PANCONTINENTAL RESOURCES CORPORATION
(formerly, Pancontinental Gold Corporation)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(for the six month period ended June 30, 2018)

August 20, 2018

INTRODUCTION

This management's discussion and analysis ("MD&A") has been prepared by Pancontinental Resources Corporation's ("Pancontinental" or the "Company") management and provides an analysis of the Company's operating and financial performance for the six month period ended June 30, 2018, as well as a view of future prospects. The MD&A should be read in conjunction with Pancontinental's: unaudited condensed interim financial statements for the six month period ended June 30, 2018; and, audited consolidated financial statements for the year ended December 31, 2017. 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.

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 a publicly-listed exploration company involved in the business of acquiring, exploring and developing mineral properties. The Company has gained considerable exposure in the growing battery metal sector through its recently acquired McBride and Montcalm West projects, located in Ontario, Canada. In addition, the Company is engaged in gold exploration through its Jefferson Gold Project in South Carolina, United States. To reflect the diversification of its mineral projects the Company changed its name on July 3, 2018. The Company's common shares are listed for trading on the TSX Venture Exchange ("TSXV") under the symbol PUC.

Previously, the Company had participated in rare earth element and uranium exploration in Australia, through a joint venture with Crossland Strategic Metals Limited**.** In 2015, the Company disposed its interest in the joint venture and retained a 1% gross overriding royalty from production on the joint venture properties.

HIGHLIGHTS

McBride Project Option Agreement
Pursuant to an option agreement completed on April 25, 2018, the Company obtained the right to acquire up to a 76% interest in nickel-cobalt-copper property, encompassing approximately 880 hectares, in Limerick Township located approximately 25 kilometres south of Bancroft, Ontario.

Montcalm West Project Option Agreement
Pursuant to an option agreement completed on January 5, 2018, the Company obtained the right to acquire a 100% interest in two prospective nickel-cobalt-copper properties, the Montcalm and Nova, encompassing approximately 4,620 hectares, in the Porcupine Mining Division located approximately 65 kilometres northwest of Timmins, Ontario.

Gambler Property Acquisition
During April, 2018, the Company acquired a 100% interest in an additional 6,980 hectares of land, called the Gambler property, which is adjacent to the Montcalm property.

Financing activities
On April 4, 2018, the Company closed a private placement for gross proceeds of $1,976,490. The private placement consisted of 20,010,000 units for gross proceeds of $1,000,500 and 16,266,500 flow-through shares for gross proceeds of $975,990.

Investor Relations
On July 1, 2018 the Company retained the services of Jeanny So Consulting to assist the Company in its investor relations and corporate development activities.

MCBRIDE PROJECT

Property description
The McBride Project is an advanced exploration-stage nickel-cobalt-copper project, encompassing approximately 880 hectares in Limerick Township, approximately 25 kilometres south of Bancroft, Ontario. The McBride Project contains historical resources of an estimated 5.1 million tons of near-surface nickel-cobalt-copper mineralization in two deposits, comprised of the North Zone deposit and the South Zone deposit. In addition, a new prospect called the South Extension prospect has been identified. The project is easily accessible by road and proximal to rail transportation and electric power.

The McBride Project was discovered in the 1960s and diamond drill tested with more than 90 holes by Macassa Gold Mines Limited ("Macassa") and Long Lac Minerals Limited ("Long Lac"), which later acquired control of Macassa. In 1971, Long Lac produced the following historical resource estimate [Reno Pressacco/Micon International Limited, 2004 NI 43-101 Technical Report; and Robert Chataway, 2015, NI 43-101 Technical Report]:

- North Zone: 3.9 million tons grading 0.82% nickel, 0.054% cobalt and 0.25% copper;
- South Zone: 1.2 million tons, grading 0.30% nickel, 0.03% cobalt and 0.14% copper.

The foregoing historical resource estimates presented above were completed prior to the implementation of the NI 43-101 standards; however, given the high quality of the historic work completed and the respective mining companies' reputations and production history, Pancontinental believes the historical resource estimates to be both relevant and reliable. However, a Qualified Person has not completed sufficient work to classify these historic mineral resources as current mineral resources; and the Company is not treating the historic resources as current.

