PACIFIC IMPERIAL MINES INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

MANNING ELLIOTT
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Pacific Imperial Mines Inc.

We have audited the accompanying financial statements of Pacific Imperial Mines Inc. which comprise the statements of financial position as at June 30, 2018 and 2017, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Pacific Imperial Mines Inc. as at June 30, 2018 and 2017, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt about the ability of Pacific Imperial Mines Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
October 26, 2018

PACIFIC IMPERIAL MINES INC.

STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

	Note	2018 $	2017 $
ASSETS			
Current assets			
Cash		496,685	95,985
GST receivable		4,146	3,828
Prepaid expenses		1,348	2,622
		502,179	102,435
Reclamation deposit	3	7,901	7,786
Equipment	4	494	705
Total assets		**510,574**	**110,926**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		2,307	6,243
Due to related parties	6	7,903	1,703
Total liabilities		10,210	7,946
EQUITY			
Share capital	7	4,331,997	3,858,839
Contributed surplus		2,431,535	2,316,594
Deficit		(6,263,168)	(6,072,453)
Total Equity		500,364	102,980
Total liabilities and equity		**510,574**	**110,926**

Nature of business and continuance of operation (Note 1)

Approved on behalf of the Board of Directors:

"Roman Shklanka"
Roman Shklanka,
Director

"Leo King"
Leo King,
Director

(The accompanying notes are an integral part of these financial statements)

PACIFIC IMPERIAL MINES INC.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

	Note	2018 $	2017 $
Exploration costs	5	36,266	225,290
General and administrative expenses			
Accounting and audit		28,751	24,704
Depreciation	4	211	303
Legal		639	8,074
Office and miscellaneous		22,331	27,315
Share based compensation	7(c)	87,772	-
Transfer agent fees		5,927	6,446
Travel and promotion		9,441	11,822
Loss before other items		191,338	303,954
Other items			
Interest income		(508)	(35)
Foreign exchange (gain) loss		(115)	518
Net loss and comprehensive loss		**190,715**	**304,437**
Loss per share, basic and diluted		-	0.01
Weighted average shares outstanding		60,470,619	50,441,752

(The accompanying notes are an integral part of these financial statements)

PACIFIC IMPERIAL MINES INC.

STATEMENTS OF SHAREHOLDERS' EQUITY

For the Years Ended June 30, 2018 and 2017
(Expressed in Canadian Dollars, except number of shares)

	Share Capital				
	Number of Shares	**Amount $**	**Contributed Surplus $**	**Deficit $**	**Total Equity**
Balance, June 30, 2016	41,541,968	3,505,311	2,316,594	(5,768,016)	53,889
Private placement	15,747,000	369,675	-	-	369,675
Shares issued for finder's fees	288,500	6,670	-	-	6,670
Share issue costs	-	(22,817)	-	-	(22,817)
Net loss for the year	-	-	-	(304,437)	(304,437)
Balance, June 30, 2017	**57,577,468**	**3,858,839**	**2,316,594**	**(6,072,453)**	**102,980**
Private placement	11,000,000	550,000			550,000
Finder's fees	-	(55,969)	27,169	-	(28,800)
Share issue costs	-	(20,873)	-	-	(20,873)
Share based compensation	-	-	87,772	-	87,772
Net loss for the year	-	-	-	(190,715)	(190,715)
Balance, June 30, 2018	**68,577,468**	**4,331,997**	**2,431,535**	**(6,263,168)**	**500,364**

(The accompanying notes are integral part of these financial statements)

PACIFIC IMPERIAL MINES INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

	Note	2018 $	2017 $
OPERATING ACTIVITIES			
Loss for the year		(190,715)	(304,437)
Adjustments for non-cash items:			
Depreciation	4	211	303
Share based compensation	7(c)	87,772	-
Unrealized foreign exchange		(115)	19
		(102,847)	(304,115)
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities		(3,936)	1,125
GST receivable		(318)	(1,123)
Due to related parties		6,200	(1,437)
Prepaid expenses		1,274	1,703
Net cash used in operating activities		(99,627)	(303,847)
FINANCING ACTIVITIES			
Issuance of common shares, net of share issue cost	7(b)	500,327	353,528
Net cash from financing activities		500,327	353,528
Increase in cash		400,700	49,681
Cash, beginning of year		95,985	46,304
Cash, end of year		**496,685**	**95,985**

Supplemental disclosure of cash flow information:			
Interest paid in cash		-	51
Income tax paid in cash		-	-
Finder’s fees paid	7(b)	(49,673)	(22,817)

