

PANCONTINENTAL GOLD CORPORATION
(formerly, Pancontinental Uranium Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(for the nine month period ended September 30, 2016)

November 24, 2016

INTRODUCTION

This management's discussion and analysis ("MD&A") has been prepared by Pancontinental Gold Corporation's ("Pancontinental" or the "Company") management and provides an analysis of the Company's operating and financial performance for the nine month period ended September 30, 2016, as well as a view of future prospects. The MD&A should be read in conjunction with Pancontinental's: unaudited condensed interim consolidated financial statements for the nine month periods ended September 30, 2016 and 2015; and, the audited annual consolidated financial statements and related MD&A for the year ended December 31, 2015. Additional information related to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com.

Basis of presentation

Pancontinental's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars, unless otherwise noted.

Note: During 2016 the Company changed its accounting policy for its mineral property exploration and evaluation expenditures and the comparative financial results have been restated to reflect these expenditures as being expensed, rather than being deferred/capitalized, at the time they were incurred. Exploration and evaluation expenditures are now included as an operating activity. The restatement impacted the comparative amounts for discontinued operations.

This MD&A may contain forward-looking statements, which are described in the "Cautionary Statements" section of the MD&A. The "Risks and Uncertainties" section of this MD&A further describes other factors that could cause results or events to differ from expectations.

CORPORATE PROFILE

Pancontinental is an exploration-stage company involved in the business of acquiring, exploring and developing gold properties. With the encouraging outlook for the gold sector the Company transitioned from a rare earth element (REE) and uranium explorer into a gold explorer through the acquisition of the Jefferson Gold Project, as further described below, and concurrently changed its name to reflect this new direction. With the acquisition of the Jefferson Gold Project and subsequent financing, on October 24, 2016 the Company returned to the TSX Venture Exchange (TSX-V) as a Tier 2 mining issuer and trades under the symbol PUC.

Previously, the Company had participated in REE and uranium exploration activities in Australia, through a joint venture with Crossland Strategic Metals Limited. On November 26, 2015, the Company completed the sale of its interest in the joint venture and, as a result, the Company ceased to meet the continued listing requirements of a TSX Venture Exchange (TSX-V) Tier 2 company, and effective December 14, 2015, Pancontinental was transferred to the NEX Board of the TSX-V. The Company retains a 1% gross overriding royalty on sales of production from 100% of the joint venture property.

HIGHLIGHTS

To reflect the Company's transition to a gold explorer, on July 25, 2016 the Company changed its name to Pancontinental Gold Corporation.

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In tandem with becoming a gold explorer, on August 17, 2016 the Company completed the asset purchase agreement (the "APA") with Firebird Resources Inc., Pageland Minerals Ltd. and Appalachian Resources LLC, to acquire a 100% interest in the Jefferson Gold Project located in South Carolina, United States. The APA was entered into on May 20, 2016.

The Company closed a \$1,001,300 private placement on September 21, 2016 and graduated to Tier 2 of the TSX Venture Exchange on October 24, 2016.

On November 14, 2016, the Company commenced its inaugural approximate 5,000 foot (1,524 metres) drill program at the Jefferson Gold Project.

JEFFERSON GOLD PROJECT ("JEFFERSON")

Property description

The Jefferson Gold Project is an advanced exploration-stage gold project situated in Chesterfield County, South Carolina, within one of the most significant gold trends in the United States. This particular gold trend hosts Oceanagold Corporation's open pit Haile Gold Mine, which is expected to be placed into production in 2017 and is less than 7 miles from Jefferson. The region also includes: the former Ridgeway Gold Mine, approximately 35 miles from Jefferson, a former 15,000 tons per day open pit mine, which produced over 1.6 million ounces of gold from 1988 to 1999; and, the former open pit Brewer Gold Mine, which forms the western border of Jefferson and mined over 12 million tons of ore from 1987 to 1995.

