PANCONTINENTAL RESOURCES CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
(for the six month period ended June 30, 2020)

August 25, 2020

INTRODUCTION

This management's discussion and analysis ("MD&A") has been prepared by Pancontinental Resources Corporation's ("Pancon" or the "Company") management and provides a review of the Company's operating and financial performance for the six month period ended June 30, 2020, as well as a view of future prospects. The MD&A should be read in conjunction with Pancon's unaudited condensed interim consolidated financial statements for the six month period ended June 30, 2020; and, audited consolidated financial statements for the year ended December 31, 2019. 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
Pancon'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.

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

CORPORATE PROFILE

Pancon (TSXV: PUC) is a Canadian junior mining company focused on North American gold exploration at and near former and current producing gold mines. In January 2020, Pancon was awarded the exclusive right to explore and purchase the former Brewer Gold Mine property, located in South Carolina, U.S.A. Pancon's 100%-owned Jefferson Gold Project nearly completely surrounds the former Brewer Gold Mine property. These two adjacent projects are located 12 kilometres northeast along trend from OceanaGold's multi-million ounce and producing Haile Gold Mine, on the prolific and underexplored Carolina Slate Belt in the southeastern USA. In addition, Pancon has four nickel-copper-cobalt exploration projects in Northern Ontario.

HIGHLIGHTS

Financing activity
On March 17, 2020, Pancon completed a 37,500,000 unit private placement for gross proceeds of $3,000,000.

On August 20, 2020, Pancon announced its intention to raise up to $3 million through the issuance of up to 25,000,001 units at a price of $0.12 per unit. The financing will be comprised of a $2 million "best efforts" brokered private placement and a $1 million non-brokered private placement. The brokered private placement includes an option for the agent to sell up to an additional 2,500,000 units for additional proceeds of up to $300,000. The private placement is expected to close on or around September 9, 2020.

Brewer Gold Project
In January 2020, Pancon, in co-operation with Environmental Risk Transfer LLC, was awarded the right to explore the highly prospective, approximately 1,000 acre (400 hectare) former Brewer Gold Mine property, located approximately 12 kilometres northeast and along-trend from the Haile Gold Mine on the Carolina Slate Belt. On March 1, 2020 the Company executed an exclusive mining lease with an option to purchase the former Brewer Gold Mine property.

On April 22, 2020, Pancon announced that, due to the COVID-19 pandemic, the initial 18-month option term to explore the Brewer Gold Mine property, which began on April 1, 2020, and during which the Company plans to conduct US$2 million worth of exploration and environmental work, was extended for an additional 6 months for a total of 24 months.

On August 6, 2020, Pancon commenced its inaugural shallow rotary air blast (RAB) drilling program consisting of approximately 100 holes. The RAB drill program was initiated to follow up on the Company's positive results from its recent reconnaissance ground geophysics program.

<u>Sale of Ontario nickel-copper-cobalt exploration projects</u>
On June 22, 2020, the Company entered into an agreement with Tempus Resources Inc., pursuant to which Tempus obtained the right to acquire up to a 100% interest in the Company's St. Laurent, Montcalm, Nova and Gambler nickel-copper-cobalt projects located in Ontario, Canada. To acquire the 100% interest in these four projects, Tempus is required to pay $1 million and incur $2 million in exploration expenditures.

<u>COVID-19 Pandemic</u>
In March 2020, the World Health Organization declared a global pandemic related to COVID-19). Its impact on global economies has been far-reaching, and businesses around the world have been forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced greater volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of the COVID-19 pandemic, nor its impact on the financial position and results of the Company in future periods. The Company is proceeding with its exploration activities, as long as the work environment remains safe.

BREWER GOLD PROJECT – SOUTH CAROLINA, UNITED STATES

<u>Property Description</u>
The Brewer Gold Project ("Brewer" or the "Brewer Project") is an exploration-stage gold project located on the prolific and underexplored Carolina Slate Belt in Chesterfield County, South Carolina. Brewer is located on the same mineralized trend and 12 kilometres northeast of OceanaGold Corporation's operating Haile Gold Mine. Brewer is nearly completely surrounded by the Company's 100%-owned Jefferson Gold Project. Brewer has not been explored since 1997.

Gold was discovered at Brewer in the early 1800s. Between 1987 and 1995, the Brewer Gold Company ("BGC"), a United Kingdom entity, produced 178,000 ounces of gold from open pit mining operations that extended to 100-metre depths, where copper and gold-rich sulphides were exposed, but could not be processed by BGC's oxide heap leach processing facility. Brewer is a high sulphidation system driven by a sub-volcanic intrusive and possibly containing a large copper-gold porphyry system at depth, as indicated by: known prospective geology, including diatreme breccias; associated high sulphidation alteration; gold and copper mineralization; and, geophysics (Schmidt, R.G., 1978, The Potential for Porphyry Copper-Molybdenum Deposits in the Eastern United States, US Geological Survey). Historic drill results and mining operations at Brewer focused on near-surface, oxide gold mineralization and not on the disseminated and massive sulphide mineralization at depth which was encountered in the deeper holes.

BGC mined more than 12 million tons of mineralized material and waste rock from two open pits until 1995, when mining operations ceased. From 1995 to1999, BGC performed initial reclamation activities under the direction of the South Carolina Department of Health and Environmental Control ("S.C. DHEC"). BGC was unsuccessful in achieving the goal of a fully-reclaimed, clean site, and ultimately informed the S.C. DHEC that it intended to abandon the site. In 1999, BGC abandoned the site, leaving the S.C. DHEC and the U.S. Environmental Protection Agency ("EPA") to handle reclamation activities and address conditions posing environmental risk.

BGC's abandonment of the property left the S.C. DHEC and the EPA with no options for addressing water quality threats from the site other than using the Comprehensive Environmental Response, Compensations and Liability Act ("CERCLA") response actions funded by the S.C. DHEC and the EPA. The S.C. DHEC and EPA retained access to the property for purposes of constructing, operating, and maintaining the wastewater treatment plant and otherwise carrying out the CERCLA remedy. In 2005, Brewer was designated an EPA Superfund site as per the CERCLA.

