



**MANAGEMENT'S  
DISCUSSION AND ANALYSIS  
FOR THE  
SIX MONTHS ENDED SEPTEMBER 30, 2022**

Dated: November 23, 2022  
(All amounts expressed in Canadian dollars unless otherwise indicated)

## **GENERAL**

Pacific Empire Minerals Corp. (the "Company" or "PEMC") is a Vancouver based mineral exploration company whose principal business is the acquisition and exploration of copper-gold porphyry mineral exploration properties, with a focus on British Columbia, Canada. The Company is a reporting issuer in British Columbia, Alberta and Ontario, and trades on the TSX Venture Exchange ("TSX-V") as a Tier 2 issuer under the symbol PEMC.

The following Management Discussion and Analysis ("MD&A") of the Company's financial position and results of operations has been prepared by management in accordance with the requirements of National Instrument 51-102. The following information is prepared as at November 23, 2022 unless otherwise stated, supplements, but does not form part of the unaudited condensed interim financial statements of the Company for the six months ended September 30, 2022. This MD&A should be read in conjunction with the unaudited condensed interim financial statements and related notes for the six months ended September 30, 2022, and the audited financial statements and related notes for the year ended March 31, 2022.

The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts are expressed in Canadian dollars except where noted.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures, and internal controls to ensure that information used internally or disclosed externally, including the MD&A, is complete and reliable.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://www.pemcorp.ca).

Thomas Hawkins, P.Geo, is the Company's Qualified Person as defined by National Instrument 43-101 and is responsible for the accuracy of the technical information in this MD&A and has approved its written disclosure.

## **FORWARD LOOKING STATEMENTS**

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Forward-looking statements are statements that are not historical facts, and include, but are not limited to: a) estimates and their underlying assumptions; b) statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, capital raising initiatives, the impact of regulatory initiatives on the Company's operations, and market opportunities; c) general industry and macroeconomic performance and growth rates; d) expectations related to possible business opportunities, joint or strategic ventures; and e) statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to: a) unavailability of financing; b) failure to identify commercially viable mineral reserves; c) fluctuations in the market valuation for

commodities; d) difficulties in obtaining required approvals for the development of a mineral project; and e) other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities law.

## **DESCRIPTION OF BUSINESS**

The Company is a mineral exploration company whose principal business is the acquisition and exploration of mineral exploration properties, with a focus in British Columbia, Canada.

The Company's material property is the 12,610 hectare Jean Marie Project located in the Omineca Mining Division of British Columbia. The Jean Marie Project consists of certain mineral claims whereby PEMC has the right to earn a 100% interest. In addition to the Jean Marie Project, the Company has interests in 7 other mineral properties in British Columbia.

The Company also pursues Joint Venture arrangements, whereby projects that are not the current focus for the Company are available for option by arms-length companies in order to advance exploration while eliminating the Company's expenditures. Currently, the Pinnacle property is under an option agreement with 1111 Exploration Corp.

To date, equity financings have provided the main source of financing. The recovery of the Company's investment in its mineral properties will be dependent upon the execution of earn-in agreements with incumbent partners, assuming there are monetary or equity payments issued, or the discovery of economically recoverable mineral reserves and the ability to raise sufficient capital to finance these operations. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters.

## **OVERALL PERFORMANCE**

The Company was incorporated on July 13, 2012, and commenced business at that time. The Company is a mineral exploration company focused on the discovery of gold-enriched copper deposits in British Columbia. Since 2012, the Company has (i) entered into a total of 5 agreements (4 of which have since been terminated) as the property optionor in an attempt to advance through partner-funded exploration programs mineral properties with various mineral targets (ii) entered into option agreements for the right to acquire an interest in 7 properties (iii) sold its 50% interest in the Stars property in exchange for cash and royalty interests, and (iv) acquired an equity interest in a royalty generating entity through the sale of royalty interests on four projects.

## **KEY EVENTS AND EXPLORATION REVIEW FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022**

**FINANCIAL SUMMARY:** During the three months ended September 30, 2022 ("Q2 2023"), the Company recorded a comprehensive loss of \$257,557 compared to a comprehensive income of \$13,542 for the three months ended September 30, 2021 ("Q2 2022"). This was comprised of net exploration

expenditures of \$143,108 (Q2 2022 - \$188,654) after recoveries, including accruals for the BC Minerals Exploration Tax credit, \$155,946 (Q2 2022 - \$226,027) of general and administration expenditures, of which \$Nil (Q2 2022 - \$27,273) related to share-based compensation, and a gain of \$41,497 (Q2 2022 – gain of \$428,233) in other items.