(The accompanying notes are an integral part of these financial statements)

1. Nature of Business and Going Concern

Pacific Imperial Mines Inc. (“the Company”) was incorporated under the British Columbia Business Corporations Act since September 18, 1987. The Company’s shares are listed on the TSX Venture Exchange. The Company’s principal office is located at Suite 1700, 700 West Pender Street, Vancouver, B.C. Canada V6C 1G8. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

These financial statements of the Company have been prepared on a going-concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has experienced losses since its inception amounting to $6,263,168 as of June 30, 2018 (2017 - $6,072,453). The ability of the Company to meet its commitments as they become payable is dependent on the ability of the Company to acquire assets or a business or an interest therein, obtain the necessary financing, and develop assets or operations which will generate cash flows, either as a result of their disposal or from ongoing operations. The Company does not currently have assets or a business capable of generating ongoing cash flows. Although the Company has sufficient cash to meet its current administrative costs, there is no assurance that the Company will be successful in making an acquisition or in raising the necessary financing to do so. 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. While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions may cast significant doubt upon the validity of this assumption.

In the event the Company is unable to arrange appropriate financing, the carrying value of the Company’s assets could be subject to material adjustment. Furthermore, certain market conditions may cast significant doubt upon the validity of the going concern assumption.

These financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

2. Summary of Significant Accounting Policies

(a) Basis of presentation and statement of compliance with International Financial Reporting Standards

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are recorded at fair value as described in Note 2(m). In addition, these financial statements have been prepared using the accrual method of accounting except for cash flow information.

2. Summary of Significant Accounting Policies (continued)

(b) Use of estimates and judgments

Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the amounts reported in the financial statements and the related notes to the financial statements during the reporting period.

Significant areas requiring the use of management estimates include the decommissioning liabilities on mineral interests, fair value of financial instruments and recoverability and measurement of deferred tax assets. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Critical judgements

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments with a significant risk of material adjustment in the next year. Critical accounting judgements is going concern.

(c) Cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into known amounts of cash that have original maturities of three months or less when purchased.

(d) Equipment

Equipment is recorded at cost and amortized at the following rates per annum using the declining balance method:

Computer equipment and software	30%

Additions during the period are amortized at one-half the normal rate in the period of acquisition.

(e) Impairment

Non-financial assets with finite lives are tested for impairment at the end of each reporting period. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. Any impairment loss is recognized in earnings or the results of discontinued operations, as appropriate, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs"). The Company evaluates impairment losses other than goodwill impairment, for potential reversals, when events or changes in circumstances warrant such consideration.

2. Summary of Significant Accounting Policies (continued)

(f) Mineral interests

The Company follows the method of accounting for its mineral interests whereby costs for acquisition of mineral interest or rights to explore and costs related to exploration and evaluation of a property are expensed as they are incurred until such time as the technical feasibility and commercial viability of the project is demonstrable. Development costs incurred are capitalized after the technical feasibility and commercial viability of a project is demonstrated and a development decision has been made. The capitalized costs of the related property are depreciated using the units of production method on commencement of commercial production. If it is determined that capitalized costs are not recoverable, or management has determined an impairment in value, the property is written down to its recoverable amount. Mineral properties capitalized are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

(g) Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding expense is recorded to net loss in the period that it is recognized. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at June 30, 2018, the Company had accrued $1,400 (2017 - $1,400) in decommissioning liabilities related to the exploration and development of its mineral interests.

(h) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(i) Income taxes

Income tax expense comprises current and deferred income tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly into equity, in which case the related tax effect is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax expense is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period.

2. Summary of Significant Accounting Policies (continued)

(i) Income taxes (continued)

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities, using tax rates that are expected to apply to the year of realization or settlement using tax rates and laws enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

(j) Basic and diluted loss per share

Loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted earnings (loss) per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

(k) Share-based payment

The Company has a share-based payment plan as disclosed in Note 7, whereby stock options are granted in accordance with the policies of regulatory authorities. The Company uses a fair value based method of accounting for stock options to directors and employees. Stock options granted to non-employees are valued based on the fair value of the goods or services received or when fair value cannot be estimated reliably, the Company computes a fair value using the Black-Scholes option pricing model with assumptions for risk-free interest rate, volatility, expected forfeiture and life of the options or warrants. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. The cost is recognized over the applicable vesting period as an increase in share-based payment expense, with the offset credit to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

2. Summary of Significant Accounting Policies (continued)

(l) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are assigned value based on the residual value method and included in the share warrant reserve. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

(m) 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 asset 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 loans and receivables, held to maturity or available for sale financial assets at this time.