In 2019, the S.C. DHEC, with the support of the EPA, sought the appointment of a Receiver (a legal construct similar to a trustee) for the former Brewer Gold Mine to facilitate the leasing, sale or other use or disposition of the abandoned property, including potential renewal of mineral exploration and mining development.

Option Agreement

In January 2020, Pancon, in co-operation with Environmental Risk Transfer LLC ("ERT"), was awarded the right to explore the highly prospective former Brewer Gold Mine property. On March 1, 2020, Pancon entered into a mining lease with an option to purchase (the "Option Agreement") with Brewer Gold Receiver, LLC (the "Receiver"). The initial option term of the Option Agreement is 24 months, which was extended from 18 months, commencing on April 1, 2020. Provided Pancon spends US $2 million on exploration and environmental due diligence during the initial option term, the Company can extend the option term for an additional 18 months. The Company has the right to exercise its option to purchase Brewer at any time within the option term.

During the option term, Pancon will design and implement the exploration program and engage ERT (an industry leader providing complex environmental risk-transfer solutions to cost-effectively eliminate environmental liabilities) to implement the environmental due diligence required to determine the Superfund liability at Brewer.

Pursuant to the Option Agreement, the components of the purchase price for Brewer consist of:

a) The cost of environmental remediation and financial assurance for assuming ownership of all past environmental liability at Brewer, which will be a number based on ERT's environmental due diligence during the option term that will provide input to upcoming negotiations with the Receiver, S.C. DHEC and the EPA; and,

b) Half (50%) of total past costs (estimated to be in the order of US $15 million) incurred by the S.C. DHEC and the EPA to clean and manage Brewer since 2000, which, according to Pancon's and ERT's winning proposal, will be paid after future mining operations are commissioned, in ten annual instalments of 10%, and conditioned on the future mine operator's ability to pay based on a profit formula to be determined by the parties.

These components will be finalized in a purchase and sale agreement, which will supersede the Option Agreement, and which will utilize input from ERT's environmental due diligence and ERT's and Pancon's negotiations with the Receiver, S.C. DHEC and the EPA.

Exploration Plans

Pancon's goal for 2020-2021 is to discover new gold-copper mineralization under and/or nearby the former gold mine. To achieve this goal we have four objectives: 1) to understand, through iterative data analysis, the probable location of new gold-copper mineralization near-surface and at depth; 2) to find, through drilling, new gold-copper mineralization; 3) to expand, through more drilling, the size and shape of new gold-copper mineralization; and 4) to demonstrate, through data modeling, Brewer's economic potential.

Based on the Company's current understanding of what a realistic implementation schedule will be in light of COVID-19, the following summarizes the Brewer exploration plan. The schedule may be modified as needed in order to follow government protocols and to ensure Company activities keep all employees, contractors, suppliers and community members safe from COVID-19. In 2020, the Company envisions the following:

- Improve knowledge of Brewer mineralogy by using x-ray diffraction (XRD) on historic drill core
- Continue and complete the compilation of historic geophysical, geochemical and geologic data
- Conduct new geophysics (ground magnetics, gravity, resistivity/induced polarization)
- Conduct shallow validation and exploration drilling using rotary air blast (RAB) drills
- Based on historic data compilation together with new geophysical data and interpretation, establish a baseline geologic model and finalize initial drill plan and targets for Phase 1 of diamond drilling
- Complete Phase 1 of diamond drilling
- Produce assay, geochemical and hyperspectral mineralogy data from Phase 1 drill core

In 2021, based on the above, the Company envisions the following:

- Update database and geologic model
- Conduct additional geophysics and shallow test drilling as needed
- Finalize the drill plan and targets for Phase 2 of diamond drilling
- Complete Phase 2 of diamond drilling
- Produce assay, geochemical and hyperspectral mineralogy data from Phase 2 drill core
- Update database and geologic model
- Finalize the drill plan and targets for Phase 3 of diamond drilling
- Complete Phase 3 of diamond drilling
- Produce assay, geochemical and hyperspectral mineralogy data from Phase 3 drill core

Environmental Risk Transfer LLC

In response to increasing shareholder and stakeholder demands for increased environmental stewardship and responsibility, as well as a state and federal regulatory focus on site closure in connection with financial and environmental liability, the Waterfield Group and Environmental Operations, Inc. (EOI) created Environmental Risk Transfer LLC (ERT) to provide complex environmental risk-transfer solutions for corporations that wish to cost-effectively eliminate all environmental liability. In this situation ERT would assume the long-term risks associated with the Superfund liability. ERT's ongoing success at Missouri Cobalt LLC - a former and current EPA Superfund site now owned and operated by an ERT affiliate - has won praise from the EPA as a positive example of transforming formerly contaminated sites into hubs of economic activity promoting redevelopment and community revitalization.

Pancon has agreed to pay up to US $250,000 (US $75,000 paid, as of the date of this MD&A) to ERT, during the Brewer option term, to perform environmental due diligence, which is required in order to finalize a purchase and sale agreement for the Brewer Project.

Exploration Activities

Pancon is following the exploration plans described above. Specifically, an effort to compile and integrate historic and new geologic, geochemical and geophysical data from Brewer is ongoing, and began in April when the Option Agreement commenced. In late May, a modern geophysics program commenced, which included resistivity/induced polarization (IP), magnetic, and gravity geophysical surveys. It was the first time in nearly three decades that any scientific data has been produced using modern technology and tools at and around the former Brewer Gold Mine.

Pancon's geophysics work had two strategic objectives: (i) to better understand the local geology within the regional context; and (ii) to help locate gold-copper targets with the ultimate goal of identifying one or more new potential gold-copper deposits.

Pancon's initial phase of geophysical surveys at the Brewer-Jefferson areas-of-interest ("AOI"), conducted between May 18 - July 1, 2020, included:

- Resistivity/IP: for detecting variation in alteration mineral assemblages (especially sulfides) and rock types down to approximately 225 meter depths;
- Ground magnetics: for mapping local variations in magnetic intensity related to rock types, structure, alteration and mineralization; and
- Gravity: for mapping density contrasts related to rock types, alteration and mineralization.

