

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**PANCONTINENTAL URANIUM CORPORATION**

**(an exploration stage company)**

**For the three months ended March 31, 2010**

**(unaudited)**

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(an exploration stage company)

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2010  
(unaudited)

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## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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The accompanying unaudited interim consolidated financial statements of Pancontinental Uranium Corporation (the “Company”) have been prepared by and are the responsibility of the Company’s management. The Company’s independent auditor, Collins Barrow Toronto LLP (formerly, Smith Nixon LLP), has not performed a review of these financial statements.

Pancontinental Uranium Corporation

**PANCONTINENTAL URANIUM CORPORATION**  
(an exploration stage company)

**CONSOLIDATED BALANCE SHEETS**

As at	March 31 2010 (unaudited)	December 31 2009 (audited)
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 233,642	\$ 279,377
Term deposits	2,305,923	3,004,027
Receivables	62,118	37,611
Prepays	41,099	14,286
	2,642,782	3,335,301
<b>Mineral exploration properties (note 3)</b>	<b>5,886,412</b>	<b>5,406,801</b>
<b>Equipment (note 5)</b>	<b>4,528</b>	<b>4,796</b>
	\$ 8,533,722	\$ 8,746,898
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (notes 8, 10)	\$ 410,899	\$ 544,370
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (note 6)	12,918,448	12,918,448
Contributed surplus (note 7)	2,007,526	2,006,806
Deficit	(6,803,151)	(6,722,726)
	8,122,823	8,202,528
	\$ 8,533,722	\$ 8,746,898

**Commitments (note 3)**

See accompanying notes.

# PANCONTINENTAL URANIUM CORPORATION

(an exploration stage company)

## CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT (unaudited)

For the three months ended March 31,	2010	2009
<b>Expenses</b>		
Amortization	\$ 268	\$ 1,543
Filing and transfer agent fees	2,347	2,281
General and administrative	3,608	9,101
Management fees (note 8)	36,000	31,500
Professional fees (note 8)	6,429	1,083
Rent (note 8)	2,100	2,400
Salaries and benefits	7,461	6,399
Shareholder relations and promotion	10,720	22,592
Stock-based compensation (notes 6,7)	720	54,913
Travel	380	546
<b>Loss before other items</b>	<b>70,033</b>	<b>132,358</b>
<b>Other items</b>		
Interest income	(3,434)	(28,462)
Foreign exchange loss (gain)	6,347	(17,642)
Write-off of mineral exploration properties (note 6)	7,479	-
<b>Loss for the period</b>	<b>80,425</b>	<b>86,254</b>
<b>Deficit, beginning of period</b>	<b>6,722,726</b>	<b>6,088,825</b>
<b>Deficit, end of period</b>	<b>\$ 6,803,151</b>	<b>\$ 6,175,079</b>
<b>Basic and diluted loss per share (note 10)</b>	<b>\$ 0.002</b>	<b>\$ 0.002</b>

See accompanying notes.

**PANCONTINENTAL URANIUM CORPORATION**  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

For the three months ended March 31,	2010	2009
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Loss for the period	\$ (80,425)	\$ (86,254)
Adjustment for items not affecting cash:		
Amortization	268	1,543
Stock-based compensation	720	54,913
Write-off of mineral exploration properties	7,479	-
	<b>(71,958)</b>	<b>(29,798)</b>
<b>Changes in non-cash working capital items</b>		
Accrued interest on term deposits	(1,896)	(21,140)
Receivables	(24,507)	(3,223)
Prepaid expenses	(26,813)	(14,335)
Accounts payable and accrued liabilities	112,189	4,562
	<b>(12,985)</b>	<b>(63,934)</b>
<b>Investing activities</b>		
Mineral exploration properties	(732,750)	(543,824)
Redemption of term deposit	700,000	620,000
	<b>(32,750)</b>	<b>76,176</b>
<b>Net change in cash</b>	<b>(45,735)</b>	<b>12,242</b>
<b>Cash, beginning of period</b>	<b>279,377</b>	<b>255,476</b>
<b>Cash, end of period</b>	<b>\$ 233,642</b>	<b>\$ 267,718</b>

See accompanying notes.

**PANCONTINENTAL URANIUM CORPORATION**  
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**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the three months ended March 31, 2010**

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**1. NATURE OF OPERATIONS**

Pancontinental Uranium Corporation (the "Company") is an exploration stage company. The Company's principal business activities involve the acquisition, exploration and development of uranium mineral properties that it believes may contain mineralization that will be economically recoverable in the future. The Company is currently participating in exploration activities in Australia and Burkina Faso, West Africa.

The Company has not yet established whether its mineral exploration properties contain reserves that are economically recoverable. The success and continuation of the Company as a going concern and recovery of amounts capitalized for mineral exploration properties on the balance sheet is dependent upon the Company discovering economically viable mineral deposits and the ability of the Company to obtain necessary financing, if and when required. To date, there has been no revenue from exploration activities.

**2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements are stated in Canadian dollars and have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods as those used in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2009.

Under GAAP, additional disclosure is required in annual financial statements and accordingly, the unaudited interim period consolidated financial statements should be read together with the audited annual consolidated financial statements and related notes for the year ended December 31, 2009. In the opinion of management, all adjustments considered necessary for fair presentation have been included. These interim results are not necessarily indicative of the results that may be anticipated for the entire fiscal year.

The unaudited interim period consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. These financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

These consolidated financial statements include the accounts of the Company and its wholly-owned inactive subsidiary Maya Gold Corporation S.A. de C.V., a Honduras company, as well as its 50% proportionate share of the accounts of Crosscontinental Uranium Limited ("Crosscontinental"). All inter-company transactions and balances have been eliminated upon consolidation.

Certain comparative figures have been reclassified to conform with the current period's presentation. The net loss previously reported has not been affected by the reclassifications.

**(a) Estimates and assumptions**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, estimates are subject to measurement uncertainty and actual results could vary from estimates. Significant estimates and assumptions include those related to mineral exploration properties, equipment and stock-based compensation.

**PANCONTINENTAL URANIUM CORPORATION**  
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For the three months ended March 31, 2010

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**BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(b) Stock-based compensation**

The Company accounts for stock-based compensation using the fair value-based method. The fair value of stock options is determined by the Black-Scholes option pricing model with assumptions used for: expected dividend yield; expected share price volatility; risk-free rates of return; and, the expected life of the stock-based instruments at the time of grant.

The fair value of stock options is recognized as stock-based compensation expense with a corresponding credit to contributed surplus over the vesting period. The applicable contributed surplus balance is transferred to share capital, if and when the stock options are exercised, and the consideration received is credited to share capital.

**(c) Mineral exploration properties**

The Company records its interest in mineral exploration properties and areas of geological interest at cost. All direct and indirect costs relating to the acquisition and exploration and of these interests are deferred on the basis of specific claim blocks or areas of geological interest until the properties to which they relate are placed into production, sold or management has determined there to be an impairment. When a property begins commercial production, deferred costs will be amortized on the basis of units produced in relation to the proven and probable reserves estimated on the related property. Properties which are sold before that property reaches production will have all revenues from the sale of the property credited against the cost of the property. Acquisition and deferred costs will be written off if a specific claim block or area of geological interest is disproven, sold, abandoned or management has determined there to be an impairment.

Amounts shown for mineral exploration properties represent costs incurred to date, net of write-downs and recoveries, and do not necessarily represent present or future values. The recovery of amounts capitalized for mineral exploration properties is dependent upon the existence of economically recoverable mineral deposits, the ability of the Company to obtain necessary financing to complete exploration and/or development of the properties, and upon future profitable production or proceeds from the disposition of the properties.

**(d) Long-lived assets**

The net carrying value of long-lived assets, which consist of equipment, is reviewed to determine if events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is measured by the amount in which the carrying value of the long-lived asset exceeds its fair value.

**(e) Foreign currency translation**

The Company's functional currency is the Canadian dollar. The accounts of its subsidiaries and its proportionate share of the accounts of its joint venture, which are integrated operations, are translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities resulting from foreign currency transactions are translated in Canadian dollars at period-end exchange rates and non-monetary assets and liabilities are translated at historical rates. Expenses are translated at the rates of exchange prevailing on the dates such items are recognized in the statement of operations, except for amortization which is translated at the same rate as the assets to which it relates. Gains or losses on translation are included in the statement of operations.

# PANCONTINENTAL URANIUM CORPORATION

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## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2010

### 3. MINERAL EXPLORATION PROPERTIES

	December 31 2009	Acquisition and Property	Exploration	Write-off	March 31 2010
Australia	\$	\$	\$	\$	\$
Charley Creek	1,957,763	107,840	203,955	-	2,269,558
Chilling	2,793,000	7,961	150,329	-	2,951,290
Kalabity	488,582	1,929	6,812	-	497,323
Crossland Creek	-	410	7,069	(7,479)	-
	5,239,345	118,140	368,165	(7,479)	5,718,171
Burkina Faso, West Africa					
Oursi	111,230	-	59	-	111,289
Other	56,226	-	726	-	56,952
	167,456	-	785	-	168,241
	5,406,801	118,140	368,950	(7,479)	5,886,412

	December 31 2008	Acquisition and Property	Exploration	Write-off	December 31 2009
Australia	\$	\$	\$	\$	\$
Charley Creek	908,011	112,557	937,195	-	1,957,763
Chilling	1,401,769	26,487	1,364,744	-	2,793,000
Kalabity	444,787	1,217	42,578	-	488,582
Crossland Creek	-	40,898	55,319	(96,217)	-
	2,754,567	181,159	2,399,836	(96,217)	5,239,345
Burkina Faso, West Africa					
Oursi	74,525	3,417	33,288	-	111,230
Other	51,619	1,198	3,409	-	56,226
	126,144	4,615	36,697	-	167,456
	2,880,711	185,774	2,436,533	(96,217)	5,406,801

#### Australia

On February 8, 2007, pursuant to a letter of agreement dated February 14, 2007, the Company formed a joint venture (the "Joint Venture") with Crossland Uranium Mines Limited ("Crossland") to earn a 50% interest in a number of prospective uranium projects held by Crossland, in Australia, together with all uranium prospects that are currently or subsequently available to, or known by Crossland. On June 30, 2008 the Company and Crossland finalized a joint venture agreement. From the formation date of the Joint Venture, the Company is required to contribute AUD8 million (excluding certain Joint Venture property acquisition costs) over four (4) years to earn a 50% interest in the Joint Venture.

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### MINERAL EXPLORATION PROPERTIES (continued)

The Company has incurred sufficient Joint Venture expenditures to satisfy the compulsory minimum commitment of AUD4 million over three (3) years (extended on December 1, 2008 from the initial period of two (2) years). Upon the Company attaining its 50% interest in the Joint Venture, all further expenditures will be shared on a proportionate basis. Crossland acts as operator of the Joint Venture and is entitled to charge operator costs comprised of overheads and equipment usage costs.