Jefferson is comprised of over 1,500 acres under lease from private landowners, who own the surface and sub-surface mineral rights. Jefferson is along a nearly continuous northeast-striking structural trend of hydrothermal alteration and gold mineralization. The mineralized footprint of Jefferson is similar in magnitude to the footprints of the Haile and Ridgeway mines. The Jefferson properties contain multiple drill targets within a mineralized trend over 2 kilometres wide.

In 2011, Firebird Resources Inc. ("Firebird") and Pageland Minerals Ltd. ("Pageland") drilled a total of four holes at Jefferson with very positive results, providing a base for establishing a significant gold resource. All four holes encountered gold mineralization, with the best hole averaging 1.27 grams per tonne over 164.3 metres (539 feet - true width unknown). Please refer to Pancon's press release of May 25, 2016 for assay details on all four drill holes.

Acquisition

On August 17, 2016, the Company completed the acquisition of Jefferson pursuant to an asset purchase agreement ("APA"), which was entered into on May 20, 2016 with Firebird Resources Inc. ("Firebird"), Pageland Minerals Ltd. ("Pageland") and Appalachian Resources LLC ("Appalachian"). As consideration for acquiring 100% ownership in Jefferson, along with all exploration and property information, Pancon paid and issued to:

- Firebird and Pageland, in the aggregate: cash totalling \$100,000, of which \$30,000 was paid on execution of the APA with the balance of \$70,000 paid on closing; and, 1,000,000 common shares issued on closing.
- Appalachian, 1,000,000 common shares issued on closing.

To bring the acquired property leases into good standing the Company is in the process of settling property lease arrears of approximately USD \$180,000, of which approximately USD \$166,000 has been paid to date. The remaining unpaid arrears involves three leases (two of which are peripheral) representing approximately 197 acres. The Company is currently in the process of verifying these three leases and expects to bring these leases into good standing before the end of 2016.

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Exploration plans and strategy

In an effort to develop an initial gold resource at Jefferson, the process began with the Company preparing an initial NI43-101 technical report (*which has been filed on SEDAR*) and compiling and reviewing historic exploration data to lead into a staged drilling program, which commenced on November 14, 2016. In support of this initiative a technical advisory committee, comprised of David Mosher, a Company director, and Dr. Laurie Curtis a geologist consultant to the Company, was formed to provide oversight of the Company's drilling and resource plans and programs. In addition, Dr. Dennis LaPoint, PhD, LGeo, a consultant to the Company, was appointed the Company's Vice-President of Exploration.

Drill program

The initial stage of the drill program, which began on November 14, 2016, will consist of approximately 5,000 feet (1,524 metres) of diamond drilling. The drill program will focus on an area referred to as Anomaly A, stepping out from the 2011 drill hole fence in both directions along the east-west gold trend. Two new fences will be drilled approximately 200 feet (75 metres) west and east of the 2011 drill fence. All new holes will be angled toward the south, and will range in depth from 400-600 feet (135-200 metres). Core samples will be shipped to ALS Chemex for fire assay and inductively coupled plasma (ICP) multi-element analyses. Dr. Margaret Venable, a seasoned exploration geologist with more than 30 years of experience managing and directing projects around the world, is supervising the drill program.

Qualified person

Dr. Dennis LaPoint, PhD, LGeo, the Company's Vice-President of Exploration, manages the exploration programs at Jefferson. Dr. LaPoint, who is President of and controls Appalachian, originally assembled the Jefferson property package and oversaw Firebird's and Pageland's 2011 drill program and was their identified Qualified Person when the assay results were originally released in Firebird's March 1, 2012 press release. Dr. LaPoint is a qualified person under National Instrument 43-101 "Standards of Disclosure for Mineral Projects". Dr. LaPoint has verified all the technical data presented in this MD&A as it relates to Jefferson. In addition, Dr. LaPoint has over 40 years of experience in project generation and was instrumental in the discovery of Newmont's multi-million ounce Merian Gold deposit in Suriname.

