PACIFIC IMPERIAL MINES INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

17th floor, 1030 West Georgia St., Vancouver, BC, Canada V6E 2Y3
Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Directors of Pacific Imperial Mines Inc.

Opinion

We have audited the financial statements of Pacific Imperial Mines Inc. (the "Company") which comprise the statements of financial position as at June 30, 2019 and 2018, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the accompanying financial statements, which indicates that as at June 30, 2019, the Company had an accumulated deficit of $6,540,086. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Raymond Lu.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
October 25, 2019

PACIFIC IMPERIAL MINES INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

(Expressed in Canadian dollars)

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash		227,074	496,685
GST receivable		7,389	4,146
Prepaid expenses		1,377	1,348
		235,841	502,179
Reclamation deposit	3	-	7,901
Equipment	4	346	494
Total assets		**236,187**	**510,574**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		4,312	2,307
Due to related parties	6	8,429	7,903
Total liabilities		12,741	10,210
EQUITY			
Share capital	7	4,331,997	4,331,997
Contributed surplus		2,431,535	2,431,535
Deficit		(6,540,086)	(6,263,168)
Total Equity		223,446	500,364
Total liabilities and equity		**236,187**	**510,574**

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, 2019 and 2018
(Expressed in Canadian dollars)

	Note	2019 $	2018 $
Exploration costs	5	210,448	36,266
General and administrative expenses			
Accounting and audit		26,199	28,751
Depreciation	4	148	211
Legal		1,027	639
Office and miscellaneous		23,555	22,331
Share based compensation	7(c)	-	87,772
Transfer agent fees		2,888	5,927
Travel and promotion		13,224	9,441
Loss before other items		277,489	191,338
Other items			
Interest income		(1,848)	(508)
Foreign exchange (gain) loss		1,277	(115)
Net loss and comprehensive loss		**276,918**	**190,715**
Loss per share, basic and diluted		-	-
Weighted average shares outstanding		68,577,468	60,470,619

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

PACIFIC IMPERIAL MINES INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Years Ended June 30, 2019 and 2018
(Expressed in Canadian Dollars, except number of shares)

	Share Capital				
	Number of Shares	**Amount $**	**Contributed Surplus $**	**Deficit $**	**Total Equity**
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**
Net loss for the year	-	-	-	(276,918)	(276,918)
Balance, June 30, 2019	**68,577,468**	**4,331,997**	**2,431,535**	**(6,540,086)**	**223,446**

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

PACIFIC IMPERIAL MINES INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

	Note	2019 $	2018 $
OPERATING ACTIVITIES			
Loss for the year		(276,918)	(190,715)
Adjustments for non-cash items:			
Depreciation	4	148	211
Share based compensation	7(c)	-	87,772
Unrealized foreign exchange		1,277	(115)
		(275,490)	(102,847)
Changes in non-cash working capital items:			
Accounts payable and accrued liabilities		526	(3,936)
GST receivable		(3,374)	(318)
Due to related parties		526	6,200
Prepaid expenses		(29)	1,274
Net cash used in operating activities		(277,167)	(99,627)
INVESTING ACTIVITIES			
Reclamation deposit		7,556	-
Net cash from investing activities		7,556	-
FINANCING ACTIVITIES			
Issuance of common shares, net of share issue cost	7(b)	-	500,327
Net cash from financing activities		-	500,327
(Decrease) Increase in cash		(269,611)	400,700
Cash, beginning of year		496,685	95,985
Cash, end of year		**227,074**	**496,685**

	Note	2019	2018
Supplemental disclosure of cash flow information:			
Interest paid in cash		-	-
Income tax paid in cash		-	-
Finder’s fees paid	7(b)	-	(27,169)

(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 $6,540,086 as of June 30, 2019 (2018 - $6,263,168). 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, 2019, the Company had accrued $1,400 (2018 - $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 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

Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("FVOCI"), or through profit or loss ("FVTPL")), and
- Those to be measured at amortized cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. There are three measurement categories under which the Company classifies its financial instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included as finance income using the effective interest rate method. The Company has not designated any financial assets at amortized cost.

2. Summary of Significant Accounting Policies (continued)

(m) Financial instruments (continued)

- Fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest method. The Company has not designated any financial assets at FVOCI.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net as revenue in the Statement of Loss and Comprehensive Loss in the period in which it arises.The Company has classified its cash as FVTPL.

Financial liabilities

The Company classifies its financial liabilities into the following categories:

- FVTPL; and
- Amortized cost.

A financial liability is classified as at FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of the change in the fair value is presented in profit or loss.

The Company has not designated any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method. The Company has classified its accounts payable and amounts due to related parties as amortized cost. All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL at amortized cost.

2. Summary of Significant Accounting Policies (continued)

(m) Financial instruments (continued)

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Company recognizes loss allowances for expected credit losses ("ECLs") on its financial assets measured at amortized cost. Due to the nature of its financial assets, the Company measures loss allowances at an amount equal to expected lifetime ECLs. Lifetime ECLs are the anticipated ECLs that result from all possible default events over the expected life of a financial asset. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the related financial asset. The Company does not have any financial assets that contain a financing component.