As at March 31, 2010, the Company has expended AUD6,312,845 (CAD5,750,587) on Joint Venture expenditures and AUD77,612 (CAD71,280) on Joint Venture property acquisition costs. The Company is required to expend a further AUD1,687,155 (approximately CAD1,569,000) on Joint Venture expenditures, during the four year period, to earn its interest.

#### Charley Creek

Crossland has a 100% interest in the Charley Creek project, located in central Australia. The project area encompasses 3,970 square kilometres and is comprised of seven tenements, one of which is subject to a 3% net smelter royalty ("NSR").

#### Chilling

Crossland has a 100% interest in the Chilling project, located in the Northern Territory of Australia. The project area encompasses 2,904 square kilometres and is comprised of eight tenements, two of which are subject to a 3% NSR and one of which is subject to a 2% NSR. Two directors of the Company are part of a group that hold the rights to one of the 3% NSRs.

#### Kalabity

Crossland can earn a minimum 60% interest in the Kalabity project located in South Australia by spending AUD500,000 over four (4) years, expiring on January 17, 2011 (extended an additional year on December 21, 2009 from the initial period of three (3) years). The project area encompasses 125 square kilometres and is comprised of one tenement. As at March 31, 2010, Crossland is required to expend approximately AUD85,000 to earn its interest.

#### Crossland Creek

Crossland had a 100% interest in the Crossland Creek project, located in Western Australia. During 2009, Crossland conducted exploration activities on the two (2) tenements and determined that no further work was warranted and the tenements were relinquished. As at March 31, 2010, mineral property expenditures of \$103,696 have been written off with \$7,479 written off in 2010.

#### **Burkina Faso, West Africa**

Pursuant to the Joint Venture, the Company and Crossland, on March 20, 2007, formed Crosscontinental, a private Canadian company, owned and funded by the Company and Crossland on a 50:50 basis. Crosscontinental was formed to expand the Company's and Crossland's world-wide uranium exploration and development efforts beyond Australia.

As at March 31, 2010, the Company and Crossland have each provided Crosscontinental with advances of AUD350,000 (CAD319,025). Crosscontinental is currently using its funds to finance the acquisition of uranium exploration permits and exploration activities in Burkina Faso, West Africa. The exploration permits are in various stages of receiving government approval.

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## NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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### MINERAL EXPLORATION PROPERTIES (continued)

#### Oursi Project

On June 5, 2008 Crosscontinental entered into a joint venture agreement with Southern Cross Exploration NL and Longreach Oil Limited to conduct uranium exploration activities on the Oursi Project, comprised of the Agalsa and Tin Dioulaf tenements. Crosscontinental purchased a 20% interest in the tenements and, as a minimum commitment, was obligated to expend an additional AUD100,000 by March 5, 2009. Crosscontinental satisfied the minimum expenditure commitment and has earned a 35% interest, which can be increased to 50% by Crosscontinental electing to expend a further AUD400,000 by June 5, 2011. Upon Crosscontinental attaining a 50% interest, all further expenditures will be shared on a proportionate basis. Crosscontinental is the operator of the joint venture.

During 2010, a representation was made by a third party asserting that they hold a legitimate claim to the Oursi project tenements, contesting the optionors' rights to joint venture the Oursi project tenements. The Company is assessing the merits of the third party's assertion. No specific claim has been filed against the Company or Crosscontinental, and therefore the validity of the representation is currently undeterminable.

#### 4. ADVANCES TO CROSSCONTINENTAL URANIUM LIMITED

Amounts due from Crosscontinental are non-interest bearing and have no specific terms of repayment.

#### 5. EQUIPMENT

	Cost	Accumulated Amortization	March 31 2010
	\$	\$	\$
Computer	2,158	1,708	450
Exploration	5,141	2,326	2,815
Office	2,307	1,044	1,263
	<b>9,606</b>	<b>5,078</b>	<b>4,528</b>

  

	Cost	Accumulated Amortization	December 31 2009
	\$	\$	\$
Computer	2,158	1,652	506
Exploration	5,141	2,180	2,961
Office	2,307	978	1,329
	<b>9,606</b>	<b>4,810</b>	<b>4,796</b>

**PANCONTINENTAL URANIUM CORPORATION**  
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**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2010

**6. CAPITAL STOCK**

**Authorized**

Unlimited common shares

**Issued**

	Number	Amount
Balance, at December 31, 2008, 2009 and March 31, 2010	49,806,492	\$ 12,918,448

**Stock options**

Under the terms of the Company's stock option plan ("Plan"), the Company is authorized to issue up to a maximum of 10% of the issued common shares. All of the stock options were granted in accordance with the terms of the Plan and expire five years from the date of grant or re-pricing and vest as follows: one-third immediately; one-third twelve months from the date of grant; and, one-third twenty-four months from the date of grant. The exercise price of the options is fixed by the board of directors at the time of grant in accordance with the terms of the Plan.

Stock option transactions and the number of stock options outstanding are as follows:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2008	3,600,000	\$0.61
2009:		
Granted *	3,600,000	0.20
Cancelled/re-priced *	(3,550,000)	0.61
Expired **	(50,000)	0.95
Balance, December 31, 2009 and March 31, 2010	3,600,000	\$0.20

\* On June 3, 2009, previously granted stock options of 3,550,000 were re-priced and the expiry date of each option was extended. Vesting of the re-priced stock options began on the date the options were originally granted. In addition, 50,000 stock options were granted to an officer of the Company. Each of these options is exercisable at \$0.20 and expires on June 3, 2014.

\*\* On February 28, 2009, a total of 50,000 options granted to an officer expired, due to the officer's resignation.

The fair value of the options issued in 2009 at the time of grant was estimated to be \$5,842 and the fair value of the re-priced and extended options was estimated to be \$171,497 using the Black-Scholes option pricing model with the following average assumptions: dividend yield – nil; expected volatility – 142%; risk free rate of return – 2.25%; and, expected life of options – 3.76 years.

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**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2010

**CAPITAL STOCK (continued)**

During the three month period ended March 31, 2010, the Company recognized stock-based compensation expense of \$720 (2009 - \$54,913). The offsetting credit was charged to contributed surplus.

The following table summarizes information on the outstanding options:

Expiry Date	Outstanding	Exercise Price	Exercisable	Weighted Average Remaining Contractual Life (Years)	Unamortized Stock-based Compensation
June 3, 2014	3,600,000	\$0.20	3,566,667	4.17	\$ 1,478

**7. CONTRIBUTED SURPLUS**

	March 31 2010	December 31 2009
Balance, opening	\$ 2,006,806	\$ 1,790,251
Stock-based compensation	720	216,555
Balance, ending	\$ 2,007,526	\$ 2,006,806

**8. RELATED PARTY TRANSACTIONS**

During the three month period ended March 31, 2010, the Company:

- (a) paid management fees of \$36,000 (2009 - \$31,500) to an officer and to a company associated with an officer of the Company.
- (b) paid \$29,091 (2009 - \$18,492) to a company related by virtue of common directors to reimburse consulting fees and equipment usage costs it paid to a company controlled by a director. These amounts are included in mineral exploration properties.
- (c) paid operator costs comprised of overheads and equipment usage fees for the Joint Venture of \$112,214 (2009 - \$215,991) to a company related by virtue of common directors. These amounts are included in mineral exploration properties.
- (d) paid rent of \$2,100 (2009 - \$2,400) to companies related by virtue of common directors.
- (e) paid legal fees of \$2,950 (2009 - \$783) to a law firm in which an officer of the Company is a partner. These amounts are included in professional fees.

**PANCONTINENTAL URANIUM CORPORATION**  
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**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**RELATED PARTY TRANSACTIONS (continued)**

Included in accounts payable and accruals is \$362,681 (2009 - \$404,306) payable to companies controlled by or associated with directors/officers or companies related by virtue of common directors.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

**9. CROSSCONTINENTAL JOINT VENTURE**

Pursuant to the Joint Venture (note 3), Crosscontinental commenced operations to conduct exploration and development of uranium prospects worldwide, outside of Australia. The consolidated financial statements include the Company's 50% proportionate share of Crosscontinental's joint venture activities as follows:

	2010	2009
<b>Assets</b>		
Current (includes cash of \$96,915; 2009 - \$130,026)	\$ 114,178	\$ 131,921
Mineral exploration properties	168,241	131,606
Equipment	2,815	26,198
	<b>\$ 285,234</b>	<b>\$ 289,725</b>
<b>Liabilities</b>		
Current	\$ 2,959	\$ 3,175
Revenue	\$ -	\$ -
Expenses	4,202	3,776
Net loss	\$ 4,202	\$ 3,776
Cash flows from operating activities	\$ (7,683)	\$ (12,398)
Cash flows from investing activities	\$ (794)	\$ (5,462)

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**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**10. SUPPLEMENTARY INFORMATION**

**(a) Weighted average number of common shares**

As at March 31,	2010	2009
Basic	49,806,492	49,806,492
Diluted	49,806,492	50,606,492

The effect of the potentially dilutive options were not included in the calculation of the diluted loss per share as the result would be anti-dilutive.

**(b) Cash flows**

- (i) Cash received for interest was \$1,538 (2009 - \$7,322).
- (ii) The Company accrued expenses of \$361,720 (2009 - \$401,314) for mineral exploration.

**11. FUTURE ACCOUNTING CHANGES**

**(a) Business Combinations**

- In January 2009, the CICA issued three new accounting standards which will be effective January 1, 2011:
- o Section 1582 "Business Combinations" which replaces Section 1581 and establishes standards to harmonize GAAP with International Financial Reporting Standards ("IFRS 3") for business combinations.
  - o Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-controlling Interests" which together replace Section 1600. Section 1601 establishes standards for preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interests in a subsidiary's consolidated financial statements subsequent to a business combination.

The Company is evaluating the impact that these new accounting standards may have on its consolidated financial statements.

**(b) International Financial Reporting Standards ("IFRS")**

The Canadian Accounting Standards Board confirmed plans to converge GAAP with International Financial Reporting Standards, effective January 1, 2011. As a result, the Company will be required to prepare its interim and annual financial statements in accordance with IFRS standards for the fiscal year beginning January 1, 2011. The Company has commenced the process to determine the impact of the transition to IFRS on its financial reporting.

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**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**12. CAPITAL MANAGEMENT**

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to be able to fund the exploration and development of its mineral properties and acquisition of other mineral resources, for the benefit of its shareholders.

