PACIFIC IMPERIAL MINES INC.
Management Discussion and Analysis
For the Year Ended June 30, 2013

The following discussion and analysis, prepared as of October 25, 2013, should be read in conjunction with the audited financial statements and related notes attached thereto of the Company for the year ended June 30, 2013. This MD&A was approved by the Board of Directors prior to its release. 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 year ended June 30, 2013. Additional information on the Company is also available at 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 newly incorporated 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.

On September 19, 2013, the Company entered into a binding letter of intent to sell its interest in its wholly owned Brazilian subsidiary which holds the right to acquire 100% interest in the Marcionilio property in Brazil. In consideration, the Company will receive 2% net smelter royalty on any future production. This transaction is subject to shareholder and regulatory approval.

As the Company is still in exploration stage and non-revenue producing, the Company has experienced losses since its inception. During the year ended June 30, 2013, the Company recorded a net loss of $566,367. As of June 30, 2013, the Company has accumulated deficit of $4,973,002. The Company can 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. As of June 30, 2013, the Company had a working capital of $174,955. The Company may need to raise additional funds to maintain the Company's operation for the next twelve months.

Mineral Interests

The Company is currently actively searching for a mineral property.

On January 17, 2013, the Company, through its newly incorporated 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 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 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.

On July 19, 2013, the Company announced the results of a drilling program to test geochemically anomalous nickel and copper values in soil and rock coincident with a 1300 meter-long induced polarization (IP) anomaly occurring within a mafic-ultramafic igneous complex.

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.

A summary of the mineralized intersections is given in the following table along with a description of the drill-holes.

Hole M-01 was drilled on Section 37,000 at -50 degrees north to a hole depth of 250.6 meters to test an IP anomaly estimated to be 100 meters in width. The drill-hole collared in serpentinized peridotite and intersected a sequence of interlayered peridotite and pyroxenite ending in mineralized peridotite.

Disseminated pyrrhotite, locally estimated at 4% was intersected starting at 71.7 meters.

The following intervals were assayed and returned weighted average nickel and copper values listed below:

From	To	Interval (m)	Nickel (%)	Copper *(%)*	Host Rock
62.2	64.2	2.0	0.033	0.008	Gabbro
71.7	74.6	2.9	0.083	0.028	olivine pyroxenite
74.6	107.8	33.2	0.154	0.022	olivine pyroxenite and peridotite
111.5	112.8	1.3	0.029	0.017	pyroxenite
135.2	157.5	22.3	0.120	0.016	Peridotite and olivine pyroxenite
157.5	250.6	93.1	0.203	0.022	peridotite

Hole M-02 was drilled on Section 336,800 (200m west of Hole M-01) at -50 degrees North to a depth of 252.9 meters. The hole was laid out to test an IP anomaly estimated to be 80 meters in width. The drill-hole intersected a granitic dike containing inclusions of amphibolite and metagabbro from the collar to 192.2 meters. From 192.2 to 249.0 meters, peridotite was intersected and from 249.0 to 252.9 meters, pyroxenite. As no visible sulphides were noted, the anomaly was not adequately explained.

Hole M-03 was drilled on Section 336,100 (700 m west of Hole M-02) at -60 degrees North to a depth of 200 meters. The drill-hole was laid out to test an IP anomaly estimated to be 100 meters in width.

The drill-hole collared in peridotite and minor gabbro to 143.5 meters. Pyroxenite was intersected from 143.5 to 164.2m followed by peridotite from 164.2 to 194.9 meters and pyroxenite from 194.9 to 197.7 meters. The drill hole ended in a granitic dike at 202 meters.

Disseminated pyrrhotite in pyroxenite was noted from 157.2 to 164.2 meters, from which two intervals were assayed and returned nickel and copper values as listed below:

From	To	Interval (m)	Nickel (%)	Copper *(%)*	Host Rock
157.2	161.8	4.6	0.022	0.043	pyroxenite
163.7	164.2	0.5	0.168	0.077	pyroxenite

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 at this time.

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.

