PACIFIC IMPERIAL MINES INC.
Management Discussion and Analysis
For the six months ended December 31, 2011

The following discussion and analysis, prepared as of February 22, 2012, should be read in conjunction with the condensed interim financial statements for the six months ended December 31, 2011 together with the audited financial statements and related notes attached thereto of the Company for the year ended June 30, 2011. This MD&A dated February 22, 2012 was approved by the Board of Directors prior to its release. All amounts are stated in Canadian dollars unless otherwise indicated.

This Management Discussion & Analysis summarizes the activities of the Company to date, and provides financial information for the six months ended December 31, 2011. The discussion may contain statements that are forward-looking in nature, involving known and unknown risks and uncertainties such as general economic and business conditions, operating costs, changes in foreign currency exchange rates, and other factors. Since forward-looking statements address future events and conditions, by their nature, they involve inherent risks and uncertainties. Therefore, actual results may be materially different from those expressed or implied in such statements. Additional information on the Company is also available at www.sedar.com.

Adoption of International Financial Reporting Standards ("IFRS")

These interim financial statements and other financial information for the six months ended December 31, 2011 have been prepared in accordance with IFRS, and are for part of the period covered by the Company's first IFRS annual financial statements for the year ending June 30, 2012. The Company has restated its comparative financial statements and other financial information following its IFRS accounting policies. A reconciliation of the previously disclosed comparative periods' financial statements in accordance with Canadian generally accepted accounting principles to IFRS is set out in Note 9 to these interim financial statements.

Description of Business and Overall Performance

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

In September 2004, through a reverse take-over ("RTO") the Company acquired a mineral exploration venture which included two mineral exploration licenses and three mining licenses in "Tangshang Gold" and "Salachong Gold" located in Guangnan County, Yunnan province, in the People's Republic of China. On December 3, 2007, the Company determined that it had lost control of the assets and operations of the Company's wholly owned subsidiary Guangnan Tangshang Gold Co. ("GGC"), including the properties in China and the related mineral exploration and mining licenses to Yunnan Non-Ferrous Metals Geological Bureau ("YNGB") and Yunnan Non-Ferrous Metals Resource (Group) Co. Ltd. (the "Operator") As the Company no longer controlled the net assets and operations of GGC, it effectively recognized their disposal on that date. On August 20, 2010, the Company entered into a Share Purchase Agreement to sell its interest in its wholly-owned subsidiaries, Goldchina Holdings Group Limited ("Goldchina") including GGC, to the Operator for $476,000 in cash and the return of the 15,104,760 common shares of the Company. These common shares were subsequently cancelled in November 2010.

Currently, the Company does not have a mineral property. The Company is actively seeking and evaluating various projects.

As the Company is still in exploration stage and non-revenue producing, the Company has experienced losses since its inception. During the six months ended December 31, 2011, the Company recorded a net loss of $173,698. As of December 31, 2011, the Company has accumulated deficit of $4,202,403.

The Company can meet its current commitments as they become payable, but any future commitments including the completion of acquisitions, exploration and development of mineral properties and projects, is dependent on the ability of the Company to obtain the necessary financing. As of December 31, 2011, the Company had a working capital of $325,284. The Company may need to raise additional funds to maintain the Company's operation for the next twelve months.

Mineral Interests

The Company is currently actively searching for a mineral property in Canada and Brazil.

Contingent Share Issuance

At the time the Company acquired GGC, the Company agreed that if the minimum mineable gold reserve of the Tangshang and Salachong gold properties was six tons or higher, the Company would pay RMB 14,700,000 to GGC's two former shareholders, as follows:

(i) RMB 8,400,000 due on:

- the completion of all of the exploration work on the Tangshang and Salachong properties; and
- the confirmation of the exploration results and resource reserves by the Reserve Evaluation Centre of the State Ministry of Land & Resources or Provincial Department of Land and Resources (the "Reserve Confirmation").

(ii) RMB 6,300,000 due and payable 360 business days following payment of the amount due upon confirmation of reserves.