DISCONTINUED OPERATIONS

Discontinued operations are comprised of amounts related to: the divestiture of the Company's interest in the Australian Joint Venture, noted below, and the Company's equity accounted investee, Crosscontinental Uranium Corporation, which was dissolved in 2015. Substantially all amounts reported in the consolidated financial statements as discontinued operations relate to the Australian Joint Venture. During the current year, the Company changed its accounting policy for exploration and evaluation expenditures from "capitalizing" to "expensing as incurred" (*please refer to note 5 in Pancontinental's unaudited condensed interim consolidated financial statements for the nine month period ended September 30, 2016*). As a result, the comparative period amounts for discontinued operations were restated to eliminate deferred/capitalized mineral property expenditures, related impairment charges and deferred taxes, as well as the elimination of foreign exchange translation adjustments.

Australian Joint Venture

On February 8, 2007, pursuant to a letter of agreement dated February 14, 2007, Pancontinental formed a joint venture (the "Joint Venture") with Crossland Strategic Metals Limited ("Crossland") and subsequently earned an initial 50% interest in a number of Australian properties prospective for REE and uranium, which were held by Crossland. The Company's interest was subsequently reduced to 43.72% and was held by its wholly-owned subsidiary, Panconoz Pty. Ltd., which was dissolved in 2016.

On November 26, 2015 the Company completed the sale of its entire interest to Essential Mining Resources Pty Ltd. ("EMR"), a private Australian-domiciled company, wholly-owned by EMMCO Mining Sdn Bhd, a private Malaysian company. Net proceeds received from the sale were \$1,181,111 and the Company retains a gross overriding royalty

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of one percent (1%), as further described below. In accordance with the terms of the purchase and sale agreement, in March 2015 EMR paid the Company a deposit of \$436,500 and the Company, in turn, paid Crossland AUD \$164,109 in full settlement of accrued payables, resulting in a gain on debt settlement of \$144,714.

Gross Overriding Royalty ("GOR")

As part of the consideration received from the sale of its interest to EMR, the Company received a GOR of one percent (1%) on sales of production from 100% of the property. The GOR provides for an annual advance royalty payment of AUD \$50,000, which comes into effect on November 26, 2016. The advance royalty payment is subject to adjustment for reductions in the Joint Venture's property holdings. The GOR is registered against title of the Joint Venture properties. The Company has not received any progress reports or updates on the Joint Venture activity or its property holdings.

Below is a summary of Charley Creek and a list of the Joint Venture's properties at time of closing:

Charley Creek – Northern Territory

The Charley Creek project is located in central Australia, approximately 100 kilometres northwest of Alice Springs and is situated on the southern margin of the North Australian Craton, in a geological setting that is the core of an ancient mountain chain. The tenements potentially contain elements necessary for the formation of sediment-hosted uranium deposits, as well as additional potential for nickel-platinum and REE deposits.

Exploration activity conducted in 2011 and 2012 demonstrated the existence of very extensive deposits of REE-bearing alluvium. With the discovery at Charley Creek of REE-bearing alluvium, the emphasis shifted from uranium exploration to the assessment of the REE deposits and their advancement through resource development to possible mining. The economic potential of the REE deposits was instrumental in EMR's decision to acquire Pancontinental's Interest.

Charley Creek NI 43-101 technical report

The NI 43-101 technical report, released by Pancontinental on January 8, 2014, was prepared by Behre Dolbear Australia Pty Ltd ("BDA"). The Company believes the report is an excellent summary of the Charley Creek project. BDA emphasised that the project is at an early stage and there are many uncertainties in relation to the assumptions on which the financial model is based. The analysis demonstrates the sensitivity of the project to the various assumptions and in particular reinforced the exploration focus to identify and prove up areas of continuous higher grade starter pits to provide a higher grade feed for processing in the initial years of production.

