

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**PANCONTINENTAL URANIUM CORPORATION**

**(An exploration stage company)**

**For the nine months ended September 30, 2008**

**(unaudited)**

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(An exploration stage company)

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The accompanying unaudited interim period consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, 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	September 30, 2008 (unaudited)	December 31, 2007 (audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 416,438	\$ 683,586
Term deposits	6,504,628	7,621,821
Receivables	10,202	29,577
Prepaid expenses	1,875	-
	6,933,143	8,334,984
<b>Mineral exploration properties</b> (notes 7, 12)	1,932,184	587,491
<b>Advances to Crosscontinental Uranium Limited</b> (note 8)	-	158,634
<b>Equipment</b> (note 9)	32,167	38,195
	\$ 8,897,494	\$ 9,119,304
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accruals (note 12)	\$ 253,169	\$ 225,646
<b>Shareholders' equity</b>		
Capital stock (note 10)	12,918,448	12,918,448
Contributed surplus (note 11)	1,715,347	1,115,147
Deficit	(5,989,470)	(5,139,937)
	8,644,325	8,893,658
	\$ 8,897,494	\$ 9,119,304

See accompanying notes.

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

**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**  
(unaudited)

	Three months ended		Nine months ended	
	September 30, 2008	October 31, 2007	September 30, 2008	October 31, 2007
<b>Expenses</b>				
Amortization	\$ 2,024	\$ 2,970	\$ 6,028	\$ 2,970
Consulting fees (note 12)	1,114	53,011	26,185	53,011
Filing and transfer agent fees	3,604	5,801	20,094	23,107
General and administration	679	3,362	7,393	5,777
Interest	-	45	-	45
Management fees (note 12)	31,500	31,500	94,500	62,000
Professional fees (note 12)	15,007	12,489	29,142	176,352
Property investigation costs	-	2,082	-	2,082
Rent (note 12)	4,325	4,296	15,113	8,496
Salaries and benefits	18,768	-	55,084	-
Shareholder relations and promotion	4,981	84,608	100,679	122,843
Stock-based compensation (note 10)	172,432	658,562	600,200	872,914
Travel	4,338	11,723	53,148	31,353
<b>Loss before other items</b>	<b>258,772</b>	<b>870,449</b>	<b>1,007,566</b>	<b>1,360,950</b>
<b>Other items</b>				
Interest income	30,955	71,553	159,852	120,699
Foreign exchange gain (loss)	11,551	(5,246)	(1,819)	(11,690)
<b>Loss for the period</b>	<b>216,266</b>	<b>804,142</b>	<b>849,533</b>	<b>1,251,941</b>
<b>Deficit, beginning of period</b>	<b>5,773,204</b>	<b>4,130,132</b>	<b>5,139,937</b>	<b>3,682,333</b>
<b>Deficit, end of period</b>	<b>\$ 5,989,470</b>	<b>\$ 4,934,274</b>	<b>\$ 5,989,470</b>	<b>\$ 4,934,274</b>
<b>Basic and diluted loss</b>				
<b>per share (note 10(e))</b>	<b>\$ 0.004</b>	<b>\$ 0.017</b>	<b>\$ 0.017</b>	<b>\$ 0.034</b>

See accompanying notes.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

	Three months ended		Nine months ended	
	September 30,	October 31,	September 30,	October 31,
	2008	2007	2008	2007
<b>Cash provided by (used in):</b>				
<b>Operating activities</b>				
Loss for the period	\$ (216,266)	\$ (804,142)	\$ (849,533)	\$(1,251,941)
Adjustment for items not affecting cash:				
Amortization	2,024	2,970	6,028	2,970
Stock-based compensation	172,432	658,562	600,200	872,914
	<b>(41,810)</b>	<b>(142,610)</b>	<b>(243,305)</b>	<b>(376,057)</b>
<b>Changes in non-cash working capital items:</b>				
Accrued interest on term deposits	232,626	(67,630)	117,193	(74,630)
Receivables	27,222	(7,875)	19,375	(21,179)
Prepaid expenses	5,025	(1,350)	(1,875)	(6,271)
Accounts payable and accruals	(575,858)	339,868	170,920	570,258
	<b>(352,795)</b>	<b>120,403</b>	<b>62,308</b>	<b>92,121</b>
<b>Investing activities</b>				
Advances to Crosscontinental Uranium Limited	-	45,692	158,634	(107,220)
Purchase of equipment	-	(37,599)	(33,134)	(37,599)
Mineral exploration properties	(285,424)	(264,564)	(1,454,956)	(475,046)
Purchase of term deposit	(3,000,000)	(3,000,000)	(3,000,000)	(8,000,000)
Redemption of term deposit	3,700,000	-	4,000,000	-
	<b>414,576</b>	<b>(3,256,471)</b>	<b>(329,456)</b>	<b>(8,619,865)</b>
<b>Financing activities</b>				
Deferred financing costs	-	-	-	(25,000)
Share issuance costs	-	(3,500)	-	(56,865)
Proceeds on private placement	-	-	-	5,000,000
Proceeds from warrants exercised	-	2,985,558	-	3,972,558
	-	2,982,058	-	8,890,693
<b>Increase (decrease) in cash</b>	<b>61,781</b>	<b>(154,010)</b>	<b>(267,148)</b>	<b>362,949</b>
<b>Cash, beginning of period</b>	<b>354,657</b>	<b>949,741</b>	<b>683,586</b>	<b>432,782</b>
<b>Cash, end of period</b>	<b>\$ 416,438</b>	<b>\$ 795,731</b>	<b>\$ 416,438</b>	<b>\$ 795,731</b>

See accompanying notes.

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

**Notes to the Unaudited Interim Period Consolidated Financial Statements**

**For the nine months ended September 30, 2008**

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**1. NATURE OF OPERATIONS**

On September 7, 2007 the corporation's name was changed from Centram Exploration Ltd. to Pancontinental Uranium Corporation (the "Company") and the Company was continued under the Canada Business Corporations Act. During October 2007, the Company changed its fiscal year-end from April 30 to December 31.

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 has been in the exploration and development stage since inception, as it has not yet established whether its mineral exploration properties contain reserves that are economically recoverable. The recovery of amounts capitalized for mineral exploration properties on the balance sheet is dependent upon the existence of economically recoverable mineral deposits, the ability of the Company to obtain necessary financing to complete the acquisition, exploration and development of the properties, future profitable production and proceeds from the disposition of the properties. To date, there has been no revenue from exploration activities.

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.

**2. BASIS OF PRESENTATION**

These consolidated financial statements are stated in Canadian dollars and have been prepared 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, 2007, with the exception to changes in accounting policies described in Note 3.

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 for the year ended December 31, 2007. 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.

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

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

**Notes to the Unaudited Interim Period Consolidated Financial Statements**

**For the nine months ended September 30, 2008**

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**BASIS OF PRESENTATION (continued)**

As a result of the change in the Company's year end, the comparative periods for the nine months ended September 30, 2008 are: December 31, 2007 for the consolidated balance sheets; and, the three and nine month period ended October 31, 2007 for the consolidated statements of operations and deficit and the consolidated statements of cash flows.

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.

**3. CHANGES IN ACCOUNTING POLICES**

Effective January 1, 2008, the Company adopted the following accounting standards recommended by the Canadian Institute of Chartered Accountants ("CICA"):

**(a) Going Concern (Section 1400)**

This standard was amended to include new requirements relating to the assessment and disclosure of an entity's ability to continue as a going concern. There was no effect on the interim period consolidated financial statements as a result of the adoption of this standard.

**(b) Capital Disclosures (Section 1535)**

This standard specifies the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and, (iv) if it has not complied, the consequences of such non-compliance. Disclosures recommended by this standard are included in Note 5.

**(c) Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)**

These sections replace Section 3761 – Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements and carrying forward unchanged, its presentation requirements for financial instruments. These sections place increased emphasis on disclosures about the nature and extent of risks arising from financial statements and how the entity manages those risks. An entity is required to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from the financial instruments to which the entity is exposed. Disclosures recommended by these standards are included in Note 6.

**PANCONTINENTAL EXPLORATION CORPORATION**  
(An exploration stage company)

**Notes to the Unaudited Interim Period Consolidated Financial Statements**

**For the nine months ended September 30, 2008**

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**4. FUTURE ACCOUNTING CHANGES**

**(a) Goodwill and Intangible Assets (Section 3064)**

The CICA recently issued this new accounting standard which will become effective on January 1, 2009 and establishes revised standards on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This new standard also provides guidance for the treatment of pre-production and start-up costs and requires these costs to be expensed as incurred. Concurrent with the introduction of this new standard, the CICA withdrew EIC27, Revenues and Expenses during the pre-operating period. The Company is currently evaluating the impact of this standard.