As a result, Pancon identified multiple, locally coincident IP chargeability, resistivity, gravity and magnetic anomalies – and exciting new drill targets – over the historic mine pits and adjacent to the former main pit to the west and south. Pancon's new and highly prospective zone in the Brewer-Jefferson AOI, largely untested to depths below 50 meters by previous operators, covers an area of at least 2,000 meters east-west in length, is open to the south, and is bounded to the north by a northwest-trending fault identified in the magnetic survey. Pancon's new prospective zone covers much of the 1,000-acre Brewer property and extends in multiple directions onto the surrounding 1,500-acre Jefferson Project land position.

The initial geophysics program identified high-angle structures, multiple gravity highs, and an exceptionally strong IP chargeability anomaly south of the main pit with a 3,000-meter north-south anomalous strike length. Recognizing that any IP chargeability response greater than 20 millivolts per volt (mV/V) is generally considered very significant and a high value drill target, Pancon's newly discovered IP anomaly returned exceptional responses, including: 49 responses measuring 30 mV/V or greater, of which 24 measure between 45-94 mV/V, 13 between 72-94 mV/V, and the most intense measuring 250 mV/V.

On August 6, 2020, the Company commenced an initial shallow rotary air blast (RAB) drilling program at the Brewer Gold Project. Pancon's shallow RAB drill program follows up on the Company's positive results from recent reconnaissance ground geophysics program, as detailed above and in Pancon's July 28, 2020 news release. Pancon is currently drilling approximately 100 RAB holes, each hole being approximately 20 meters deep. The purpose of the initial RAB drill program is to validate historic drill results, test targets identified from recent and historic geophysical, geological and geochemical data, and to identify new prospective zones. Results from the RAB drilling combined with the recent geophysics will provide targets for the Company's upcoming diamond drilling program.

JEFFERSON GOLD PROJECT – SOUTH CAROLINA, UNITED STATES

Property Description
Pancon has a 100% interest in the Jefferson Gold Project ("Jefferson" or the "Jefferson Project"), which is an exploration-stage gold project located on the prolific and underexplored Carolina Slate Belt in Chesterfield County, South Carolina, U.S.A, within one of the most historically significant gold trends in the United States. The Jefferson Project nearly completely surrounds the Company's Brewer Project and extends along a northeast-striking structural trend of hydrothermal alteration and gold mineralization extending before and from the former Brewer Gold Mine. It contains multiple drill targets within a mineralized trend based on historic exploration. Of the 10 holes drilled at the Jefferson Gold Project between 2011-2017, nine of them intersected gold mineralization, including one averaging 1.27 grams per tonne over 164.3 meters from surface, true width unknown.

Jefferson is currently comprised of approximately 1,535 acres (621 hectares) under thirteen leases acquired from private landowners, who own the surface and sub-surface mineral rights. In 2019, Pancon revitalized its exploration strategy and renewed its focus on the strategic positioning of the Jefferson Project. During 2020, the Company relinquished one lease, representing 223 acres (89 hectares) deemed to be non-strategic. The Company is continuing its pursuit of acquiring additional lease agreements.

The leases range in expiration from 2021 to 2031. Six of the thirteen lease agreements include a production royalty ranging between 1.5% to 3.5%. The royalty is payable to the landowner who owns the property from which minerals are produced. Three leases provide for advanced royalty payments, which are made in lieu of lease rental payments. Advance royalty payments are non-refundable and will be credited towards the Royalties payable from production. In addition, the Company has secured a right of first refusal to purchase, lease or explore/mine an additional property lease, which encompasses approximately 52 acres (21 hectares).

Exploration Plans
Given that the Jefferson Project nearly completely surrounds the Brewer property, and given that the Brewer geologic system extends beyond the Brewer property boundary in all directions, Pancon now treats its exploration of Jefferson as part and parcel of the Company's exploration of Brewer. Therefore, the geophysics program conducted in May-June 2020 included land on both the Jefferson and Brewer projects. In addition, the Company's evolving geological model for Brewer invariably incorporates historic and recent data on the Jefferson Project.

ST. LAURENT PROJECT – ONTARIO, CANADA

Property Description
The St. Laurent Project is an exploration-stage nickel-copper-cobalt-gold-platinum-palladium project that encompasses approximately 4,400 hectares and is located in northeastern Ontario in St. Laurent township, approximately 160 kilometres northeast of Timmins, Ontario. The St. Laurent Project is also located 50 kilometres south of the producing Detour Lake Gold Mine and 20 kilometres southwest of the producing Casa Berardi Gold Mine.

Option Agreement
On March 25, 2019, Pancon entered into an option agreement with 2681891 Ontario Inc. (the "Optionor"), pursuant to which the Company obtained the right (the "Option") to acquire up to a 100% interest in the St. Laurent Project. To exercise the Option, the Company is required to complete the following:

a) Pay the Optionor an aggregate of $145,000 as follows:
   - $15,000 on or before April 17, 2019 (paid);
   - $20,000 on or before April 17, 2020 (paid*);
   - $50,000 on or before April 17, 2021;
   - $60,000 on or before April 17, 2022.

b) Issue to the Optionor an aggregate of 1,850,000 common shares of the Company as follows:
   - 250,000 common shares within 5 days of April 17, 2019 (completed);
   - 350,000 common shares on or before April 17, 2020 (completed*);
   - 500,000 common shares on or before April 17, 2021;
   - 750,000 common shares on or before April 17, 2022.

* Subsequent to December 31, 2019, a Pancon director provided the cash and shares for the Company to satisfy the required payments due by April 17, 2020. The Company is not liable for the repayment of the cash or shares to the Company director.

Exploration Activities
In October 2019, Pancon commenced an initial 1,730 metre drill program, to evaluate an historical Ni-Cu showing coincident with a pronounced 600-metre-long unexplained airborne electromagnetic anomaly. This drilling, along with downhole geophysical results, was successful and confirmed and enhanced the exploration potential of this new magmatic nickel sulphide target. Our initial drill program produced assay results (please refer to our news release of November 7, 2019) with considerably higher grade mineralization than previous programs conducted by previous operators. No exploration activities have been conducted during 2020.