Transaction 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.

2. Summary of Significant Accounting Policies (continued)

(m) Financial instruments (continued)

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, included 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.

(n) Foreign exchange

These financial statements are presented in Canadian dollars, which is the Company's functional currency. The accounts recorded in foreign currencies have been translated into Canadian dollars on the following basis:

(1) monetary assets and liabilities at the rate of exchange in effect at the financial statement date;
(2) non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and
(3) revenue and expenses at the exchange rates prevailing as of the date of the transaction.

(o) Accounting standard 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.

<u>Standard effective for annual periods beginning on or after January 1, 2018</u>

IFRS 2 Share-based Payment – In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

2. Summary of Significant Accounting Policies (continued)

(o) Accounting standard issued but not yet applied (continued)

IFRS 9 Financial Instruments - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income ("FVTOCI") category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 Revenue from Contracts with Customers - On May 28, 2014 the IASB issued IFRS 15, "Revenue from contracts with customers". IFRS 15 will replace IAS 11, "Construction contracts", IAS 18, "Revenue", IFRIC 13, "Customer loyalty programmes", IFRIC 15, "Agreements for the construction of real estate", IFRIC 18, "Transfers of assets from customers" and SIC 31, "Revenue - barter transactions involving advertising services". The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time; or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Company does not expect that the new and amended standards above will have a significant impact on its financial statements.

Standards effective for annual periods beginning on or after January 1, 2019

IFRS 16 Leases - On January 13, 2016 the IASB issued IFRS 16, "Leases". This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, "Revenue from contracts with customers" at or before the date of initial adoption of IFRS 16.

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

(Expressed in Canadian Dollars)

3. Reclamation Deposit

The Company has posted a deposit with the Department of Natural Resources of the State of Utah ("DNR") as security towards future site restoration work. The deposit was posted in relation to the Keg Mountain Property in Utah.

On August 21, 2018, the reclamation deposit was fully released to the Company after satisfactorily completion of site inspection.

4. Equipment

	Cost $	Accumulated depreciation $	Net book value $
June 30, 2017			
Computer and software	6,434	5,729	705
June 30, 2018			
Computer and software	6,434	5,940	494

5. Mineral Interests

Eagle Mountain Property, California

The Company has acquired by staking a 100% interest in the Eagle Mountain Lithium prospect located in Inyo County, California, within 15 kilometers of the Nevada border. The property currently consists of 167 placer claim units, each 20 acres in size, totaling approximately 3,340 acres located in the Alkali Flats area, near Death Valley Junction and covering most of the Eagle Mountain salina.

In connection with the acquisition, the Company entered into a consulting and finder's fee agreement with a private corporation, Gold Exploration Management Inc. (the "Consultant"), to provide mineral exploration project management services. Pursuant to the agreement, the Company agreed to pay a consulting fee at US$600 per day and management fee equal to 10% of the cost of all work programs conducted on the Eagle Mountain properties to be identified by the Consultant (the "Properties"), the management fee will be reduced to 5% for work program costs exceeding US$100,000. In addition, the Company paid $7,583 as finder's fee to the Consultant for Properties identified and staked by the Consultant. Furthermore, the Company has granted the Consultant a 1% net smelter returns royalty on the Properties.

On September 12, 2018, the Company entered into a Staking Agreement with Star Peak Mining LLC to stake mining claims near Death Valley Junction California on behalf of Pacific Imperial Mines Nevada Inc.. In accordance with the agreement, Star Peak Mining LLC has staked 77 new placer claims and re-staked 90 existing placers claims on behalf of the Company under the name Pacific Imperial Mines Nevada Inc. All other previously staked claims will be abandoned. Upon signing the agreement, the Company paid a $15,000 advance deposit to Star Peak Mining LLC in addition to approximately $35,000 filing fees paid.