**(b) International Financial Reporting Standards (“IFRS”)**

The Canadian Accounting Standards Board confirmed plans to converge GAAP with International Financial Reporting Standards over a transition period expected to be effective for interim and annual periods commencing January 1, 2011. Pancontinental is monitoring CICA plans to make the transition to IFRS. The Company has not yet determined the impact of the transition on its financial reporting.

**5. 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, comprised of common shares and incentive stock options. The Company has not established a quantitative capital structure and reviews its capital management methods and requirements on an ongoing basis and makes adjustments, accordingly.

The Company’s capital consists of cash, term deposits and equity instruments.

There were no changes in the Company’s management of its capital during the three and nine month periods ended September 30, 2008. The Company is not subject to any externally imposed capital requirements.

**6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

**Fair Value**

The carrying value of cash, term deposits, receivables, advances to Crosscontinental and accounts payable and accruals approximates fair value due to the relative short-term maturity of these financial instruments.

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

**Notes to the Unaudited Interim Period Consolidated Financial Statements**

**For the nine months ended September 30, 2008**

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

The Company's financial instruments are classified as follows:

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

**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 Company's financial instruments are exposed to the risks 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 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 majority of its cash and term deposits are on deposit with a Canadian chartered bank and receivables generally consist of the recovery of goods and service taxes from the Canadian government.

**Liquidity Risk**

The Company has no income from operations and relies on 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 current liabilities, though it may be required to raise additional funds to meet its potential future Australian dollar denominated joint venture financial commitments, currently estimated to be \$6,050,000 (approximately CAD\$5,082,000, as at September 30, 2008).

**Currency Risk**

The Company operates in Canada, Australia and Burkina Faso, West Africa, 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 exchanged rates. As at September 30, 2008, the Company had the following foreign denominated balances:

	\$USD	CFA Franc	\$AUD
Cash	31,406	45,169,554	-
Accounts payable and accruals	-	48,892	237,962

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**Notes to the Unaudited Interim Period Consolidated Financial Statements**

**For the nine months ended September 30, 2008**

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

A 10% change in \$USD foreign exchange rates will impact profitability by approximately \$3,300, a 10% change in the CFA Franc will impact profitability by approximately \$10,300 and a 7% change in the \$AUD will impact profitability by approximately \$14,000. A 7% change in \$AUD foreign exchange rates will affect the amount of funds require to meet the Company's potential future joint venture financial commitments by approximately \$355,740.

**Interest Rate Risk**

Excess cash is invested in financial instruments that provide safety and flexibility for early redemption. Term deposits consist of guaranteed investment certificates, which bear interest at fixed rates and 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 percentage (1%) point change in the floating interest rate will affect the profitability of the Company by approximately \$8,000 over a three month period.

**Commodity Price Risk**

The ability of the Company to finance the exploration and development of 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. Sensitivity to price risk is remote since the Company has not established any reserves or production.

**7. MINERAL EXPLORATION PROPERTIES**

	December 31, 2007	Acquisition and Property Costs	Exploration Costs	September 30, 2008
Australia				
Charley Creek	\$ 204,346	\$ 7,958	\$ 652,144	\$ 864,448
Chilling	140,186	98,649	346,914	585,749
Kalabity	202,220	15,401	191,821	409,442
	<b>546,752</b>	<b>122,008</b>	<b>1,190,879</b>	<b>1,859,639</b>
Burkina Faso, W. Africa				
Oursi	-	24,240	-	24,240
Other	40,739	2,311	5,255	48,305
	<b>40,739</b>	<b>26,551</b>	<b>5,255</b>	<b>72,545</b>
	<b>\$ 587,491</b>	<b>\$ 148,559</b>	<b>\$ 1,196,134</b>	<b>\$ 1,932,184</b>

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

**Notes to the Unaudited Interim Period Consolidated Financial Statements**

**For the nine months ended September 30, 2008**

**MINERAL EXPLORATION PROPERTIES (continued)**

	April 30, 2007	Acquisition and Property Costs	Exploration Costs	December 31, 2007
Australia				
Charley Creek	\$ -	\$ 5,498	\$ 198,848	\$ 204,346
Chilling	-	1,634	138,552	140,186
Kalabity	-	26,322	175,898	202,220
	-	33,454	513,298	546,752
Burkina Faso, W. Africa	17,500	16,319	6,920	40,739
	\$ 17,500	\$ 49,773	\$ 520,218	\$ 587,491

**Australia**

On February 8, 2007 the Company formed a joint venture (the "Joint Venture") with Crossland Uranium Mines Limited ("Crossland") to earn a 50% interest in three prospective uranium projects (Charley Creek, Chilling, Kalabity) held by Crossland, in Australia, together with all uranium prospects in Australia that are currently or subsequently available or known to Crossland. During the nine month period ended September 30, 2008, two additional uranium prospects (Crossland Creek, Chilling - Mount Thomas) were added to the Joint Venture. The Company is required to contribute Australian \$8 million over 4 years, with a minimum commitment of Australian \$4 million over 2 years. In order to earn any interest, the Company will be required to contribute the full Australian \$8 million. Upon the Company attaining a 50% interest, all further expenditures will be shared on a proportionate basis. Crossland will act as operator of the Joint Venture. As of September 30, 2008 the Company has expended Australian \$1,999,950.

**Charley Creek**

Crossland has a 100% interest in the Charley Creek project, located in central Australia. The project area encompasses approximately 703 square kilometres.

**Chilling**

Crossland has a 100% interest in the Chilling project, located in the Northern Territory. The project area is contiguous and encompasses approximately 1,892 square kilometres. Crossland has received titles for 1,353 square kilometres of the total area.

**Kalabity**

Crossland can earn a minimum 60% interest in the Kalabity project located in South Australia. The project area encompasses approximately 148 square kilometres.

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

**Notes to the Unaudited Interim Period Consolidated Financial Statements**

**For the nine months ended September 30, 2008**

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**MINERAL EXPLORATION PROPERTIES (continued)**

**Burkina Faso, West Africa**

As part of the Joint Venture, the Company and Crossland established a private Canadian company, Crosscontinental Uranium Limited, which is owned and is to be funded on a 50:50 basis. Crosscontinental conducts exploration and development of uranium prospects worldwide, outside Australia.

As at September 30, 2008, Crosscontinental incurred \$145,090 (December 31, 2007 - \$81,478) in costs related to exploration permits in Burkina Faso, West Africa. Accordingly, the Company's 50% share has been recorded in these financial statements.

**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, is obligated to expend an additional Australian \$100,000. Crosscontinental will forfeit all of its interest in the tenements if the minimum commitment is not satisfied by March 9, 2009. Upon the minimum commitment expenditures being satisfied, Crosscontinental will have earned a 35% interest, which can be increased to 50% by Crosscontinental electing to expend a further Australian \$400,000 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.

**8. ADVANCES TO CROSSCONTINENTAL URANIUM LIMITED**

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

**9. EQUIPMENT**

	Cost	Accumulated Amortization	Net Book Value	
			September 30, 2008	December 31, 2007
Computer	\$ 2,158	\$ 1,047	\$ 1,111	\$ 1,672
Exploration	38,274	8,985	29,289	34,447
Office	2,307	540	1,767	2,076
	<b>\$ 42,739</b>	<b>\$ 10,572</b>	<b>\$ 32,167</b>	<b>\$ 38,195</b>

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

**Notes to the Unaudited Interim Period Consolidated Financial Statements**

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**10. CAPITAL STOCK**

**(a) Authorized**

Unlimited common shares  
Unlimited preferred shares

**(b) Issued**

	<b>Number of shares</b>	<b>Amount</b>
Balance, April 30, 2007	32,330,562	\$ 5,014,755
2007:		
Shares issued by private placement (*)	12,500,000	3,834,000
Warrants exercised (*)	4,975,930	2,985,558
Fair value attributable to warrants exercised (*)	-	928,310
Fair value attributable to warrants expired (*)	-	237,690
Share issuance costs	-	(81,865)
<b>Balance, at December 31, 2007 and September 30, 2008</b>	<b>49,806,492</b>	<b>\$ 12,918,448</b>

(\*) On April 10, 2007, the Company closed in trust, 12,500,000 units at \$0.40 per unit for proceeds of \$5,000,000 pursuant to a non-brokered private placement. These units and funds were held in escrow and were released on June 29, 2007, the date the Company was listed for trading on the TSX Venture Exchange as a Tier 2 mining issuer. Each unit was comprised of one common share and one-half of a common share purchase warrant. Each full warrant entitled the holder to acquire an additional share at a price of \$0.60, expiring April 10, 2009. Pursuant to the terms of each warrant's forced conversion provision, the expiration date of the warrants was accelerated to August 29, 2007, as a result of the share price of the Company's common shares having closed at \$1.00 or more for a period of twenty consecutive trading days, subsequent to June 29, 2007. Of these warrants 4,975,930 were exercised and 1,274,070 expired.

