

PACIFIC IMPERIAL MINES INC.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Six Months Ended December 31, 2022 and 2021
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instruments 51-102, Part 4, subsection 4.3(3)(a) continuous disclosure requirement, if any auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Pacific Imperial Mines Inc. (the "Company") have been prepared by management and approved by the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

PACIFIC IMPERIAL MINES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited, Expressed in Canadian dollars)

		December 31, 2022 \$	June 30, 2022 \$
	Note		
ASSETS			
Current assets			
Cash		59,448	64,714
GST receivable		5,487	26,703
Prepaid expenses		2,405	3,655
Total assets		67,340	95,072
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		32,337	27,818
Due to related parties	4	52,300	20,400
Flow-through share premium liability		39,300	61,900
Promissory notes	5	70,000	-
Total liabilities		193,937	110,118
EQUITY (DEFICIENCY)			
Share capital	6	4,668,449	4,668,449
Contributed surplus		2,661,144	2,661,144
Deficit		(7,456,190)	(7,344,639)
Total Equity (Deficiency)		(126,597)	(15,046)
Total liabilities and equity		67,340	95,072

Nature of business and continuance of operation (Note 1)

Approved on behalf of the Board of Directors:

"Roman Shklanka"Roman Shklanka,
Director**"Richard Gosse"**Richard Gosse,
Director

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

PACIFIC IMPERIAL MINES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the Three and Six Months Ended December 31, 2022 and 2021

(Unaudited, Expressed in Canadian dollars)

		Three months ended December 31,		Six months ended December 31,	
	Note	2022	2021	2022	2021
		\$	\$	\$	\$
Exploration costs	3	51,994	27,143	89,564	97,442
General and administrative expenses					
Accounting and audit		14,674	11,500	26,174	13,500
Legal		3,529	3,865	8,845	4,790
Office and miscellaneous		2,800	5,753	3,925	8,407
Shareholder communications		4,003	4,495	4,628	4,495
Transfer agent fees		833	684	1,825	1,527
Loss before other items		77,833	53,440	134,961	130,161
Other items					
Interest income		(703)	(44)	(810)	(112)
Recovery of flow-through share premium		(18,700)	(3,500)	(22,600)	(11,900)
Net loss and comprehensive loss		58,430	49,896	111,551	118,149
Loss per share, basic and diluted		-	-	-	-
Weighted average shares outstanding		79,077,468	79,077,468	79,077,468	79,077,468

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

PACIFIC IMPERIAL MINES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the Three and Six Months Ended December 31, 2022 and 2021

(Unaudited, Expressed in Canadian Dollars, except number of shares)

	Share Capital		Contributed Surplus \$	Deficit \$	Total \$
	Number of Shares	Amount \$			
Balance, June 30, 2021	79,077,468	4,668,449	2,661,144	(7,163,470)	166,123
Net loss for the period	-	-	-	(118,149)	(118,149)
Balance, December 31, 2021	79,077,468	4,668,449	2,661,144	(7,281,619)	47,974
Net loss for the period	-	-	-	(63,020)	(63,020)
Balance, June 30, 2022	79,077,468	4,668,449	2,661,144	(7,344,639)	(15,046)
Net loss for the period	-	-	-	(111,551)	(111,551)
Balance, December 31, 2022	79,077,468	4,668,449	2,661,144	(7,456,190)	(126,597)

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

PACIFIC IMPERIAL MINES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

For the Three and Six Months Ended December 31, 2022 and 2021

(Unaudited in Canadian dollars)

	Three months ended December 31,		Six months ended December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss for the period	(58,430)	(49,896)	(111,551)	(118,149)
Adjustments for non-cash items:				
Recovery of flow-through premium	(18,700)	(3,500)	(22,600)	(11,900)
	(77,130)	(53,396)	(134,151)	(130,049)
Changes in non-cash working capital items:				
Accounts payable and accrued liabilities	19,289	(3,692)	4,519	(56,654)
GST receivable	23,945	(2,090)	21,216	(4,508)
Due to related parties	29,400	(10,649)	31,900	(8,649)
Prepaid expenses	625	-	1,250	-
Net cash used in operating activities	(3,871)	(69,827)	(75,266)	(199,860)
FINANCING ACTIVITIES				
Promissory notes	-	-	70,000	-
Net cash used in financing activities	-	-	70,000	-
Decrease in cash	(3,871)	(69,827)	(5,266)	(199,860)
Cash, beginning of period	63,319	169,848	64,714	299,881
Cash, end of period	59,448	100,021	59,448	100,021
Supplemental disclosure of cash flow information:				
Interest paid in cash	-	-	-	-
Income tax paid in cash	-	-	-	-

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

PACIFIC IMPERIAL MINES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Six Months Ended December 31, 2022 and 2021

(Unaudited, Expressed in Canadian Dollars)

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 \$7,456,190 as of December 31, 2022 (June 30, 2022 - \$7,344,639). 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. There is no assurance that the Company will be successful in making an acquisition or in raising the necessary financing to do so.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time. While the extent of the impact is unknown, the Company anticipates this outbreak might increase the difficulty in capital raising. 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.