Option Agreement
On April 25, 2018, the Company entered into an option agreement with Hastings Highlands Resources Limited (the "Optionor"), pursuant to which the Company obtained the right (the "Option") to acquire a 76% interest in the McBride Project. The Option may be exercised in three stages as follows:

a) First Option - to earn an initial 26% interest, the Company shall:
   - Pay $142,500 to the Optionor on or before April 25, 2018 (paid);
   - Pay applicable annual property taxes;
   - Issue 500,000 shares to the Optionor upon receipt of TSX Venture Exchange approval (issued);
   - Incur expenditures of $1.5 million during the first year of the Option.

b) Second Option – to earn an additional 25% interest, the Company shall during the second, third and fourth years of the Option:
   - Pay $142,500 to the Optionor and property owners, annually and in aggregate;
   - Pay applicable annual property taxes;
   - Incur expenditures of $3.0 million in aggregate for the purposes of producing a scoping study.

c) Third Option – to earn an additional 25% interest, the Company shall during the fifth and sixth years of the Option:
   - Pay $142,500 to the Optionor and property owners, annually and in aggregate;

- Pay applicable annual property taxes;
- Incur sufficient expenditures for the purposes of producing a feasibility study.

In the event that the Company fails to exercise the Second Option then the initial 26% interest earned by the Company pursuant to the First Option shall revert to the Optionor. Upon the exercise of the Third Option the Company and Optionor shall form a joint venture and all costs and revenues shall be shared on a proportionate basis. The Company's interest in the McBride Project may be increased to 90% provided the Optionor elects not to participate or fund its interest in the joint venture.

The McBride Project is subject to a 1.75% net smelter return (NSR) royalty. The Company reserves the right to purchase, prior to production, 0.75% of the NSR royalty (such that the remaining NSR royalty is reduced to 1%) for $1,000,000.

Pancontinental and the Optionor have formed a four person management committee to plan, direct and monitor exploration activities. The committee is comprised of two representative of each company, with Pancontinental retaining the casting vote.

<u>Exploration plans and activity</u>
Pancontinental, in partnership with the Optionor, has established a project development plan with the objective of producing:

- an updated NI 43-101 compliant Technical Report;
- a Scoping Study (Preliminary Economic Assessment); and
- a Feasibility Study.

In May 2018, the Company commenced Phase I of the project work plan, with the objectives to: produce a comprehensive modern exploration database; deliver a NI 43-101 Resource Estimate; and identify drill targets in order to expand the resource and prepare for a Preliminary Economic Assessment. As of the date of this MD&A, the following had been achieved or initiated:

- Retained P&E Mining Consultants Inc. to produce an updated, independent NI 43-101 Resource Estimate.
- Commenced compilation of a comprehensive digital database of all historic drill core, sample reject and downhole survey data from more than 80 historic diamond drill holes.
- Re-boxed and re-logged more than 20,000 metres of historic diamond drill core housed at the government core storage facility in Tweed, Ontario.
- Cut 70 kilometres of lines, and restored the Project grid from historic work conducted in the 1960s, 1970s and 2004 by Macassa Mines, Long Lac Minerals, and Limerick Mines.
- Commenced in-depth geological mapping of entire core block covered by the Project grid, 30% of which has been completed to date.
- Commenced soil sampling and geochemistry analysis to build on previous soil geochemistry work conducted at the North Zone, South Zone and Southern Extension.
- Commenced interpretation of historic airborne geophysical surveys conducted by Long Lac Minerals.
- Commenced environmental and social impact baseline studies.
- Commenced local community and Alderville First Nations consultations.

<u>Qualified person</u>
Dr. Derek McBride, P,Eng, is the Company's qualified person 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, as they pre-date National Instrument 43-101 standards. Mr. McBride, is Chairman of the Optionor and has been involved with the McBride Project for over 17 years. Mr. McBride has verified all the technical data presented in this MD&A as it relates to the McBride Project.

MONTCALM WEST PROJECT

Property description
The Montcalm West Project is a camp-sized exploration-stage nickel-cobalt-copper project covering the majority of the Montcalm Gabbro Complex, located within the Porcupine Mining Division, approximately 65 kilometres northwest of Timmins, Ontario, Canada. The Montcalm West Project encompasses a total of 11,600 hectares and is comprised of three properties – Montcalm (3,780 hectares), Nova (840 hectares), and Gambler (6,980 hectares). The Montcalm and Nova properties are subject to an option agreement (further described below) and the 100%-owned Gambler property was acquired through staking by the Company in April 2018.