The fair value attributed to the warrants under the Black-Scholes option pricing model was \$1,166,000. The following assumptions were used to estimate the value: expected dividend yield – Nil, expected volatility – 126%, risk-free interest rate – 4% and an expected life of 2 years.

**(c) Stock option plan**

Under the terms of the Company's stock option plan, the Company is authorized to issue up to a maximum of 10% of the issued common shares. All of the options granted expire five years from the date of grant 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 fair value of the options, at the time of grant, is estimated using the Black-Scholes option pricing model.

**PANCONTINENTAL URANIUM CORPORATION**  
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**Notes to the Unaudited Interim Period Consolidated Financial Statements**

**For the nine months ended September 30, 2008**

**CAPITAL STOCK (continued)**

The fair value attributed to the 100,000 stock options granted during the nine month period ended September 30, 2008 was estimated to be \$36,467 using the Black-Scholes option pricing model with the following assumptions:

Dividend yield	-	\$ Nil
Expected volatility	-	132%
Risk free rate of return	-	3.21%
Expected life of the options	-	3 Years

During the three and nine month periods ended September 30, 2008, the Company recognized stock-based compensation expense of \$172,432 (October 31, 2007 - \$658,562) and \$600,200 (October 31, 2007 - \$872,914), respectively. The offsetting credit was charged to contributed surplus.

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

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Balance, April 30, 2007	800,000	\$ 0.19
Options granted	2,950,000	0.74
Balance, December 31, 2007	3,750,000	0.62
Options granted	100,000	0.48
<b>Balance, September 30, 2008</b>	<b>3,850,000</b>	<b>\$ 0.62</b>

In accordance with the terms of the Company's Stock Option Plan, the Company:

- (i) On June 5, 2006, granted 800,000 options to officers and directors of the company. The options were issued at an exercise price of \$0.19.
- (ii) On February 26, 2007, granted 800,000 stock options to two proposed directors and two proposed consultants from Crossland, subject to: the Company graduating to Tier 2 of the TSX Venture Exchange, the two proposed directors being appointed to the Company's board of directors; and, the Company engaging the services of the two consultants. On July 6, 2007 the last of these conditions was satisfied. The options were issued at an exercise price of \$0.50.
- (iii) On September 13, 2007, granted 2,100,000 stock options to directors, officers and consultants of the Company. The options were issued at an exercise price of \$0.82. Due to the resignation of an employee, the expiry date for 150,000 of these options was amended to December 5, 2008.

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**CAPITAL STOCK (continued)**

- (iv) On October 30, 2007, granted 50,000 stock options to an officer of the Company. The options were issued at an exercise price of \$0.95.
- (v) On May 29, 2008, granted 100,000 stock options to an employee of the Company. The options were issued at an exercise price of \$0.48. Due to the subsequent resignation of the employee, the expiry date for these options was amended to December 5, 2008.

The following table summarizes information about the outstanding options:

Expiry Date	Number	Exercise Price	Exercisable	Weighted Average Remaining Contractual Life	Unamortized Stock-based Compensation
December 5, 2008	100,000	\$ 0.48	33,333	0.18	-
December 5, 2008	150,000	0.82	100,000	0.18	2,884
June 4, 2011	800,000	0.19	800,000	2.68	-
February 25, 2012	800,000	0.50	533,333	3.41	22,088
September 12, 2012	1,950,000	0.82	1,300,000	3.95	209,429
October 29, 2012	50,000	0.95	16,667	4.08	8,272
	<u>3,850,000</u>		<u>2,783,333</u>	<u>3.33</u>	<u>242,673</u>

**(d) Warrants**

	Number of Warrants	Weighted Average Price
Balance, at April 30, 2007	-	\$ -
2007:		
Issued by private placement	6,250,000	0.60
Warrants exercised	(4,975,930)	0.60
Warrants expired	(1,274,070)	0.60
<u>Balance, at December 31, 2007 and September 30, 2008</u>	<u>-</u>	<u>\$ -</u>

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

**Notes to the Unaudited Interim Period Consolidated Financial Statements**

**For the nine months ended September 30, 2008**

**CAPITAL STOCK (continued)**

**(e) Supplemental information on weighted average number of shares outstanding:**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30, 2008</b>	<b>October 31, 2007</b>	<b>September 30, 2008</b>	<b>October 31, 2007</b>
<b>Basic</b>	<b>49,806,492</b>	48,323,872	<b>49,806,492</b>	36,763,564
<b>Diluted</b>	<b>50,606,492</b>	51,794,252	<b>50,606,492</b>	42,208,802

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.

**11. CONTRIBUTED SURPLUS**

	<b>September 30, 2008</b>	<b>December 31, 2007</b>
Balance, beginning	<b>\$ 1,115,147</b>	\$ 127,682
Stock-based compensation	<b>600,200</b>	987,465
<b>Balance, ending</b>	<b>\$ 1,715,347</b>	<b>\$ 1,115,147</b>

**12. RELATED PARTY TRANSACTIONS**

During the period ended September 30, 2008, the Company:

- (a) paid management fees of \$31,500 (Oct2007 - \$31,500) for the three month period and \$94,500 (Oct2007 - \$62,000) for the nine month period, to companies controlled by or associated with officers of the Company.
- (b) paid or accrued director consulting fees of \$nil (Oct2007 - \$13,976) for the three month period and \$13,000 (Oct2007 - \$13,796) for the nine month period, to compensate independent directors for time spent on Company activities. This amount is recorded in the consulting account.
- (c) paid or accrued consulting fees of \$6,857 (Oct2007 - \$35,215) for the three month period and \$57,424 (Oct2007 - \$35,215) for the nine month period. The current period fees are payable to a company controlled by a director. The comparative period fees were payable to Crossland for services provided by directors of Crossland prior to July 6, 2007, the date in which the directors became insiders of the Company. These amounts are recorded in the consulting and mineral exploration properties accounts.
- (d) paid or accrued rent of \$4,470 (Oct2007 - \$4,690) for the three month period and \$15,465 (Oct2007 - \$8,890) for the nine month period, to companies related by virtue of common directors.

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

**Notes to the Unaudited Interim Period Consolidated Financial Statements**

**For the nine months ended September 30, 2008**

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**RELATED PARTY TRANSACTIONS (continued)**

- (e) paid or accrued legal costs of \$nil (Oct2007 - \$nil) for the three month period and \$11,202 (Oct2007 - \$nil) for the nine month period, to a law firm in which an officer of the Company is a partner. These amounts are included in the professional fees expense.
- (f) paid legal fees of \$1,434 (Oct2007 - \$2,084) for the three month period and \$3,915 (Oct2007 - \$2,084) for the nine month period, to a company controlled by a director. The comparative period fees relate to services provided by the director prior to July 6, 2007, the date in which the director became an insider of the Company. These amounts are recorded in mineral exploration properties account.
- (g) paid or accrued equipment usage fees of \$1,193 (Oct2007 - \$nil) for the three month period and \$10,274 (Oct2007 - \$nil) for the nine month period to a company controlled by a director. These amounts are recorded in the mineral exploration properties account.
- (h) paid or accrued operator overhead and equipment usage costs for the Joint Venture of \$44,131 (Oct2007 - \$nil) for the three month period and \$442,176 (Oct2007 - \$nil) for the nine month period to a company related by virtue of common directors. This amount is recorded in the mineral exploration properties account.

Included in accounts payable and accruals at September 30, 2008 is \$202,213 (Oct2007 - \$553,670) payable to companies controlled by or associated with directors/officers or companies related by virtue of common directors. This amount includes a payable to Crossland of \$199,888 (Oct2007 - \$536,171).

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.

