PACIFIC IMPERIAL MINES INC.
Management Discussion and Analysis
For the Nine Months Ended March 31, 2013

The following discussion and analysis, prepared as of May 27, 2013, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the nine months ended March 31, 2013 and audited financial statements and related notes attached thereto of the Company for the year ended June 30, 2012. This MD&A was approved by the Board of Directors prior to its release. All amounts are stated in Canadian dollars unless otherwise indicated.

This Management Discussion & Analysis summarizes the activities of the Company to date, and provides financial information for the nine months ended March 31, 2013. 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

Forward-looking Information

This MD&A contains certain statements that may constitute “forward-looking statements”. All statements, other than statements of historical fact, included herein, including but not limited to, statements regarding future anticipated property acquisitions, the nature of future anticipated exploration programs and the results thereof, discovery and delineation of mineral resources/reserves, business and financing plans and business trends, are forward-looking statements. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct.

Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, variations in the nature, quality and quantity of any mineral deposits that may be located, variations in the market for, and pricing of, any mineral products the Company may produce or plan to produce, the Company’s inability to obtain any necessary permits, consents or authorizations required for its activities, the Company’s inability to produce minerals from its properties successfully or profitably, to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies, and other risks and uncertainties identified herein under “Risks and uncertainties”.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in any of those forward-looking statements. For this reason, investors should not attribute undue certainty to or place undue reliance on forward-looking statements.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant fluctuations in the price of the Company’s securities and render it difficult or impossible for the Company to raise the funds necessary to develop any of its present or future mineral properties.

Adoption of International Financial Reporting Standards ("IFRS")

As of July 1, 2010, the Company adopted IFRS. These financial statements and other financial information for the years ended June 30, 2012, June 30 2011 and July 1, 2010 have been prepared in accordance with IFRS. The Company has restated its comparative financial statements and other financial information following its IFRS accounting policies.

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.

On January 5, 2013, the Company, through its newly incorporated wholly owned subsidiary Pacific Imperial Mineração do Brazil Ltda. ("Pacific Imperial Brazil"), entered into an agreement with Companhia Baiana de Pesquisa Mineral (CBPM), a state owned mineral exploration company in Brazil, whereby the Company acquired an option to earn a lease of the mineral rights in the Marcionilio nickel-copper property.

As the Company is still in exploration stage and non-revenue producing, the Company has experienced losses since its inception. During the nine months ended March 31, 2013, the Company recorded a net loss of $220,363. As of March 31, 2013, the Company has accumulated deficit of $4,626,998. 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 March 31, 2013, the Company had a working capital of $525,531. 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.

On January 5, 2013, the Company, through its newly incorporated wholly owned subsidiary Pacific Imperial Brazil, entered into an agreement with Companhia Baiana de Pesquisa Mineral (CBPM), a state owned mineral exploration company in Brazil, whereby the Company acquired an option to earn a lease of the mineral rights in the Marcionilio nickel-copper property. In accordance with the agreement, the Company is committed to expend R$500,000 (approximately Cdn$250,000) during the first year and, if the Company elects to continue, an additional R$500,000 during the second year for a total of

R$1,000,000 (approximately Cdn$500,000). The Company may terminate the agreement within 12 months from the date of the agreement. However, if the Company does not expend at least R$500,000 within the first 12 months, the Company is required to pay CBPM for the deficiency in cash. After 12 months from the date of the agreement, the Company is committed to expend a total of R$1,000,000 on the property or pay CBPM for the deficiency in cash.

The Property, about 10,090 hectares in size, is located in east-central Bahia State within an area offering excellent infrastructure. CBPM recently carried out an airborne geophysical survey followed by a program of geological mapping, soil and rock geochemistry, and an induced polarization (IP) survey directed at evaluating the selected targets. The initial exploration work has outlined two targets; a nickel-copper occurrence within a mafic-ultramafic igneous complex and iron titanium-vanadium mineralization within a gabbro- anorthosite complex. On the nickel-copper target, a zone 1100 meters by 300 meters of anomalous nickel and copper in soil and rock, co-incident with a 1300 meter-long IP anomaly, was outlined and is ready to be tested by drilling.