On October 15, 2007, pursuant to a Mining Operations Agreement, the Company engaged the Operator to undertake future mining on the Tangshang and Salachong properties. The Company also agreed to issue 7,807,333 shares of the Company to YNGB in settlement of a contingent liability of RMB14,700,000 that the Company owed YNGB, as described above, subject to certain conditions and escrow provisions. As a result of the Share Purchase Agreement dated August 20, 2010, this contingent liability ceased to exist.

Exploration Activities

There was no other exploration activity during the six months ended December 31, 2011.

Results of Operations

Three Months Ended December 31, 2011

During the three months period ended December 31, 2011, the Company recorded a net loss of $81,265 as compared to a net loss of $58,857 for the same period of last year. The increase of $22,408 in net loss was primarily due to the follows:

(1) Travel expenses of $34,704 during the period for property investigation in Brazil;
(2) Wages of $29,672 during the period to an employee commencing July 2011;
(3) Legal fees decreased by $18,326 due to decrease in requirements for legal corporate matters;
(4) Management fees increased by $3,600 compared to same period of last year; and
(5) Share-based compensation of $nil as against $27,126 for same period of last year as no stock options were granted or vested for the period.

Six Months Ended December 31, 2011

During the six months period ended December 31, 2011, the Company recorded a net loss of $173,698 as compared to a net loss of $90,069 for the same period of last year. The increase of $83,629 in net loss was primarily due to the follows:

(1) Accounting and audit fees increased by $4,505 due to the net effect of the accrual of the 2011 audit fees of $15,800 and decrease in accounting fees during the period as compared to same period of previous year;
(2) Travel expenses of $46,557 during the period for property investigation in Brazil;
(3) Wages of $61,861 during the period to an employee commencing July 2011;
(4) Legal fees decreased by $11,295 due to decrease in requirements for legal corporate matters and adjustment to accrual;
(5) Management fees increased by $7,200 compared to same period of last year; and
(6) Share-based compensation decreased by $22,054 due to fewer stock options granted or vested for the period.

Summary of Quarterly Results

Quarter Ended	Revenue	Operating Income/ (Loss)	Basic & Fully Diluted Earning/(Loss) Per share	Total Assets	Long Term Liabilities	Cash Dividend
	($)	($)	($)	($)	($)	($)
December 31, 2011	Nil	(81,265)	-	336,541	Nil	Nil
September 30, 2011	Nil	(92,433)	-	440,352	Nil	Nil
June 30, 2011	Nil	(58,143)	-	224,200	Nil	Nil
March 31, 2011	Nil	(13,114)	-	260,528	Nil	Nil
December 31, 2010	Nil	(58,857)	-	274,968	Nil	Nil
September 30, 2010	Nil	(31,212)	-	345,068	Nil	Nil
June 30, 2010	Nil	(37,743)	-	383,060	Nil	Nil
*March 31, 2010	Nil	(27,115)	-	432,275	Nil	Nil

*Note: The financial results and total assets for the third quarter of fiscal year 2010 are based on Canadian GAAP and have not been restated to conform with IFRS.

During the quarter ended December 31, 2010, the previously-filed unaudited interim financial statements incorrectly recorded a gain of $1,434,952 on the redemption and cancellation of the 15,104,760 common shares which occurred on November 3, 2010; the redemption and cancellation was in fact a capital transaction within shareholders' equity and there was no gain. The Company had already filed the amended and restated interim financial statements and the related management discussion and analysis for the interim periods ended December 31, 2010 and March 31, 2011 to reflect this correction.

Investor Relations

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

Management Change

At the annual meeting on November 16, 2011, Roman Shklanka, Leo King and Geir Liland were re-elected as directors.