In order to maintain its capital structure, the Company is dependent on equity funding and, when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares, warrants and incentive stock options. The Company has not established quantitative targets for its capital structure, however it reviews its capital management methods and requirements on an ongoing basis and makes adjustments, accordingly.

The Company's capital consists of working capital:

	<b>March 31</b>		December 31
	<b>2010</b>		2009
Current assets	\$ 2,642,782	\$	3,335,301
Current liabilities	<b>(410,899)</b>		(544,370)
Working capital	<b>\$ 2,231,883</b>	\$	2,709,931

There were no changes in the Company's management of its capital during the three month period ended March 31, 2010. The Company is not subject to any externally imposed capital requirements.

**13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Fair Value**

The carrying value of cash, term deposits, and accounts payable and accrued liabilities approximates fair value due to the relative short-term maturity of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidence by a quoted market price.

The Company's financial instruments are classified as follows:

Cash	Held for trading
Term deposits	Held for trading
Advances to Crosscontinental Uranium Limited	Loans and receivables
Accounts payable and accrued liabilities	Other liabilities

**Fair Value Hierarchy and Liquidity Risk Disclosure**

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of short-term financial instruments approximates their carrying amounts due to the relatively short period to maturity. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgement.

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**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in GAAP. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable data.

	Level One	Level Two	Level Three
Cash	\$ 233,642	\$ -	\$ -
Term deposits	\$ -	\$ 2,305,923	\$ -

**Risk Management**

The Company's risk management activities include the preservation of its capital by minimizing risk related to its cash and term deposits. The Company does not trade financial instruments for speculative purposes. The Company does not have a risk management committee or written risk management policies. The primary risks the Company's financial instruments are exposed to are described below.

**Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge or fulfill their obligations. Financial instruments that potentially expose the Company to this risk consist of cash, term deposits and receivables. The Company's risk is minimal, since the vast majority of its cash and term deposits are on deposit with a Canadian chartered bank and receivables represent the recovery of goods and services taxes (GST) from the Canadian and Australian governments.

**Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk through the management of its capital structure as described in Note 12. The Company has no income from operations and is dependent on its existing working capital and equity funding to support its exploration and corporate activities. Should the need for further equity funding arise, there is a risk that the Company may not be able to sell new common shares at an acceptable price.

The Company has sufficient funds to discharge its liabilities. The Company may be required to raise additional funds to meet its potential future Australian dollar denominated joint venture commitments as described in Note 3.

**Market Risk**

Foreign Currency Risk

The Company operates in Canada, Australia and Burkina Faso, West Africa and evaluates opportunities in other foreign countries, giving rise to market risks from changes in foreign exchange rates. The Company has potential future financial commitments denominated in Australian dollars. The Company periodically monitors foreign exchange rates, though it has not entered into any financial arrangements to hedge or protect the Company from unfavourable changes in foreign exchange rates.

**PANCONTINENTAL URANIUM CORPORATION**  
(an exploration stage company)

**NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the three months ended March 31, 2010**

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**FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)**

As at March 31, 2010 the Company had the following foreign denominated balances:

	<b>USD</b>	<b>AUD</b>	<b>CFA Franc</b>
Cash	16,737	16,766	20,600,670
Receivables	-	63,741	-
Accounts payable and accrued liabilities	-	389,194	885,000

A 10% change in the USD foreign exchange rates will impact profitability by approximately \$1,700; a 10% change in the CFA Franc will impact profitability by approximately \$4,100; and, a 7% change in the AUD foreign exchange rates will impact profitability by approximately \$20,000. A 7% change in AUD foreign exchange rates will affect the amount of funds the Company requires to meet the potential future Joint Venture contributions by approximately \$110,000.

Interest Rate Risk

Excess cash is invested in financial instruments that provide safety and flexibility for early redemption. The term deposits consists of a guaranteed investment certificate, which bears interest at floating rates based on the Canadian bank prime rate. The Company's cash and term deposits are subject to interest rate cash flow risk resulting from fluctuations in interest rates. A one (1) basis point change in the floating interest rate will affect profitability of the Company by approximately \$2,800 over a three month period.

**Price Risk**

The ability of the Company to finance the exploration and development of its properties and the future profitability of the Company 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. Mineral and equity prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in either the prices of the identified primary minerals, 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.

**Political Risk**

The Company's mineral exploration properties are in Australia and Burkina Faso, West Africa and may potentially expose the Company to risks and different considerations not normally associated with companies or exploration activities in North America. The Company's ability to retain its mineral properties, raise and deploy capital may be adversely affected by changes in governing regimes, policies, taxes, laws and regulations, all of which are beyond the Company's control.

# **PANCONTINENTAL URANIUM CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (for the three month period ended March 31, 2010)**

**May 27, 2010**

### **INTRODUCTION**

The following management's discussion and analysis ("MD&A") of operating results, financial condition and future prospects of Pancontinental Uranium Corporation ("Pancontinental" or the "Company") should be read in conjunction with Pancontinental's: unaudited interim consolidated financial statements and related notes for the three month period ended March 31, 2010; and, audited annual consolidated financial statements and related notes for the year ended December 31, 2009 and related MD&A, dated April 27, 2010. 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](http://www.sedar.com).

Pancontinental's consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts in the MD&A and in the Company's consolidated financial statements are expressed in Canadian dollars, unless otherwise noted. The Company's investment in Crosscontinental Uranium Limited ("Crosscontinental"), a company under joint control, is accounted for using proportionate consolidation. The consolidated financial statements also include the accounts of Pancontinental's wholly-owned subsidiary Panconoz Pty Ltd ("Panconoz"), an Australian company, and its inactive subsidiary Maya Gold Corporation S.A. de C.V., a Honduras company.

This MD&A and the related audited annual consolidated financial statements and related notes have been reviewed by Pancontinental's audit committee and approved by its Board of Directors.

### **FORWARD-LOOKING STATEMENTS**

This MD&A contains 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. Factors that could cause such differences, without limiting the generality of the foregoing, include: timing of commencement of exploration activities; failure to establish resources or reserves; changes in conditions of precious and base metal markets; ability to raise capital in equity markets; cost and supply of materials, labour and equipment; environmental approvals and regulations; performance of project operator or joint venture partner; adverse exploration and mining conditions; unexpected or unsatisfactory geological conditions or exploration results; failure or delays in obtaining or retaining necessary permits or approvals; inability to access properties; changes in government and mining policies and regulations; currency and commodity price fluctuations; and other development and exploration risks.

Although we believe 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. Pancontinental disclaims any intention 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.

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the three month period ended March 31, 2010)**

#### **OVERVIEW**

Pancontinental is an exploration stage company, focused on the acquisition, exploration and development of uranium properties. The Company is currently participating in uranium exploration activities in Australia and in Burkina Faso, West Africa through a joint venture agreement with Crossland Uranium Mines Limited ("Crossland"). The Company has no proven reserves and does not earn any production revenue.

On September 7, 2007, the name of the Company was changed to Pancontinental Uranium Corporation and the Company was continued under the Canada Business Corporations Act (CBCA). The Company was formerly known as Centram Exploration Ltd. On September 10, 2007, the Company began trading as a Tier 2 issuer on the TSX Venture Exchange, under the trading symbol PUC.

#### **JOINT VENTURES**

##### **CROSSLAND URANIUM MINES LIMITED**

###### **Australia**

On February 8, 2007, pursuant to a letter of agreement dated February 14, 2007, Pancontinental formed a joint venture (the "Joint Venture") with Crossland to earn a 50% interest in a number of prospective uranium projects held by Crossland, in Australia, together with all uranium prospects that were or subsequently available to, or known by Crossland. On June 30, 2008, the Company and Crossland finalized a joint venture agreement. From the formation date of the Joint Venture, the Company is required to contribute AUD8 million (exclusive of certain Joint Venture property acquisition costs) over four (4) years to earn a 50% interest in the Joint Venture. The Company has incurred sufficient Joint Venture expenditures to satisfy the compulsory minimum commitment of AUD4 million (the "Minimum Commitment") over three (3) years. Upon the Company attaining its 50% interest in the Joint Venture, all further expenditures will be shared on a proportionate basis. Crossland acts as operator of the Joint Venture and is entitled to charge operator costs to the Company.

On December 1, 2008, the initial two (2) year period, in which Pancontinental was to contribute the Minimum Commitment, was extended to allow Crossland an additional year to conduct further exploration activities and incur sufficient expenditures. Crossland had experienced unexpected operating challenges, which impeded Crossland's ability to conduct exploration activities at originally planned rates.

As of the date of this MD&A, Pancontinental has expended AUD6,312,845 on Joint Venture expenditures and is required to expend a further AUD1,687,155 (approximately CAD1,502,000 using a foreign exchange rate of 0.89) to earn its interest in the Joint Venture.

Pancontinental anticipates that the 2010 exploration program will incur sufficient expenditures for the Company to earn its 50% interest and only in the event of a material shortfall in exploration expenditures will there be a need to extend the period for the Company to earn its interest.

###### **Crosscontinental Uranium Limited**

Pursuant to the Joint Venture, Pancontinental and Crossland, on March 20, 2007, formed Crosscontinental, a private Canadian company, owned and funded by the Company and Crossland on a 50:50 basis. Crosscontinental was formed to expand the Company's and Crossland's world-wide uranium exploration and development efforts beyond Australia.

Pancontinental and Crossland have each provided Crosscontinental with advances of AUD350,000 (CAD319,025). Crosscontinental is currently using its funds to finance the acquisition of uranium exploration permits and fund exploration activities in Burkina Faso, West Africa.

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the three month period ended March 31, 2010)**

#### Oursi Project - Burkina Faso, West Africa

On June 5, 2008 Crosscontinental entered into a joint venture agreement with Southern Cross Exploration NL and Longreach Oil Limited (the "Optionors") to conduct uranium exploration activities on the Oursi Project (the "Oursi Project Joint Venture"), comprised of the Agalsa and Tin Dioulaf tenements. Crosscontinental purchased a 20% interest in the tenements and, as a minimum commitment, was obligated to expend an additional AUD100,000 by March 5, 2009. Crosscontinental satisfied the minimum expenditure commitment and has earned a 35% interest, which can be increased to 50% by Crosscontinental electing to expend a further AUD400,000 by June 5, 2011. Upon Crosscontinental attaining a 50% interest, all further expenditures will be shared on a proportionate basis. Crosscontinental is the operator of the Oursi Project Joint Venture.

During 2010, a representation was made by a third party asserting that they hold a legitimate claim to the Oursi Project tenements and contesting the Optionors' rights to joint venture the Oursi Project. The Company is currently assessing the merits of the third party's assertion. No specific claim has been filed against the Company or Crosscontinental.