PACIFIC IMPERIAL MINES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Six Months Ended December 31, 2022 and 2021

(Unaudited, Expressed in Canadian Dollars)

2. Summary of Significant Accounting Policies**(a) Basis of presentation**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, they do not include all of the information required for annual financial statements under International Financial Reporting Standards ("IFRS") as issued by the IASB and should be read in conjunction with the Company's audited consolidated financial statements for the year ended June 30, 2022. These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments carried at fair value and are presented in Canadian dollars.

These condensed consolidated interim financial statements were approved by the Company's Board of Directors on **February 28**, 2023.

(b) Recent accounting pronouncementsAccounting standard issued but not yet applied

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company's financial statements.

3. Mineral InterestsEagle 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 originally consisted 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. All other previously staked claims were abandoned.

On March 29, 2019, the Company staked an additional 56 claims in Inyo County, California to expand the Eagle Mountain property. At that time the Company held 223 claims. In September 2021, the Company dropped many claims and now holds 125 placer claims.

Trek 31 Property, British Columbia

On October 13, 2020 ("Effective date"), the Company entered into an Option Agreement with Orogen Royalties Corp. ("Orogen") whereby the Company can earn up to an 100% interest in the five claim, 94 km, TREK 31 project situated in the Nechako Plateau of central British Columbia.

PACIFIC IMPERIAL MINES INC.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the Three and Six Months Ended December 31, 2022 and 2021
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3. Mineral Interests (continued)

The terms of the agreement require the Company to incur the following exploration expenditures and make the following cash payments to Orogen as follows:

Time	Aggregate Exploration Expenditures \$	Cash Payments \$
Within 6 months of Effective Date	-	20,000 - Paid
1 st Anniversary of Effective Date*	300,000	30,000
2 nd Anniversary of Effective Date	1,000,000	50,000
3 rd Anniversary of Effective Date	1,500,000	100,000
4 th Anniversary of Effective Date	2,000,000	100,000
5 th Anniversary of Effective Date	3,000,000	1,000,000
TOTAL	7,800,000	1,300,000

* Extended due to regional forest fire activity. Upon signing the extension, the Company paid \$15,000 with the balance of \$15,000 due July 13, 2022.

On October 31, 2022, on account of non-fulfilment of certain underlying conditions as defined in the Option agreement, the Option Agreement with Orogen was terminated.

Tulameen-Granite Creek Property, British Columbia

On May 15, 2021 (the "Effective Date"), the Company entered into an Option Agreement with Yeomans Geological Inc. ("Yeomans") whereby the Company can earn up to an 100% interest in the Tulameen-Granite Creek project.

The terms of the agreement require the Company to incur the following exploration expenditures and make the following payments to Yeomans as follows:

Time	Aggregate Exploration Expenditures \$	Cash \$	Shares
May 15, 2021 (Effective Date) Subject to and upon TSX Approval	-	-	400,000 – Paid*
August 30, 2022	300,000	20,000	200,000
2 nd Anniversary of Effective Date	1,000,000	40,000	200,000
3 rd Anniversary of Effective Date	1,500,000	90,000	200,000
4 th Anniversary of Effective Date	2,000,000	90,000	200,000
5 th Anniversary of Effective Date	3,000,000	1,000,000	1,000,000
TOTAL	7,800,000	1,240,000	2,200,000

* Firm commitment, all other payments are at the option of the Company.

PACIFIC IMPERIAL MINES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Six Months Ended December 31, 2022 and 2021

(Unaudited, Expressed in Canadian Dollars)

3. Mineral Interests (continued)

Providing that the Company continues to make cash payments, share issuance and exploration milestones on the anniversary dates it will earn a 100% interest in the Tulameen-Granite Creek project, subject to a 2.0% NSR royalty in favour of Yeomans. The Company may purchase 1% of the NSR royalty for \$3,000,000. The Company will earn partial rights to the property. Upon spending an aggregate of \$1,500,000 on or before the 3rd anniversary of the Effective Date the Company will earn 51% interest in the property. Upon spending an aggregate of \$2,000,000 on or before the 4th anniversary of the Effective Date the Company will earn 66% interest in the property.

On August 31, 2022, on account of non-fulfilment of certain underlying conditions as defined in the Option agreement, the Option Agreement with Yeomans was terminated.