# **PANCONTINENTAL URANIUM CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (for the nine month period ended September 30, 2008)**

**November 24, 2008**

### **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: audited annual consolidated financial statements and related notes for the eight month period ended, December 31, 2007 and related MD&A dated, April 21, 2008; and, unaudited interim consolidated financial statements and related notes for the nine month period ended, September 30, 2008. 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 audited and unaudited interim 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 include the accounts of its wholly-owned inactive subsidiary Maya Gold Corporation S.A. de C.V., a Honduras company.

This MD&A and the unaudited interim consolidated financial statements and related notes for the nine month period ended, September 30, 2008, 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; non-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 nine month period ended September 30, 2008)**

#### **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 does not earn any production revenue and has no proven reserves.

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. and was previously incorporated under the laws of Alberta. On September 10, 2007, the Company began trading as a Tier 2 issuer on the TSX Venture Exchange, under the trading symbol PUC. During October 2007, the Company changed its fiscal year end from April 30 to December 31.

#### **JOINT VENTURES**

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

###### **Australia**

On February 8, 2007, Pancontinental formed a joint venture (the "Joint Venture") with Crossland to earn a 50% interest in three prospective uranium projects (Charley Creek, Chilling and Kalabity) held by Crossland, in Australia, together with all uranium prospects that are currently or subsequently available to, or known by Crossland. During the nine month period ended, September 30, 2008, two additional uranium prospects (Crossland Creek and Chilling - Mount Thomas) were added to the Joint Venture. The Company is required to contribute Australian \$8 million over four (4) years, with a minimum commitment of Australian \$4 million over two (2) years. To earn any interest in the Joint Venture, the Company is required to contribute the full Australian \$8 million. 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.

Pancontinental expects that expenditures for the remainder of the initial 2 year period will not be sufficient to satisfy the minimum commitment of Australian \$4 million. Crossland has experienced unexpected operating challenges, which has impeded Crossland's ability to conduct exploration activities at originally planned levels. Crossland is now conducting its exploration programs at planned levels. As a result, Pancontinental is in discussions with Crossland to amend the terms of the minimum commitment.

As at the date of the MD&A, Pancontinental has expended AUD\$2,116,757 (CAD\$1,956,823) on the Joint Venture and is required to expend an additional AUD\$1,883,243 (approximately, CAD\$1,507,000) during the first two (2) years. For the four (4) year period, the Company is required to expend a further AUD\$5,883,243 (approximately, CAD\$4,707,000) 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. The Company and Crossland each intend to contribute Australian \$2 million to initially fund Crosscontinental's activities.

As at September 30, 2008, Pancontinental and Crossland have each provided Crosscontinental with advances of \$278,200 (AUD\$300,000). 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 nine month period ended September 30, 2008)**

#### **SOUTHERN CROSS EXPLORATION/LONGREACH OIL**

##### **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 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, is obligated to expend an additional Australian \$100,000. Crosscontinental will forfeit all of its interest in the tenements if the minimum commitment is not satisfied by March 5, 2009. Upon the minimum commitment expenditures being satisfied, Crosscontinental will have earned a 35% interest, which can be increased to 50% by Crosscontinental electing to expend a further Australian \$400,000 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.

#### **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, South Australia and, following the election of a pro-uranium mining State Government, Western Australia, utilising 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

##### **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, and encompassing an area of approximately 1,892 square kilometres, has the potential to host unconformity-related uranium deposits. Crossland has a 100% interest in Chilling and has received titles for 1,353 square kilometres of the total area, including the additional 67 square kilometres of the Mount Thomas exploration license, acquired in early March 2008 from Aldershot Resources. Past exploration in the area has been patchy and isolated, despite several companies' efforts in the area. 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 is in a similar geological setting with high uranium background values and is large enough to include a repetition of the entire corridor.

The Chilling titles cover a significant portion of an arcuate unconformity between Paleoproterozoic (older than 1,850 million years old ("1,850 Ma")) metamorphic basement rocks and less deformed Mesoproterozoic (1,700 Ma

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

or younger) platform sedimentary cover rocks. 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 form the cover rocks, is stratigraphically equivalent in age to the Kombolgie Sandstone in the Alligator Rivers Uranium Field, and the unconformity surface may contain sites for uranium deposition within Chilling. Uranium occurrences are known to outcrop within the project area.

#### **Charley Creek**

The Charley Creek project is located in central Australia, approximately 100 kilometres northwest of Alice Springs in the Northern Territory, and encompasses an area of approximately 703 square kilometres of granted exploration licenses. It is situated on the southern margin of the North Australian Craton. Crossland has a 100% interest in Charley Creek.

The Charley Creek property was selected in 2003 using proprietary targeting methods and has since been expanded to include extensive areas of the radioactive Teapot Granite, as well as drainages and sediment basins downstream of the granite. 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.

Targets in the Charley Creek project area include sediment-hosted uranium deposits, specifically calcrete and redox-related uranium targets, as well as uranium-enriched phases of the Teapot Granite. Past exploration has identified uranium occurrences in the Teapot Granite. The area is also considered prospective for copper, nickel and platinoid deposits. 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.

#### **Kalabity**

The Kalabity project is located in South Australia, 40 kilometres north of Olary and approximately 100 kilometres west of Broken Hill, and encompasses an area of approximately 148 square kilometres. 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 Australian \$500,000 over two years, beginning April 2007. As of September 30, 2008, Crossland has expended approximately AUD\$352,000. A further AUD\$148,000 must be expended prior to April, 2009 for Crossland to earn a 60% interest.

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

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

discovered in 1985 by prospecting, while the first uranium discoveries in the Olary Uranium Field were made at Radium Hill in 1906. The field also includes Crocker Well, Mt. Victoria, Spring Hill, Jagged Rocks, Honeymoon and Gould's Dam deposits, in the district surrounding Kalabity. Outcropping davidite mineralization, similar to ore mined at Radium Hill, has been discovered at the KR4 prospect within the Kalabity exploration license and exploration has identified several targets in the license area.

Targets at Kalabity include granite-related uranium deposits and iron oxide-copper-gold deposits. The Kalabity area was subject to extensive exploration in the past, targeting the KR4 prospect with granite-related davidite mineralization similar to the ore at Radium Hill, with values of up to 4.00% U from surface specimens. The KR4 target and Radium Hill share a number of similarities, including davidite mineralization associated with biotite gangue, and a northeast strike direction.

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.

#### ***Crossland Creek***

The Crossland Creek project is located in the West Kimberley region of Western Australia, 190 kilometres west of Wyndam and 150 kilometres south of Kalumburu, and encompasses an area of approximately 348 square kilometres. Crossland has a 100% interest in two exploration licenses at Crossland Creek. Additionally, another nearby exploration license, Gibb South, having an area of approximately 450 square kilometres and covering an apparently similar setting, is subject to an agreement with Thundelarra Exploration Ltd.

Targets at Crossland Creek include unconformity-related uranium deposits, possibly accompanied by other metals. Though past exploration focused on several other targets, Crossland recognized the promising potential for uranium on the property. The structural geology is similar to the Athabasca Basin in Saskatchewan, Canada and the McArthur Basin in the Northern Territory, Australia.

The Crossland Creek project is situated in the Kimberley Basin, a relatively undeformed Paleoproterozoic sequence of sandstone, siltstone, shale and basalt up to 5,000 metres in thickness. Basaltic rocks of the Carson Volcanics outcrop over much of the project area. This is underlain by the King Leopold Sandstone. The target for a possible source of uranium and other metals is on the basal unconformity of the King Leopold Sandstone. The basement rocks below the King Leopold Sandstone remain unexplored, as no evidence of previous drilling has been found near the prospective area, although uranium occurrences are known in areas where the basement rocks are exposed around the edge of the Kimberley Basin.

The potential for uranium at Crossland Creek was identified by Crossland through the interpretation of results from a recently completed airborne magnetic and radiometric survey. Past exploration at Crossland Creek focused on several targets including uranium, copper, diamonds and bauxite. The property was initially viewed as most prospective for copper, based on copper values from soil and rock sampling discovered from a broad area of alteration which coincided with a magnetic anomaly. This had originally been defined in regional, government-funded surveys and confirmed by Crossland during 2006. The recently completed airborne magnetic and radiometric survey was undertaken by Crossland to provide definition of this anomaly to delineate drill targets. The results identified uranium-channel anomalies along a linear magnetic structure to the east of the original magnetic anomaly.

