

**PACIFIC IMPERIAL MINES INC.**  
**Management Discussion and Analysis**  
**For the Nine Months Ended March 31, 2015**

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The following discussion and analysis are prepared and have been authorized for release by the Company's Board of directors on May 25, 2015. This document should be read in conjunction with the unaudited condensed interim consolidated financial statements together with the notes attached thereto for the nine months ended March 31, 2015 and the audited financial statements for the year ended June 30, 2014. All amounts are stated in Canadian dollars unless otherwise indicated.

This Management Discussion & Analysis summarizes the activities of the Company to date, and provides financial information for the nine months ended March 31, 2015. Additional information on the Company is also available at [www.sedar.com](http://www.sedar.com)

**Forward-looking Information**

This MD&A contains certain statements that may constitute "forward-looking statements". All statements, other than statements of historical fact, included herein, including but not limited to, statements regarding future anticipated property acquisitions, the nature of future anticipated exploration programs and the results thereof, discovery and delineation of mineral resources/reserves, business and financing plans and business trends, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market for, and pricing of, any mineral products the Company may produce or plan to produce, the Company's inability to obtain any necessary permits, consents or authorizations required for its activities, the Company's inability to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties identified herein under "Risks and uncertainties".

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in any of those forward-looking statements. For this reason, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant fluctuations in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to develop any of its present or future mineral properties.

**Description of Business and Overall Performance**

Pacific Imperial Mines Inc. is a mineral exploration company engaged in the acquisition and exploration of mineral properties.

On January 17, 2013, the Company, through its wholly owned subsidiary Pacific Imperial Mineração do Brasil Ltda. ("Pacific Imperial Brazil"), entered into an agreement with Companhia Baiana de Pesquisa Mineral (CBPM), a state owned mineral exploration company in Brazil, whereby the Company acquired an option to earn a 100% interest in the Marcionilio nickel-copper property. Due to unfavourable results from a drill program, the Company entered into a sale and purchase agreement to sell its interest in its wholly owned Brazilian subsidiary. In

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consideration, the Company will receive a 2% net smelter royalty on any future production. On January 15, 2014, the Company completed this transaction and recorded a loss on disposal of subsidiary in the amount of \$15,087.

Licurgo Albuquerque (the "Buyer"), acquired control of the subsidiary's management and operations effective on January 15, 2014. As at March 31, 2015, the legal process for registration of the Buyer as the new sole shareholder has not been completed.

By an Option Agreement dated March 26, 2014 with Inland Explorations Ltd. the Company has acquired an option to purchase up to an undivided 65% interest in the Keg Mountain Property located 100 kilometers south of Salt Lake City, Utah, by agreeing to pay an aggregate of Cdn\$375,000 in cash, issue 6,500,000 common shares of the Company and expend US\$15,000,000 on the property over stages.

In May 2014, the Company completed a private placement of 12,500,000 units ("Units") at a price of \$0.05 per Unit. Each Unit is comprised of one common share and one share purchase warrant of the Company. Each share purchase warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.10 per share until May 13, 2019. Proceeds from this financing will be used for advancing the Company's exploration program on the Keg Mountain Property and working capital purposes.

On October 30, 2014, the Company decided to terminate the Option Agreement with Inland as the initial drilling result were not of sufficient interest to continue with the project.

**Mineral Interests**

**Keg Mountain Property, Utah**

By an Option Agreement dated March 26, 2014 with Inland Explorations Ltd. the Company has acquired an option to purchase up to an undivided 65% interest in the Keg Mountain Property located 100 kilometers south of Salt Lake City, Utah, by agreeing to pay an aggregate of Cdn\$375,000 in cash, issue 6,500,000 common shares of the Company and expend US\$15,000,000 on the property over stages as follows:

Description	Property Interest Acquired	Cash Cdn\$	Common Shares	Property Expenditures US\$
Upon signing (paid)	Nil	\$ 50,000	-	\$ -
Upon closing (issued)	Nil	-	1,000,000	-
Before March 26, 2015	Nil	50,000	1,000,000	250,000
Before March 26, 2016	Nil	75,000	1,250,000	750,000
Before March 26, 2017	Nil	100,000	1,500,000	1,500,000
Before March 26, 2018	Nil	100,000	1,750,000	3,000,000
	51%	375,000	6,500,000	5,500,000
Before March 26, 2020 and completion of pre-feasibility study	9%	-	-	4,500,000
	60%	375,000	6,500,000	10,000,000
Before March 26, 2022 and completion of pre-feasibility study	5%	-	-	5,000,000
	65%	\$ 375,000	6,500,000	\$ 15,000,000

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The property is subject to a 1.5% Net Smelter Return (“NSR”) which can be purchased by the Company at \$1,000,000.