The Montcalm West Project is contiguous and borders the former Montcalm Mine property, on its entire western boundary, on almost half of its northern boundary, and on more than a third of its southern boundary. The Montcalm Mine 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 property is contiguous to and surrounds the western portion of the former Montcalm Mine and the Nova property is located approximately 19 kilometres southwest of the Montcalm Mine. In light of the Company's strategic acquisition of the Gambler property, its Montcalm West Project now encompasses 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.

Option Agreement
On January 5, 2018, the Company entered into an option agreement (the "Option Agreement") with 2522962 Ontario Inc. (the "Optionor") pursuant to which the Company obtained the right (the "Option") to acquire a 100% interest in the Montcalm and Nova properties. In order to exercise the Option, the Company shall:

a) Pay the Optionor an aggregate of $140,000 as follows:
   - $35,000 on or before June 28, 2018 (paid);
   - $35,000 on or before January 22. 2019;
   - $35,000 on or before January 22. 2020;
   - $35,000 on or before January 22. 2021.

b) Issue to the Optionor an aggregate of 1,200,000 common shares of the Company as follows:
   - 300,000 common shares on or before January 29, 2018 (issued);
   - 300,000 common shares on or before January 22, 2019;
   - 300,000 common shares on or before January 22, 2020;
   - 300,000 common shares on or before January 22, 2021.

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.

Exploration plans and activity – Montcalm Property
The exploration plans started with an airborne Virtual Time Domain Electromagnetic (VTEM) geophysical survey, followed by an airborne gravity geophysical survey over the same area covered by the VTEM work, followed by surface electromagnetic geophysical surveys. Together, this data and analyses will assist in the development of the 2018-19 winter drill program.

As of the date of this MD&A, the following had been initiated or achieved:

- Completed a state-of-the-art airborne VTEM survey over the priority gabbroic phase lithology (Montcalm Mine host lithology) and adjoining prospective lithology within the main gabbro complex of the Montcalm property;
- VTEM survey included a total of 280-line kilometres, covering approximately 66% of the Montcalm property, or 2,495 out of 3,780 hectares;
- Pancontinental's preliminary analysis detected 13 anomalies of interest within the gabbro phase and other prospective gabbro complex lithology (anomalies A-K and X-Y). Many of the anomalies are directly associated with or proximal to distinctive magnetic highs, a favourable target environment for deposition of nickel - copper sulphides;
- Detailed analyses of the refined data by our VTEM contractor and an independent geophysicist are expected in September 2018;
- Of particular interest are two VTEM anomalies (X and Y) located near the Montcalm property's northeastern boundary. These two targets appear to be associated with a magnetic high extending from Glencore's former Montcalm Mine property; and
- In addition to the 13 anomalies detected by Pancontinental, there are 14 additional targets that were identified by previous operators using the University of Toronto's Electromagnetic (UTEM) technology. Pancontinental will be further testing these 14 targets using surface electromagnetic geophysics in Q4 2018.

<u>Exploration plans and activity – Nova Property</u>
During the months of May and June 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 will be 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 have been submitted for multi-element analysis. Further prospecting work will be determined based on results from rock sample assays and soil sample geochemistry results.

<u>Exploration plans – Gambler Property</u>
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 state-of-the-art VTEM and gravity airborne geophysical surveys. The Company is assessing its future exploration plans for Gambler.

<u>Qualified person</u>
J. Kevin Filo, PGeo, is the Company's qualified person 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. Mr. Filo has verified all the technical data presented in this MD&A as it relates to the Montcalm West Project.

JEFFERSON GOLD PROJECT

<u>Property description</u>
The Jefferson Gold Project ("Jefferson" or the "Jefferson Project") is a 100%-owned exploration-stage gold project located in Chesterfield County, South Carolina, within one of the most historically significant gold trends in the United States. This trend hosts OceanaGold Corporation's open-pit Haile Gold Mine, which commenced production in 2017 and is located approximately 10 kilometres along trend from Jefferson. The region also includes: the former Ridgeway Gold Mine, approximately 55 kilometres from Jefferson, a former 15,000 tonnes 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 the Jefferson Project and from which more than 12 million tonnes of ore was mined from 1987 to 1995.