## **MINERAL EXPLORATION PROPERTIES**

### **EXPLORATION STRATEGY**

Pancontinental's and Crossland's exploration strategy is to pursue the discovery of major uranium deposits, primarily across the Northern Territory ("NT") of Australia and South Australia, utilizing the extensive experience of the management team. Their significant experience, together with the use of modern exploration techniques, improves the likelihood of exploration success. Properties have been selected based on a number of key factors that include choosing projects in areas with a high probability for the discovery of major uranium deposits, particularly in regions where land title issues are minimized and where the development of discoveries could be expected, if exploration proves successful.

The region of Northern Australia, known as the Pine Creek Orogen, hosts large uranium deposits including Jabiluka, Ranger, Koongarra and Nabarlek in the Alligator Rivers Uranium Field, in addition to Rum Jungle and the South Alligator Valley deposits. The region has a global reputation for large, high-grade uranium deposits, perhaps matched only by the Athabasca Basin of Canada. Crossland has been accumulating its North Australian exploration portfolio since 2002 and commenced exploration in 2003. Pancontinental believes Crossland has the expertise and resources to effectively manage the exploration activities from its operations base in Darwin, Australia.

Central Australia, the area of the Northern Territory centred on Alice Springs, is a region of emerging importance for radioactive minerals. The Pamela sandstone deposit attracted 38 expressions of interest when applications for exploration were invited by the NT Government in 2007. A joint venture between Cameco and Paladin was the successful applicant for that project, indicating that major uranium producers consider the region to be of importance. Pancontinental and Crossland value this interest from major uranium producers. Their presence in the region will help to raise the profile of uranium development and its benefits for residents of the region, which should ultimately assist the infrastructure and approval processes that Pancontinental and Crossland would need should our exploration continue to return positive results. Crossland has joined the Australian Uranium Association as an Associate Member to ensure it has a formal voice in the industry in Australia.

The onset of the global financial crisis resulted in adjustments to the strategy of the Joint Venture. One result of the collapse in exploration activity was the increased availability of skilled personnel and exploration services on more favourable terms than were previously available. This had the effect of lowering unit exploration costs. Additionally, as less committed uranium explorers relinquish ground, it has been possible to considerably expand land holdings. Crossland has acquired and applied for additional exploration licences around both Chilling and Charley Creek in recent months. Conversely, until the crisis has passed, it will be more difficult to source funds for mineral exploration and development on attractive terms. The Joint Venture has developed strategies to deal with this as prudently as possible. Exploration for 2009 was focused on the core projects of Chilling and Charley Creek

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the three month period ended March 31, 2010)**

in the Northern Territory while, with limited exceptions, exploration was postponed to the levels necessary to preserve titles on other projects. This resulted in a more thorough assessment of the core areas and a more cautious drill program than might have been the case in a stronger market.

Pancontinental and Crossland continue to receive offers to participate in other uranium opportunities; evaluation of these opportunities will continue and those deemed exceptional and fitting Pancontinental's strategy may be acquired.

#### **EXPLORATION PROJECTS**

##### **Australia**

###### ***Chilling***

The Chilling project, located in the uranium-rich Pine Creek Orogen of the Northern Territory in Australia, approximately 150 kilometres south of Darwin, has the potential to host large unconformity-related uranium deposits. As of the date of the MD&A, the project area now encompasses 2,904 square kilometres and is comprised of eight (8) granted tenements, two of which are subject to a 3% net smelter royalty ("NSR") and one of which is subject to a 2% NSR (two directors of Pancontinental and Crossland - Geoff Eupene and Peter Walker - are part of a group that holds the rights to a 3% NSR on one of the tenements). Crossland has a 100% interest in Chilling.

Having increased our knowledge and the development of exploration concepts, Crossland in mid-2009 applied for an additional four (4) exploration licences. These exploration licenses cover 2,523 square kilometres and cover an additional 100 kilometres of prospective structures extending to the south of Chilling. These new areas, over which Crossland lodged applications, included two (2) tenements, encompassing 1,308 square kilometres, located on Aboriginal Freehold Land and are subject to agreement with traditional owner groups. These two applications are currently being processed, while the other two applications have been granted, in time to be incorporated into the 2010 exploration program. Once all of these applications have been granted the project area will then encompass 4,209 square kilometres.

In January 2009, title to an exploration license (EL 22738), covering approximately 540 square kilometres on the southern end of the original Chilling project area was granted after a long period under application. This and adjacent areas contain approximately half of the known uranium radiometric anomalies in the project area. Past exploration in the area has been patchy and isolated, despite several other companies' efforts. It is Pancontinental's and Crossland's intention to systematically and comprehensively explore for uranium covering the entire project area.

Targets at Chilling include Alligator Rivers-type, large high-grade, unconformity-related uranium ore bodies. It is the Joint Venture's hypothesis that the Chilling area mirrors the Jabiluka-Ranger-Koongarra corridor of the Alligator Rivers Uranium Field. The area on the western side is in a similar geological setting with high uranium background values and is large enough to include a repetition of the entire corridor. The Joint Venture is particularly interested in the favourable and potentially uranium-bearing structures beneath sandstone cover of the Tolmer Group, which covers the Lower Proterozoic unconformity in the project area.

The Chilling titles cover a significant portion of an arcuate unconformity between Paleoproterozoic (more than 1,850 million years old ("1,850 Ma")) metamorphic basement rocks and less deformed Mesoproterozoic (1,700 Ma or younger) platform sedimentary cover rocks of the Tolmer Group. This unconformity extends north-south for approximately 130 kilometres within the Chilling area and is the most important control for the location of uranium mineralization in the Pine Creek Orogen. The source of the high uranium background values is Archean granite basement, which is exposed in the Rum Jungle and Waterhouse granites, over 20 kilometres to the north-northeast of the project area. It is likely that the Adelaide River Fault System, traversing the area, provided channelways for uranium-bearing fluids. The Depot Creek Sandstone of the Tolmer Group, which forms the cover

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the three month period ended March 31, 2010)**

rocks, is stratigraphically equivalent in age to the Kombolgie Sandstone in the Alligator Rivers Uranium Field, and favourable structures at the unconformity surface may form sites for uranium deposition within Chilling. Uranium occurrences are known to outcrop within the project area.

During 2009, rocks that are the stratigraphic equivalent of the basal Paleoproterozoic units at Rum Jungle were identified in the Buchanan Window near the southern extent of the original Chilling Project Area. This influenced the acquisition of additional ground referenced above. These sediments contain anomalous values of base metals and uranium in stream and soil samples, and show extensive development of radiometric anomalies over the favourable stratigraphy. The sediments extend below the Tolmer Group at the Buchanan Window. The area represents a prime target for uranium and base metal mineralization and will be a focus area in the 2010 exploration program.

#### **Charley Creek**

The Charley Creek project is located in central Australia, approximately 100 kilometres northwest of Alice Springs in the Northern Territory and is situated on the southern margin of the North Australian Craton. The project area originally encompassed approximately 700 square kilometres of granted exploration licenses and was comprised of two (2) tenements, one of which is subject to a 3% NSR. The project area now encompasses 3,970 square kilometres and is comprised of seven (7) tenements. Crossland has a 100% interest in Charley Creek.

The Charley Creek property was selected in 2003 using proprietary targeting methods and was subsequently expanded to include extensive areas of the radioactive Teapot Granite, as well as drainages and sediment basins downstream. The project area has not been intensively explored, although outcropping secondary uranium mineralization is recorded from the property. Pancontinental and Crossland believe the area also contains the elements necessary for the formation of sediment-hosted uranium deposits and has additional potential for nickel-platinum and rare earth deposits that will be evaluated concurrently with uranium exploration.

Targets in the Charley Creek project area include uranium-enriched phases of the Teapot Granite, as well as sediment-hosted uranium deposits, specifically calcrete and redox-related uranium targets. Past exploration has identified uranium occurrences in the Teapot Granite. Other areas within the project are considered prospective for copper, nickel and platinoid deposits, as well as deposits of rare earth elements. Known uranium occurrences associated with secondary uranium mineralization hosted in the granite returned values up to 0.193% U when sampled in the 1970s. Exploration in the 1970s also measured uranium in water bores around the project area, indicating that uranium is mobile in the groundwater and a deposition site would accumulate this to form calcrete or redox deposits. Targets are either one of the two possible deposit types, or a combination of the two types formed in a single deposit, as occurs elsewhere in the region.

The Teapot Granite outcrops in the western portion of the area, which should provide an ideal source rock for sediment-hosted mineralization in the surrounding fluvial channels. The Teapot Granite intrudes and assimilates older gneissic basement of the Glen Helen Metamorphics, Mesoproterozoic (1,650 – 1,680 Ma) gneisses and schists. The oldest lithology in the area is the Mt. Hay Granulite (over 1,780 Ma), a highly metamorphosed Paleoproterozoic mafic intrusive complex prospective for nickel, copper and platinoids, which outcrops significantly in the eastern portion of the property. A portion of this complex lies below the channels.

In 2009, the Joint Venture exploration program focused on the Teapot Granite uranium occurrences, where outcropping uranium mineralisation has now been observed at scores of localities. While it is tempting to draw analogies with the alaskite uranium deposits of Namibia, there is as yet no evidence that the mineralization is restricted to a minor phase of the granite as is apparently the case in Namibia. Rather, spectrometer surveys and rock sampling suggest that elevated uranium values are associated with particular zones within the major phase of the Teapot Granite. These may have a structural control.

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the three month period ended March 31, 2010)**

#### ***Kalabity***

The Kalabity project is located in South Australia, 40 kilometres north of Olary and approximately 100 kilometres west of Broken Hill. The project area encompasses 125 square kilometres and is comprised of one (1) tenement. Crossland entered into a joint venture on Kalabity in late 2006 with Platsearch NL ("Platsearch") and Eaglehawk Geological Consulting Pty Ltd. ("Eaglehawk"). Crossland can earn at least a 60% interest in Kalabity through the expenditure of AUD500,000 over four years, now expiring on January 17, 2011 (recently extended an additional year). As of March 31, 2010, Crossland had expended approximately AUD415,000.

Platsearch and Eaglehawk compiled the previous exploration data after applying for the property in 1999. The project lies within the Olary Uranium Field in the southwestern portion of the Curnamona Craton. This is a district of historic uranium and radium mining and contains a variety of known deposit types. Australia's first uranium mine, Radium Hill, lies 50 kilometres to the south. The KR4 prospect within the Kalabity title was discovered in 1985 by prospecting and contains outcropping davidite mineralization, similar to ore mined at Radium Hill. The field also includes the Crocker Well, Mt. Victoria, Spring Hill, Jagged Rocks, Honeymoon and Gould's Dam deposits, in the district surrounding Kalabity.