**Pinnacle Property:** During the three months ended September 30, 2022, the Company and 1111 Exploration Corp. (“Eleven”) revised the terms of the option agreement on the Company’s Pinnacle property. Under the revised option terms, Eleven may earn a 70% interest in Pinnacle by completing \$3,000,000 in exploration expenditures on the project, paying PEMC an aggregate of \$460,000 in cash payments (\$75,000 paid), and issuing 3,800,000 common shares (500,000 issued) to PEMC by August 2026. Following the exercise of the Option, PEMC will retain a 30% free-carried interest in the Project until the date that Eleven publishes a NI 43-101 compliant Pre-Feasibility Study (“PFS”) on the Project. Following completion of the PFS, PEMC and Eleven will form a joint venture with Eleven holding a 70% initial interest and PEMC holding a 30% initial interest.

## **EXPLORATION REVIEW FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 and SUBSEQUENTLY**

### *Jean Marie Property*

In June of 2022, the Company completed 700 metres of diamond drilling at Jean Marie. The diamond drilling consisted of 2 holes at the highest-ranking target area, Target 1. Diamond drilling was carried out by Atlas Drilling of Kamloops British Columbia. Support crew consisted of a core cutter and core logger. Accommodation for the crew was at the Paradise Lodge located north of the property on the southern shore of Tchentlo Lake.

The drill core was cut, logged and sampled on site. Intervals of approximately 2 metres were selected for laboratory analysis at ALS Labs in North Vancouver. A total of 334 samples were sent to ALS for multi-element analysis.

Prior to the initiation of diamond drilling, a bridge providing access to the property was repaired in order to ensure it was in good working order and capable of supporting the required heavy machinery. This work was carried out by a qualified contractor.

Due to current market conditions, a decision was made to limit the diamond drilling program to 2 holes in order to ensure the Company had sufficient work capital for the next 12 months. In addition the exploration completed at Jean Marie was sufficient to meet the minimum annual work commitments under the terms of the Jean Marie Option Agreement.

Highlights from 2022 diamond drilling:

- JM-22-02 returned 178 m of 0.32% copper equivalent (“CuEq”), including 76 m of 0.52% CuEq and 31 m of 0.68%CuEq, including 10 m of 1.15% CuEq
- JM-22-01 returned 155 m of 0.20% CuEq
- Mineralized hydrothermal breccia was encountered in both holes
- Selected Highlights from 2022 Diamond Drilling at Jean Marie:

Hole	Width (m)	From (m)	To (m)	Cu (eq) %	Copper %	Molybdenum (ppm)	Silver - g/t
JM-22-01	155	51	206	0.20%	0.18%	19	1.0
JM-22-02	178	94	272	0.32%	0.29%	42	1.8
	200.45	95.55	296	0.30%	0.26%	35	1.6
(Entire Hole)	282	18.00 TOH	300 EOH	0.23%	0.21%	27	1.3
Including	76	144	222	0.52%	0.46%	71	3.0
Including	31	191	222	0.68%	0.64%	6	4.7
Including	10	191	201	1.15%	1.08%	6	7.2

- *\*Copper Equivalent (CuEq) % calculated using copper and gold length weighted assay results, with commodity prices assumed to be Copper = \$3.49 USD/lb, Molybdenum = \$19.31 USD/lb and Ag = \$0.65 USD/g (20.13 USD/troy ounce). CuEq grade including copper, gold and silver assumes 100% recoveries is calculated using the following equation:  $CuEq. = Cu \% + (Mo \text{ grade } (\%) \times 5.65) + (Ag \text{ grade } (ppm) \times 84.36)$ . No metallurgical data have been used in this calculation.*

### *Other Properties*

Following the acquisition of the Col property in early June, all of the existing historical data was compiled and digitized. Once the data was compiled, the process of preparing an exploration permit was initiated.