MONTCALM, NOVA AND GAMBLER PROJECTS – ONTARIO, CANADA

Property Description
The Montcalm, Nova and Gambler Projects are contiguous and proximal to the former Montcalm Mine, providing the Company with a camp-sized exploration-stage nickel-copper-cobalt opportunity that covers the majority of the Montcalm Gabbro Complex, located within the Porcupine Mining Division, approximately 65 kilometres northwest of Timmins, Ontario, Canada. These three projects encompass approximately an aggregate total of 12,180 hectares (Montcalm: 3,880 hectares, Nova: 840 hectares, and Gambler: 7,460 hectares). The Montcalm and Nova properties are subject to an option agreement and the 100%-owned Gambler property was acquired through staking by Pancon in April 2018.

All three of these projects are either adjacent or proximal to the former Montcalm Ni-Cu-Co Mine, owned by Glencore Plc, which previously mined 3,931,610 tonnes of ore grading 1.25% nickel (Ni), 0.67% copper (Cu), and 0.051% cobalt (Co), and which produced in excess of 4 million pounds of cobalt (Ontario Geological Survey, Atkinson, 2011). The Montcalm and Gambler Projects are contiguous to and surround the western, northern and southern portions of the former Montcalm Mine property. The Nova Project is located approximately 19 kilometres southwest of the former Montcalm Mine. These three projects encompass all available land covering the prospective Montcalm gabbro complex, with the exception of a single 20-hectare claim unit, consisting of lands prohibited from acquisition by the government, and mining leases controlled by Glencore Plc that cover the former Montcalm Ni-Cu-Co Mine property.

First Nations Memorandum of Understanding ("MOU")
On October 1, 2018, Pancon completed a MOU with the Flying Post First Nation ("FPFN") to establish a framework for co-operation concerning aboriginal and treaty rights with respect to the Company's exploration activities at its Montcalm, Nova and Gambler Projects. The MOU establishes the prioritization of business, employment and training opportunities for FPFN members. The Company is to compensate FPFN for the impact of all on-the-ground exploration work by paying FPFN 2% of such costs, beginning from the date of the MOU.

MONTCALM AND NOVA NI-CU-CO-AU PROJECTS

Option Agreement
On January 5, 2018, Pancon entered into an option agreement (the "Option Agreement"), as amended on February 20, 2018, February 28, 2020 and on June 22, 2020 with 2522962 Ontario Inc., which company was subsequently acquired by Pelangio Exploration Inc. (the "Optionor"). The Option Agreement provided the Company with the right (the "Option") to acquire a 100% interest in the Montcalm and Nova properties. On June 22, 2020, the Option Agreement was amended a third time, whereby the Company agreed to issue: a total of 700,000 common shares in lieu of the Company making the remaining two annual cash payments of $35,000 each or $70,000 in the aggregate; and, issue a total of 600,000 common shares to complete the remaining two annual 300,000 share instalments. On June 25, 2020, the Company issued 1,300,000 common shares in satisfaction of all remaining payments and acquired a 100% interest in the Montcalm and Nova properties. In summary, the total Option payments made by the Company during the term of the Option Agreement consisted of:

a) Cash payments totalling $70,000 (originally $140,000), of which $35,000 was paid in each of 2018 and 2019; and,

b) An aggregate of 1,900,000 (originally 1,200,000) common shares of the Company, issued as follows:
   - 300,000 common shares on February 28, 2018;
   - 300,000 common shares on April 1, 2019;
   - 700,000 common shares on June 25, 2020, in lieu of the remaining two annual cash payments of $35,000 each. The cash payments were due on June 28, 2020 and on February 28, 2021, respectively; and,
   - 600,000 common shares on June 25, 2020, representing the remaining two 300,000 common share instalments, previously due on June 28, 2020 and on February 28, 2021, respectively.

A net smelter return royalty of 2.5% (the" NSR") is payable to the Optionor from all minerals sold from the Montcalm and Nova properties. The Company reserves the right to purchase 1% of the NSR (such that the Optionor's NSR is reduced to 1.5%) for $1,000,000. The Company is required to keep the Montcalm and Nova properties in good standing during the term of the Option Agreement.

Montcalm Project

Exploration Activities and Plans
In 2018 an airborne Virtual Time Domain Electromagnetic (VTEM) survey and airborne gravity survey was conducted over the priority gabbroic phase lithology (Montcalm Mine host lithology) and adjoining prospective lithology within the main gabbro complex of the Montcalm property, which included a total of 280 line-kilometres, covering approximately 64% of the Montcalm property, or 2,495 out of 3,880 hectares.

During 2019, a maiden drill program was conducted to test those VTEM geophysical anomalies identified in 2018. Assay results from the 10 diamond drill holes (please refer to our news release of March 27, 2019), covered a broad section of the Montcalm Project area, which produced approximately 4,300 metres of drill core. Narrow (<1.5 metre) sections of massive sulphides, net textured sulphides and sulphide stringers were intersected, explaining all but 2 of the VTEM anomalies. The mineralized intervals did not return anomalous Ni-Cu-Co assay results. Further evaluation of the data identified a complex magnetic feature, hosting a cluster of electromagnetic (EM) anomalies referred to as the Hook zone.

- The former Montcalm Mine is situated in the large, continuous Montcalm Gabbro Complex, and is the only known mineralized occurrence.
- The Ontario Ministry of Northern Development and Mines' (MNDM) 1990 GEOTEM Survey (Map 81360) identified 11 EM anomalies in the area covered by the combined land positions controlled by Pancon (Montcalm Project) and Glencore (Montcalm Mine). The former Montcalm Mine is coincidental with 3 of those 11 EM anomalies.
- 6 of the 11 EM anomalies from the MNDM Survey are associated with a complex magnetic feature known as the Hook zone. These 6 anomalies are proximal to each other and form two east-west oriented trends which follow the magnetic pattern.
- The magnetic pattern in the Hook zone has a curved hook shape, indicating local change in strike direction. This change in strike direction posed a problem for the VTEM line orientation, and thus Pancon's subsequent drilling orientation. This could explain why Pancon's two holes in the Hook zone did not intersect mineralization.
- Pancon's two strongest VTEM anomalies are both located in the Hook zone. They were not explained by drilling, remain viable targets and are the subject of ongoing reinterpretation.
- The six EM anomalies in the Hook zone have not been explained by any of the previous exploration programs.
- Next steps are expected to include follow-up drilling on the Hook zone. No exploration activities have been conducted during 2020.