Targets at Kalabity include granite-related uranium deposits and iron oxide-copper-gold deposits. Since Crossland has commenced exploration it has identified the Tabita uranium prospect, which appears to be a new style of mineralization. In addition to uranium exploration, recent exploration has concentrated on iron oxide-copper-gold deposits of the East Mt. Isa and Olympic Dam style.

The Kalabity project area has moderate bedrock exposure, although significant areas have thin unconsolidated alluvial, colluvial and aeolian cover, usually much less than 20 metres in depth. Calcreted soils form a large portion of the cover.

As a result of positive exploration results at Tabita, Crossland's earn-in period has been extended and exploration work, including a drill program, recommenced in early 2010.

#### **Burkina Faso, West Africa**

Crosscontinental has applied for a number of uranium exploration permits in Burkina Faso, West Africa. The permits cover a significant portion of zones that rated well for uranium prospectivity in a 2003 study funded by the European Development Fund. Processing of Crosscontinental's applications is expected to proceed when the Government of Burkina Faso has formulated its policy on uranium mining. Burkina Faso borders Niger, the leading uranium producing nation in Africa.

#### ***Oursi Project Joint Venture***

Crosscontinental has a 35% interest in the Oursi Project Joint Venture consisting of two (2) tenements in north-east Burkina Faso granted for uranium exploration, referred to as "Tin Dioulaf" and "Agalsa". These tenements cover a combined area of 500 square kilometres and include a 50 kilometre strike length of an unconformity structure that is considered to be prospective for uranium deposits. A known uranium mineralization occurrence is located 50 kilometres along strike and west of the tenements.

### **EXPLORATION ACTIVITIES**

#### **Australia**

##### ***Chilling***

A detailed airborne magnetic and radiometric survey was completed in December 2007, and covered 18,875 line kilometres. This generated 43 priority uranium targets which are being systematically evaluated.

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the three month period ended March 31, 2010)**

During 2008, nine diamond core holes were drilled, for a total of 1,595.7 metres, at the March Fly prospect in the northern sector of Chilling. Previously, high-grade intersections had been encountered in drill programs by earlier explorers below outcropping oxidized uranium mineralization. The March Fly structure can be traced, in both geology and as a radiometric anomaly, over 600 metres and has the potential to host a mineable resource which should be amenable to open pit mining. The target represents a relatively low permitting risk and with the right grade may well be saleable to an operating mill in the area, such as Ranger. An announcement on the results of the March Fly drilling was made in February 2009. The assessment of these results led to recommendations for additional drilling at March Fly, and a program of four drill holes was completed in the fourth quarter of 2009. A compilation of March Fly drill results has been posted on Crossland's website ([www.crosslanduranium.com.au](http://www.crosslanduranium.com.au)), and further assessment of the structure is under way as it shows similarities with the style of mineralisation that has been intersected at the Thundelarra Thunderball discovery some 80km to the east.

The Buchanan EL 23682 was granted in January 2009 and received priority during the 2009 field season, which commenced in June. This has been the first opportunity to explore this area in over 10 years.

Crossland has rehabilitated over 100 kilometres of access track in cooperation with neighbouring exploration companies. Geological mapping, combined with soil and stream geochemistry, is well advanced and a majority of the area has been covered by ground gamma spectrometer surveys. Mapping has considerably refined the understanding of local geology, and this has enhanced the potential of the radiometric anomalies detected by the 2007 airborne survey.

A belt of strongly folded carbonate, as well as silicified and brecciated carbonate and other sediments lies to the east of the Soldiers Creek Granite, and this has been called the Buchanan Window. The area had been assigned to various stratigraphic units in previous regional geological mapping, but the observed structural complexity and intensity of folding indicated in magnetics confirms that the area is a zone of Lower Proterozoic sediments of the Pine Creek Orogen in faulted, and in places intrusive, contact with the radioactive Soldiers Creek Granite on the west, and unconformably overlain by the middle Proterozoic Tolmer Group sediments on the east. The area has very poor bedrock exposure, which accounts for past confusion about the geological setting. These observations led Crossland to considerably upgrade the potential of the radiometric anomalies in this zone, as their setting is very similar to that found at many unconformity-related uranium deposits in the region. Geochemical sampling showed several strong zones of base metal and uranium values in specific stratigraphic horizons. Spectrometer surveys on 25 metre line spacing have mapped the various radiometric signatures, and defined several strong uranium anomalies. These were evaluated with air core drilling completed in early November. A total of 87 holes for 2,586 metres were drilled. The drilling encountered deeply weathered bedrock and heavy water inflows at shallow depths. Few holes encountered fresh bedrock, and deeper drilling will be required to test primary bedrock grades. However, the drilling confirmed the previously postulated geological setting and provided evidence for sub-surface continuity of the outcropping zones enriched in uranium and base metals. Assay results of several hundred samples collected from the program were received. These results are being used to plan the next phase of exploration.

Results from the Geoscience Australia sponsored, regional-scale airborne electro-magnetic ("AEM") survey, have been received. The survey covered the Pine Creek Orogen, of which the Chilling project is a part. Crossland has subscribed to the survey and has also completed more detailed surveys over large portions of the Chilling Project Area, taking advantage of the low cost of the bulk survey.

Crossland is now using the data to plan for the 2010 season. The AEM data is providing additional information to Crossland's own detailed magnetics and radiometrics which will allow deep targeting beneath the cover sandstone units for buried unconformity style deposits. While the available data are being evaluated by Crossland's geophysicist, given the considerable site preparation work that will be necessary once targets are selected, this drilling will be an early priority for the 2010 season. There are well-defined structures in the Allia Granite Window, some of which contain undrilled outcropping secondary uranium mineralization at the MEMA prospect, that appear to have responded to the detailed AEM survey. Part of this area was covered with a detailed ground

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the three month period ended March 31, 2010)**

prospecting program in the late stages of the 2009 field season. This included geological mapping, geochemical sampling and a detailed spectrometer survey, in preparation for possible drilling in 2010.

#### Future Plans

A large body of data has been gathered during 2009 that is being analyzed over the Australian summer months when rains make the Chilling Project inaccessible. This data will be the basis for developing the 2010 program, which will include testing of targets below sandstone cover, deeper drilling at the Buchanan Window, locating additional extensions to mineralized structures at March Fly, evaluation of the remaining anomalies in the most inaccessible parts of the project area, and the commencement of a program covering the newly granted tenements on the southern end of the Project Area

#### **Charley Creek**

In August 2008, Pancontinental announced the initial assay results from outcrop samples collected in June 2008. These samples were collected following up on radiometric anomalies delineated from Crossland's detailed airborne radiometric survey completed in January 2008. The airborne survey results indicate that high uranium radioactivity occurs over extensive areas of the Teapot Granite. Of 37 samples, 30 returned chemical uranium values exceeding 100ppm, 19 exceeded 300ppm, while three exceeded 1,000ppm, with a maximum of 2,530ppm, equivalent to approximately 6.6lbs of  $U_3O_8$  per metric ton. These results confirmed that high chemical values are present in outcrop in association with the surface radiometrics. In outcrop, widespread visible secondary uranium minerals exist on fracture surfaces. Further anomaly follow-up has extended these observations to literally scores of sites. The possibility exists that the values reported are enhanced by surface enrichment. It will be possible to evaluate if this is the case following drilling. An area of 42 square kilometres in seven sections was earmarked for detailed spectrometer surveys on 25 metre line spacings over anomalous areas identified from airborne work. The detailed ground surveys have been under way since late January 2009. This survey is now nearing completion, but has been extended in places to close gaps between original survey sections where this appears to be justified. Anomaly follow-up and sampling has continued in conjunction with the survey as manpower is available. Crossland is preparing to commit substantial resources to this discovery, which has been named the Cockroach Dam Prospect, after a local water point. On November 11, 2009, Pancon advised the market of the most recent results of this work. An additional 149 rock chip samples have now been collected to follow up the anomalies identified at the Cockroach Dam Prospect. Over 80% of these samples exceed 32ppm U, a threshold value for geochemical anomalies in the region. Six of the outcrop samples have returned values of over 2,000ppm U, with a maximum value of 4,550ppm U (5,364ppm  $U_3O_8$ ). These values are supported by a strong spread of other elevated results, with a total of 15 samples exceeding 1,000ppm U, 47 exceeding 500ppm U, and 111 exceeding 100ppm U, which represents around 60% of the total sample population. The arithmetic average of all 186 rock chip samples collected from the Cockroach Dam prospect is 373ppm U, or 439ppm  $U_3O_8$  (one pound is 453.6 grams).

The association with a particular major granite phase which outcrops over an area of many square kilometres raises the potential for large uranium deposits within Crossland's holdings.

In 2008, the exploration program at Charley Creek included an air core drilling program into one of the shallow sedimentary basins in the project area. A total of 126 holes were drilled totalling 4,434 metres. The holes ranged in depth from 3 metres to 129 metres and most reached unweathered basement rocks, even where sedimentary cover rocks were present. Drill targets were delineated from the analysis of the Tempest airborne EM survey completed in August 2007. The assay results of 1,185 samples submitted for multi-element analysis were reviewed and the results of drilling have been modelled. A maximum value of 33ppm U was returned from the samples and there are other element concentrations of interest in the results; there are indications of development of a substantial channel filled with probable Tertiary sediments, and there is activity in the radiometrics in these. The drilling indicates that more holes are warranted up-channel closer to the sediment source. There were values that warrant follow up for Nickel (to 286ppm), Cobalt (to 614ppm), and Copper (to 240ppm), that support the concept of mineralization associated with the layered basic intrusive of the Mount Hay Granulite. Selenium and tungsten values of more than 10 times Average Crustal Abundance are widespread in the results, with a maximum

## **Pancontinental Uranium Corporation**

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of 28ppm Se and 0.15% W. These results will also be followed up in the next round of air core drilling. Presently, Crossland is awaiting site clearance of the lines proposed for this additional drilling work.

All five exploration licence applications made in 2009, surrounding the original Charley Creek holdings, have now been granted. A Tempest airborne EM survey on broad line spacing has already been completed to guide the exploration of these areas. The survey provides a broad definition of depth of overburden and the thickness of any sediment basins developed, which assists in planning the exploration programs to be followed in each area.

#### Future Plans

Work at Charley Creek has been continuous since January 2009, with a break only over the Christmas – New Year period of 2009-2010. The program will continue to focus on the outstanding prospect at Cockroach Dam. Following a review of the drill results from the air core program, additional holes, targeting the areas identified from the 2008 program, are planned to be drilled in mid-2010.

A substantial reconnaissance program will continue at the Cockroach Dam prospect and other anomalous areas. Application to drill test the outcropping mineralization is progressing. Agreement to the drill program from custodians of Aboriginal Areas requires outreach to local communities. Crossland is working on this. Exploration programs over the newly granted exploration licences have been developed for commencement upon approval of program proposals by local Aboriginal groups. A meeting to discuss these program proposals is being held in late May 2010.