Jefferson is along a northeast-striking structural trend of hydrothermal alteration and gold mineralization extending from the Haile and Brewer Gold Mines. The Jefferson Project contains multiple drill targets within a mineralized trend based on historic exploration.

In 2011, Firebird Resources Inc. ("Firebird") and Pageland Minerals Ltd. ("Pageland") drilled a total of four holes at Jefferson with very positive results, providing evidence of potential for a significant gold resource ("Anomaly A"). 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 Pancontinental's press release of May 25, 2016 for assay details on all four drill holes.

Jefferson is comprised of approximately 1,234 acres under 11 leases from private landowners, who own the surface and sub-surface mineral rights. Subsequent to June 30, 2018, the Company relinquished 2 lease representing 222 acres. In addition, the Company has secured a right of first refusal, subject to certain conditions, to purchase, lease or explore/mine an additional property lease, which encompasses approximately 52 acres. A production royalty of 3.5% (the" Royalty") is payable to each landowner that owns the property from which minerals are produced. Advanced royalty payments, made in lieu of lease payments, are non-refundable and will be credited towards the Royalties payable from production.

<u>Exploration plans and activity</u>
The Company produced an initial NI 43-101 technical report in 2016 (*which has been filed on SEDAR*). Subsequent to producing the NI 43-101 report, the Company conducted a 912 metre diamond drill program on Anomaly A, over six (6) holes, between November, 2016 and April 2017. The drill program stepped out from the 2011 drill hole fence in both directions, along the east-west gold trend. Anomaly A is just one of the five Jefferson Project targets.

<u>Anomaly A highlights and drill results</u>:

- 5 out of 6 holes intersected anomalous gold grades indicative of a focused gold system (*all reported intercept widths are core intervals and not true widths, which are unknown);*
- JEF-108 intersected 22.9 m averaging 1.3 g/t, including 8.5 m of 1.8 g/t;
- JEF-109 intersected 12.2 m of 1.55 g/t; and
- Drilling verified a northwest trending mineralized zone previously unrecognized.

Pancontinental believes this drill program was quite positive and resulted in significant gold intersections in the fifth and sixth holes (JEF-108 and JEF-109), which were drilled in a new orientation. Drilling was focused on defining ore controls and understanding the trend of mineralization in a poorly exposed gold system partially covered by sand. These results provide useful data and knowledge further to the 2011 drilling at Anomaly A.

Gold mineralization at the Jefferson Project is controlled by intersecting trends of structure and folding. The core from Jefferson is hosted in felsic volcanic rock, which in the mineralized areas is commonly described as fragmental tuff or breccia near sedimentary contacts. Typically, better gold values are in more deformed or sheared altered host rock. This resembles the Haile gold mine, located approximately 10 kilometres to the southwest of the Jefferson Project, where "the deposits are primarily volcanic-rock hosted, massive sulfide, and disseminated gold-sulfide deposits, which formed along the stratigraphic boundary between the metavolcanics and overlying metasedimentary rocks (Mobley and others, 2014, *Economic Geology,* v. 109, pp. 1863)."

A strong and distinctive chloritic alteration is commonly associated with the strongest mineralization. Silicification and a higher percentage of pyrite correlate with gold. Mineralization often follows a steep west-southwest foliation as well as zones of shearing, which may follow a more northwest orientation. Higher grades are often associated with breccia zones that are deformed.

Within one small area of drilling at the Jefferson Project there are multiple mineralization styles and orientations. For instance, although one hole (JEF-105) intersected little gold, it is very important geologically and structurally, as it suggests untested potential. The initial part of this hole was in banded pyritic sediments, similar to those encountered at the Haile and Ridgeway gold mines.

Difficult capital markets for financing junior gold exploration projects has led Pancontinental to reassess its Jefferson Project landholdings and curtail its exploration plans. The Company continues to believe that the multiple styles of mineralization greatly enhance the value potential of the Jefferson Project.

Qualified person
Dr. Dennis LaPoint, PhD, President and owner of 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.

GROSS OVERRIDING ROYALTY

Australia

On February 8, 2007, Pancontinental formed a joint venture with Crossland Strategic Metals Limited ("Crossland") and subsequently earned an initial 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 to Essential Mining Resources Pty Ltd. ("EMR"), a private Australian-domiciled company, wholly-owned by EMMCO Mining Sdn Bhd, a private Malaysian company. During 2017, EMR was merged with Crossland.