During the three and six months ended December 31, 2022, and 2021, the Company incurred the following exploration costs:

	Three months ended December 31,		Six months ended December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Eagle Mountain Property				
Geological	-	-	-	1,795
Mineral claims and filing fees	5,814	6,872	5,814	33,744
	<u>5,814</u>	<u>6,872</u>	<u>5,814</u>	<u>35,539</u>
Trek 31				
Assay	5,062	-	7,266	-
Field expenses	4,289	-	22,069	-
Geo-physical	30,200	1,700	47,786	1,700
Project management fee	-	672	-	672
Travel and accommodation	6,629	263	6,629	263
	<u>46,180</u>	<u>2,635</u>	<u>83,750</u>	<u>2,635</u>
Tulameen Property				
Assay	-	1,512	-	29,609
Geological	-	104	-	104
Mineral claims and filing fees	-	16,020	-	29,555
	<u>-</u>	<u>17,636</u>	<u>-</u>	<u>59,268</u>
Total	51,994	27,143	89,564	97,442

As of December 31, 2022, approximately \$130,000 remains to be incurred on qualifying resource expenditures before April 12, 2023. As part of the issuance of the flow-through units, the Company agreed with the flow-through subscribers that it would indemnify them for the amount equal to any tax payable by the subscriber as a consequence of any failure of the Company to renounce an amount to the subscribers.

PACIFIC IMPERIAL MINES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Six Months Ended December 31, 2022 and 2021

(Unaudited, Expressed in Canadian Dollars)

4. Related Party Balances and Transactions

During the three and six months ended December 31, 2022 and 2021, 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:

	Three months ended		Six months ended	
	December 31,		December 31,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Consulting fees	2,000	4,000	4,000	4,000
Share based compensation	-	-	-	-
Total	2,000	4,000	4,000	4,000

As at December 31, 2022 there was \$52,300 (June 30, 2022 - \$20,400) 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.

5. Promissory Notes

On August 2, 2022, the Company received from its directors, \$70,000 interest free working capital loan, which is due on demand.

6. Share Capital

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

(b) Issued and outstanding:

During the period ended December 31, 2022

The Company did not issue any common shares during the six months ended December 31, 2022.

During the year ended June 30, 2022

The Company did not issue any common shares during the year ended June 30, 2022.

PACIFIC IMPERIAL MINES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Six Months Ended December 31, 2022 and 2021

(Unaudited, Expressed in Canadian Dollars)

6. 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 December 31, 2022:

	Number of options	Weighted average exercise price
Balance, June 30, 2021	1,800,000	\$0.05
Granted	6,000,000	\$0.05
Balance, June 30, 2022 and December 31, 2022	7,800,000	\$0.05

The following table summarizes the number of stock options outstanding and exercisable at December 31, 2022:

Expiry Date	Exercise price	Options Outstanding		Options Exercisable	
		Number of options	Weighted average remaining contractual life in years	Number of options	Weighted average remaining contractual life in years
February 23, 2023	\$0.05	1,800,000	0.4	1,800,000	0.4
September 29, 2025	\$0.05	2,300,000	3.0	2,300,000	3.0
November 3, 2025	\$0.05	100,000	3.1	100,000	3.1
February 10, 2026	\$0.05	100,000	3.4	100,000	3.4
June 15, 2026	\$0.05	3,500,000	3.7	3,500,000	3.7
		7,800,000	2.7	7,800,000	2.7

For the six months ended December 31, 2022, the Company recognized a share based compensation expense of \$Nil (June 30, 2022 - \$Nil).

(d) Warrants

The following table summarizes the Company's warrants at December 31, 2022:

	Number of warrants	Weighted average exercise price
Balance, June 30, 2021	10,796,000	\$0.10
Issued	-	-
Balance, June 30, 2022	10,796,000	\$0.10
Expired	6,692,000	\$0.10
Balance December 31, 2022	4,104,000	\$0.10

PACIFIC IMPERIAL MINES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Six Months Ended December 31, 2022 and 2021

(Unaudited, Expressed in Canadian Dollars)

6. Share Capital (continued)

(d) Warrants (continued)

Details of share purchase warrants outstanding at December 31, 2022:

Expiry Date	Exercise Price	Number of warrants	Weighted average remaining contractual life in years
April 23, 2023	\$0.10	4,104,000	0.4
Balance, December 31, 2022	\$0.10	4,104,000	0.4

7. 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.

8. Financial Instruments and Financial Risk

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:

	December 31, 2022 \$	June 30, 2022 \$
Assets as FVTPL (i)	59,448	64,714
Liabilities at amortized cost (ii)	84,637	48,218
(ii) Cash		
(iii) Accounts payable, and amounts due to related parties		

PACIFIC IMPERIAL MINES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the Three and Six Months Ended December 31, 2022 and 2021

(Unaudited, Expressed in Canadian Dollars)

8. Financial Instruments and Financial Risk (continued)*Fair Value*

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.

Cash is measured at fair value on a recurring basis using Level 1 inputs. The estimated fair values of accounts payable and amounts due to related parties approximate their respective carrying values due to their short periods to maturity.

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. See Note 1 that describe the material uncertainties that cast significant doubt over the Company's ability to continue as a going concern.

As described in Note 3, the Company is required to incur \$130,000 of qualifying expenditures in connection with the issuance of flow-through units. In order to incur such expenditures, the Company is required to raise additional capital. As part of the issuance of the flow-through units, the Company had agreed with the flow-through subscribers that it would indemnify and save them harmless for the amount equal to any tax payable by the subscriber as a consequence of any failure of the Company to renounce an amount to the subscribers.

Foreign Exchange Risk

As at December 31, 2022 the Company 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.