Results of Operations

Three months ended June 30, 2013:

During the three months ended June 30, 2013, the Company recorded a net loss of $346,004 compared to a net loss of $145,939 of same period last year. The increase of $200,065 in net loss was primarily due to the follows:

(1) Accounting and audit fees decreased by $4,178 as compared to same quarter last year;
(2) Exploration costs increased by $316,934 due to exploration works incurred in Brazilian property;
(3) Legal fees decreased by $12,806 as compared to same quarter last year;
(4) Property investigation decreased by $3,703 due to the agreement entered with CBPM;
(5) Share-based payment decreased by $97,892 due to no stocks option granted during the quarter;
(6) Interest income decreased by $1,941 as compared to same quarter last year; and
(7) Foreign exchange loss of $1,240 compared to same quarter last year.

Year ended June 30, 2013:

During the year ended June 30, 2013, the Company recorded a net loss of $566,367 compared to a net loss of $377,930 of last year. The increase of $188,437 in net loss was primarily due to the follows:

(1) Exploration costs increased by $316,934 due to exploration works incurred in Brazilian property;
(2) Property investigation decreased by $28,197 due to the agreement entered with CBPM;
(3) Share-based payment decreased by $102,964 due to no stocks option granted during the year;
(4) Interest income increased by $1,381 as compared to last year; and
(5) Foreign exchange loss of $2,569 compared to last year.

Summary of Quarterly Results

Quarter Ended	Revenue	Operating Income/ (Loss)	Basic & Fully Diluted Earning/(Loss) Per share	Total Assets	Long Term Liabilities	Cash Dividend
	($)	($)	($)	($)	($)	($)
June 30, 2013	Nil	(346,004)	(0.01)	353,031	Nil	Nil
March 31, 2013	Nil	(55,289)	-	552,907	Nil	Nil
December 31, 2012	Nil	(82,476)	-	273,661	Nil	Nil
September 30, 2012	Nil	(82,598)	-	357,295	Nil	Nil
June 30, 2012	Nil	(145,939)	(0.02)	223,227	Nil	Nil
March 31, 2012	Nil	(58,293)	-	273,952	Nil	Nil
December 31, 2011	Nil	(81,265)	-	336,541	Nil	Nil
September 30, 2011	Nil	(92,433)	-	440,352	Nil	Nil

*Note: The loss for the quarter ended June 30, 2013 was significantly higher than the other quarters mainly due to exploration costs incurred in the Brazilian property.

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 26, 2012, Roman Shklanka, Leo King and Geir Liland were re-elected as directors.

Selected Annual Information

The three most recently completed financial years are as follows:

	2013	2012	2011
Revenues	$ -	$ -	$ -
Net Income (Loss)	(566,367)	(377,930)	(161,326)
Basic and Diluted Gain/(Loss) per share	(0.02)	(0.02)	(0.01)
Total Assets	353,031	223,227	224,200
Total Long-term Financial Liabilities	Nil	Nil	Nil
Shareholders' Equity	175,865	219,944	194,910
Cash Dividends Declared per Share	Nil	Nil	Nil

Balances and Transactions with Related Parties

As of June 30, 2013, the amount due to a company controlled by an officer and an officer was $4,135 (2012 - $Nil) and $23 (2012 - $Nil), respectively.

During the year ended June 30, 2013, the following related party transactions were incurred in the normal course of operations:

(a) The Company paid management fees of $28,800 (2012 - $28,800) to Kobex Minerals Inc., a company with a director (Roman Shklanka) in common, for reimbursement of rent and other office overhead costs;

(b) The Company incurred management fees of $4,500 (2012 - $6,000) to H. Leo King & Associates Inc., a private company controlled by Leo King, the President and a director of the Company;

(c) The Company paid $19,125 (2012 - $16,605) for accounting fees to Albert Wu & Associates Ltd., a company controlled by Albert Wu, CFO of the Company;

(d) The Company paid $3,000 (2012 - $3,000) for book-keeping and corporate secretary services to Chelsia Cheam, Secretary of the Company; and

(e) The Company incurred stock-based payment of $nil (2012 – $91,378) relating to stock options granted to directors and officers.