Nova Project

Exploration Activities and Plans
During 2018, a total of 6.4 km of flagged grid lines were established and 231 mobile metal ion (MMI) soil samples were collected for analysis. The samples were analyzed for cobalt and other associated pathfinder elements for the project including gold, nickel and copper. This survey was completed proximal to known cobalt mineralization detected by previous exploration groups. The Nova property has very limited surface exposure and it is anticipated that the MMI survey will assist in delineating mineralized trends associated with known surface mineralization.

With respect to the surface prospecting efforts, five specific areas with substantial sulphide mineralization were hand stripped and sampled to date. There is a distinct association with sulphide mineralization and cobalt on the Nova property. A total of 59 rock samples were tested for multi-element analysis.

Further prospecting work will be determined based on results from rock sample assays and soil sample geochemistry results. No exploration activities have been conducted during 2020.

GAMBLER NI-CU-CO PROJECT

Exploration Activities and Plans
Pancon has compiled historical exploration and geophysical data and produced a working database. Given Gambler's similarity to the Montcalm property in terms of topography and surface overburden cover, the methods for identifying drill targets at Gambler will similarly include airborne geophysical surveys. No exploration activities have been conducted during 2020.

STRACHAN NI-CU-CO PROJECT – ONTARIO, CANADA (Terminated)

The Strachan Project encompassed approximately 2,280 hectares and was an exploration-stage nickel-copper-cobalt project within the Montcalm greenstone belt, located approximately 65 kilometres northwest of Timmins, Ontario. On January 17, 2019, Pancon entered into a letter of intent (the "LOI") with Pelangio Exploration Inc. pursuant to which the Company obtained the right to acquire up to a 75% interest in the Strachan Project. In February 2020, the Company terminated the LOI and did not earn an interest in the Strachan Project.

QUALIFIED PERSON
Richard "Criss" Capps, PhD, CPG and Todd Keast, PGeo, are the Company's qualified persons under National Instrument 43-101 "Standards of Disclosure for Mineral Projects". The Company has not yet completed the work necessary to verify the historical data and past exploration results of its projects. Mr. Capps has verified all the technical data presented in the MD&A that is related to the Brewer and Jefferson Projects and Mr. Keast has verified all the technical data presented in the MD&A that is related to the Company's Canadian mineral projects.

SALE OF THE ST.LAURENT, MONTCALM, NOVA AND GAMBLER PROJECTS – ONTARIO, CANADA

On June 20, 2020, the Company entered into an agreement (the "Purchase Agreement") with Tempus Resources Inc. ("Tempus"), pursuant to which Tempus obtained the right ("Option") to acquire up to a 100% interest in the Company's four mineral projects, St. Laurent, Montcalm, Nova and Gambler (the "Projects"), located in Ontario, Canada. The Option is comprised of two stages, as follows:

a) First stage – in order for Tempus to earn an initial 80% interest in the Projects, and whereby the Company shall retain a 20% free carried interest, Tempus shall pay an aggregate of $1,000,000 as follows:
    - $100,000 non-refundable deposit on signing (paid *) ;
    - $100,000 by September 22, 2020 (paid - subsequent to June 30, 2020);
    - $800,000 by June 22, 2021.

b) Second stage - subject to Tempus completing the first stage, Tempus can earn an additional 20% interest in the Projects by incurring $2,000,000 in exploration expenditures. Upon Tempus incurring the required expenditures, the Company's 20% free carried interest shall automatically be converted into a one and a half percent (1.5%) net smelter return ("NSR") on each of the Projects. Tempus retains the right to purchase one present (1%) of each NSR (effectively, reducing the remaining NSR to half a percent (0.5%)) by paying the Company $1,000,000 for each 1% of each NSR.

The Company is required to keep the respective option agreements for each of the Projects in good standing during the Purchase Agreement option period.

* In April 2020, a Company director provided the cash and shares to for the Company to satisfy the April 17, 2020 payment requirements for the St. Laurent Project. The Company director retained the right to recover up to an aggregate of $50,000 from any party or parties that purchased or joint ventured any or all of the Company's four mineral projects (St. Laurent, Montcalm, Nova and Gambler) located in Ontario, Canada. The

Company was not liable for the repayment of the cash or shares to the Company director. The Director recovered $50,000 from the initial $100,000 non-refundable deposit paid by Tempus.

INVESTOR RELATIONS AND CORPORATE DEVELOPMENT

On July 1, 2018, Pancon retained the services of Jeanny So Consulting ("Jeanny") to assist the Company in its investor relations and corporate development activities. The agreement has been extended until June 30, 2022. Compensation consists of 575,000 stock options to date and a $6,000 monthly fee, beginning September 1, 2020. These options vest in quarterly instalments from the date of grant.

On September 3, 2019, Pancon entered into advisory services agreements with Liberty Capital Inc. and Lateral Management Inc. The advisers are to provide the Company with long-term strategic support and advisory services on corporate development, including growing the business and leveraging strategic partnerships over a five year period. Each advisor was granted two million stock options with an exercise price of $0.10 per option and a five year term. As of the date of this MD&A, 3,000,000 of the adviser's options have vested. The remaining 1,000,000 options will vest upon the Company's market capitalization reaching $35-million.

GROSS OVERRIDING ROYALTY

Australia

On February 8, 2007, the Company formed a joint venture (the "Joint Venture") with Enova Mining Limited (formerly, Crossland Strategic Metals Limited) ("Enova") and subsequently earned a 50% interest in a number of Australian properties prospective for rare earth elements ("REE") and uranium. On November 26, 2015 (the "Effective Date") the Company completed the sale of its entire interest in the Joint Venture to Essential Mining Resources Pty Ltd. ("EMR") and retained a gross overriding royalty ("GOR") of one percent (1%) on sales of production from 100% of the Joint Venture properties (the " Former JV Properties"). During 2017, EMR merged with Enova.