Joint Venture properties

- Charley Creek - nineteen (19) tenements; and,
- Charley Creek - an 80% interest in a joint venture with Western Desert Resources, which consists of one (1) granted tenement.
- Chilling – two (2) tenements
- Bloodwood/Highland Rocks – four (4) tenements under application.
- Mount Stafford – two (2) tenements, one of which is under application

INVESTMENT IN TORTUGA RESOURCES INC.

Pursuant to an equity offering by Tortuga Resources Inc. ("Tortuga"), the Company acquired 666,667 common shares for USD \$200,000 (CAD \$220,760). Tortuga is a private company engaged in the acquisition, exploration and development of oil and gas properties. The investment was made to gain exposure to a gas exploration opportunity in the United States. The Company is not involved in the management or directorship of Tortuga.

In 2015, due to the continued weakness in the natural gas sector the Company lowered its outlook for recovering its investment in Tortuga and wrote down its investment to a nominal value, resulting in an impairment charge of \$220,759.

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SUMMARY OF QUARTERLY RESULTS

| | Interest income | Discontinued operations income (loss) | Net income (loss) | Net income (loss) per share |
|-----------------------|--------------------|---|----------------------|-----------------------------------|
| <u>Fiscal 2016</u> | \$ | \$ | \$ | \$ |
| Q3 September 30, 2016 | - | - | (984,806) | (0.011) |
| Q2 June 30, 2016 | - | - | (174,742) | (0.002) |
| Q1 March 31, 2016 | - | - | (6,078) | 0.000 |
| <u>Fiscal 2015</u> | | | | |
| Q4 December 31, 2015 | - | 835,017 | 625,894 | 0.008 |
| Q3 September 30, 2015 | - | 556,614 | 496,319 | 0.006 |
| Q2 June 30, 2015 | - | 778 | (70,138) | (0.001) |
| Q1 March 31, 2015 | - | (8,747) | (61,320) | (0.001) |
| <u>Fiscal 2014</u> | | | | |
| Q4 December 31, 2014 | - | (98,267) | (166,510) | (0.002) |

For 2016, continuing operations quarterly variances were influenced by the amount of: (1) corporate and administrative expenses, which were impacted by – costs associated with the Jefferson Gold Project and satisfying TSX-V Tier 2 listing requirements in Q3 - the Company's annual shareholder meeting in Q2 - the evaluation of business opportunities in Q1 and Q2; (2) exploration and evaluation expenditures related to the Jefferson Gold Project in Q2 and Q3; (3) share-based payments attributable to the grant of stock options in Q3; (4) and, a gain on debt settlement through the issuance of shares in Q1.

For 2015, continuing operations quarterly variances were influenced by the amount of: (1) corporate and administrative expenses, which were impacted by - the sale of the Company's interest in the Australian Joint Venture - shareholder meetings held in Q2 and Q4 - changes in management compensation in Q4 - the accrual of annual audit and tax services fees in Q4 - and, the evaluation of a potential business development opportunity in Q3; (2) the impairment of the Company's investment in Tortuga in Q4; (3) a gain on debt settlement in Q4, as certain trade creditors agreed to a reduction in the amounts owed. Discontinued operations were impacted by - the sale of the Company's interest in the Australian Joint Venture, as proceeds from the sale were realized in Q3 and Q4 - a gain from the settlement of debt with Crossland in Q3 – a reduction in the Australian Joint Venture stamp duty provision in Q3 - and, foreign exchange gains or losses related to quarterly fluctuations in the Australian dollar.

For Q4 of fiscal 2014, continuing operations was primarily influenced by the amount of corporate and administrative expenses, which were impacted by - the accrual of annual audit and tax service fees - and, shareholder relations and promotion costs, as the Company curtailed its marketing efforts. Discontinued operations were impacted by - mineral property exploration and evaluation expenditures related to the Australian Joint Venture - and, foreign exchange gains or losses related to quarterly fluctuations in the Australian dollar.