Crossland has developed the concept that the uranium might originate from leakage along a dyke-filled fault from a deposit on the sandstone unconformity at depth. The source of the magnetic feature is likely to be a basic intrusive that has entered a pre-existing structure. This structure would occupy a setting very similar to structures which

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

host unconformity-related uranium deposits, such as the Athabasca Basin in Saskatchewan and the McArthur Basin in the Northern Territory. These basins are also relatively unfolded and contain younger Proterozoic rocks, with basal sandstone units, which lie over an older more folded basement terrain.

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

##### **Oursi Project**

The Oursi project is located in northeastern Burkina Faso, West Africa. The project consists of two permits granted for uranium exploration named "Tin Dioulaf" and "Agalsa." These permits 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 Oursi tenements.

#### **EXPLORATION ACTIVITIES**

##### **Australia**

##### **Chilling**

A helicopter-assisted reconnaissance of radiometric anomalies revealed in the detailed airborne magnetic and radiometric survey began in April. The survey was completed in December 2007 and covered 18,875 line kilometres. During the first pass reconnaissance, a strategy to follow up each anomaly was developed and implementation of these strategies has been under way, with ground spectrometer surveys now completed on eight of approximately 40 anomalies identified in the survey. A short follow-up air core drill testing of accessible anomalies has commenced.

Diamond drilling at the Chilling project was completed for the 2008 field season on November 10. A total of nine diamond core holes were drilled, for a total of 1,595.7 metres. The diamond drill program in 2008 focused on the Mount Thomas/Marchfly targets acquired from Aldershot Resources earlier in 2008, where high grade intersections had been encountered in previous drill programs by earlier explorers. The Marchfly 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. Processing of the diamond drill core from the Marchfly prospect is now well advanced, and all samples will be submitted to the lab in a batch within the next few weeks. It has consistently been the Joint Venture policy to announce only chemical uranium results. All holes have been probed with gamma ray tools and the results have been used to select sampling intervals.

The agreement with the Land Council representing Aboriginal claimants of the southern part of the Chilling project area has recently been concluded, and it is now expected that ground exploration can commence in 2009. Approximately half of the radiometric anomalies from the Chilling airborne survey fall in this area.

A regional-scale airborne EM survey, sponsored by Geoscience Australia, is under way over the Pine Creek Orogen of which Chilling is a part. Crossland has subscribed to the survey and will fill in with more detailed surveys over large portions of the Chilling Project Area, taking advantage of the low cost of the bulk survey. It is hoped that the data, at least over the Chilling areas, can be gathered this season. When the results are available, the EM survey is expected to provide additional information to Crossland's own detailed magnetics and radiometrics to allow deep targeting beneath the cover sandstone units for buried unconformity style deposits.

##### **Future Plans**

Assay results from drilling at Chilling should be returned before Christmas, and these results will be compiled early in the new year. An update on the results of the diamond core drilling program, along with the plan for the 2009 field season at Chilling can be expected then. The air core drill will continue to test anomalies in the more

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

accessible areas of the project for as long as this can proceed as the frequency of rainfall increases; within the next few weeks the drilling will have to stop due to ground conditions. Further air core target drilling will continue in the 2009 dry season, as will the anomaly follow up ground spectrometer surveys. Both of these techniques, as well as the Airborne EM results, will be used to target additional diamond drill holes in 2009.

#### ***Charley Creek***

The 2008 exploration program at Charley Creek began with an air core drilling program into the shallow sedimentary basin, which was completed in early May. 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 AEM survey completed in August 2007. The objective of this phase of drilling was to probe the extensive sediment accumulations beneath the flats in the Charley Creek project area to determine if they represent a viable target for calcrete or redox-related uranium deposits. The assay results of 1,185 samples submitted for multi-element analysis, are still being processed due to the intensive activity in the Chilling Project in the last few months. A maximum value of 33ppm U was returned from the samples and there are other element concentrations of interest in the results. The results will be the subject of a report when an assessment is complete in early 2009, prior to the commencement of the next phase of air core drilling.

During the quarter, 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 of over 100ppm, 19 were over 300ppm, while three were over 1000ppm, with a maximum of 2530ppm, equivalent to around 6.6lbs of  $U_3O_8$  per metric ton. These results confirm that high chemical values are present in outcrop in association with the surface radiometrics. The prospecting work indicates that the elevated uranium values are associated with a particular phase of the Teapot Granite. In outcrop, widespread visible secondary uranium minerals exist on fracture surfaces. 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. The association with a particular granite phase which outcrops over an area of several kilometres raises the potential for a large uranium deposit. The ground spectrometer survey will continue over anomalous areas identified from airborne work, in parallel with prospecting. Secondary uranium minerals are also present, in particular, a yellow mineral likely autunite. There remain additional anomalies to visit in the prospect. Crossland is preparing to commit substantial resources to this discovery, which has been named the Cockroach Dam Prospect, after a local water point.

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

After the data from the Chilling Project has been finalised and assessed, Charley Creek will once more become the focus of a major part of Crossland's human resources for the summer months. Following a review of the drill results from the air core program, additional holes, targeting the areas identified from the 2008 program, will be drilled. Preparations are under way for this work.

A substantial reconnaissance program will continue at the Cockroach Dam prospect. Application to drill test the outcropping mineralization is also in process. Assuming the necessary permits are received, drilling is scheduled for early 2009 during the wet season in the Australian north.

#### ***Kalabity***

Results from 636 samples from the Kalabity auger drilling program, completed in March, were received in August. These samples are 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. 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 setting, the Tabita prospect represents a different style of mineralisation to the Davidite style that is common to the region and present at the KR4 prospect. Elevated values are much more persistent at Tabita.

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

#### Future Plans

Further work is warranted at Tabita to see if values increase at depth or laterally. This will be done in early 2009 using a more powerful air core rig. Anomalous results have been returned from much more widespread areas at Tabita than have been found at KR4. Deeper drilling in early 2009 is intended to identify the source of the mineralization and provide a better understanding of the nature and extent of the Tabita prospect.

#### **Crossland Creek**

A new State Government which is supportive of uranium mine development has been elected in Western Australia. This has resulted in increased uranium activity in the region. Crossland plans to take a more aggressive approach to exploration at Crossland Creek with reasonable expectations that development of any discoveries should proceed smoothly.

An airborne radiometric and magnetic survey of an exploration licence, subject to an agreement with Thundelarra Minerals Ltd on an area known as Gibb South and considered an addition to the Crossland Creek project, was completed in August. The results revealed several clear uranium channel anomalies that warrant follow up. This, and additional work at the central Crossland Creek ELs, was postponed during the summer while exploration focussed on the Chilling project.

#### Future Plans

It is intended to follow up on anomalies revealed in the Gibb South survey this year. Further work including drilling of the Crossland Creek anomalies will be scheduled for next June.

#### **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, Africa's leading uranium producing nation.

Crosscontinental has also entered into an interest – earning Joint Venture with Southern Cross Exploration Ltd and Longreach Oil NL on the Oursi Project, in the north east of Burkina Faso.

#### **Oursi Project**

An aerial inspection of the property was completed in June 2008 and a detailed airborne geophysical survey was completed in October 2008. Results are pending. Follow up work is expected to be performed to meet the minimum commitment of \$AUD100,000.

#### Future Plans

Apart from interpretation of these results and any follow up this might lead to, other activities in Burkina Faso must await processing of the outstanding permit applications.

#### **Qualified Person**

Geoffrey Eupene, B.Sc(Hons), FAusIMM, CP(Geo), 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**

Exploration expenditures totalled \$285,424 for the three month period ended September 30, 2008. During the current quarter, \$284,851 was expended on the Joint Venture in Australia and \$573 on exploration activities in Burkina Faso, West Africa. For the nine month period ended September 30, 2008, expenditures incurred were

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

\$1,344,693 consisting of \$1,312,887 on the Joint Venture in Australia and \$31,806 on exploration activities in Burkina Faso, West Africa.

Pursuant to the Joint Venture, Crossland is entitled to charge operator costs comprised of a portion of its overhead and equipment usage costs. Operator costs for the current three month period were \$44,131 and operator costs since inception of the Joint Venture and recorded in the nine month period, ended September 30, 2008, were \$442,176. For further information with respect to the components of mineral exploration properties, please refer to Schedule "A".

#### **RESULTS OF OPERATIONS**

For further information with respect to the components of expenses and other items, please refer to the Statement of Operations and Deficit included in Pancontinental's unaudited interim consolidated financial statements for the three and nine month periods ended September 30, 2008.

#### ***Three month period***

For the current quarter, Pancontinental's operations primarily revolved around exploration activities in Australia. Expenses represent typical overheads to support the Company's current operations. During the comparable quarter, expenses were impacted by the Company incurring increased costs pursuant to the establishment of the Joint Venture, marketing of the Company, the Company's Annual and Special Meeting ("ASM") and grant of 2,150,000 stock options.