An annual non-refundable advanced royalty payment of AUS $6,561is due on each anniversary of the Effective Date. In January 2020, the Company received payment of the 2019 advanced royalty. To date, the Company has received advanced royalty payments totalling AUS $87,435. The advanced royalty payment may be adjusted for reductions in the size of the Former JV Properties. During 2019, Enova reduced its holdings of the Former JV Properties and, as at November 26, 2019, reported that the remaining Former JV Properties consisted of nine (9) Charley Creek tenements, comprising 377 sub-blocks.

Advance royalty payments are to be deducted from gross overriding royalties on future production. The Company has not been advised if and when production is expected to begin. In addition, the gross overriding royalty is registered against title of the properties.

INVESTMENT IN TORTUGA RESOURCES INC.

Pursuant to an equity offering by Tortuga Resources Inc. ("Tortuga") in 2014, Pancon acquired 666,667 common shares for US $200,000 (CDN $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. Pancon is not involved in the management of Tortuga and relies on Tortuga for advising the Company of its future plans. 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.

SUMMARY OF QUARTERLY RESULTS

	Royalty revenue	Corporate and administrative	Exploration and evaluation	Net loss	Net loss per share
Fiscal 2020	$	$	$	$	$
Q2 June 30	-	134,894	417,689	527,019	0.003
Q1 March 31	-	172,984	108,727	402,138	0.002
Fiscal 2019					
Q4 December 31	5,905	175,509	169,629	224,905	0.001
Q3 September 30	-	113,191	480,595	650,432	0.004
Q2 June 30	-	132,008	249,823	388,796	0.002
Q1 March 31	-	165,739	627,937	500,251	0.003
Fiscal 2018					
Q4 December 31	8,086	181,652	139,909	319,651	0.003
Q3 September 30	-	124,045	553,573	681,813	0.005

For the first two quarters of 2020, fluctuations in quarterly results were influenced by the amount of: (1) corporate and administrative expenses, which were impacted by financing activities and marketing and corporate development activities in Q1; (2) exploration and evaluation expenditures related to the Company's Brewer, Jefferson, Montcalm and Nova Projects and proceeds of $50,000 in Q2 from the impending sale of the Company's Canadian mineral projects; and, (3) share-based payment valuations attributable to the grant of stock options.

For 2019, fluctuations in quarterly results were influenced by the amount of: (1) corporate and administrative expenses, which were impacted by - financing activities in Q3 - marketing and corporate development activities in Q1 and Q4 - the Company's annual shareholder meeting in Q2 - annual audit and tax services fees in Q4 - and, the level of legal and administrative activity to support the Company's mineral projects; (2) exploration and evaluation expenditures related to the Company's Jefferson, St. Laurent and Montcalm Projects; (3) share-based payment valuations attributable to the grant of stock options in Q1, Q3 and Q4; and, (4), the renouncement of flow-through expenditures related to the Company's Canadian mineral projects in Q1.

For the last two quarters of 2018, fluctuations in quarterly results were influenced by the amount of: (1) the Australian royalty revenue recognized in Q4; (2) corporate and administrative expenses, which were impacted by - financing activities in Q4 - annual audit and tax services fees in Q4 - the level of activity to support the Company's Canadian mineral projects and marketing and corporate development activities; and, (3) exploration and evaluation expenditures related to the Company's Montcalm and McBride Projects.

RESULTS OF OPERATIONS

Three month period

The net loss for the second quarter of 2020 was $527,019 versus a net loss of $388,796 for the comparable quarter of 2019, representing an increase of $138,223. The increase in the loss primarily resulted from higher exploration and evaluation expenditures (2020 - $417,689 vs 2019 - $249,823), as the Company focused its efforts on its Brewer Project and completed the exercise of its option to acquire a 100% interest in the Montcalm and Nova Projects. The impact of the increase in exploration and evaluation expenditures was partially mitigated by the recovery of $50,000 (2019 - $nil) from the impending sale of the Company's four Canadian mineral projects. Share-based payments (2020 - $35,466 vs 2019 - $1,104), reflect the vesting of options during the current quarter.

Corporate and administrative expenditures (2020 - $134,894 vs 2019 - $132,008) was relatively unchanged. Consulting fees increased, as the need for advisory and administration services to support activities in the Carolinas grew. Filing and transfer agent fees experienced a decrease due to a reduction in regulatory filings and the postponement of the Company's annual shareholder meeting due to the COVID-19 pandemic. The reduction in travel reflects the impact of COVID-19 travel restrictions. The remainder of the corporate and administrative expenses were relatively consistent with the comparative period.

Six month period

The net loss for the six month period ended June 30, 2020 was $929,157 versus a net loss of $889,047 for the comparable six month period of 2019, representing a slight increase of $40,110. A recovery of exploration and evaluation expenditures of $50,000 (2019 - $nil) was realized from the impending sale of the Company's four Canadian mineral projects. Interest income of $10,262 (2019 - $nil) was earned on cash held on deposit with a Canadian banking institution.

The small increase in corporate and administrative expenditures (2020 - $307,878 vs 2019 - $297,747) was primarily attributable to added consulting fees for advisory and administrative services, as well as additional office and general expenses, to support activities in the Carolinas. Filing and transfer agent fees experienced a decrease due to a reduction in regulatory filings and the postponement of the Company's annual shareholder meeting due to the COVID-19 pandemic. Professional fees decreased as the need for legal services diminished. Shareholder relations and promotion costs experienced a decline as a result of decreased participation in industry conferences and a reduction in investor awareness activities. The reduction in travel reflects the impact of COVID-19 travel restrictions.

The decrease in exploration and evaluation expenditures (2020 - $526,416 vs 2019 - $877,760) was primarily attributable to the curtailment of exploration activity at the Company's Canadian exploration projects, as the Company focused its exploration activities on its Brewer and Jefferson Projects. To facilitate the sale of the Company's Canadian four mineral projects, the Company completed the exercise of its option to acquire a 100% interest in the Montcalm and Nova Projects.