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 year ended June 30, 2013, the Company incurred a net loss of $566,367 (2012 – loss of $377,930). As of June 30, 2013, the Company had working capital of $174,955 (2012 – 219,121). The Company may not have enough resources to acquire new mineral properties and finance its operations in the next twelve months and may need to raise additional funds. The Company intends to continue relying upon the issuance of securities to finance the Company's future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

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 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.

Critical Accounting Estimates

The preparation of 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 and cash equivalents are 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, loans and receivables 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.

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

Implementation of International Financial Reporting Standards ("IFRS")

These consolidated financial statements for the year ended June 30, 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements for the year ended June 30, 2013 have been authorized for release by the Company's Board of Directors on October 25, 2013.

Adoption of accounting standards

The Company adopted the following account policies effective July 1, 2012:

IAS 1, Presentation of Financial Statements

This amendment requires entities to group items presented in other comprehensive income based on whether they are potentially reclassifiable to profit or loss subsequently. It also requires tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items. The adoption of this new standard did not impact the Company's financial statements.

IAS 12, Income taxes

This amendment requires entities to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. As a result of this amendment, SIC-21, Income Taxes – Recovery of Revalued Non-Depreciable Assets, will no longer apply to investment properties carried at fair value. The adoption of this new standard did not impact the Company's financial statements.

Recent Accounting Policies Pronouncement not yet been adopted include the following:-

IFRS 7, Financial Instruments: Disclosures

The amendments will increase disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions undertaken around the end of the reporting period, and the possible effects of any risks that may remain with the entity that transferred the asset. This new standard, which is applicable for annual periods beginning on or after January 1, 2013, is not expected to significantly impact the Company.

IFRS 9, Financial Instruments

This new standard introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39, Financial Instruments: Recognition and measurement, derecognition of financial assets and liabilities.

In December 2011, the IASB extended the mandatory effective date to on or after January 1, 2015 with early adoption permitted. As a result, there were amendments to IAS 32, Financial Instruments: Presentation to clarify the offsetting between financial assets and liabilities, which are mandatory effective on or after January 1, 2014. The Company has not yet assessed the impact of this standard.

IFRS 10, Consolidated Financial Statements

This standard requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. This new standard is effective for periods beginning on or after January 1, 2013, with early application permitted, and is not expected to significantly impact the Company.

IFRS 11, Joint arrangements

The standard provides for accounting of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method. The new standard is effective for periods beginning on or after January 1, 2013, with early application permitted, and is not expected to significantly impact the Company.

IFRS 12, Disclosure of Interests in Other Entities
This standard establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. This standard is effective for annual periods beginning on or after January 1, 2013, with early application permitted, and is not expected to significantly impact the Company.

IFRS 13, Fair value measurement

The standard sets out in a single IFRS a framework for measurement of fair value and related disclosures. The definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. This new standard is applicable for periods beginning on or after January 1, 2013, with early application permitted, and is not expected to significantly impact the Company.

IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 addresses the accounting for overburden waste removal (stripping) costs in the production phase of a surface mine. Stripping activity may result in two types of benefits: i) inventory produced and ii) improved access to ore that will be mined in the future. Stripping costs associated with inventory production should be accounted for as a current production cost in accordance with IAS 2 Inventories, and those associated with improved access to ore should be accounted for as an addition to, or enhancement of, an existing asset. This new standard is applicable for periods beginning on or after January 1, 2013, with early application permitted. The Company has assessed that there is no impact to the Company's consolidated financial statements in adoption of this standard.

Amendments to other standards effective January 1, 2013

Amendments have been made to IAS 27, Separate Financial Statements, and IAS 28, Investments in Associates and Joint Ventures. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13. The Company has assessed that there is no impact to the Company's condensed interim consolidated financial statements in adoption of this standard.

Off-Balance-Sheet Arrangements

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

Latest Outstanding Share Data

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

Common shares	- 27,841,968
Stock options	- 1,700,000
Warrants	- 7,210,000

Subsequent Event to Reporting Date

On September 19, 2013, the Company entered into a binding letter of intent to sell its interest in its wholly owned Brazilian subsidiary which holds the right to acquire 100% interest in the Marcionilio property in Brazil. In consideration, the Company will receive 2% net smelter royalty on any future production. This transaction is subject to shareholder and regulatory approval.