As a result of Pancontinental changing its fiscal year end, the comparative period for the current quarter is the three month period ended October 31, 2007 ("Oct2007F"). The net loss for the three month period, ended September 30, 2008, was \$216,266 compared to a net loss of \$804,142 for the comparable quarter. Expenses experienced a significant decrease (\$258,772 – 2008F vs \$870,449 – Oct2007F).

The primary factors contributing to the variance in the loss between quarters were:

- a decrease in stock-based compensation (\$172,432 - 2008F vs \$658,562 – Oct2007F) due to the amortization of a diminishing fair value balance attributable to 3,850,000 incentive stock options granted in prior periods.
  - \$nil (\$29,716 – Oct2007F) represents the fair value attributable to 800,000 options granted on June 5, 2006.
  - \$13,730 (\$47,834 – Oct2007F) represents the fair value attributable to 800,000 options granted on February 26, 2007.
  - \$155,338 (\$567,631 – Oct2007F) represents the fair value attributable to 2,100,000 options granted on September 13, 2007.
  - \$4,963 (\$13,381 – Oct2007F) represents the fair value attributable to 50,000 options granted on October 30, 2007.
  - (\$1,599) represents a decrease in fair value attributable to 100,000 options granted on May 29, 2008 due to the expiry date of the options being subsequently amended to December 5, 2008.
- a decrease in shareholder relations and promotion costs (\$4,981 – 2008F vs \$84,608 – Oct2007F) as the Company supported its marketing efforts internally and did not participate in industry trade shows or advertise.
- a decrease in consulting fees (\$1,114 – 2008F vs \$53,011 – Oct2007F) as the Company's has developed an operating framework to support its current level of activities and reduced its reliance on the use of consulting services from its independent directors.
- an increase in salaries and benefits (\$18,768 – 2008F vs \$nil – Oct2007F) as personnel was added to support the growth in corporate activity at the Company's North Vancouver, BC and former Toronto, ON, offices.

## **Pancontinental Uranium Corporation**

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- a decrease in travel costs (\$4,338 – 2008F vs \$11,723 – Oct2007F) due to a reduction for the Company's Australian directors to attend the Company's ASM.
- a decrease in interest income (\$30,955 – 2008F vs \$71,553 – Oct2007F) as the amount of funds available for investing and interest rates declined.

#### ***Nine month period***

During the nine month period, Pancontinental operated as an active exploration entity, focused on exploring the Joint Venture properties and developing Crosscontinental. During the comparable nine month period, ended October 31, 2007, the Company was partially inactive (previously, the Company was a listed issuer on the NEX board of the TSX Venture Exchange) and on June 29, 2007 completed a number of transactions that resulted in advancing the Company to its current status.

The net loss for the nine month period, ended September 30, 2008, was \$849,533 compared to a net loss of \$1,251,941 for the comparable nine month period ended October 31, 2007. Expenses decreased (\$1,007,566 – 2008F vs \$1,360,950 – Oct2007F).

The primary factors contributing to the variance in the net loss between the nine month periods and not primarily attributable to activities during the current three month period were:

- a decrease in stock-based compensation (\$600,200 - 2008F vs \$872,914 – Oct2007F) primarily due to the amortization of a diminishing fair value balance of 3,750,000 stock options granted in prior years.
  - \$588,045 (\$872,914 – Oct2007F) represents the fair value attributable to 3,750,000 options granted prior to October 31, 2007.
  - \$12,155 represents the fair value attributable to 100,000 options granted subsequent to October 31, 2007.
- a decrease in professional fees (\$29,142 – 2008F vs \$176,352 – Oct2007F) as the Company is now operating in a normalized environment and its need for legal counsel has subsided. During the comparative period, the Company's legal costs increased significantly as the Company was transitioned from an inactive company and was reorganized and refinanced.
- an increase in salaries and benefits (\$55,084 – 2008F vs \$nil – Oct2007F) as personnel was added to support the growth in corporate activity at the Company's North Vancouver, BC and former Toronto, ON, offices.
- an increase in management compensation (\$94,500 – 2008F vs \$62,500 – Oct2007F), please refer to the Related Party Transactions section for further details.
- a decrease in consulting fees (\$26,185 – 2008F vs \$53,011 – Oct2007F) as the Company, from time to time, continued to use the services of its independent directors for non-exploration corporate activities and to evaluate and develop opportunities for Crosscontinental (please refer to the Related Party Transactions section for further details). During the comparative period, the Company incurred additional costs due to the establishment of the Joint Venture.
- a decrease in shareholder relations and promotion costs (\$100,679 – 2008F vs \$122,843 – Oct2007F) as the Company participated in fewer industry trade shows and as a result, incurred lower registration, travel and advertising costs. This account also includes costs for the operation and development of the Company's web site and the Company's ASM.
- an increase in travel costs (\$53,148 – 2008F vs \$31,353 – Oct2007F) as a result of Crosscontinental activities in Burkina Faso, West Africa and the attendance of the Company's Australian directors and a Crossland officer at the Company's recent ASM.
- an increase in rent costs (\$15,113 – 2008F vs \$8,496 – Oct2007F) as the Company maintained office premises in North Vancouver, BC and in Toronto, ON (please refer to the Related Party Transaction section for further details).
- an increase in interest income (\$159,850 – 2008F vs \$120,699 – Oct2007F) as the amount of funds available for investing over the full duration of the nine month period was significantly higher.

## Pancontinental Uranium Corporation

### Management's Discussion & Analysis (for the nine month period ended September 30, 2008)

		Revenue	Loss before other items	Other items	Net loss	Net loss per share
		\$	\$	\$	\$	\$
<u>Fiscal 2008</u>						
Q3	September 30, 2008	-	(258,772)	42,506	(216,266)	(0.004)
Q2	June 30, 2008	-	(392,528)	42,297	(350,231)	(0.007)
Q1	March 31, 2008	-	(356,266)	73,230	(283,036)	(0.006)
<u>Transition Year</u>						
2 mths	December 31, 2007	-	(272,364)	66,701	(205,663)	(0.004)
Q2	October 31, 2007	-	(870,449)	66,307	(804,142)	(0.017)
Q1	July 31, 2007	-	(320,131)	41,998	(278,133)	(0.008)
<u>Fiscal 2007</u>						
Q4	April 30, 2007	-	(170,370)	704	(169,666)	(0.007)
Q3	January 31, 2007	-	(17,160)	2,995	(14,165)	(0.001)

For fiscal 2008, Pancontinental was an active exploration company. Variances in losses in each period were primarily influenced by the amount of: stock-based compensation recognized; shareholder relations and promotion activities undertaken to market the Company, including holding its annual and special meeting of shareholders in Q2; 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; and lower interest income, as the amount of funds available for investing continued to decrease.

During the eight month period ended December 31, 2007 (the "Transition Year") Pancontinental evolved into an active exploration company and incurred a substantial increase in expenditures. Variances in losses in each period were primarily influenced by the amount of: stock-based compensation recognized as the Company granted 2,950,000 incentive stock options during the eight month period; shareholder relations and promotion activities undertaken to market the Company, including holding its ASM in Q1; and, professional fees attributable to increased legal costs as the Company completed a number of reorganization and refinancing transactions and the incurrence of audit costs in the 2 month period, as a result of the new fiscal year end. The loss for Q2 was also influenced by consulting fees related to independent director services. The increase in "other items" in each of the periods is attributable to interest income earned on higher levels of invested cash.

For fiscal 2007, Pancontinental was an inactive exploration company. The primary factors causing significant variances in losses between the quarters occurred in Q4, due to the recognition of stock-based compensation of \$38,059 related to the grant of 800,000 stock options, as well as a significant increase in professional fees of \$103,610 attributable to the Joint Venture, the Company's efforts to graduate to the TSX Venture Exchange as a Tier 2 issuer, a change in auditors and organization of the Company's ASM.

#### 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 ability to obtain the necessary financing to meet its obligations and pay its liabilities.

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

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**

##### **Three month period**

Cash flows used in operating activities for the current three month period were \$352,795 compared to \$120,403 provided in the comparable three month period ended, October 31, 2007. Cash flows consumed by operations before changes in non-cash working capital were \$41,810 (\$142,610 – Oct2007F). The decrease in the amount of cash consumed by operations was the result of lower overheads. Significant changes in non-cash working capital items included: a decrease in accrued interest of \$232,626 on term deposits, as interest was received on maturity or redemption of its guaranteed investment certificates ("GIC's); and, a decrease in cash of \$575,858 which was used to reduce accounts payable and accruals, as amounts payable to Crossland decreased significantly.