Share-based payments (2020 - $144,623 vs 2019 - $167,461) represents the fair value attributable to the grant of stock options. The foreign exchange loss (2020 - $10,502 vs 2019 - $6,084) resulted from unfavourable fluctuations in the United States dollar.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

Operating activity cash flows for the current six month period of 2020 reflect the receipt of the 2019 Australian royalty revenue receivable and a growth in prepaid expenses, due to the emergence of the Brewer Project. The Company issued 1,300,000 shares to complete the exercise of its option to acquire a 100% interest in the Montcalm and Nova Projects. Unrealized foreign exchange is the result of increased United States dollar exposure due to the Company's activities in the Carolinas.

Financing activity cash flows for the current six month period of 2020 reflect the closing of a $3,000,000 private placement on March 17, 2020 and the exercise of 350,000 stock options.

Working capital

As at June 30, 2020, Pancon had working capital of $2,269,683. The Company's cash is held on deposit at Canadian and United States banking institutions. Sales tax receivables represents amounts to be refunded by the Canadian government. Prepaid expenses are comprised of various corporate and administrative costs and exploration costs.

Loans from related parties of $122,878 represent funds provided by Company directors and officers for working capital purposes and are non-interest bearing, unsecured and payable on demand.

As of the date of the MD&A, Pancon has made all of the required 2020 Jefferson Project property payments. During 2020, the Company relinquished a Jefferson Project lease, which resulted in decreasing the Company's 2020 annual lease payments to US $157,475. In addition, the April 17, 2020 St. Laurent option payments (cash/shares) were paid by a Company director.

For 2020, Pancon may decide to raise further working capital to supplement its working capital, which would provide the Company with the ability to make acquisitions, accelerate its exploration plans and/or expand its operations. Almost all Brewer and Jefferson Project expenditures are 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.

<u>Debt settlement</u>
On July 30, 2020, the Company announced its intention to issue 417,500 common shares in settlement of $33,400 of management fees payable to a Company officer. The debt settlement is subject to shareholder approval and TSX Venture Exchange approval.

<u>Brokered and Non-Brokered Private Placement</u>
To supplement the Company's working capital, on August 20, 2020, Pancon announced its intention to raise up to $3 million through the issuance of up to 25,000,001 units at a price of $0.12 per unit. The financing will be comprised of a $2 million (16,666,667 units) "best efforts" brokered private placement and a $1 million (8,333,334 units) non-brokered private placement. Each unit will consist of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase an additional common share at $0.18 for a period of 24 months. The brokered private placement includes an option for the agent to sell up to an additional 2,500,000 units for additional proceeds of up to $300,000. The private placement is expected to close on or around September 9, 2020.

RELATED PARTY TRANSACTIONS AND BALANCES

Management fees of $64,050 (2019 - $60,300) for the current three month period and $126,900 (2019 - $121,200) for the six month period were paid or became payable to a Company officer and a company associated with a Company officer as follows:

- President and Chief Executive Officer ("CEO"), Mr. Layton Croft - $41,550 (2019 - $39,300) for the current three month period and $81,900 (2019 - $79,200) for the six month period. Mr. Croft fees are denominated in US dollars; and,
- Chief Financial Officer, Mr. Mark McMurdie - $22,500 (2019 - $21,000) for the current three month period and $45,000 (2019 - $42,000) for the six month period, paid to Rustle Woods Capital Inc. Mr. McMurdie's compensation was amended on October 1, 2019, to include a monthly administration fee of $500.

Pelangio Exploration Inc. is party to the Option Agreement for the Montcalm and Nova Projects and the Letter of Intent for the Strachan Project. Pursuant to the Option Agreement and the Letter of Intent the Company paid cash and/or issued common shares to Pelangio totalling $78,000 (2019 - $9,000) for the current three month period and $78,000 (2019 - $58,000) for the six month period. Pelangio is a related party by virtue of a common director.

Share-based payments (non-cash) of $66,955 (2019 - $133,130) for the three month and six month periods represents the fair value of 1,500,000 stock options (2019 - 850,000) granted to a Company director/officer.

Loans from related parties of $122,878 (December 31, 2019 - $122,500) represent cash advances provided by Company directors and officers, of which $6,000 is denominated in United States dollars. These loans are non-interest bearing, unsecured and payable on demand. During the current six month period the Company repaid $nil (2019 - $6,750) of such loans.

SHARE CAPITAL

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

Security	Number
Common shares	216,847,290
Warrants	50,998,000
Options	21,450,000

Subsequent to June 30, 2020 the Company on:

- August 10, 2020, granted 4,050,000 stock options to Company officers, directors and consultants. These options were issued with an exercise price of $0.14 and a five year term, expiring on August 10, 2025.

NEW ACCOUNTING POLICIES

For information on current and future changes in accounting policies and disclosures, please refer to Note 4 in Pancon's audited consolidated financial statements for the year ended December 31, 2019.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Disclosure on Pancon's financial instruments and related risks may be found in Note 15 of Pancon's unaudited interim condensed consolidated financial statements for the three month period ended March 31, 2020.

Pancon's exposure to liquidity risk has increased with the addition of the Brewer Project, as the Company will need to fund its mineral project obligations and exploration activities and its corporate overheads. In addition, Brewer and Jefferson Project expenditures, as well as certain corporate overheads are 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, Pancon's assumptions, estimates, expectations and statements that describe Pancon'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:

- potential to earn our interest in mineral properties or projects;
- ability to satisfy permitting requirements and/or complete property acquisitions/transactions;
- ability to conduct exploration work and satisfy work commitments;
- reference to competitors exploration results;
- potential of exploration properties;
- establishing economic deposits or resources;

- potential for future benefits from its Australian JV Properties gross overriding royalty or investment in Tortuga;
- outlook for metals and/or mining sector;
- financial or capital market conditions;
- evaluation of the potential impact of future accounting changes;
- capital requirements and ability to obtain funding;
- ability to continue as a going concern;

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;
- obtaining exploration, environmental and mining approvals;
- 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;
- availability and cost of contractors, equipment, supplies, labour and insurance;
- performance of our partners and their financial wherewithal;
- the speculative nature of exploration and development and investor sentiment;
- degree of support from local communities;
- 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 us;
- our ability to correctly value and successfully complete acquisitions;
- effectiveness of corporate and investor relations.

Although Pancon 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. Pancon 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

Pancon 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 Pancon'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

Pancon uses its best judgment in the acquisition of mineral properties 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. 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
Pancon 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 risk
Certain directors and officers of Pancon, 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.