In connection with the acquisition of the Keg Mountain Property, the Company has also agreed to issue a total of 500,000 Units to a finder (200,000 Units issued). Provided that the Option Agreement remains in effect, a further 200,000 Units will be issued to the finder on March 26, 2015 and a further 100,000 Units will be issued on March 26, 2016. The Units issued and issuable to the finder have the same terms and conditions as the Units issued in connection with the private placement completed on May 12, 2014.

The Company has received approvals for the above agreements from the TSX Venture Exchange and accordingly, the Company issued 1,000,000 shares to Inland and 200,000 Units to the finder during the year ended June 30, 2014.

The Keg Mountain Property is located in Juab County, 100 kilometers south of Salt Lake City, in central Utah’s Great Basin. The property comprises 5,081.44 acres and consists of 184 federal unpatented mineral claims and two State Section Leases and is considered to have potential for porphyry copper and related skarn mineralization. Drill targets on the Keg Property have been defined by Inland’s exploration work that includes geological mapping and sampling and airborne and surface geophysical surveys. One of the high priority untested drill targets is defined by anomalous surface geochemical values of lead, zinc, copper, molybdenum, gold and silver that are coincident with a large Induced Polarization (IP) anomaly, indicating potential for a porphyry copper-molybdenum deposit and associated skarn mineralization. The mineral concessions comprising the property are currently held 100% by Inland. Drill plans have been approved by the Utah Division of Oil, Gas and Mining and permits were granted upon posting of a reclamation bond.

The property is also prospective for both volcanic and sedimentary rock-hosted disseminated gold deposits and polymetallic replacement deposits.

On June 11, 2014, the Company announced an initial drill program on the Keg Mountain Property to test a drill target defined by anomalous surface geochemical values of lead zinc, copper, molybdenum, gold and silver that are coincident with a large Induced Polarization (IP) anomaly, indicating potential for a copper-molybdenum deposit and associated skarn mineralization.

In August 2014, the Company completed two diamond drill holes totaling 872 meters (2,861 feet). Hole 14KMC-1 was completed at a depth of 459 meters and Hole 14KMC-2 was completed at a depth of 413 meters. Both holes intersected a thick sequence of limestones and interbedded shale. Sections within the limestone and shale units were mineralized with finely disseminated pyrite and graphite which is interpreted to be the cause of the IP anomalies.

A total of 155 core samples from Hole 14KMC-1 and 98 core samples from Hole 14KMC-2 were analysed for both precious and base metals. No values of economic interest were returned.

On October 30, 2014, the Company decided to terminate the Option Agreement with Inland as the initial drilling result were not of sufficient interest to continue with the project.

**Marcionilio Property, Brazil**

On January 17, 2013, the Company, through its wholly owned subsidiary Pacific Imperial Brazil, entered into an agreement with Companhia Baiana de Pesquisa Mineral (CBPM), a state owned mineral exploration company in Brazil, whereby the Company acquired an option to earn a 100% interest in the Marcionilio nickel-copper property, subject to a 3% net smelter return royalty retained by CBPM. In accordance with the agreement, the Company is committed to expend R\$500,000 (approximately Cdn\$238,100) during the first year and, if the Company elects to

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continue, an additional R\$500,000 during the second year for a total of R\$1,000,000 (approximately Cdn\$476,200). The Company may terminate the agreement within 12 months from the date of the agreement. However, if the Company does not expend at least R\$500,000 within the first 12 months, the Company is required to pay CBPM for the deficiency in cash. After 12 months from the date of the agreement, the Company is committed to expend a total of R\$1,000,000 on the property or pay CBPM for the deficiency in cash.

The Marcionilio Property, about 10,090 hectares in size, is located in east-central Bahia State within an area offering excellent infrastructure. CBPM recently carried out an airborne geophysical survey followed by a program of geological mapping, soil and rock geochemistry, and an induced polarization (IP) survey directed at evaluating the selected targets. The initial exploration work has outlined two targets; a nickel-copper occurrence within a mafic-ultramafic igneous complex and iron-titanium-vanadium mineralization within a gabbro- anorthosite complex. On the nickel-copper target, a zone 1100 meters by 300 meters of anomalous nickel and copper in soil and rock, co-incident with a 1300 meter-long IP anomaly, was outlined and represents an alternative drill target.