Cash flows provided by investing activities for the current quarter were \$414,576 compared to \$3,256,471 used during the comparable quarter ended October 31, 2007. Pancontinental used cash of \$285,424 to fund mineral exploration properties expenditures. Cash of \$3,700,000 was provided from the redemption of term deposits and cash of \$3,000,000 was used to reinvest in a term deposit

Cash flows provided from financing activities for the current quarter were \$nil compared to \$2,982,058 provided during the comparable quarter ended October 31, 2007.

For the three month period ended September 30 2008, these activities resulted in increasing Pancontinental's cash balance by \$61,781, compared to a decrease of \$154,010 for the three month period ended October 31, 2007.

##### **Nine month period**

Cash flows provided from operating activities for the nine month period were \$62,308 compared to \$92,121 provided in the comparable nine month period ended October 31, 2007. Cash flows consumed by operations before changes in non-cash working capital were \$243,305 (\$376,057 – Oct2007F). The decrease in the amount of cash consumed by operations was the result of the Company benefiting from higher interest income and lower overheads. Significant changes in non-cash working capital items included: a decrease in accrued interest of \$117,193 on term deposits, as interest was received on maturity or redemption of its GIC's; and, a decrease in cash of \$170,920 which was provided from accounts payable and accruals as amounts payable to Crossland increased.

Cash flows used by investing activities for the current quarter were \$329,456 compared to \$8,619,865 used during the comparable quarter ended October 31, 2007. Crosscontinental repaid advances of \$158,634. Pancontinental used cash of \$1,454,956 to fund mineral exploration properties expenditures and paid \$33,134 for equipment acquired in the prior fiscal year. Cash of \$4,000,000 was provided from the redemption of term deposits and cash of \$3,000,000 was used to reinvest in a term deposit.

Cash flows provided from financing activities for the nine month period were \$nil compared to \$8,890,693 provided during the comparable nine month period ended October 31, 2007.

For the nine month period ended September 30, 2008, these activities resulted in decreasing Pancontinental's cash balance by \$267,148, compared to an increase of \$362,949 for the nine month period ended October 31, 2007.

As at September 30, 2008, Pancontinental had cash of \$416,438 (\$795,731 – Oct2007F). Cash of \$313,451 was held on deposit with a Canadian chartered bank and cash of \$102,987 represents Pancontinental's portion of the \$205,973 of cash held in Burkina Faso, West Africa.

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

Pancontinental has \$6,500,000 invested in two guaranteed investment certificates, held with a Canadian chartered bank. The Company can draw down on the GIC's, at any time, prior to maturity. The GIC's are scheduled to mature in July and September, 2009. Interest is paid on maturity or on redemption. Accrued interest, as at September 30, 2008, was \$4,628. The Company has no investments in asset-backed commercial paper.

Pancontinental's consolidated working capital, as at September 30, 2008, was \$6,679,974. Since December 31, 2007 working capital decreased by \$1,429,364. The decrease is primarily related to the deployment of capital to fund the mineral exploration properties expenditures. As at September 30, 2008, the Company is required to expend an additional AUD\$6,050,000 (approximately CAD\$5,082,000) to earn its interest in the two joint ventures.

For the balance of fiscal 2008, Pancontinental anticipates that it will use its cash resources: to fund its Joint Venture expenditures; to make further contributions to Crosscontinental; and, for general corporate expenditures. In the current credit constrained environment, the Company intends to manage its cash resources prudently and believes that its cash resources are sufficient to meet its expenditures for the current and coming year. The Company anticipates that its cash operating expenses, in the aggregate, will experience a moderate decrease during the current fiscal year.

Pancontinental anticipates that in future years it may need to raise additional capital to earn its interest in the Joint Venture and to achieve its overall objectives.

#### **SHARE CAPITAL**

##### ***Common shares***

As at September 30, 2008, Pancontinental had 49,806,492 common shares outstanding. There was no common share financing activity during the period.

##### ***Options***

As of the date of this MD&A, Pancontinental has 3,850,000 incentive stock options outstanding of which 2,783,333 are exercisable. If all of the exercisable stock options were to be exercised, the Company would receive proceeds of \$1,598,500. Currently, none of the exercisable options are "in the money".

On May 29, 2008, Pancontinental granted 100,000 stock options to an employee of the Company. The stock options were issued at an exercise price of \$0.48. The fair value attributed to the stock options was estimated to be \$36,467. Subsequent to the date of grant, the employee resigned and the expiry date for these options and 150,000 additional options, granted to the employee on September 13, 2007, was amended to December 5, 2008.

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 10 and 11 of the unaudited interim consolidated financial statements for the nine month period ended September 30, 2008.

#### **RELATED PARTY TRANSACTIONS**

Management fees of \$10,500 (\$10,500 – Oct2007F) for the current three month period and \$31,500 (\$24,000 – Oct2007F) for the nine month period were paid or became payable to RJM & Associates, a company controlled by

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

the Company's President and Chief Executive Officer, Mr. Richard Mark. Management fees of \$21,000 (\$21,000 – Oct2007F) for the current three month period and \$63,000 (\$38,000 – Oct2007F) for the nine month period were paid or became payable 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 \$3,500 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.

Pancontinental has a policy to compensate independent directors for their time spent on pre-approved company activities at a per diem of \$1,000 (the "Director Consulting Fees") and to reimburse directors for out of pocket expenses. Director Consulting Fees of \$nil (\$5,500 – Oct2007F) for the current three month period and \$13,000 (\$5,500 – Oct2007F) for the nine month period were paid for services rendered by Company and Crossland director, Mr. Peter Walker. Director Consulting Fees of \$nil (\$8,296 – Oct2007F) for the current three month period and \$nil (\$8,296 – Oct2007F) for the nine month period were paid for services rendered by Company and Crossland director, Mr. Geoff Eupene. The Director Consulting Fees are recorded in the consulting account.

The mineral exploration properties account includes the reimbursement to Crossland of \$1,434 (\$2,084 – Oct2007F) for the three month period and \$3,915 (\$2,084 – Oct2007F) for the nine month period for legal services provided to the Joint Venture by Mr. Walker. The comparative period fees relate to services provided by the director prior to July 6, 2007, the date in which Mr. Walker became a director of the Company.

Eupene Exploration Enterprises Pty. Ltd. ("Eupene Exploration"), a company controlled Mr. Eupene, purchases supplies, employs personnel, 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. These costs are recorded in the mineral exploration properties account, unless otherwise noted. The Company paid Crossland for:

- consulting fees for services rendered by Mr. Eupene of \$6,857 (\$nil – Oct2007F) for the current three month period and \$57,424 (\$nil – Oct2007F) for the nine month period. Of this amount, Mr. Eupene was paid \$7,185 to manage the evaluation and development of opportunities for Crosscontinental and accordingly, this amount is recorded in the consulting fees account.
- field and geological/technical consulting fees, exclusive of Mr. Eupene's services, of \$nil (\$27,675 – Oct2007F) for the current three month period and \$51,522 (\$50,400 – Oct2007F) for the nine month period. These fees relate to the exploration of the Joint Venture properties.
- equipment usage fees of \$1,193 (\$nil – Oct2007F) for the current three month period and \$10,274 (\$nil – Oct2007F) for the nine month period. These fees relate to the exploration of the Joint Venture properties.

Crossland, a company related by virtue of common directors, is entitled to charge operator costs comprised of a portion of its overhead and equipment usage costs pursuant to the Joint Venture. Operator costs for the current three month period were \$44,131 (\$nil – Oct2007F) and \$442,176 (\$nil – Oct2007F) for the nine month period. Operator costs since inception of the Joint Venture are reflected in the current nine month period totals.

Pancontinental subleases its office premises in Toronto, Ontario from Equinox Minerals Limited ("Equinox") at twenty percent (20%) of Equinox's cost (approximately \$1,100 per month). For the current quarter, the Company paid or accrued rent of \$2,225 (\$2,196 – Oct2007F) and \$8,813 (\$2,196 – Oct2007F) for the nine month period. Mr. David Mosher, a director of the Company is also a director of Equinox. In September, 2008, the Company vacated these premises. The term of the sublease was monthly.