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RESULTS OF OPERATIONS

For further information, please refer to the Consolidated Statement of Operations and accompanying notes in Pancontinental's unaudited condensed interim consolidated financial statements for the nine month period ended September 30, 2016.

Three month period

The net loss for the quarter ended September 30, 2016 was \$984,806 versus net income of \$496,319 for the comparable quarter of 2015, representing a change of \$1,481,125. The entire loss for the current quarter is attributable to continuing operations, while net income for the comparable quarter included discontinued operations income of \$556,614. The increase in the loss from continuing operations was primarily attributable to the incurrence of costs related to the Jefferson Gold Project and the grant of stock options.

Corporate and administrative expenditures experienced an increase of \$42,436 (2016 - \$103,501 vs 2015 - \$61,065), through increases in: consulting (2016 - \$5,846 vs 2015 - \$nil) for administrative services related to the Company's activities in the Carolinas; filing and transfer agent fees (2016 - \$9,518 vs 2015 - \$3,025), resulting from the change in the Company name, share issuances and the application to upgrade the Company's TSX-V listing; management fees (2016 - \$25,500 vs 2015 - \$21,000), due to the inclusion of compensation for the Company's President and CEO; office costs (2016 - \$5,482 vs 2015 - \$3,850), related to the increased corporate activity; professional fees (2016 - \$50,186 vs 2015 - \$15,545), which were impacted by higher legal costs due to the Jefferson Gold Project and increased corporate activity; rent (2016 - \$3,072 vs 2015 - \$1,500), due to the Company maintaining an office in Chapel Hill, North Carolina; and, shareholder and promotion costs (2016 - \$3,684 vs 2015 - \$1,145), as the frequency of news releases and use of promotional material increased. This increase in corporate and administrative expenses was partially mitigated by a reduction in salaries and benefits (2016 - \$nil vs 2015 - \$15,000), as compensation for the Company's President and Chief Executive Officer was changed to a management fee basis.

Exploration and evaluation expenditures (2016 - \$414,421 vs 2015 - \$nil) are attributable to the Jefferson Gold Project and were primarily impacted by: the final payments pursuant to the Asset Purchase Agreement; current and prior year lease payments to landowners; geological/technical and project management consulting services; and, costs to draft the initial NI 43-101 report.

Share-based payments (2016 - \$466,618 vs 2015 - \$nil) are non-cash and represent the fair value assigned to the 4,300,000 stock options granted during the quarter.

Nine month period

The net loss for the nine month period ended September 30, 2016 was \$1,165,626 versus net income of \$364,861 for the comparable nine month period, representing a change of \$1,530,487. The entire loss for the current nine month period is attributable to continuing operations, while the loss for the comparable nine month period included net income of \$548,645 from discontinued operations. The increase in the loss from continuing operations was primarily attributable to the incurrence of costs related to the Jefferson Gold Project and the grant of stock options, which impact was partially mitigated by a gain on debt settlement.

Corporate and administrative expenditures experienced an increase of \$41,452 (2016 - \$224,999 vs 2015 - \$183,547) through increases in: management fees (2016 - \$76,500 vs 2015 - \$63,000), resulting from the inclusion of compensation for the Company's President and CEO, at a reduced monthly fee of \$1,500; professional fees (2016 - \$72,688 vs 2015 - \$28,665), which were impacted by higher legal costs due to the Jefferson Gold Project and increased corporate activity, as well as accounting costs for Panconoz; shareholder and promotion costs (2016 - \$19,584 vs 2015 - \$11,268), attributable to higher annual shareholder meeting costs and an increase in shareholder and investor communications; and, travel costs (2016 - \$8,622 vs 2015 - \$nil), attributable to the evaluation of business opportunities. This increase was offset by a decrease in salaries and benefits (2016 - \$nil vs 2015 - \$47,326) resulting from the Company's President and Chief Executive Officer's compensation being changed to a management

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fee basis. The remainder of the expenditures were primarily influenced by current quarter activity as described above.