As at November 26, 2017 and as reported by Crossland, the remaining joint venture properties held by Crossland consisted of 22 tenements comprised of 1,987 sub-blocks. A summary of the properties is below:

- Charley Creek - 17 tenements or 1,103 sub-blocks
- Chilling – 1 tenement or 37 sub-blocks
- Bloodwood/Highland Rocks – 4 tenements or 847 sub-blocks

As part of the consideration received from the sale of its interest to EMR, the Company retained a gross overriding royalty of one percent (1%) on sales of production from of these properties. The gross overriding royalty provides for an annual non-refundable advance royalty payment of AUS $29,621, which may be adjusted for future reductions in the size of the properties. The advanced royalty payment is due on each anniversary of the Effective Date. Advance royalty payments are to be deducted from gross overriding royalties on future production. In addition, the gross overriding royalty is registered against title of the properties. The Company has not been advised if and when production is expected to begin.

To date, the Company has received advanced royalty payments totalling AUS $72,451. In January 2018, the Company received payment of the 2017 advanced royalty.

INVESTMENT IN TORTUGA RESOURCES INC.

Pursuant to an equity offering by Tortuga Resources Inc. ("Tortuga") in 2014, the Company 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. 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. Tortuga has not advised the Company of its future plans.

INVESTOR RELATIONS

On July 1, 2018, the Company retained the services of Jeanny So Consulting to assist the Company in its investor relations and corporate development activities. The initial term of the agreement is for one year. Compensation for investor relations activities consists of a $5,000 monthly fee and a grant of 100,000 stock options. The options vest in quarterly instalments of 25,000 and were issued with an exercise price of $0.08 and a five year term.

SUMMARY OF QUARTERLY RESULTS

		Royalty revenue	Net income (loss)	Net income (loss) per share
Fiscal 2018		$	$	$
Q1	March 31	-	(201,113)	(0.002)
Q2	June 30	-	(871,706)	(0.006)
Fiscal 2017				
Q4	December 31	21,777	(145,965)	(0.001)
Q3	September 30	-	(96,188)	(0.001)
Q2	June 30	-	(249,238)	(0.003)
Q1	March 31	-	(514,151)	(0.005)
Fiscal 2016				
Q4	December 31	50,000	(461,860)	(0.005)
Q3	September 30	-	(984,806)	(0.011)

For 2018, variances in quarterly results were influenced by the amount of: (1) corporate and administrative expenses, which were impacted by - financing activities in Q2 - changes in management fees in Q1 and Q2 - the level of activity to support the McBride and Montcalm West Projects in each quarter - the Company's annual shareholder meeting and annual public company fees in Q2 - and, marketing and corporate development activities in Q2; (2) exploration and evaluation expenditures related to the McBride and Montcalm West Projects; (3) and, share-based payments attributable to the grant of stock options in Q1 and Q2.

For 2017, variances in quarterly results were influenced by the amount of: (1) Australian JV royalty revenue recognized in Q4; (2) corporate and administrative expenses, which were impacted by - the level of Jefferson Project activity in each quarter - the accrual of annual audit and tax services fees in Q4 - the Company's annual shareholder meeting and annual public company fees in Q2 - the revamping of the Company's website and development of marketing materials in Q1 and Q2 - and, management changes made in Q1; (3) exploration and evaluation expenditures related to the Jefferson Project; (4) and, share-based payments attributable to the grant of stock options in Q1.

For 2016, variances in quarterly results were influenced by the amount of: (1) Australian JV royalty revenue recognized from the inaugural royalty payment in Q4; (2) corporate and administrative expenses, which were impacted by - costs associated with the Jefferson Project in Q3 and Q4 - the accrual of annual audit and tax services fees in Q4 - and, satisfying TSX-V Tier 2 listing requirements in Q3; (3) exploration and evaluation expenditures related to the Jefferson Project in Q3 and Q4; (4) and, share-based payments attributable to the grant of stock options in Q3 and Q4.