(Expressed in Canadian Dollars)

5. Mineral Interests (continued)

During the years ended June 30, 2018, 2017 and 2016, the Company incurred the following exploration costs:

	2018 $	2017 $	2016 $	Accumulated total $
Assays and sampling	(1,256)	22,335	-	21,079
Field expenses	-	1,065	16,842	17,907
Finder's fees	-	5,183	2,400	7,583
Geo-physical consultants	-	33,454	-	33,454
Mineral claims and filing fees	34,403	154,018	-	188,421
Office	-	908	-	908
Project management fees	-	7,262	4,821	12,083
Property taxes	3,119	-	-	3,119
Travel	-	1,065	1,894	2,959
Total	**36,266**	**225,290**	**25,957**	**287,513**

6. Related Party Balances and Transactions

During the year ended June 30, 2018 and 2017, the Company had the following transactions with related parties:

(a) Key management compensation

Key management consists of senior officers and directors of the Company; their compensation is as follows:

	2018 $	2017 $
Consulting fees	9,251	11,705
Share based compensation	87,772	-
Total	**97,023**	**11,705**

(b) Due to related parties

As at June 30, 2018 there was $7,903 (June 30, 2017 - $1,703) owing to officers of the Company for consulting fees.

Related party amounts are unsecured, non-interest bearing and due on demand. These transactions are measured by the exchange amount that is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

(Expressed in Canadian Dollars)

7. Share Capital

(a) Authorized: unlimited common shares with no par value

(b) Issued and outstanding:

During the year ended June 30, 2018

In March 2018, the Company completed a non-brokered private placement to issue 11,000,000 units of the Company at $0.05 per unit for gross proceeds of $550,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.075 per common share until March 26, 2020. The Company incurred share issue costs of $49,673 which consisted of $28,800 in cash finders' fees for the private placement. The Company also issued 576,000 finder's warrants with a fair value of $27,169.

During the year ended June 30, 2017:

In September 2016, the Company completed a non-brokered private placement to issue 10,947,000 common shares at $0.025 per share for gross proceeds of $273,675. The Company incurred share issue costs of $15,811 which consisted of $11,311 in cash and 180,000 common shares at $0.025 per share for $4,500.

In June 2017, the Company completed a non-brokered private placement to issue 4,800,000 common shares of the Company at $0.02 per share for gross proceeds of $96,000. The Company incurred share issue costs of $7,006 which consisted of $4,836 in cash and 108,500 common shares at $0.02 per share for $2,170.

(c) Options

The Company has adopted a stock option plan whereby the Company can grant stock options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding share capital of the Company from time to time.

The following table summarizes the continuity of the Company's stock options issued and outstanding at June 30, 2018:

	Number of options	Weighted average exercise price
Balance, June 30, 2016	1,875,000	$0.07
Expired	(875,000)	$0.10
Balance, June 30, 2017	1,000,000	$0.05
Granted	1,800,000	$0.05
Expired	(150,000)	$0.05
Balance, June 30, 2018	**2,650,000**	**$0.05**

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(c) Options (continued)

The following table summarizes the number of stock options outstanding and exercisable at June 30, 2018:

		Options Outstanding		Options Exercisable	
Expiry Date	**Exercise price**	**Number of options**	**Weighted average remaining contractual life in years**	**Number of options**	**Weighted average remaining contractual life in years**
October 10, 2019	$0.05	850,000	1.28	850,000	1.28
February 23, 2023	$0.05	1,800,000	4.65	1,800,000	4.65
		2,650,000	**3.57**	**2,650,000**	**3.57**

On February 23, 2018, 1,800,000 stock options with an exercise price of $0.05 were granted to certain consultants, directors and officers of the Company. Options granted all vest immediately and have a life of five years. The fair value of options granted in the period was $87,772 and estimated using the Black-Scholes option-pricing model. The assumptions used in the pricing model were: a share price at grant date of $0.05, an expected life of 5 years; annualized volatility of 199%; a risk free interest rate of 2.04%; and zero expected dividend yield.

For the year ended June 30, 2018 the Company recognized a share based compensation expense of $87,772 (2017 - $Nil).

(d) Warrants

The following table summarizes the Company's warrants during the years ended June 30, 2018 and 2017 as follows:

	Number of warrants	**Weighted average exercise price**
Balance, June 30, 2016 and 2017	12,700,000	$0.10
Granted – Private Placement	11,000,000	$0.075
Granted – Agent Warrants	576,000	$0.075
Balance, June 30, 2018	**24,276,000**	**$0.09**

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(d) Warrants (continued)

On March 26, 2018, 576,000 agent warrants were issued in connection with a private placement with an exercise price of $0.075. The agent warrants granted have a life of two years. The fair value of warrants granted in the period was $27,169 and estimated using the Black-Scholes pricing model. The assumptions used in the pricing model were: a share price at grant date of $0.06 an expected life of 2 years; annualized volatility of 216%; a risk free interest rate of 1.83%; and zero expected dividend yield.