On May 23, 2013, the Company announced a drilling program of three diamond drill holes totalling an estimated 700 metres. The focus of the drill program is to test a nickel-copper occurrence within a mafic-ultramafic igneous complex that is defined by coincident anomalous nickel and copper values in soil and rocks, and a 1,300-metre-long IP anomaly. Drilling started during the last week in May 2013.

A total of 703.5 meters was drilled in 3 diamond drill holes that tested the IP anomaly on 3 widely spaced sections. The mineralization encountered in the drilling is characterized by fine-grained, disseminated pyrrhotite with locally traces of chalcopyrite in peridotite and pyroxenite host rocks. It is not known if the mineralized intersections represent true widths. There is some indication that the layered mafic-ultramafic complex was intersected at a low angle to the core axis in Hole M-01. However, the interpretation of the IP data suggests a steeply-dipping to near vertical attitude to the mineralization.

The wide zone of low-grade nickel and copper values intersected in Hole M-01 is of interest, however, the significance of the mineralization encountered has not been established.

In September 2013, the Company decided not to carry out any further exploration work on this property and entered into a sale and purchase agreement to sell its interest in its wholly owned Brazilian subsidiary. In consideration, the Company will receive a 2% net smelter royalty on any future production. On January 15, 2014, the Company completed the transactions to sell its interest in its wholly owned Brazilian subsidiary. As a result, the Company recorded a loss on disposal of subsidiary of \$15,087.

Licurgo Albuquerque (the "Buyer") acquired control of the subsidiary's management and operations effective on January 15, 2014. As at March 31, 2015, the legal process for registration of the Buyer as the new sole shareholder has not been completed.

Mr. Leo King, P. Geo., President of the Company, is a Qualified Person ("QP") as defined by National Instrument 43-101 and has supervised the preparation of the foregoing technical information.

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The following were the exploration project costs incurred during the year:

	Nine Months Ended March 31	
	2015	2014
	Keg Mountain Property Utah	Marcionilio Property Brazil
Exploraton costs:		
Acquisition costs	\$ 31,739	\$ -
Assays	9,134	-
Consultants	11,096	-
Drilling	49,024	4,755
Field expenses	1,554	3,940
Professional fees	-	7,952
Report	1,151	-
	<b>\$ 103,698</b>	<b>\$ 16,647</b>

**Results of Operations**

Three months ended March 31, 2015:

During the three months ended March 31, 2015, the Company recorded a net loss of \$19,487 compared to net loss of \$37,015 in the same quarter last year. The decrease of \$17,528 in net loss was primarily due to the following:

- (1) Promotion expenses decreased by \$2,130 due to lack of exploration project;
- (2) Loss on disposal of subsidiary decreased by \$15,271 as the Company had sold the Brazilian subsidiary in the prior quarter and \$nil during the current quarter.

Nine months ended March 31, 2015:

During the nine months ended March 31, 2015, the Company recorded a net loss of \$237,902 compared to net loss of \$133,036 in the same period last year. The increase of \$104,866 in net loss was primarily due to the following:

- (1) Exploration costs increased by \$87,051 due to drilling program for the Keg Mountain project during the current period;
- (2) Legal fees decreased by \$5,869 as the Company had lower business activities during the current period;
- (3) Property investigation and travel decreased by \$12,030 as the Company did not have any acquisition activities during the current period, and
- (4) Share-based payment increased by \$51,702 as 1,250,000 stock options were granted and vested during the period.

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**Summary of Quarterly Results**

Quarter Ended	Revenue	Operating Income/ (Loss)	Basic & Fully Diluted Earning/(Loss) Per share	Total Assets	Long Term Liabilities	Cash Dividend
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
March 31, 2015	Nil	(19,487)	-	150,346	Nil	Nil
December 31, 2014	Nil	(98,571)	-	172,014	Nil	Nil
September 30, 2014	Nil	(119,844)	-	217,503	Nil	Nil
June 30, 2014	Nil	(376,964)	(0.02)	352,514	Nil	Nil
March 31, 2014	Nil	(37,015)	-	649,247	Nil	Nil
December 31, 2013	Nil	(58,964)	-	104,014	Nil	Nil
September 30, 2013	Nil	(37,057)	-	149,822	Nil	Nil
June 30, 2013	Nil	(346,004)	(0.02)	353,031	Nil	Nil

Note: The loss for the quarter ended June 30, 2014 and June 30, 2013 was significantly higher than the other quarters mainly due to exploration costs incurred in the Keg Mountain Property in Utah and Marcionilio Property in Brazil respectively.