RESULTS OF OPERATIONS

Three month period

The net loss for the second quarter of 2018 was $871,706 versus a net loss of $249,238 for the comparable quarter of 2017, representing an increase of $622,468. The main contributors to the increase in the loss were: (1) exploration and evaluation expenditures, as the Company incurred acquisition and property costs for its McBride and Montcalm West Projects, as well as costs to support related exploration activity: (2) and, share-based compensation, as the Company granted 2,550,000 stock options to directors, officers, an employee and a consultant.

The increase in corporate and administrative expenditures (2018 - $173,569 vs 2017 - $152,299) resulted from higher; shareholder relations and promotion expenses, due to corporate development activities and investor marketing campaigns; rent, as an office was established in Charlotte, North Carolina; and, professional fees, as the need for legal services grew, due to activity revolving around the McBride and Montcalm West Projects and increased corporate activity. The increase in corporate and administrative expenses was partially mitigated by decreases in: management fees, due to a reduction in the number of officers receiving compensation; and, salaries and benefits, insurance and travel costs, due to a reduction in Jefferson Project related activities. The remainder of these expenses were relatively consistent with the comparative period.

Six month period

The net loss for the six month period of 2018 was $1,072,819 versus a net loss of $763,389 for the comparable period of 2017, representing an increase of $309,430. The increase was primarily influenced by: (1) activity revolving around the McBride and Montcalm West Projects, which was partially offset by a significant contraction in Jefferson Project activity; (2) share-based compensation, as the Company granted 3,750,000 stock options; (3), and, a reduction in management fees. The foreign exchange loss resulted primarily from unfavourable fluctuations in the United States dollar.

The decrease in corporate and administrative expenditures (2018 - $248,696 vs 2017 - $293,357) are reflective of the curtailment of activity at the Jefferson Project, which resulted in lowering insurance premiums, salaries and benefits, and travel costs. As well, decreases were also experienced in: consulting fees, as corporate development functions are now handled as part of investor relations; and, management fees, due to a reduction in accrued fees and the number of officers receiving compensation. The decrease in corporate and administrative expenses was partially mitigated by increases in: professional fees, as the need for legal services grew, due to activity revolving around the McBride and Montcalm West Projects and increased corporate activity; and, shareholder relations and promotion expenses, due to corporate development activities and investor marketing campaigns. The increase in rent costs reflects the establishment of an office in Charlotte, North Carolina. The remainder of these expenses were relatively consistent with the comparative period.

The increase in exploration and evaluation expenditures is attributable to the incurrence of acquisition and property costs for the Company's McBride and Montcalm West Projects, as well as costs to support related exploration activity. Activity at the Jefferson Project was primarily limited to maintaining property leases.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

Operating activity cash flows for the current six month period reflect: the receipt of the 2017 royalty revenue receivable; the growth in the sales tax receivable and prepaid expenses, due to activity revolving around the McBride and Montcalm West Projects; and, cash used to reduce accounts payable and accrued liabilities, as funds were provided through the private placement closed on April 4, 2018.

Financing activity cash flows for the current six month period reflect the provision, as well as repayment, of cash loans provided by Company directors/officers. These loans were made to enable the Company to meet its immediate financial obligations and are non-interest bearing, unsecured and payable on demand. In addition, the Company enhanced its liquidity through the $1,976,490 private placement closed on April 4, 2018.

Working capital
As at June 30, 2018, Pancontinental had a working capital of $767,535. 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, as well as costs for the McBride and Montcalm West Projects.

To recapitalize the Company, gross proceeds of $1,976,490 were raised through a private placement, which closed on April 4, 2018. These funds include $975,990 of flow-through funds, which are designated for exploration activities at the Montcalm West and McBride Projects. In addition, on May 23, 2018, the Company settled $78,820 of accounts payable and management fees through the issuance of 1,126,000 common shares.

As at the date of the MDA, Jefferson Project property payments for the remainder of 2018 amounted to US $61,296. The Company has relinquished two property leases and is current with its remaining Jefferson Project property payments. In addition, the Company paid the initial $35,000 cash payment pursuant to the Montcalm West Project Option Agreement and has paid the initial $142,500 cash payment pursuant to the McBride Project Option Agreement.

For 2018, there is a strong likelihood that Pancontinental may need to raise additional working capital to settle its liabilities and fund its current level of operating expenditures and exploration activities. Further capital will be required to fund additional property acquisitions, expand McBride and Montcalm West exploration activities and restart Jefferson Project exploration activities. A significant portion of expenditures for the Jefferson Project 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.

