a due diligence review by Cameco and the Company by May 31, 2006 (subsequently this date was extended to June 9, 2006), and was further subject to

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a waiver by Motapa's alliance partner BHP Billiton to certain back in rights to the project pursuant to a pre-existing agreement, which has been received.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2005, the Company had \$4,655,246 cash on hand and a working capital of \$4,750,494 (2004 - \$75,634 and \$278,580 respectively). During the year ended December 31, 2005, the Company increased its cash by \$4,579,612. The increase in cash is mainly due to the completion of the Initial Public Offering of \$3,300,000, the proceeds from a private placement of \$862,325 and the exercise of the Company's options and warrants of \$506,585. The Company also recorded proceeds from the sale of marketable securities of \$848,969 and received option payments under option agreements of \$156,218.

The Company incurred \$650,056 in exploration costs mainly on the Mountain Lake property and Dismal Lake property as per the 50-50 joint venture arrangements with Triex. The Company owed Triex \$185,933 as at December 31, 2005 and had \$105,755 receivable from SXRUI.

The Company's authorized capital consists of unlimited number of common shares without par value. As at December 31, 2005 and at April 10th, 2006, the Company had 23,115,060 and 24,506,758 respectively, issued and outstanding common shares.

On October 12, 2005, the Company completed the filing of a final prospectus with the British Columbia Securities Commission and its initial public offering on the TSX Venture Exchange. The initial public offering ("IPO") was for 6,000,000 units at \$0.55 per unit, each consisting of one common share of the Company and one half of one common share purchase warrant of the Company. Each whole warrant entitles the holder to acquire one additional common share at a price of \$0.70 per share until October 12, 2006, subject to a forced exercise provision. In the event that the Company's common shares trade at a closing price on the TSX Venture Exchange of greater than \$0.90 per share for a period of 20 consecutive trading days at any time after four months and one day after the closing date, the Company may accelerate the expiry date of the warrants by giving notice to the holders and in such case the warrants will expire on the 30th day after the date on which such notice is given by the Company.

The Company entered into an agency agreement with Haywood Securities Inc., Dundee Securities Corp., and Pacific International Securities (collectively, the "Agents") for the IPO. The Agents were paid a cash fee equal to 8% of the gross proceeds of the units sold pursuant to the IPO, and 6% commission for the funds raised by the Company on a President's list. In addition, the agents received 444,480 brokers' warrants. Each brokers' warrant is exercisable into one common share of the Company at a price of \$0.55 until October 12, 2006.

On October 14, 2005, the common shares of the Company began trading on the TSX Venture Exchange under the symbol "PXP".

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 date of grant or such lesser period as determined by the board of directors. Options vest on the grant date unless determined otherwise by the Board of Directors. As of December 31, 2005, 1,210,000 options were outstanding of which 960,000 options have an exercise price of \$0.55 per common share, expiring on October 14, 2010 and another 250,000 options have an exercise price of \$0.68 per common share, expiring on November 8, 2010. On January 11, 2006, the Company granted 150,000 stock options at a price of \$1.06 per share to the Director of Exploration.

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As of December 31, 2005, the Company had 3,091,308 warrants outstanding of which 2,716,400 had an exercise price of \$0.70 per share and 374,908 were brokers' warrants with the exercise price of \$0.55 per share. All the warrants have an expiry date of October 12, 2006. As of April 10, 2006, 1,555,050 warrants and 189,820 brokers' warrants had been exercised into common shares of the Company.

The amount of shares held in escrow as of December 31, 2005 was 9,690,348.

MARKETABLE SECURITIES

On September 16, 2004 and on January 4, 2005 the Company received an aggregate of 1,000,000 common shares and 1,500,000 share purchase warrants of SXRU1 (before the one for five rollback) as an option payment as per the Option for the Athabasca Properties. These shares were written down to net realizable value at December 31, 2004 and June 30, 2005, which decreased their value by \$352,800. The Company agreed that it would sell no more than 250,000 of the option payment shares during any period of thirty consecutive days, except with the prior written consent of SXRU1. During the fiscal year 2005, the Company recorded a gain of \$199,609 on the sale of marketable securities.