#### **Kalabity**

Results from 636 samples from the Kalabity auger drilling program, completed in March 2008, were received in August 2008. These samples were from the Tabita prospect and from follow-up of an area that returned palladium values, between the detection limit of 1ppb and 134ppb, from the final line of sampling at the KR4 prospect in 2007. The new results from the KR4 prospect did not return similar levels. At Tabita, there were 15 auger drill sites which returned bottom hole samples with values of over 100ppm U, four exceeding 200ppm U with a highest value of 235ppm U. Based upon element distribution patterns as well as geological settings, the Tabita prospect represents a different style of mineralization to the Davidite style that is common to the region and present at the KR4 prospect. Elevated values of uranium are much more persistent at Tabita. The presence of high vanadium values in association with uranium suggests that the uranium mineral is likely to be carnotite. Its presence near surface might suggest a calcrete deposit, but almost the entire surface in this district is calcreted, while the Tabita Prospect appears to have an association with gypsum. The prospect warranted deeper drilling and trenching to appraise the extent and dimensions of this mineralization, which is now known to extend over several hectares. This work commenced in April 2010, and will be concluded within the second quarter (*please refer to Pancontinental's news release of April 6, 2010*). At the time of reporting, the drilling component of the program had been completed, with 93 holes completed for 2303m of drilling. Some 381 samples were collected from radiometrically anomalous zones for chemical analysis. Of these, 33 samples returned values of over 100ppmU, with a highest of 250ppmU. This work has been followed with a trenching program that is also now complete, with samples submitted to the laboratory in recent days.

#### Future Plans

The results of the Tabita drilling and trenching program will be assessed to determine the course of further work.

#### **Burkina Faso, West Africa**

Based on a familiarity with local conditions and what we believe is excellent untested prospectivity, Crosscontinental has applied for several permits for uranium exploration in the West African nation of Burkina Faso. In 2008, Crossland's Exploration Director, Geoff Eupene, visited many of the application areas in Burkina Faso, and was encouraged by both the potential and the stability of the nation. Progress with these applications has been slow, as the Government has announced that it wished to develop a policy with respect to uranium mining before processing the applications. We believe that this process is proceeding and expect the applications will be

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granted in due course. This may involve a substantial commitment when the titles are granted, if the terms of grant are considered to be acceptable by Crosscontinental.

#### ***Oursi Project Joint Venture***

An aerial inspection of the tenements was completed in June 2008 and a detailed airborne geophysical survey was completed in October 2008. Results of this survey revealed several uranium radiometric anomalies that warranted ground checking. These appear to be associated with structural intersections in the cover sediments over an unconformity surface on Lower Proterozoic terrain. A first phase of ground checking has been completed. Results do not justify additional work pending access to additional titles, which might permit the evolution of a prospect model worthy of more work.

#### ***Future Plans***

All further exploration activities in Burkina Faso have been postponed until the grant of Crosscontinental's additional uranium exploration permits on terms that are acceptable.

#### **Qualified Person**

Geoffrey Eupene, B.Sc(Hons), FAusIMM, a director of Pancontinental and Crossland, is the Company's in-house Qualified Person for the purposes of NI 43-101.

#### **MINERAL EXPLORATION PROPERTIES EXPENDITURES**

Acquisition and property costs and exploration expenditures totalled \$487,090 for the current three month period. During the current quarter, \$486,305 was expended on the Joint Venture in Australia and \$785 on exploration activities in Burkina Faso, West Africa. As a result of the decision to relinquish the Joint Venture in Australia's Crossland Creek tenements in 2009, an additional \$7,479 of mineral exploration costs were written-off during the current quarter.

Joint Venture operator costs for the current quarter were \$112,214. The Company has not received Crossland's final accounting of overheads and equipment costs for 2009 and as a result, operator costs for the quarter were at 2009 rates. Crossland uses its internal resources to support Joint Venture exploration activities.

In addition, the Company continues to monitor the progress of its activities in Burkina Faso, West Africa and failing the evidence of any favourable developments during fiscal 2010 the Company may determine that the write-off of related expenditures, in whole or in part, is appropriate.

For further information with respect to the components of mineral exploration properties, please refer to Schedule "A" of the MD&A.

#### **RESULTS OF OPERATIONS**

For further information with respect to the components of expenses and other items, please refer to the Statements of Operations and Deficit included in Pancontinental's unaudited interim consolidated financial statements for the three month period ended March 31, 2010.

For the current quarter, Pancontinental's operations primarily revolved around exploration activities in Australia. The net loss for the three month period ended March 31, 2010, was \$80,425 compared to a net loss of \$86,254 for the comparable three month period ended March 31, 2009. Expenses decreased significantly (2010 - \$70,033 vs 2009 - \$132,358) primarily as a result of lower stock-based compensation and shareholder relations and promotion costs.

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The primary factors contributing to the decrease in the net loss for the year were:

- a decrease in stock-based compensation (2010 - \$720 vs 2009 - \$54,913) due to the amortization of a diminishing fair value balance of incentive stock options granted in prior years.
- a decrease in shareholder relations and promotion costs (2010 - \$10,720 vs 2009 - \$22,592) as the Company reduced its marketing efforts by not attending or participating in industry trade shows. The account includes \$6,000 (2009 - \$6,000) for the services of a consultant to support the Company's internal investor relations activities.
- a decrease in general and administration costs (2010 - \$3,608 vs 2009 - \$9,101) primarily due to the cancellation of an industry publication.

The decrease in the net loss for the current year was mitigated by:

- a decrease in interest income (2010 - \$3,434 vs 2009 - \$28,462) as the amount of funds available for investing and interest rates declined.
- a foreign exchange loss (2010 - \$6,347 vs 2009 - \$17,642 gain) primarily due to unfavourable changes in the Australian dollar and the Central African franc.
- the write-off of the Joint Venture's Crossland Creek mineral exploration property 2010 expenditures (2010 - \$7,479 vs 2009 - \$nil).
- an increase in professional fees (2010 - \$6,429 vs 2009 - \$1,083) due to the additional year-end accounting costs for fiscal 2009 and legal costs, *please refer to the Related Party Transactions section for further details.*
- an increase in management fees (2010 - \$36,000 vs 2009 - \$31,500) as compensation for the services of the Company's President and Chief Executive Officer was increased in October 2009, *please refer to the Related Party Transactions section for further details.*
- an increase in salaries and benefits (2010 - \$7,461 vs 2009 - \$6,399) attributable to the benefit costs related to the compensation of the Company's President and Chief Executive Officer.

### SUMMARY OF QUARTERLY RESULTS

		Revenue	Loss before other items	Other items	Net loss	Net loss per share
	<u>Fiscal 2010</u>	\$	\$	\$	\$	\$
Q1	March 31, 2010	-	70,033	10,392	80,425	0.005
	<u>Fiscal 2009</u>					
Q4	December 31, 2009	-	127,593	111,896	239,489	0.005
Q3	September 30, 2009	-	76,577	(30,818)	45,759	0.001
Q2	June 30, 2009	-	270,985	(8,587)	262,398	0.005
Q1	March 31, 2009	-	132,358	(46,104)	86,254	0.002
	<u>Fiscal 2008</u>					
Q4	December 31, 2008	-	175,921	(76,566)	99,355	0.002
Q3	September 30, 2008	-	258,772	(42,506)	216,266	0.004
Q2	June 30, 2008	-	392,528	(42,297)	350,231	0.007

Variances in losses between the quarters for fiscal 2009 were primarily influenced by the amount of: stock based compensation recognized, which was significantly impacted as a result of the fair value of 3,550,000 previously granted stock options being adjusted due to the options being re-priced and extended in Q2; filing and transfer agent fees, legal, travel and shareholder relations and promotion costs related to the Company holding its Annual and Special Meeting of Shareholders (the "ASM") in Q2; and, professional fees attributable to an under-accrual of fiscal 2008 audit costs in Q2 and the accrual of 2009 audit costs in Q4. Variations in "other items" in each of the

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periods were primarily attributable to: fluctuations in foreign exchange gains or losses related to the Australian dollar and the Central African franc; interest income earned in Q4 as the Company's fixed rate guaranteed investment certificate matured and was reinvested at a substantially lower interest rate; a gain on sale of exploration equipment to Crossland in Q3; and, the write-off of the Joint Venture's Crossland Creek mineral exploration property in Q4.

Variances in losses between the quarters for fiscal 2008 were primarily influenced by the amount of: stock-based compensation recognized; shareholder relations and promotion activities undertaken to market the Company, including holding its ASM in Q2; and, travel costs resulting from travel to Burkina Faso, West Africa and the attendance of the Company's Australian directors and a Crossland officer at the Company's ASM in Q2. The loss for Q4 was also influenced by professional fees attributable to the Company accruing its fiscal year-end audit costs. Variations in "other items" in each of the periods, were attributable to fluctuations in interest income and foreign exchange gains or losses.

#### **LIQUIDITY AND CAPITAL RESOURCES**

Pancontinental has no regular source of cash flow and is incurring operating costs in excess of its interest income. The Company finances its activities by raising capital in the capital/equity markets and is dependent upon its existing working capital and its ability to obtain necessary financing to meet its obligations and pay its liabilities. It should be noted that during this period of economic uncertainty and contracted capital/equity markets for junior mineral exploration companies, the ability for the Company to access these markets for funding is limited.

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

#### **Cash Flows**

Cash flows consumed in operating activities for the current three month period were \$12,985 compared to \$63,934 consumed in the comparable three month period ended March 31, 2009. Cash flows consumed by operations before changes in non-cash working capital were \$71,958 (2009 -\$29,798). Though cash operating expenses were moderately lower (2010 - \$69,045 vs 2009 - \$75,902) the increase in the amount of cash consumed by operations before changes in non-cash working capital resulted from lower interest income and a foreign exchange loss. Changes in non-cash working capital items were significantly impacted by: the expected recovery from the Canadian and Australian governments of goods and services taxes it paid during the quarter; the prepayment of the Company's 2010 director and officer insurance premiums; and the accrual of mineral exploration properties expenditures of \$361,720.

Cash flows used in investing activities for the current quarter were \$32,750 compared to \$76,176 provided during the comparable quarter of 2009. Term deposits of \$700,000 were redeemed to fund \$732,750 of mineral exploration properties expenditures.

There were no financing activities during the current quarter.

As at March 31, 2010, Pancontinental's cash balance was \$233,642. Cash of: \$174,789 was held on deposit with a Canadian chartered bank; \$15,592 was held on deposit with an Australian bank; and, \$43,261 represents Pancontinental's portion of the \$86,522 of cash held in Burkina Faso, West Africa.