### **FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

The Company considers items included in shareholders' equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

As at September 30, 2022, the Company had a working capital of \$653,067 (March 31, 2022 - \$1,292,089). Working capital for the six months ended September 30, 2022 decreased compared to March 31, 2022 due to cash used in operating activities of \$586,320, cash used in investing activities of \$47,852, and cash used in financing activities of \$13,008.

As at September 30, 2022, the Company has granted 3,850,000 incentive stock options which were exercisable as at September 30, 2022 to management, directors, consultants, and an advisor of the Company pursuant to the Company's stock option plan, 27,847,039 warrants also exercisable as at September 30, 2022, and may receive option payments in cash related to property agreements including the Pinnacle property. Further, the Company has approximately \$185,000 in refundable taxes expected to be received in the next 12 months, and \$63,959 in marketable securities which could be sold if needed. See "Risks and Uncertainties" and "Forward looking statements" in this MD&A for risks related to the Company's expectations and ability to obtain sources of funding. To maintain its properties in good standing, the Company is required to make minimal maintenance payments; however, these can be terminated at any time without penalty once an option agreement is cancelled, or mineral title is dropped. There have been no changes in the approach to managing capital during the three months ended September 30, 2022.

Although the Company expects funds from refundable tax credits and potential sale of marketable securities, the Company's working capital and cash flows may not be sufficient to meet its current plans

and budgets associated with those plans and management may need to raise additional capital resources within the next twelve months to fund its exploration programs and administrative expenses.

The Company is not subject to externally imposed capital requirements.

As at September 30, 2022, the Company had cash of \$449,955. Management of cash balances is conducted in-house based on internal investment guidelines. Cash is deposited with major Canadian financial institutions. Cash required for immediate operations is held in a chequing account and excess funds may be invested in accordance with the Company's capital resource objectives.

#### **Cash Used in Operating Activities**

Cash used in operations was \$586,320 for the six months ended September 30, 2022 (2022 - \$219,727) and represents expenditures primarily on mineral property exploration and general and administrative expenses for both periods. The increase from the comparative period relates to cash received for the sale of the Stars property in fiscal 2022 in the amount of \$350,000, settlement of prior period payables, and offset with a decrease in investor relation costs. Exploration expenditures will fluctuate from period to period depending on opportunities, level of activity, and capital resources. See the exploration review above for discussion on mineral property activities.

#### **Cash Used by Investing Activities**

Cash used in investing activities for the six months ended September 30, 2022 was \$47,852 compared to \$50,441 for the comparable period. Cash used in investing activities during the six months ended September 30, 2022 included \$42,419 (2022 - \$38,530) related to the acquisition of exploration and evaluation assets, \$4,989 (2022 - \$20,202) related to the purchase of office and field equipment, and \$17,626 (2022 - \$Nil) for the purchase of reclamation deposits offset by \$16,295 (2022 - \$Nil) received from the sale of marketable securities.

#### **Cash Used by Financing Activities**

Cash used by financing activities for the six months ended September 30, 2022 was \$13,008 (2022 – cash generated \$1,151,595) and consisted of repayments of a lease liability, whereas 2022 consisted of an aggregate amount of \$1,266,554 received from the issuance of 21,109,231 common shares less \$101,246 in share issuance costs paid in the respective period.

## SELECTED QUARTERLY FINANCIAL INFORMATION AND FINANCIAL RESULTS

### Selected Quarterly Information

Quarter Ended	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
<b>Financial results</b>				
Exploration expenditures (net)	\$ 143,108	\$ 115,553	\$ 43,896	\$ 121,616
Share-based payments	-	-	-	6,469
Income (loss) and comprehensive income (loss) for the period	(257,557)	(342,963)	(135,041)	(441,744)
Basic income (loss) and comprehensive income (loss) per common share	(0.01)	(0.00)	(0.00)	(0.01)
Diluted income (loss) and comprehensive income (loss) per common share	(0.01)	(0.00)	(0.00)	(0.01)
Quarter Ended	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
<b>Financial results</b>				
Exploration expenditures (net)	\$ 188,654	\$ 97,255	\$ 59,480	\$ 222,177
Share-based payments	27,273	71,038	10,368	209,916
Income (Loss) and comprehensive income (loss) for the period	13,542	(411,703)	(183,362)	(208,016)
Basic income (loss) and comprehensive income (loss) per common share	0.00	(0.01)	(0.00)	(0.00)
Diluted income (loss) and comprehensive income (loss) per common share	0.00	(0.01)	(0.00)	(0.00)

The Company's net loss each quarter varies mainly due to varying levels of operations activities on its exploration projects, due diligence undertaken on new prospects, timing of incentive stock option grants, and the dissemination of project information to shareholders. Losses can be offset by option payments received in cash and/or shares by optionees. The Company continues to navigate and work within local COVID-19 restrictions, as such field work and related expenditures could continue to fluctuate for much of fiscal 2023.