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Pancontinental subleases its office premises in 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 (\$2,100 – Oct2007F) and \$6,300 (\$6,300 – Oct2007F) for the nine month period. The Company's President and Chief Executive Officer, Mr. Mark, also acts as Chief Executive Officer for VMS. The term of the sublease expires on April 30, 2009 and may be terminated by either the Company or VMS, upon 30 days written notice.

Crosscontinental subleases its field office premises in Burkina Faso, West Africa from a subsidiary of High River Gold Mines Ltd. ("High River") at a nominal cost. Mr. Mosher and Mr. Donald Whalen, directors of Pancontinental and Crosscontinental, are also directors or officers of High River. The term of the sublease is for one year and may be terminated by either party. Crosscontinental accrued or paid rent costs of \$290 (\$394 – Oct2007F) for the current three month period and \$705 (\$394 – Oct2007F) for the nine month period. Fifty-percent (50%) of these costs are recorded in the mineral exploration properties account.

Mr. David Poynton is the assistant corporate secretary of Pancontinental. Mr. Poynton is also a partner at the law firm, Cassels Brock & Blackwell LLP ("Cassels"), the Company's legal counsel. Legal costs incurred by the Company in relation to Cassels' services amounted to \$nil (\$nil – Oct2007F) for the current three month period and \$11,202 (Oct2007F) for the nine month period.

Included in accounts payable and accruals at September 30, 2008 is \$202,213 (\$553,670 – Oct2007F) 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 \$199,888 (\$536,171 – Oct2007F) for mineral exploration costs.

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 the 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 from the mid-1980s until very recently. The recent election of pro-uranium development governments in Australia is expected to result 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. All projects, except Kalabity in South Australia, have received only sparse exploration activity, and little of this has been focused on specific deposit styles.

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. 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.

Even though the world oil price has declined significantly, Pancontinental believes that the demand for uranium is likely to continue and increase as the world copes with the issues of sustainable energy usage and greenhouse gas

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

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.

Pancontinental is well positioned to survive the current economic crisis and benefit by taking advantage of new opportunities due to its strong cash position. During this period of economic uncertainty, the Company and Crossland intend to manage their cash resources prudently.

#### **PROPOSED TRANSACTIONS**

Pancontinental, from time to time, reviews potential acquisitions, financings, investments and joint venture opportunities. At the current time, there are no reportable proposed transactions.

#### **CRITICAL ACCOUNTING ESTIMATES**

The significant areas requiring the use of estimates and assumptions include the carrying value of mineral exploration properties, advances to Crosscontinental and stock-based compensation. On a quarterly basis, Pancontinental's Board of Directors considers whether events or changes in circumstances related to the mineral exploration properties and funds advanced to Crosscontinental indicate that the carrying value may not be recoverable. The Company bases its estimates on historical experience, future expectations and on various other assumptions that the Company believes to be reasonable. Actual results could differ from these estimates.

#### **CHANGE IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

On January 1, 2008, Pancontinental adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"). The adoption of these standards had no impact on the Company's financial statements.

#### **Going Concern - Section 1400**

This standard was amended to include new requirements relating to the assessment and disclosure of an entity's ability to continue as a going concern.

#### **Capital Disclosures – Section 1535**

This standard establishes qualitative and quantitative disclosure requirements relating to an entity's objectives, policies and processes for managing capital. Section 1535 specifies the disclosure of: (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and, (iv) if it has not complied, the consequences of such non-compliance.

#### **Financial Instruments – Disclosure (Section 3862) and Presentation (Section 3863)**

These sections replace Section 3761 – Financial Instruments – Disclosure and Presentation, revising and enhancing disclosure requirements and carrying forward its presentation requirements for financial instruments. These sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. An entity is required to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate: (a) the significance of financial

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from the financial instruments to which the entity is exposed.

#### **FUTURE ACCOUNTING CHANGES**

- The CICA recently issued the following new accounting standard which will become effective for Pancontinental's fiscal year beginning, January 1, 2009:
  - Section 3064, Goodwill and Intangible Assets, establishes revised standards on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This new standard also provides guidance for the treatment of pre-production and start-up costs and requires these costs to be expensed as incurred. Concurrent with the introduction of this new standard, the CICA withdrew EIC27, Revenues and Expenses during the pre-operating period. The Company is currently evaluating the impact of this standard.
- The Canadian Accounting Standards Board confirmed plans to converge GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to be effective for interim and annual periods commencing January 1, 2011. Pancontinental is monitoring CICA plans to make the transition to IFRS. The Company has not yet determined the impact of the transition on its financial reporting.

#### **FINANCIAL INSTRUMENTS**

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

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

Management believes Pancontinental is not exposed to significant interest, currency or credit risks arising from these financial instruments. The Company has not entered into any specialized financial agreements to minimize its investment, currency or credit risks. There are no off-balance sheet arrangements.

##### ***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 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 denominated commitments and payables, United States dollar holdings and Crosscontinental's Central African franc holdings and payables are exposed to fluctuations in foreign exchange rates. Approximately 33% of the Company's cash is held in United States dollars (8%) and in Central African francs (25%) and approximately 79% of accounts payables and accruals are denominated in Australian dollars. Due to favourable changes in foreign exchange rates, the Company recorded a foreign exchange gain of \$11,551 (\$5,246 loss - Oct2007F) for the three month period and due to unfavourable changes in foreign exchange rates the Company recorded a foreign exchange loss of \$1,819 (\$11,690 - Oct2007F) for the nine month period.

#### **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. Investment in the mining sector in general and the exploration sector, in particular, involves a great deal of risk and uncertainty and Pancontinental's common shares

## **Pancontinental Uranium Corporation**

### **Management's Discussion & Analysis (for the nine month period ended September 30, 2008)**

should be considered as a highly speculative investment. Current and potential investors should give special consideration to the risk factors involved.

There is no assurance that economic mineral deposits will be discovered, and in fact, most companies are unsuccessful due to the low probability of discovering an economic deposit. Once a potentially economic deposit is identified, 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. Many of these risks are beyond the Company's control.

#### ***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.

#### ***Financing 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. There is no assurance that the Company will be able to raise the capital required to fund the Company's activities or opportunities.

## **Pancontinental Uranium Corporation**

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

The Company'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 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, 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"**

	<b>MINERAL EXPLORATION PROPERTIES</b>							As at Sept. 30, 2008
	Australia				Burkina Faso, West Africa,			
	Charley Creek	Chilling	Kalabity	Total	Oursi	Other	Total	
<b><u>Acquisition and property costs</u></b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, December 31, 2007	5,498	1,634	26,322	33,454	-	33,819	33,819	67,273
Acquisition costs	-	68,850	-	68,850	24,240	-	24,240	93,090
Land access and sacred sites	5,426	-	14,535	19,961	-	-	-	19,961
Permits and tenements	2,532	29,799	866	33,197	-	2,311	2,311	35,508
	7,958	98,649	15,401	122,008	24,240	2,311	26,551	148,559
Balance, September 30, 2008	13,456	100,283	41,723	155,462	24,240	36,130	60,370	215,832
<b><u>Exploration costs</u></b>								
Balance, December 31, 2007	198,848	138,552	175,898	513,298	-	6,920	6,920	520,218
Assays, laboratory, metallurgy	36,200	2,780	1,048	40,028	-	-	-	40,028
Drilling	95,335	13,908	20,347	129,590	-	-	-	129,590
Equipment	11,620	17,556	-	29,176	-	-	-	29,176
Field consulting and wages	43,162	14,966	3,961	62,089	-	-	-	62,089
Field expenses and consumables	40,924	34,925	16,276	92,125	-	-	-	92,125
Field office and administration	15,587	4,155	756	20,498	-	5,255	5,255	25,753
Geological and technical consulting	80,960	33,507	38,904	153,371	-	-	-	153,371
Geophysics and surveys	108,753	100,793	-	209,546	-	-	-	209,546
Operator costs *	214,955	123,559	103,662	442,176	-	-	-	442,176
Travel	4,648	765	6,867	12,280	-	-	-	12,280
	652,144	346,914	191,821	1,190,879	-	5,255	5,255	1,196,134
Balance, September 30, 2008	850,992	485,466	367,719	1,704,177	-	12,175	12,175	1,716,352
<b>Total</b>	<b>864,448</b>	<b>585,749</b>	<b>409,442</b>	<b>1,859,639</b>	<b>24,240</b>	<b>48,305</b>	<b>72,545</b>	<b>1,932,184</b>

\* Operator costs consist of Crossland overheads and equipment usage fees from inception of the Joint Venture. These costs were recorded in the during the current nine month period.