Exploration and evaluation expenditures (2016 - \$511,957 vs 2015 - \$nil) are attributable to the Jefferson Gold Project and consist primarily of acquisition costs pursuant to the Asset Purchase Agreement and property costs comprised of current and prior year lease payments to landowners. The remainder of the expenditures were primarily influenced by current quarter activity as described above.

Share-based payments (2016 - \$466,618 vs 2015 - \$nil) are non-cash and represent the fair value assigned to 4,300,000 stock options granted during the period.

Gain on debt settlement of \$38,520 (2015 - \$nil) was recognized, as 856,000 shares were issued to settle trade payables of \$42,800.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows – Continuing operations

Operating activity cash flows for the current nine month period were impacted by debt settlements made with trade creditors.

Financing activity cash flows for the current three month period reflects share issuance activities due to: the acquisition of the Jefferson Gold Project; exercise of stock options; and, closing of a \$1,001,300 private placement, net of share issuance costs. Financing activity cash flows for the current nine month period also reflect the: partial repayment of a cash advance provided by a Company director; and, the issuance of common shares in settlement of trade payables.

Cash flows – Discontinued operations

Operating activity cash flows for the current nine month period represent the return of funds held by the Company's Australian legal counsel.

Working capital

As at September 30, 2016, Pancontinental had consolidated working capital of \$767,769. During 2016, the Company settled \$42,800 of 2015 payables through the issuance of 856,000 common shares. To facilitate the closing of the acquisition of the Jefferson Gold Project, directors and officers exercised 1,600,000 options on August 11, 2016 for proceeds of \$80,000. To enhance the Company's cash position, as well as providing funding for the initial Jefferson Gold Project drill program, the Company completed a \$1,001,300 private placement. Pancontinental's cash is primarily held on deposit at a Canadian banking institution. Sales tax receivables represents amounts to be refunded by the Canadian government.

As of the date of the MD&A, Jefferson Gold Project current year and arrear lease payments remaining to be confirmed amount to approximately USD \$25,000. These remaining payments have not been accrued, however the Company expects to complete the confirmation process by the end of 2016.

The Company believes it has sufficient working capital to fund its 2016 operations, including 2016 Jefferson Gold Project expenditures. The Company will need to obtain financing to fund 2017 operating expenditures and exploration activities. A significant portion of expenditures for the Jefferson Gold Project will be denominated in United States dollars, giving rise to market risk from changes in foreign exchange rates, which may negatively impact the Company's working capital.

The Company prefers to obtain funds through private placements, though it may consider raising funds through the divestiture of non-core assets. The Company's ability to continue is highly dependent on its working capital and its

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ability to obtain additional funds in the capital/equity markets to: finance its activities; meet its obligations; and, pay its liabilities. There is a risk that the Company will be unable to raise sufficient funds, thus jeopardizing the Company's ability to achieve its objectives and continue as a going-concern.

Given the nature of the Company's operations, which consist of exploration, development, evaluation and acquisition of resource properties or projects, the Company believes that the most meaningful financial information relates primarily to current liquidity and solvency.

SHARE CAPITAL

As of the date of this MD&A, Pancontinental has the following securities outstanding:

| Security | Number |
|-----------------|---------------|
| Common shares | 99,510,354 |
| Warrants | 12,726,250 |
| Options | 8,150,000 |

On November 1, 2016, the Company granted 1,200,000 stock options to consultants and an officer. These options vested immediately and each option has an exercise price of \$0.12 and a five year term.

RELATED PARTY TRANSACTIONS

Management fees of \$21,000 (2015 - \$21,000) for the current quarter and \$63,000 (2015 - \$63,000) for the nine month period were paid or became payable to a company controlled by an associate of the Company's Chief Financial Officer.

Management fees of \$4,500 (2015 - \$nil) for the current quarter and \$13,500 (2015 - \$nil) for the nine month period were paid or became payable to a company controlled by the Company's President and Chief Executive Officer.