As at March 31, 2010, Pancontinental had \$2,305,923 invested in a variable rate GIC, held with a Canadian chartered bank. The Company can draw down on the GIC, at any time, prior to maturity. Interest is paid on maturity or on redemption. Interest income generated from GIC's during 2009 was substantially lower due a decrease in cash available for investing, the maturing of a fixed rate GIC and lower interest rates.

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Pancontinental's consolidated working capital, as at March 31, 2010, was \$2,231,883. Since December 31, 2009 working capital decreased by \$478,048. The decrease is primarily related to the deployment of capital to fund the mineral exploration properties expenditures. As at March 31, 2010, the Company is required to expend a further AUD1,687,155 (approximately CAD1,569,000 using a foreign exchange rate of 0.93) to earn its interest in the Joint Venture.

For fiscal 2010, Pancontinental believes there is a possibility that it may need to raise additional capital to finance its portion of the AUD3.3 million Joint Venture exploration budget for Australia and Crosscontinental, *please refer to Pancontinental's news release of March 8, 2010*, as well its operating overheads, estimated to be \$350,000 – \$400,000. In addition, further funding may be required for fiscal 2010: to fund the evaluation and acquisition of other properties/projects; and, if the uranium permits waiting for approval from the Burkina Faso, West Africa Government are granted, thereby accelerating exploration activities. For fiscal 2011, the Company believes that it will be required to raise additional capital to fund its acquisition and exploration activities and operating overheads.

#### **SHARE CAPITAL**

##### **Common Shares**

As at March 31, 2010, Pancontinental had 49,806,492 common shares outstanding. There was no common share activity for the current quarter of fiscal 2009.

##### **Options**

As of the date of this MD&A, Pancontinental has 3,600,000 incentive stock options outstanding of which 3,566,667 are exercisable. Currently, none of the exercisable options are "in the money". There was no stock option activity during the current quarter.

All of the stock options were: granted pursuant to the terms of the Company's Incentive Stock Option Plan; issued for a five (5) year term; and, vest as follows: one-third immediately, one-third on the first anniversary from the date of grant and one-third on the second anniversary from the date of grant. The Company uses the Black-Scholes option pricing model to estimate the fair value of the stock options. The estimated fair value is recognized over the vesting period of the options granted, with an offsetting credit charged to contributed surplus.

For further information on share capital and contributed surplus, please refer to Notes 6 and 7 of the unaudited interim consolidated financial statements for the three month period ended March 31, 2010.

#### **RELATED PARTY TRANSACTIONS**

For the current quarter, management fees of \$15,000 (2009 - \$10,500) were paid to the Company's President and Chief Executive Officer, Mr. Richard Mark and management fees of \$21,000 (2009 - \$21,000) were paid to Rustle Woods Capital Inc., a company controlled by an associate of the Company's Chief Financial Officer, Mr. Mark McMurdie. Mr. Mark's agreement provides for monthly remuneration of \$5,000 (increased from \$3,500 per month, effective October 1, 2009) and Mr. McMurdie's agreement provides for monthly remuneration of \$7,000. Each of these agreements is automatically renewed on a monthly basis and continues from year to year. In addition, each agreement may be terminated by the Company upon 30 days written notice and making a lump-sum payment equivalent to one month's remuneration.

Eupene Exploration Enterprises Pty. Ltd. ("Eupene Exploration"), a company controlled by Mr. Eupene, provides consulting services and deploys equipment, from time to time, for the purpose of facilitating exploration activities for the Joint Venture and for Crosscontinental. Costs incurred by Eupene Exploration are reimbursed by Crossland and where applicable, invoiced to Pancontinental or Crosscontinental. These costs are recorded in the mineral exploration properties account, unless otherwise noted. The Company paid Crossland \$29,091 (2009 - \$18,492) for the three month period for:

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- consulting fees for services rendered by Mr. Eupene of \$24,990 (2009 - \$17,296).
- equipment usage fees of \$4,101 (2009 - \$1,196).

Crossland acts as operator of the Joint Venture and is entitled to charge operator costs to Pancontinental, comprised of a portion of its overhead and equipment usage costs. Operator costs for the current three month period were \$112,214 (2009 - \$215,991). Operator costs may include amounts paid to Mr. Eupene or Mr. Walker for consulting services not directly attributable to a Joint Venture property or Crosscontinental.

Pancontinental subleases its office premises in North Vancouver, B.C. from VMS Ventures Inc. ("VMS") at a cost of \$700 per month. For the current quarter, the Company paid rent of \$2,100 (2009 - \$2,100). The Company's President and Chief Executive Officer, Mr. Mark, also acts as Chief Executive Officer for VMS. The Company is currently subleasing its premises on a monthly basis.

Prior to October 1, 2008, Pancontinental subleased its Toronto, Ontario office premises from Equinox Minerals Limited ("Equinox") at twenty percent (20%) of Equinox's cost (approximately \$1,100 per month). The Company vacated these premises in September 2008 and continued to pay Equinox a nominal amount for storage until March 31, 2009. For the current quarter, the Company paid or accrued rent of \$nil (2009 - \$300). Mr. David Mosher, a director of the Company, is also a director of Equinox.

Mr. Chris Irwin acts as the Company's Corporate Secretary and is a partner in Irwin Lowy LLP (Irwin), the Company's current legal counsel. During the current quarter, legal costs incurred by the Company in relation to Irwin's services amounted to \$2,950 (2009 - \$783).

Included in accounts payable and accrued liabilities at March 31, 2010 is \$362,681 (2009 - \$404,306) payable to: companies controlled by or associated with directors/officers; or, companies related by virtue of common directors. Accounts payable and accruals includes payables to Crossland of \$359,684 (2009 - \$399,458).

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## **OUTLOOK**

Through their Joint Venture, Pancontinental and Crossland have established one of the strongest management teams in the uranium industry combined with a highly prospective uranium project portfolio. Australia contains the world's largest known resources of uranium, but has received little uranium exploration effort since the mid-1980s until very recently. The recent election of pro-uranium development governments in Australia has resulted in increased exploration activity in Australia. In particular, the search for unconformity-related deposits of the type that have contributed significantly to Canada's inventory during that period, including McArthur River, Cigar Lake and Millenium deposits, buried deeply beneath younger basin cover, has been very restricted in Australia and received very little attention.

In Australia, all of Pancontinental's project areas contain outcropping and potential ore grades of uranium mineralization, in settings similar to those that have resulted in significant uranium accumulations elsewhere. A characteristic of these exploration projects is that they all have indications of uranium and prospectivity for defined targets.

While Pancontinental and Crossland believe that in terms of mineral potential, Australia represents a prime destination, they understand the importance of diversification to minimize sovereign and other risks, as can be seen in the variation in policy from state to state within Australia, and the recent proposals for a resource super profits tax at the national level. The Company's and Crossland's uranium interests are designed to give a spread of geographic and political conditions, as well as styles of uranium deposits. Through Crosscontinental, the Company expects to enter into other opportunities around the world as these become available.

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Even though the world oil price has declined from 2008 levels, Pancontinental believes that the demand for uranium is likely to continue to increase as the world copes with the issues of energy security, sustainable energy usage and greenhouse gas reduction. Many utility companies consider nuclear power as the optimum solution to these issues and an increasing number are placing orders for new plants. Nuclear power is being re-evaluated for a role in the energy mix of several countries that previously announced a phasing out of nuclear power. All of these factors are contributing to predictions of supply shortages and strong prices for uranium into the future. The Company considers the downturn in the spot uranium price over recent months to be temporary.

#### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported results. Pancontinental bases its assumptions and estimates on historical experience, current conditions, future expectations, practices within the mineral exploration industry and on various other assumptions that the Company believes to be reasonable. On a quarterly basis, Pancontinental considers whether events or changes in circumstances affect these estimates or assumptions. Critical accounting estimates involve a significant degree of judgement and actual results could differ from these estimates. The Company's accounting policies are described in note 3 of the annual consolidated financial statements for the year ended December 31, 2009.

Significant areas requiring the use of estimates and assumptions include:

#### ***Functional Currency***

The determination of functional currency under Canadian GAAP requires a significant degree of judgement. Pancontinental reports its consolidated financial statements using the Canadian dollar as its functional currency. The majority of the Company's expenditures are outside of Canada, primarily in Australia. The transition to a different currency may result in significant changes to reported results from period to period. The Company will continue to review its functional currency, as the Company continues to define its exploration profile.

#### ***Mineral Exploration Properties***

Pancontinental capitalizes its exploration expenditures, unless the related mineral property is impaired or the property will not be retained. The recoverability of the carrying value of its mineral exploration properties is subject to considerations such as, but not limited to: progress, results and future plans of exploration; future costs and probability of development; value and market conditions of underlying minerals; ability to obtain sufficient financing; net realizable proceeds from production or disposition of properties; and, political, legal, permitting and environmental factors.

#### ***Equipment***

Costs related to the acquisition of equipment are capitalized and amortized over their estimated useful lives using the declining balance method. The recoverability of the carrying value of equipment is subject to considerations such as, but not limited to: condition, location and future uses of equipment; storage and transportation costs; and, secondary market values.

#### ***Stock-based Compensation***

Considerations affecting the fair value of stock-based compensation include estimates of when stock options may be exercised and stock price volatility. Management assumes it is more likely that stock options will be exercised in advance of their expiry date. The timing of when stock options are exercised is beyond Pancontinental's control and revolves around the Company's share value and the financial objectives of the stock option holder. Estimates concerning volatility are primarily based on the Company's historical share prices.

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#### **FUTURE ACCOUNTING CHANGES**

##### **Business Combinations and related sections**

In January 2009, the CICA issued three new standards which will be effective January 1, 2011. These standards are described in:

- o Section 1582 "Business Combinations" which replaces Section 1581 and establishes standards to harmonize GAAP with International Financial Reporting Standards ("IFRS") for business combinations.
- o Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-controlling Interests" which together replace Section 1600. Section 1601 establishes standards for preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interests in a subsidiary's consolidated financial statements subsequent to a business combination.

The Company is evaluating the impact that these new accounting standards may have on its consolidated financial statements.

##### **International Financial Reporting Standards ("IFRS")**

In February 2008, the Canadian Accounting Standards Board confirmed plans to converge GAAP with IFRS for Canadian entities with public accountability for fiscal years commencing on or after January 1, 2011. Accordingly, the Company will be required to adopt IFRS for its interim and annual consolidated financial statements effective January 1, 2011.

IFRS 1 "*First-time Adoption of IFRS*" provides guidance for the transition to IFRS. Generally, IFRS 1 requires the application of IFRS to be on a retrospective basis, though IFRS 1 provides certain exemptions to this retrospective application. For fiscal 2011, the transition to IFRS will require the restatement of all interim financial statements for fiscal 2010 and an opening balance sheet as of January 1, 2010 for comparative purposes.