Counterparty risk
Counterparty risk is the risk that each party to a contract will not fulfill its contractual obligations. The entering into transactions or agreements exposes Pancon to this risk. All the Company's mineral projects, except for the Gambler Project, are exposed to this risk.

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

Third party performance risk
For the Company to realize benefits from the Australian 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; timing of payments by property owners to keep properties in good standing; 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 Pancon'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.

Environmental laws and regulations may change at any time prior to the granting on necessary approvals. The support of local communities may be required to obtain necessary permits. 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 Pancon 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. Pancon's ability to establish a profitable mining operation is subject to a host of variables, such as physical, technical and economic attributes of a deposit, availability of capital, cyclical nature of commodity markets and government regulations.

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. Fires, power disruptions and shortages and the inability to access land or obtain suitable or adequate equipment or labour are some of the hazards and risks involved in conducting an exploration program.

Financing and liquidity risk
Pancon's ability to continue as a going concern, retain its mineral properties, finance its exploration and development activities and make acquisitions is highly dependent upon its working capital and its ability to obtain additional funds in the capital/equity markets. The Company does not have production income or a regular source of cash flow to fund its operating activities. In addition, Pancon'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.

Pancon will require significant capital to finance its objectives and there can be no assurance that the Company will be able to raise the capital required, thus jeopardizing the Company's ability to achieve its objectives, meet its obligations or continue as a going concern. Given the nature of Pancon's operations, which consist of exploration, evaluation, development and acquisition of mineral properties or projects, the Company believes that the most meaningful financial information relates primarily to its current liquidity and solvency. There can be no assurance that the Company's directors/officers will fund the Company's working capital needs.

Failure to obtain sufficient and timely financing may result in delaying or indefinitely postponing exploration or development activities. If the Company obtains debt financing, it may expose its operations to restrictive loan and lease covenants and undertakings. If the Company obtains equity financing, existing shareholders may suffer dilution.

Infrastructure risk
Exploration and development activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. The lack of availability of acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of Pancon's projects. If adequate infrastructure is not available, there can be no assurance that the exploration or development of the Company's projects will be commenced or completed on a timely basis, if at all.

Permit risk
Pancon's current and anticipated future exploration and development activities on its properties may require permits from various governmental authorities. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could prevent, delay or restrict the Company from proceeding with certain exploration or development activities. There can be no guarantee that the Company will be able to obtain or maintain all necessary licenses and permits that may be required to explore and develop its properties,

There can be no assurance that all permits that the Company requires will be obtainable on reasonable terms, or at all. Delays or a failure to obtain such permits, or a failure to comply with the terms of any such permits that the Company has obtained, could have a material adverse impact on the Company.

Pandemic diseases and viruses risk
Pancon's operations are exposed to the risk of pandemic diseases and viruses (such as COVID-19), which could have adverse economic and social impacts on global societies and in areas in which the Company operates. Such pandemics

pose a threat to maintaining our operations as planned, due to shortages of workers and contractors, supply chain disruptions, insufficient healthcare, changes in how people socialize and interact, government or regulatory actions or inactions, declines in the price of our underlying commodities, as well as capital market volatility. There can be no assurance that our workers, partners, suppliers, consultants and contractors will not be impacted by such diseases or viruses. As a result, the Company may not be able to predict and effectively mitigate the impact from such diseases or viruses on its operations and these diseases and viruses could have a material adverse effect on our business, operating results, financial condition and share price.

Price risk
The ability of Pancon to finance the acquisition, exploration and development of its mineral properties and the future profitability of the Company is strongly related to: the price of its properties underlying minerals; the market price of the Company's equities; and, commodity and investor sentiment. Gold and equity prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A decline in either the price of gold, the Company's issued equities or investor sentiment could have a negative impact on the Company's ability to raise additional capital. Management monitors the commodity and stock markets to determine the applicable financing strategy to be taken when needed.

Property title risk
Although Pancon takes reasonable measures to ensure proper title in the properties in which it holds or is acquiring an interest, there may still be undetected title defects affecting such properties. Accordingly, the properties in which Pancon holds or is acquiring an interest in, may be subject to prior unregistered liens, agreements, transfers or claims, or unsatisfied work commitments, all of which could have a material adverse impact on the Company's operations. In addition, the Company may be unable to access or operate its properties as permitted or to enforce its rights with respect to its properties. If a title defect exists, it is possible that the Company may lose all or part of its interest in the properties to which such defects relate.

Further, there can be no assurance that the Company will be able to secure the grant or the renewal of exploration permits or other tenures on terms satisfactory to it, or that governments having jurisdiction over the Company's mineral properties will not revoke or significantly alter such permits or other tenures or that such permits and tenures will not be challenged or impugned.

Share volatility and dilution risk
The securities markets are subject to a high level of price and volume volatility, and the securities of many mineral exploration companies can experience wide fluctuations in price, which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The price of Pancon's common shares may also be significantly affected by short term changes in mineral prices or in the Company's financial condition or results of operations as reflected in its financial reporting.

In order to finance future operations and development efforts, the Company may raise funds through the issue of common shares or the issue of securities convertible into common shares. The Company cannot predict the size of future issues of common shares or the issue of securities convertible into common shares or the effect, if any, that future issues and sales of the Company's common shares will have on the market price of its common shares. Any transaction involving the issue of shares, or securities convertible into shares, could result in dilution, possibly substantial, to present and prospective holders of shares.

Sufficiency of insurance risk
The business of Pancon is subject to a number of risks and hazards generally, including adverse environmental conditions, pollution, accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, changes in the political or regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to the Company's mineral properties, personal injury or death, environmental damage, delays in the exploration and development, monetary losses and possible legal liability.

Although the Company maintains insurance to protect against certain risks in such amounts as the Company considers to be reasonable, the insurance may not cover all the potential risks associated with the operations of the Company and insurance coverage may not be available or may not be adequate to cover any resulting liability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and development may not be available to the Company on acceptable terms. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect on the Company's business, results of operations, financial condition and/or the value of its securities or otherwise affect the Company's insurability and reputation in the market.