Subsequent to signing the Option Agreement, SXRU1 did a five for one share roll back. As of December 31, 2005, the Company had 57,600 (288,000 pre roll-back) optioned shares and 300,000 (1,500,000 pre roll-back) share purchase warrants, of which 150,000 expire on September 16, 2007 and another 150,000 expire on January 4, 2008, all with an exercise price of \$6.95 (\$1.39 pre roll-back) per share.

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties:

- a) During the year ended December 31, 2005, the Company incurred geological consulting fees of \$100,000 (2004: \$33,334) to a company controlled by the President of the Company according to the Option Agreement with SXRU1. Under this agreement, the Company is the operator of the exploration programs. The programs are managed by a company controlled by the President of the Company, which is paid \$8,333 per month by the Company. This amount is then reimbursed by SXRU1. As at December 31, 2005, \$17,833 (2004: \$Nil) was owed to this company.

During the year ended December 31, 2005, the President entered into a contract with the Company for management consulting services. The President is to be paid a fee of \$5,000 per month. During the year ended December 31, 2005, \$20,968 (2004: \$Nil) was incurred for management fees. As at December 31, 2005, \$3,882 was owed to the President. As of December 31, 2004, \$2,912 was owed to the President for the administrative expenses incurred on behalf of the Company.

- b) During the year ended December 31, 2005, the Company incurred accounting and administrative fees of \$31,821 (2004: \$Nil) from Pacific Opportunity Capital Ltd., a company of which the Chief Financial Officer is the President and Director. As at December 31, 2005, \$5,350 (2004: \$Nil) was owed to Pacific Opportunity Capital Ltd.
- c) During the year ended December 31, 2005, the Company incurred directors' fees of \$5,700 (2004: \$Nil), to non-executive directors. As at December 31, 2005, \$5,721 (2004: \$Nil) was owed to these directors for unpaid directors' fees and expenses incurred on behalf of the Company.

The fair value of the amounts due from and due to related parties is not determinable, as they have no fixed terms of repayment. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

PROPOSED TRANSACTIONS

There are no proposed transactions as this time.

SUBSEQUENT EVENTS

A diamond drilling program is currently in progress on the Darby-Candle properties. Two holes have been completed on the Candle property (a total of 1,357.9 m) and one on the Darby property (674.2 m). Samples from the two Candle property holes have been submitted for analyses but results have not been received.

FINANCIAL INSTRUMENTS

The Company's financial instruments are comprised of cash, accounts receivable, prepaid expenses, marketable securities, accounts payable and accrued liabilities, due from/to related parties and joint ventures partners, and income taxes payable. 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 of prompt liquidation.

RISKS AND UNCERTAINTIES

The Company's financial success will be dependent upon the discovery of mineralization or the 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 and development activities will be successful. The development of mineral resources involves many risks in 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 section.

As noted in the Company's Prospectus dated October 5, 2005, the Company is also specifically subject to the following risk factors:

- there is a 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 resources companies which may give rise to conflicts of interest;
- the Company's exploration and development plans will require substantial additional financing;
- the exploration business is highly speculative;
- substantial additional expenditures will be required to establish resources or reserves on mineral properties;

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- there are many potential barriers to developing a property to become 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; 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 immediate objective is to complete the drilling program underway on eastern Athabasca Basin, while Triex continues to carry out a planned exploration program, including drilling, on the Hornby Bay Basin properties on behalf of the Company. Results of various geophysical surveys on some eastern Athabasca Basin are being evaluated. The Company's long-term objectives are to make significant discoveries of economic uranium deposits. The Company is currently well financed to work towards achieving these objectives.

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 file 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" 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, our 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.