Details of share purchase warrants outstanding at June 30, 2018:

Expiry Date	Exercise Price	Number of warrants	Weighted average remaining contractual life in years
May 12, 2019	$0.10	12,700,000	0.87
March 26, 2020	$0.075	11,576,000	1.74
Balance, June 30, 2018	**$0.09**	**24,276,000**	**1.28**

The weighted average exercise price of warrants outstanding and exercisable at June 30, 2018 is $0.09 (2017 – $0.10).

The warrants issued on March 26, 2018 are subject to a four-month hold period and may not be exercised until July 27, 2018. The Company may accelerate the expiry date if the common shares of the Company trade at a closing price of greater than $0.15 per common share for a period of 20 consecutive days at any time after four months and one day after the closing date of the private placement.

8. Management of Capital

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises of equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments with financial institutions with terms to maturity selected to match expected timing of expenditures from continuing operations.

(Expressed in Canadian Dollars)

9. Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The Company's financial instruments consist of cash, accounts payable and amounts due to related parties.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	2018 **$**	**2017** **$**
Assets as FVTPL (i)	496,685	95,985
Other financial liabilities (ii)	8,804	7,947

(i) Cash
(ii) Accounts payable, and amounts due to related parties

Fair Value

The estimated fair values of cash, accounts payable and amounts due to related parties approximate their respective carrying values due to their short periods to maturity. For fair value estimates, the Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 – Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Significant unobservable inputs which are supported by little or no market activity.

The following table sets forth the Company's financial assets measured at fair value by level on a recurring basis within the fair value hierarchy:

	Level 1 **$**	**Level 2** **$**	**Level 3** **$**	**Total** **$**
June 30, 2018				
Cash	496,685	-	-	496,685
June 30, 2017				
Cash	95,985	-	-	95,985

9. Financial Instruments (continued)

The Company's risk exposures and the related potential impact on the Company's financial instruments are summarized below:

Credit Risk

The Company is not exposed to significant credit risk. The Company limits exposure to credit risk by maintaining its cash with financial institutions.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term administrative expenditures by raising additional funds through share issuances when required. All the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper.

Foreign Exchange Risk

As at June 30, 2018 the Company has non-financial instrument assets of $7,901 denominated in USD and is not exposed to significant foreign exchange risk. The Company does not actively manage this risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

10. Income Taxes

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2018	2017
Canadian statutory tax rate	26.5%	26%
	$	$
Income tax (recovery) at combined statutory rate	(50,000)	(79,000)
Non-deductible and other items	6,000	(2,000)
Expiry of tax losses	-	77,000
Effect of change in tax rates	(39,000)	-
Change in deferred tax asset not recognized	83,000	4,000
Deferred income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

10. Income Taxes (continued)

As June 30, 2018 and 2017, the amount of deductible temporary differences for which no deferred tax assets is recognized in the statements of financial position is as follows:

	2018		2017	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Canadian statutory tax rate		27%		26%
	$	$	$	$
Non-capital losses	2,064,000	557,000	1,975,000	513,000
Capital losses	749,000	202,000	749,000	195,000
Mineral properties and other assets	980,000	265,000	944,000	245,000
Share issuance costs	63,000	17,000	20,000	5,000
	3,856,000	1,041,000	3,688,000	958,000
Unrecognized deferred tax assets	(3,856,000)	(1,041,000)	(3,688,000)	(958,000)
Net deferred tax assets not recognized	-	-	-	-

The Company has non-capital losses for income tax purposes of approximately $2,064,000 (2017 - $1,975,000) which may be carried forward and offset against future taxable income. These losses expire from 2027 to 2038.

11. Subsequent Events

(a) On August 21, 2018, the reclamation deposit was fully released to the Company after satisfactorily completion of site inspection, refer to Note 3.

(b) On September 12, 2018, the Company entered into a Staking Agreement with Star Peak Mining LLC to stake mining claims near Death Valley Junction California on behalf of Pacific Imperial Mines Nevada Inc. In accordance with the agreement, Star Peak Mining LLC has staked 77 new placer claims and re-staked 90 existing placers claims on behalf of the Company under the name Pacific Imperial Mines Nevada Inc. All other previously staked claims will be abandoned. Upon signing the agreement, the Company paid a $15,000 advance deposit to Star Peak Mining LLC in addition to approximately $35,000 filing fees paid, refer to Note 5.