### Financial Results

#### Three months ended September 30, 2022

During the three months ended September 30, 2022, the Company recorded a net loss of \$257,557 compared to a gain of \$13,542 for the three months ended September 30, 2021. This was comprised of net exploration expenditures of \$143,108 (Q2 2022- \$188,654) after recoveries, including accruals for the BC Minerals Exploration Tax credit, \$155,946 (Q2 2022 - \$226,027) of general and administration expenditures, of which \$Nil (Q2 2022- \$27,273) was related to share - based compensation, and income of \$41,497 (Q2 2022- gain \$428,223) in other items.

Some items to note from period to period include the following:

During the three months ended September 30, 2022, net exploration expenditures of \$143,108 (Q2 2022 - \$188,654) included an adjustment of \$52,491 (Q2 2022 - \$50,490) in mineral exploration tax credits

accrued or received. For the three months of both periods, exploration related activities included work programs on the Jean-Marie property including an ongoing drill program. See the exploration review at the top of this MD&A for discussion of current activities.

General and administrative expenses for the three months ended September 30, 2022, were comparable to the three months ended September 30, 2021 for most categories except for investor relations and share - based compensation. For the three months ended September 30, 2022, the Company incurred \$58,367 compared to \$86,643 in Investor relations and shareholder communications expenditures. The decrease of \$28,276 is directly related to marketing, business development, and financial consulting programs the Company had engaged in for the comparative three months, and the company's continued efforts with dissemination of information to the public and shareholders. Certain IR programs have not been continued in the current period.

Share-based compensation for the three months ended September 30, 2022 was \$NIL compared to \$27,273 for the comparable three month period. There were no incentive stock options granted in either period and the share-based compensation for Q2 2022 related to vesting or prior period grants.

Included in other items for the three months ended September 30, 2022, was \$51,500 (Q2 2022 - \$375,000) in option and property payments received, including \$350,000 from the sale of its 50% interest in the Stars property to Aurwest in Q2 2022, and \$51,500 (Q2 2022 - \$25,000) from 1111 Exploration Corp. related to the Pinnacle property agreement. Also included in the three months ended September 30, 2022, was a loss of \$331 (Q2 2022 - gain \$43,351) in fair value adjustments on marketable securities predominantly related to the Company's CAVU Mining Corp. holdings received as payments on the Kitimat property.

#### **Six months ended September 30, 2022**

During the six months ended September 30, 2022, the Company incurred a net loss of \$600,520 (2022 - \$398,161). The loss for the six months ended was comprised of net exploration expenditures of \$258,661 (2022 - \$285,909), general and administration expenditures of \$307,077 (2022 - \$557,311), and a loss from other items of \$34,782 (2022 – gain \$445,059). Some items to note from period to period not discussed above for the comparative three month include the following:

- Investor relations and shareholder communications expenditures decreased from \$240,980 for the six months ended September 30, 2021, to \$105,517 for the current six-month period. Consistent with the three- month discussions, certain multi-period marketing and business development programs ended early in the current period and were not continued. As such, the decrease for the current six-month period was expected.
- The Company had an unrealized loss on marketable securities of \$91,749 (2022 – gain \$59,951) as a result of the volatile markets in which the Company holds investments.

Other items to note for the current period compared to the prior period are consistent with the significant items for the Q2 2023 and Q2 2022 discussion.

#### **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## NEW ACCOUNTING PRONOUNCEMENTS

### Accounting standards adopted during the period

Please refer to the Company's unaudited condensed interim financial statements for the six months ended September 30, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://www.pemcorp.ca).

### Accounting pronouncements not yet effective

Please refer to the Company's unaudited condensed interim financial statements for the six months ended September 30, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://www.pemcorp.ca).