Salaries and benefits of \$nil (2015 - \$15,000) for the current quarter and \$nil (2015 - \$45,000) for the nine month period were paid or became payable to the Company's President and Chief Executive Officer. Effective November 1, 2015, Mr. Mark's compensation was changed to a management fee basis and reduced to a monthly rate of \$1,500.

During 2016, the Company's President and CEO was paid \$27,664 in settlement of prior year accrued salaries.

On August 11, 2016, Company directors and officers exercised 1,400,000 stock options for proceeds of \$70,000. These options were originally granted on June 11, 2014.

Company directors and officers subscribed for \$37,000 (462,500 units) of the \$1,001,300 (12,516,250 unit) private placement closed on September 21, 2016.

On September 21, 2016, the Company granted 3,900,000 stock options to officers and directors. These options vested immediately and each option has an exercise price of \$0.12 and a five year term.

Loans from related parties of \$100,000 (December 31, 2015 - \$105,000) represents cash advances provided by directors. These loans are unsecured, payable on demand and non-interest bearing.

Accounts payable and accrued liabilities includes \$1,695 (December 31, 2015 - \$30,784) payable to directors/officers or companies controlled by or associated with directors/officers.

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FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Disclosure on the Company's financial instruments and related risks may be found in Notes 17 and 18 of Pancontinental's unaudited condensed consolidated financial statements for the nine month period ended September 30, 2016.

The Company's exposure to liquidity risk will increase significantly with the acquisition of the Jefferson Gold Projected, as the Company will need to obtain financing to fund related property payments, operating expenditures and future exploration activities. In addition, a significant portion of expenditures will be denominated in United States dollars, giving rise to market risk from changes in foreign exchange rates.

The Company does not have a risk management committee or written risk management policies. The Company has not entered into any specialized financial agreements to minimize its credit or foreign currency risks. There are no off-balance sheet arrangements.

CAUTIONARY NOTES

This MD&A may contain forward-looking statements relating to, but not limited to, Pancontinental's assumptions, estimates, expectations and statements that describe Pancontinental's future plans, intentions, beliefs, objectives or goals, that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or anticipated by such forward-looking statements. Statements that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Examples of such forward-looking statements, without limiting the generality of the foregoing, include:

- acquiring mineral properties or projects;
- outlook for gold and/or mining sector;
- potential of exploration properties;
- establishing economic deposits or resources;
- potential for future benefits from its Joint Venture gross overriding royalty or investment in Tortuga;
- possibility to dispose non-core assets;
- ability to continue as a going concern;
- capital requirements and ability to obtain funding;
- condition of financial or capital markets.

Known and unknown factors could cause actual results to differ materially from those projected in the forward looking statements and forward-looking information. Such factors include, but are not limited to:

- condition of underlying commodity markets and prices;
- ability to raise necessary capital;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- receipt or retention of necessary permits or approvals;
- access to properties and contests over title to properties;
- timing of commencement of exploration or development activities;
- geological and exploration results and conditions;
- geological, technical, drilling and operating difficulties;
- establishment of sufficient and economic resources or reserves;
- obtaining environmental and mining approvals;
- availability and cost of contractors, equipment, supplies, labour and insurance;
- the speculative nature of exploration and development and investor sentiment;

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- competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in which the Company conducts or may conduct business;
- business opportunities that may be presented to or pursued by the Company;
- our ability to correctly value and successfully complete acquisitions;
- effectiveness of corporate relations;

Although Pancontinental believes that the assumptions, estimates and expectations reflected in our forward-looking statements are reasonable, results may vary, and we cannot guarantee future results, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements due to the inherent uncertainty. Pancontinental disclaims any intent or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or other such factors which affect this information, except as required by law.