The Company's has developed an IFRS conversion plan which consists of three steps: scoping; assessment and design; and, implementation. The Company has identified the major areas which will be impacted and has or is currently assessing the various accounting policy and transition election choices available and the changes the conversion to IFRS will have on its financial reporting and business processes. The major areas expected to be impacted by the transition to IFRS are:

##### ***Mineral exploration properties (Impact: High)***

IFRS requires an exploration entity to establish an accounting policy specifying which exploration and evaluation expenditures will be recorded as assets once the legal right to explore a specific area has been obtained. Any costs incurred prior to obtaining such legal right are to be expensed. Currently, IFRS permits the Company to retain its accounting policies and practices it has applied previously under Canadian GAAP.

The Company anticipates that it will retain its current policy of capitalizing exploration and evaluation expenditures. Under IFRS, the Company expects to write-off \$56,952 of capitalized exploration and evaluation expenditures related to its exploration activities in Burkina Faso, West Africa.

##### ***Impairment of assets (Impact: High)***

Under IFRS, impairment charges for long-lived assets may be more frequent than under Canadian GAAP as IFRS assesses the value of long-lived assets using discounted cash flows, while Canadian GAAP uses undiscounted cash flows. In addition, the reversal of impairment charges is permitted under IFRS, while under Canadian GAAP such reversals are not permitted.

The Company will need to consider such discounting in its impairment analysis when preparing its January 1, 2010 opening balance sheet.

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#### ***Foreign currency transactions (Impact: High)***

IFRS requires the functional currency of the Company and each of its subsidiaries be determined separately and the subsidiaries financial statements be translated for consolidation purposes using the: closing rate for all assets and liabilities; actual rates for revenues and expenses; and, historical rates for equity components. All resulting exchange differences are recognized in other comprehensive income.

The Company is assessing the appropriate functional currency for the Company and its subsidiaries. The transition to a different currency may result in significant changes to line items within its financial statements.

#### ***Accounting for joint ventures (Impact: High)***

Under IFRS, an exposure draft "Joint Arrangements" proposes that an entity should recognize an interest in a joint venture using the equity method and disallows the use of proportionate consolidation.

The Company currently accounts for its interest in Crosscontinental using proportionate consolidation and as a result of changing to the equity method the values reported for fiscal 2010 will need to be reclassified. The accounts affected by proportionate consolidation are summarized in note 9 of the Company's unaudited interim consolidated financial statements for the three month period ended March 31, 2010. The resulting equity method investment in Crosscontinental will be \$282,225.

#### ***Share-based payments (Impact: High)***

Under IFRS, stock options that vest in installments must be accounted for as though each installment is a separate award. In addition, IFRS requires the Company to estimate the number of stock options that are expected to vest based on expected forfeitures, and subsequently, make adjustments to the estimate to reflect the actual number of awards that vest.

IFRS I provides an exemption for the retrospective application of IFRS on share-based payments provided the share-based payments vested prior to the transition to IFRS. For the existing share-based payments the impact is insignificant as 3,583,333 (99.5%) of the Company's 3,600,000 outstanding stock options will have vested prior to January 1, 2011.

#### ***Provision and contingencies (Impact: Moderate)***

Under IFRS, liabilities, including constructive obligations, are recognized if they are probable (defined as 'more likely than not') which is a lower threshold than under Canadian GAAP.

The Company is reviewing all provisions in context with IFRS, though it currently does not expect any significant changes to the line items within its financial statements.

#### ***Income taxes (Impact: Moderate)***

The primary differences between IFRS and Canadian GAAP revolve around the measurement and recognition of deferred taxes. Under IFRS the assessment of deferred taxes is based on 'probable' criteria.

The Company will need to consider the impact of accounting for income taxes under IFRS when preparing its January 1, 2010 opening balance sheet.

#### ***Property, plant and equipment (Impact: Moderate)***

IFRS requires the components of property, plant and equipment be segmented on a broader basis than required under Canadian GAAP.

The Company does not expect any changes to its accounting policies that would result in a significant change to line items within its financial statements.

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#### ***Related Parties (Impact: Moderate)***

Under IFRS, compensation of key management requires disclosure in total and for each of the following categories: (a) short-term employee benefits; (b) post-employee benefits; (c) other long-term benefits; (d) termination benefits; and, (e) share-based payments.

Compensation of the Company's key management is disclosed in the related party transaction section of this MD&A.

#### ***Financial statement presentation and disclosure (Impact: Moderate)***

The presentation and disclosure in the Company's financial statements will change under IFRS which may result in significant differences from the financial statements prepared under Canadian GAAP.

The Company is reviewing its information and technology systems to identify and evaluate areas that may be significantly impacted by the transition to IFRS. The Company may require a system to track share-based payment activity.

During 2010 the Company plans to: make final accounting policy and transition elections; prepare the opening balance sheet as of January 1, 2010; draft financial statement presentation and note disclosure; assess internal controls and risks; and, use external resources to educate the Company's management.

## **FINANCIAL INSTRUMENTS**

#### ***Fair value***

The carrying values of the following financial instruments, approximates fair value due to their short-term maturity: cash; term deposits; and, accounts payable and accrued liabilities.

The Company does not have a risk management committee or written risk management policies. Management believes Pancontinental is not exposed to any significant credit or interest risks arising from these financial instruments. The Company has not entered into any specialized financial agreements to minimize its credit or market risks. There are no off-balance sheet arrangements.

Disclosure on the Company's financial instruments and related risks may be found in Note 13 of Pancontinental's unaudited interim consolidated financial statements for the three month period ended December 31, 2009.

#### ***Foreign Exchange Risk***

Pancontinental operates in Canadian and international markets, giving rise to exposure to market risks from changes in foreign exchange rates. Certain expenditures are denominated in foreign currencies including the Australian dollar, the Central African franc for Burkina Faso, West Africa and the United States dollar. The Company does not use derivatives to mitigate its exposure to foreign currency risk and is therefore subject to gains or losses from fluctuations in the value of these currencies.

Pancontinental's Australian dollar holdings, receivables, commitments and payables, United States dollar holdings and Crosscontinental's Central African franc holdings and payables are exposed to fluctuations in foreign exchange rates. Of the Company's cash and term deposits, less than 1% is denominated in United States dollars, less than 1% in Australian dollars and less than 2% in Central African francs. Approximately 95% of receivables and 88% of accounts payables and accruals are denominated in Australian dollars.

## **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

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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 to acquire mineral properties or projects and, in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including agreements to finance the acquisition and development of the mineral properties or projects. 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.

#### ***Commodity Price Risk***

The ability of Pancontinental to develop its properties and the future profitability of the Company is directly related to the market price of uranium. Uranium prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in uranium prices could have a negative impact on the Company's ability to raise additional capital and develop its projects.

#### ***Competition Risk***

Pancontinental must compete with a number of other companies that possess greater financial and technical resources. Competition in the mining sector 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 Crossland***

Pancontinental is very dependent upon the efforts and commitment of its directors, management and Crossland, to the extent that if the services of the directors or management were not available, or Crossland failed to perform its obligations or conduct sufficient exploration activities on the Joint Venture, a disruption in the Company's operations may occur and/or the Company may not earn its interest in the Joint Venture.

#### ***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 and 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 a 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.

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#### ***Financing and Liquidity Risk***

Pancontinental does not have any producing properties or projects and no source of regular revenue. The Company's ability to finance its exploration and development activities and make acquisitions is highly dependent upon its ability to raise capital in the financial markets. Pancontinental will require significant capital to finance its overall objectives and there is no assurance that the Company will be able to raise the capital required and continue as a going concern.

#### ***Political and Other Risks***

Pancontinental's mineral exploration properties, in Australia and Burkina Faso, West Africa, expose the Company to different considerations and other risks not typically associated with companies in North America. Such risks are associated with the political, economic, taxation and legal environments. The Company's ability to raise and deploy capital may be adversely affected by changes in political and social conditions and by changes in government policies, taxes, laws and regulations.

#### ***Property Title Risk***

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

**Schedule "A"**

**MINERAL EXPLORATION PROPERTIES**

	Australia					Burkina Faso, West Africa			As at March 31, 2010
	Charley Creek	Chilling	Kalabity	Crossland Creek	Total	Oursi	Other	Total	
<b>Acquisition and property</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2009	133,409	133,860	42,940	-	310,209	27,657	37,328	64,985	<b>375,194</b>
Land access	103,836	-	-	-	103,836	-	-	-	<b>103,836</b>
Permits and tenements	4,004	7,961	1,929	410	14,304	-	-	-	<b>14,304</b>
	107,840	7,961	1,929	410	118,140	-	-	-	<b>118,140</b>
Write down	-	-	-	(410)	(410)	-	-	-	<b>(410)</b>
Balance, March 31, 2010	241,249	141,821	44,869	-	427,939	27,657	37,328	64,985	<b>492,924</b>
<b>Exploration</b>									
Balance, December 31, 2009	1,824,354	2,659,140	445,642	-	4,929,136	83,573	18,898	102,471	<b>5,031,607</b>
Assays, laboratory, metallurgy	2,254	59,547	-	-	61,801	-	-	-	<b>61,801</b>
Equipment	1,688	4,852	-	-	6,540	-	-	-	<b>6,540</b>
Field consulting/wages	43,568	16,437	1,823	2,027	63,855	59	-	59	<b>63,914</b>
Field expenses	22,624	843	53	-	23,820	(630)	-	(630)	<b>23,190</b>
Field office and administration	12,453	1,828	-	11	14,292	820	726	1,546	<b>15,838</b>
Geological/technical consulting	33,893	22,598	879	3,241	60,611	-	-	-	<b>60,611</b>
Operator costs	70,519	37,942	1,963	1,790	112,214	-	-	-	<b>112,214</b>
Reports and mapping	179	-	-	-	179	-	-	-	<b>179</b>
Travel	16,777	6,282	1,794	-	24,853	(190)	-	(190)	<b>24,663</b>
	203,955	150,329	812	7,069	368,165	59	726	785	<b>368,950</b>
Write down	-	-	-	(7,069)	(7,069)	-	-	-	<b>(7,069)</b>
Balance, March 31, 2010	2,028,309	2,809,469	452,454	-	5,290,232	83,632	19,624	103,256	<b>5,393,488</b>
<b>Total</b>	<b>2,269,558</b>	<b>2,951,290</b>	<b>497,323</b>	<b>-</b>	<b>5,718,171</b>	<b>111,289</b>	<b>56,952</b>	<b>168,241</b>	<b>5,886,412</b>

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