The Company prefers to obtain funds through private placements, though it has the option to raise funds through the divesture of non-core assets. The Company's ability to continue is highly dependent on its working capital and its ability to obtain additional funds in the capital/equity markets to: finance its activities; and, 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 Pancontinental'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 its current liquidity and solvency.

SHARE CAPITAL

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

Security	**Number**
Common shares	141,542,854
Warrants	13,835,000
Options	11,500,000

On July 1, 2018, the Company retained the services of an investor relations consultant and issued 100,000 stock options. The options vest in quarterly instalments of 25,000 and were issued with an exercise price of $0.08 and a five year term.

RELATED PARTY TRANSACTIONS

Management fees of $55,857 (2017 - $64,899) for the current three month period and $82,550 (2017 - $135,628) for the six month period were paid or accrued for the services of Company officers. These fees are payable to Company officers or companies controlled by or associated with Company officers as follows:

- President and Chief Executive Officer ("CEO"), Mr. Layton Croft - $34,857 (2017 - $24,211) for the current three month period and $57,627 (2017 - $41,636) for the six month period. Effective April 1, 2018, Mr. Croft's fees were increased to US $9,000 per month;
- former President and CEO, Mr. Richard Mark - $nil (2017 - $1,800) for the current three month period and $nil (2017 - $6,300) for the six month period. Mr. Mark ceased acting as the Company's President and CEO on April 7, 2017;
- Chief Financial Officer, Mr. Mark McMurdie - $21,000 (2017 - $21,000) for the current three month period and $42,000 (2017 - $42,000) for the six month period; and,
- former Vice President of Exploration, Mr. Dennis Lapoint - $nil (2017 - $17,888) for the current three month period and negative $17,077 (2017 - $45,692) for the six month period. The decrease for 2018 is the result of an adjustment for an over accrual of Mr. Lapoint's 2017 management fees. Mr. Lapoint ceased acting as the Company's Vice President of Exploration on April 30, 2018. Mr. Lapoint's fees were payable in USD.

Rent of $3,873 (2017 - $1,210) for the current three month period and $4,632 (2017 - $2,402) for the six month period was paid or accrued for: the Company's President and CEO's office in Charlotte, NC, effective April 1, 2018; and, the Company's former Vice President of Exploration's office in Chapel Hill, NC. The rent is payable in USD.

Share-based compensation (non-cash) of $148,332 (2017 - $nil) for the current three month period and $184,074 (2017 - $19,650) for the six month period represents the fair value of stock options granted to directors/officers.

Loans from related parties of $129,370 (December 31, 2017 - $165,000) represent cash advances provided by Company directors. These loans are non-interest bearing, unsecured and payable on demand. During the current six month period, Company directors/officers provided additional cash advances of $12,940 (2017 - $35,134) for working capital purposes and the Company repaid $48,750 (2017 - $nil) of loans provided by a Company director.

The Company settled debt owing to a Company officer for unpaid management fees of $35,000 through the issuance of 500,000 common shares.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Disclosure on the Company's financial instruments and related risks may be found in Note 18 of Pancontinental's unaudited condensed interim consolidated financial statements for the six month period ended June 30, 2018.

The Company's exposure to liquidity risk has increased significantly with the acquisition of the McBride, Montcalm West and Jefferson Projects, as the Company needs to obtain financing to fund option and property payments, corporate overheads and exploration activities. In addition, Jefferson Project expenditures and 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, 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:

- potential to earn an interest in mineral properties;
- ability to acquire properties and conduct exploration work;
- outlook for metals 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;
- 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 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
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. All of the Company's mineral projects and the Australian gross overriding royalty are exposed to this risk.

Third party performance risk
For the Company to realize benefits from its exploration projects, 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 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's future profitability and ability to finance its exploration and development activities and make acquisitions is highly dependent upon its ability to raise capital in the financial markets, which is strongly related to: the market price of the primary minerals identified in its mineral properties; market price of the Company's equities; and, general commodity and investor sentiment. The Company does not have production income or a regular source of cash flow to fund its operating activities. 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, either held directly or under option, there is no guarantee that title to any of these properties will not be challenged, impugned or renounced.