**Balances and Transactions with Related Parties**

During the nine months ended March 31, 2015, the following related party transactions were incurred in the normal course of operations:

Personnel	Transaction	Nine Months Ended March 31	
		2015	2014
Albert Wu & Associates Ltd., controlled by Albert Wu, CFO	Accounting fees	\$ 12,015	\$ 17,740
	Stock-based compensation	6,206	-
Chelsia Cheam, Corporate Secretary	Bookkeeping and secretary	16,245	7,790
	Stock-based compensation	4,136	-
Leo King, President and CEO	Stock-based compensation	10,340	-
Roman Shklanka, Director	Stock-based compensation	10,340	-
Geir Liland, former Director	Stock-based compensation	10,340	-
Chris McLeod, Director	Stock-based compensation	10,340	-
<b>Total</b>		<b>\$ 79,962</b>	<b>\$ 25,530</b>

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Amounts due to related parties as of March 31, 2015 were as follows:

Personnel	Amounts Due to Related Parties as of	
	March 31 2015	June 30 2014
Albert Wu & Associates Ltd., controlled by Albert Wu, CFO	\$ 349	\$ -
Leo King, President and CEO	-	47
Roman Shklanka, Director	-	1,903
Chris McLeod, Director	-	2,164
<b>Total</b>	<b>\$ 349</b>	<b>\$ 4,114</b>

The amounts due to related parties are unsecured, have no specific terms of repayment and are non-interest bearing.

**Investor Relations**

The Company is responsible for its investor relations activities and has not engaged a third party to handle this duty.

**Management Change**

At the annual meeting on November 25, 2014, Roman Shklanka and Leo King were re-elected as directors. Geir Liland did not stand for re-election and Chris McLeod was elected as director.

**Liquidity and Capital Resources**

The Company's business is exploration and it does not generate cash flow from operations to adequately fund its activities and has therefore relied principally upon the issuance of securities and loans and advances from directors for financing. During the nine months ended March 31, 2015, the Company incurred a net loss of \$237,902 (2014 – \$133,036). As of March 31, 2015, the Company had working capital of \$98,612 (June 30, 2014 - \$285,708).

**Risk and Uncertainties**

As the Company holds an interest in mineral properties in a foreign country, accordingly it is exposed to the laws governing the mining industry in that country from which the mineral properties are acquired with respect to such matters as taxation, repatriation of profits, restrictions on production, export controls, environmental compliance, and expropriation of property or limitations on foreign ownerships, as well as shifts in the political stability of the country and labour unrest, any of which could adversely affect the Company and its exploration and production activities in the country.

The Company's business, results of operations, financial condition, and the trading price of the Company's common shares could be materially adversely affected by any of the foregoing risks and by other risks, including risks related to development of mineral deposits, metal prices, title matters, reclamation costs, gold and other

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base metal prices volatility, competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility. Any of these risks could have a material adverse effect on the business, operations or financial condition of the Company.

The Company expects to meet its current commitments as they become payable, but any future commitments including the completion of acquisitions, exploration and development of mineral properties and projects, is dependent on the ability of the Company to obtain the necessary financing. These conditions along with other matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

**Critical Accounting Estimates**

The preparation of these consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ significantly from those estimates. Specific items requiring estimates are decommissioning of liabilities on mineral interests, recoverability and measurement of deferred tax assets and liabilities and the assumptions used in valuing options and warrants in share-based payment calculations.

**Financial Instruments**

*Financial assets*

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or financial assets at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as financial assets at FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. The Company does not have any assets classified as held to maturity or available for sale financial assets at this time.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

*Financial liabilities*

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.



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Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company is not exposed to any derivative instruments and foreign exchange hedges in place at this time.

**Changes in Accounting Policies**

**Accounting standards issued but not yet applied**

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company intends to adopt these standards when they become effective.

**Standard effective for annual periods beginning on or after January 1, 2018**

IFRS 9 Financial Instruments - This is a finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39. The standard contains requirements in the following areas:

- (a) *Classification and measurement.* Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.
- (b) *Impairment.* The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- (c) *Hedge accounting.* Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- (d) *Derecognition.* The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

The extent of the impact of adoption of these above standards on the financial statements of the Company has not yet been determined.

**Off-Balance-Sheet Arrangements**

The Company has not entered into any off-balance-sheet arrangements.

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**Latest Outstanding Share Data**

As of the date of this report, the Company has the following outstanding securities:

Common shares	-	41,541,968
Stock options	-	2,200,000
Warrants	-	12,700,000