## RISK AND CAPITAL MANAGEMENT: FINANCIAL INSTRUMENTS

Please refer to the Company's unaudited condensed interim financial statements for the six months ended September 30, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://www.pemcorp.ca).

## CRITICAL ACCOUNTING JUDGEMENTS AND SIGNIFICANT ESTIMATES AND UNCERTAINTIES

Please refer to the Company's unaudited condensed interim financial statements for the six months ended September 30, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://www.pemcorp.ca).

## TRANSACTIONS WITH RELATED PARTIES

The Company entered into certain transactions with key management personnel, which the Company has defined as Officers and Directors of the Company. The aggregate value of these transactions and outstanding balances are as follows:

<b>For the six months ended September 30, 2022</b>	<b>Management &amp; Consulting fees</b>	<b>Share-based Payments</b>	<b>Total</b>
Management	\$ 74,000	\$ -	\$ 74,000
Outside Directors	12,000	-	12,000
Seabord Management Corp.**	45,000	-	45,000
	<b>\$ 131,000</b>	<b>\$ -</b>	<b>\$ 131,000</b>

  

<b>For the six months ended September 30, 2021</b>	<b>Management &amp; Consulting fees</b>	<b>Share-based Payments</b>	<b>Total</b>
Management	\$ 59,200	\$ 27,660	\$ 86,860
Outside Directors	12,000	19,885	31,885
Seabord Management Corp.**	45,000	8,434	53,434
	<b>\$ 116,200</b>	<b>\$ 55,979</b>	<b>\$ 172,179</b>

Amounts due to related parties as of September 30, 2022 and March 31, 2022 are as follows:

Related party liabilities	Items or services	September 30, 2022	March 31, 2022
President *	Management fees and reimbursable expenses	\$ 40,500	\$ 31,302
Directors	Fees	3,000	8,260
		\$ 43,500	\$ 39,562

\*BJP Consulting is controlled by Brad Peters, President and CEO.

\*\*Seabord Services Corp. ("Seabord") provides the following services: a Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administration staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company.

## RISKS AND UNCERTAINTIES

The Company has identified the following risks and uncertainties which are consistent with those risks identified for the year ended March 31, 2022: The impact of the current COVID-19 pandemic may significantly impact the Company, Mineral Property Exploration and Mining Risks, No Assurance of Titles or Borders, Joint Venture Funding Risk, Commodity Price Risk, Financing and Share Price Fluctuation Risks, Political, Regulatory and Currency Risks, Insured and Uninsured Risks, Environmental and Social Risks, Conflicts of Interest, Key Personnel Risk, and Competition.

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are far-reaching. To date there has been significant stock market volatility, volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people has become restricted. In British Columbia, Canada, the jurisdiction in which the Company operates, there were no restrictions on essential travel. There continues to be significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts it may have on demand and prices for the commodities related to our business activities. We continue to act to protect the safety and health of our employees, contractors and the communities in which we operate in accordance with guidance from governments and public health authorities including the Canadian and British Columbia Centre's for Disease Control.

In addition to the risks and uncertainties consistent with the year ended March 31, 2022, the Company has identified an additional risk, The Conflict in Ukraine for the six months ended September 30, 2022.

In late February 2022, a conflict commenced in Ukraine. In response, various countries, including Canada, issued broad-ranging economic sanctions against Russia. The ramifications of the sanctions may not be limited to Russia and Ukraine and may spill over to and negatively impact other regional and global economic markets, sectors, industries and markets for securities and commodities globally. The current circumstances are dynamic and the duration of the conflict and related impact of imposed sanctions on the business cannot be reasonably estimated at this time. While the company expects any direct impacts of the conflict in Ukraine to the business to be limited, the direct impacts on the economy may negatively affect the business and future operations.

For details on the above risks and uncertainties, please refer to the MD&A for the year ended March 31, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://www.pemcorp.ca).

## **OUTSTANDING SHARE DATA**

The Company's authorized share capital consists of an unlimited number of common shares and preferred shares without par value. As at the date of this MD&A, the Company has 90,348,196 common shares issued and outstanding. There are also 3,750,000 stock options with expiry dates ranging from August 12, 2023 to March 10, 2024, and 27,847,039 warrants outstanding with expiry dates ranging from May 21, 2023, to June 2, 2023.