RISKS AND UNCERTAINTIES

Pancontinental is in the business of exploring for minerals and, if successful, ultimately mining them. The mining sector is by its nature, cyclical, competitive and risky. Many of these risks are beyond the Company's control. Investment in the mining sector in general and the exploration sector, in particular, involves a great deal of risk and uncertainty and Pancontinental's common shares should be considered as a highly speculative investment. Current and potential investors should give special consideration to the risk factors involved.

Acquisition risk

Pancontinental uses its best judgment in the acquisition of mineral properties or an alternative business venture and, in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including agreements to finance the acquisition and development of the mineral properties or business venture. The Company cannot provide assurance that it can complete any acquisition that it pursues, on favourable terms, or that any acquisition will ultimately benefit the Company.

Competition risk

Pancontinental must compete with a number of other companies that possess greater financial and technical resources. Competition in the mining and business sectors could adversely affect the Company's ability to acquire mineral properties or projects.

Conflicts of interest

Certain directors and officers of Pancontinental, in their personal capacities or as directors or officers of other companies, are engaged or have interests in mineral exploration and development activities outside of the Company. Accordingly, exploration opportunities or prospects of which they become aware of may not necessarily be made available to the Company.

Dependence on management and consultants/contractors

Pancontinental is very dependent upon the efforts and commitment of its directors, management and consultants/contractors to the extent that if the services of the directors, management or consultants/contractors were not available, a disruption in the Company's operations may occur.

Counterparty risk

Counterparty risk is the risk that each party to a contract will not fulfill its contractual obligations. The Company's Jefferson Gold Project's property leases and the Australian Joint Venture gross overriding royalty are exposed to this risk.

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Third party performance risk

For the Company to realize benefits from its Australian Joint Venture gross overriding royalty or its investment in Tortuga, the Company is dependent upon the evolution and success of the underlying project's exploration and development, which could be impacted by: the management of the particular project and execution of planned objectives; the participants ability to raise necessary capital and remain solvent; environmental approvals and regulations; government and mining policies and regulations; establishment of sufficient and economic resources or reserves; condition of underlying commodity markets and prices; access to properties; receipt or retention of necessary permits or approvals; timing of commencement of exploration or development activities; geological and exploration results; exploration and development conditions; and, the disclosure of technical reports and other information. As the Company is not involved in the management of either entity or participates in the oversight of either entity's projects, there is a risk that significant or material information may not be disclosed to the Company, on a timely basis, or at all.

Environmental risk

The exploration and development activities conducted on Pancontinental's mineral properties are subject to the environmental laws and regulations of the country in which the activities take place. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties, more stringent environmental assessments and a heightened degree of responsibility for companies and their officers, directors and employees. Although the Company undertakes to comply with current environmental laws and regulations, there is no assurance that future changes in environmental laws or regulations will not adversely affect the Company's operations.

Exploration risk

There is no assurance that the activities of Pancontinental will be successful and result in economic deposits being discovered and in fact, most companies are unsuccessful due to the low probability of discovering an economic deposit. Once mineralization is discovered, it may take several years until production is possible during which time the economics of a project may change. Substantial expenditures are required to establish reserves through drilling. Pancontinental's ability to establish a profitable mining operation is subject to a host of variables, such as technical and economic factors and regulatory issues. Exploration activities involve risks which even a combination of experience, knowledge and prudence may not be able to overcome. Exploration activities are subject to hazards which could result in injury or death, property damage, adverse environmental conditions and legal liability.

Financing and liquidity risk

Pancontinental does not have production income or a regular source of cash flow to fund its operating activities. The Company's ability to finance its exploration and development activities and make acquisitions is highly dependent upon its ability to raise capital in the financial markets. Pancontinental will require significant capital to finance its overall objectives and there is no assurance that the Company will be able to raise the capital required and continue as a going concern. In addition, Pancontinental's financial success is dependent on the extent to which it can discover mineralization in economic quantities and the economic viability of developing its properties or projects.

Property title risk

Although Pancontinental takes reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged, impugned or renounced.