(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) Recent accounting pronouncements

<u>New Accounting Pronouncements Adopted During the Year</u>

IFRS 9 Financial Instruments – In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9") to replace IAS 30 – Financial Instruments: Recognition and Measurement in its entirety. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected-loss' impairment model, as well as a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements.

(Expressed in Canadian Dollars)

2. Summary of Significant Accounting Policies (continued)

(o) Recent accounting pronouncements (continued)

The Company assessed that there was no significant impact to the financial statements on the adoption of classification and measurement of its financial instruments, the classification under the new and old standard is set out below:

Financial Instrument	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Accounts payable	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

<u>Accounting standard issued but not yet applied</u>

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.

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 Company does not expect that the adoption of the above standard would have any significant impact on the financial statements of the Company.

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.

(Expressed in Canadian Dollars)

4. Equipment

	Cost $	Accumulated depreciation $	Net book value $
June 30, 2018			
Computer and software	6,434	5,940	494
June 30, 2019			
Computer and software	6,434	6,088	346

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.

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.

On March 29, 2019, the Company staked an additional 56 claims in Inyo County, California to expand the Eagle Mountain Property.

During the years ended June 30, 2019, and 2018, the Company incurred the following exploration costs:

	2019 $	2018 $
Assays and sampling	27,295	(1,256)
Field expenses	16,050	-
Finder's fees	-	-
Geo-physical consultants	63,906	-
Mineral claims and filing fees	69,904	34,403
Office	-	-
Project management fees	29,746	-
Property taxes	-	3,119
Travel	3,547	-
Total	**210,448**	**36,266**

(Expressed in Canadian Dollars)

6. Related Party Balances and Transactions

During the year ended June 30, 2019 and 2018, 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:

	2019 $	2018 $
Consulting fees	10,699	9,251
Share based compensation	-	87,772
Total	**10,699**	**97,023**

(b) Due to related parties

As at June 30, 2019 there was $8,429 (2018 - $7,903) 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.

7. Share Capital

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

(b) Issued and outstanding:

<u>During the year ended June 30, 2019</u>

The Company did not issue any common shares during the year ended June 30, 2019.

<u>During the year ended June 30, 2018:</u>

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 $76,842 which included $28,800 in cash finders' fees and $27,169 as fair value of 576,000 finder's warrants issued.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(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, 2019:

	Number of options	Weighted average exercise price
Balance, June 30, 2017	1,000,000	$0.05
Granted	1,800,000	$0.05
Expired	(150,000)	$0.05
Balance, June 30, 2018 and 2019	**2,650,000**	**$0.05**

The following table summarizes the number of stock options outstanding and exercisable at June 30, 2019:

		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	0.3	850,000	0.3
February 23, 2023	$0.05	1,800,000	3.7	1,800,000	3.7
		2,650,000	**2.6**	**2,650,000**	**2.6**

For the year ended June 30, 2019 the Company recognized a share based compensation expense of $Nil (2018 - $87,772).

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(d) Warrants

The following table summarizes the Company's warrants during the years ended June 30, 2019 and 2018 as follows:

	Number of warrants	Weighted average exercise price
Balance, June 30, 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
Expired – May 13, 2019	(12,700,000)	$0.10
Balance, June 30, 2019	**11,576,000**	**$0.075**

Details of share purchase warrants outstanding at June 30, 2019:

Expiry Date	Exercise Price	Number of warrants	Weighted average remaining contractual life in years
March 26, 2020	$0.075	11,576,000	0.74
Balance, June 30, 2019	**$0.075**	**11,576,000**	**0.74**

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:

	2019 $	2018 $
Assets as FVTPL (i)	227,074	496,685
Liabilities at amortized cost (ii)	12,741	10,210

(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, 2019				
Cash	227,074	-	-	227,074
June 30, 2018				
Cash	496,685	-	-	496,685

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, 2019 the Company has non-financial instrument assets of $Nil 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:

	2019	2018
Canadian statutory tax rate	27%	26.5%
	$	$
Income tax (recovery) at combined statutory rate	(75,000)	(50,000)
Non-deductible and other items	1,000	6,000
Expiry of tax losses	-	-
Effect of change in tax rates	-	(39,000)
Change in deferred tax asset not recognized	74,000	83,000
Deferred income tax recovery	$ -	$ -

(Expressed in Canadian Dollars)

10. Income Taxes (continued)

As June 30, 2019 and 2018, the amount of deductible temporary differences for which no deferred tax assets is recognized in the statements of financial position is as follows:

	2019		2018	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Canadian statutory tax rate		27%		26.5%
	$	$	$	$
Non-capital losses	2,153,000	581,000	2,064,000	557,000
Capital losses	749,000	202,000	749,000	202,000
Mineral properties and other assets	1,190,000	321,000	980,000	265,000
Share issuance costs	41,000	11,000	63,000	17,000
	4,133,000	1,115,000	3,856,000	1,041,000
Unrecognized deferred tax assets	(4,133,000)	(1,115,000)	(3,856,000)	(1,041,000)
Net deferred tax assets not recognized	-	-	-	-

The Company has non-capital losses for income tax purposes of approximately $2,153,000 (2018 - $2,064,000) which may be carried forward and offset against future taxable income. These losses expire from 2027 to 2039.