Balances and Transactions with Related Parties

As of December 31, 2011, the amounts due to related parties, which are unsecured and have no specific terms of repayment, are as follows:

		Dec. 31 2011		June 30 2011
Chelsia Cheam, Secretary of the Company	$	-	$	250
Roman Shklanka, director of the Company		-		7,998
Albert Wu & Associates Ltd., a company controlled by Albert Wu, Chief Financial Officer of the Company		6,300		2,774
H. Leo King & Associates Inc., a company controlled by Leo King, President of the Company		-		560
Total	$	6,300	$	11,582

During the six months ended December 31, 2011, the following related party transactions were incurred in the normal course of operations:-

(a) The Company incurred management fees of $17,400 (December 31, 2010 - $10,200) to H. Leo King & Associates Inc. and Kobex Minerals Inc.;

(b) The Company paid $10,125 (December 31, 2010 - $10,260) for accounting fees to Albert Wu & Associates Ltd., a company controlled by the Chief Financial Officer;

(c) The Company paid $1,500 (December 31, 2010 - $1,500) for book-keeping services to Chelsia Cheam, Secretary of the Company;

(d) The company issued nil shares (December 31, 2010 – 300,000 shares) to a company controlled by Leo King, a director of the Company for settlement of debts.

<u>Liquidity and Capital Resources</u>

The Company's business is exploration and it does not generate cash flow from operations to adequately fund its activities and has therefore relied principally upon the issuance of securities and loans and advances from directors for financing. During the six months ended December 31, 2011, the Company incurred a net loss of $173,698. As of December 31, 2011, the Company had working capital of $325,284. The increase in working capital of $131,550 as compared to the year ended June 30, 2011 was primarily due to the proceeds received of $300,000 from the private placement. The Company may not have enough resources to acquire new mineral properties and finance its operations in the next twelve months and may need to raise additional funds.

The Company intends to continue relying upon the issuance of securities to finance the Company's future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

<u>Risk and Uncertainties</u>

While the Company does not currently hold an interest in mineral properties in a foreign country, it is in the business of acquisition, exploration and evaluation of mineral properties, and accordingly it will be exposed to the laws governing the mining industry in the country from which the mineral properties are acquired with respect to such matters as taxation, repatriation of profits, restrictions on production, export controls, environmental compliance, and expropriation of property or limitations on foreign ownerships, as well as shifts in the political stability of the country and labour unrest, any of which could adversely affect the Company and its exploration and production activities in the country.

The Company's business, results of operations, financial condition, and the trading price of the Company's common shares could be materially adversely affected by any of the foregoing risks and by other risks, including risks related to development of mineral deposits, metal prices, title matters, reclamation costs, gold and other base metal prices volatility, competition, additional funding requirements, insurance, currency fluctuations, conflicts of interest, and share trading volatility. Any of these risks could have a material adverse effect on the business, operations or financial condition of the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ significantly from those estimates. Specific items requiring estimates are amortization, asset retirement obligations, future income taxes, stock-based compensation, fair value of financial instruments, other accrued liabilities and contingent liabilities.

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 carrying value of cash and cash equivalents, receivable and advances, accounts payable and accrued liabilities, and amount due to related parties approximates the fair value because of the short-term nature of those instruments. The Company is not subject to significant interest and credit risks arising from these financial instruments. As the Company no longer operates in a foreign country, the Company is therefore not subject to foreign currency risk arising from changes in exchange rates between the foreign currency and Canadian dollar.

Recent Accounting Policies Pronouncement Not Yet Adopted

IFRS 7, Financial Instruments: Disclosures

The amendments will increase disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions undertaken around the end of the reporting period, and the possible effects of any risks that may remain with the entity that transferred the asset. This new standard, which is applicable for annual periods beginning on or after July 1, 2011, is not expected to significantly impact the Company.

IFRS 9, Financial Instruments

This new standard introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39, Financial instruments: Recognition and measurement derecognition of financial assets and liabilities. This new standard is not applicable until January 1, 2013 but is available for early adoption. The Company has not yet assessed the impact of this standard.

Off-Balance-Sheet Arrangements

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

Disclosure and Internal Financial Reporting

Disclosure controls and procedures (‘DC&P’) are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

TSX Venture listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Latest Outstanding Share Data

As of February 22, 2012, the Company has the following outstanding securities:

Common shares	-	18,841,968
Stock options	-	1,150,000
Warrants	-	Nil