On May 23, 2013, the Company announced a drilling program of three diamond drill holes totalling an estimated 700 metres. The focus of the drill program is to test a nickel-copper occurrence within a mafic-ultramafic igneous complex that is defined by coincident anomalous nickel and copper values in soil and rocks, and a 1,300-metre-long IP anomaly. Drilling is expected to start during the last week in May.

Exploration Activities

There was no exploration field work carried out during the nine months ended March 31, 2013. However, numerous property submittals were evaluated.

Results of Operations

Three months ended March 31, 2013:

During the three months ended March 31, 2013, the Company recorded a net loss of $55,289 compared to a net loss of $58,293 of same period last year. The decrease of $3,004 in net loss was primarily due to the follows:

(1) Legal fees decreased by $2,934 compared to same quarter last year;
(2) Travel expenses increased by $4,338 due to trips to Brazil in connection with the acquisition activities; and
(3) Foreign exchange gain of $7,021 due to strong Brazilian currency against Canadian dollars during the quarter.

Nine months ended March 31, 2013:

During the nine months ended March 31, 2013, the Company recorded a net loss of $220,363 compared to a net loss of $231,991 of same period last year. The decrease of $11,628 in net loss was primarily due to the follows:

(1) Accounting and audit fees increased by $4,398 due to higher accounting fees incurred for the period relating to new subsidiary in Brazil;
(2) Legal fees increased by $13,721 due to increased legal services required on corporate and Brazilian subsidiary matters;

(3) Office and miscellaneous expenses increased by $1,749 due to increase in corporate activities during the period;
(4) Share based payments decreased by $5,072 due to no stock options granted in the current period as compared to last year; and
(5) Travel expenses decreased by $24,248 due to fewer trips to Brazil in connection with the acquisition activities compared to same period last year.

Summary of Quarterly Results

Quarter Ended	Revenue	Operating Income/ (Loss)	Basic & Fully Diluted Earning/(Loss) Per share	Total Assets	Long Term Liabilities	Cash Dividend
	($)	($)	($)	($)	($)	($)
March 31, 2013	Nil	(55,289)	-	552,907	Nil	Nil
December 31, 2012	Nil	(82,476)	-	273,661	Nil	Nil
September 30, 2012	Nil	(82,598)	-	357,295	Nil	Nil
June 30, 2012	Nil	(145,939)	(0.02)	223,227	Nil	Nil
March 31, 2012	Nil	(58,293)	-	273,952	Nil	Nil
December 31, 2011	Nil	(81,265)	-	336,541	Nil	Nil
September 30, 2011	Nil	(92,433)	-	440,352	Nil	Nil
June 30, 2011	Nil	(58,143)	-	224,200	Nil	Nil

*Note: The loss for the quarter ended June 30, 2012 was significantly higher then the other quarters mainly due to the stock options granted during the period.

Investor Relations

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

Management Change

At the annual meeting on November 26, 2012, Roman Shklanka, Leo King and Geir Liland were re-elected as directors.

Balances and Transactions with Related Parties

As of March 31, 2013, the amount due to a company controlled by an officer was $1,009 (June 30, 2012 - $Nil).

During the nine months ended March 31, 2013, the following related party transactions were incurred in the normal course of operations:

(a) The Company paid management fees of $21,600 (2012 - $21,600) to Kobex Minerals Inc., a company with a director (Roman Shklanka) in common, for reimbursement of rent and other office overhead costs;

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

(c) The Company paid $14,220 (2012 - $13,680) for accounting fees to Albert Wu & Associates Ltd., a company controlled by Albert Wu, CFO of the Company;

(d) The Company paid $2,250 (2012 - $2.250) for book-keeping and corporate secretary services to Chelsia Cheam, Secretary of the Company; and

(e) The Company incurred stock-based payment of $nil (2012 – $5,072) relating to stock options granted to an officer.

Liquidity and Capital Resources

The Company's business is exploration and it does not generate cash flow from operations to adequately fund its activities and has therefore relied principally upon the issuance of securities and loans and advances from directors for financing. During the nine months ended March 31, 2013, the Company incurred a net loss of $220,363. As of March 31, 2013, the Company had working capital of $525,531 (June 30, 2012 – 219,121). The increase in working capital of $306,410 as compared to year ended June 30, 2012 was primarily due to the proceeds received of $550,000 from the private placements of 9,000,000 shares. The Company may not have enough resources to acquire new mineral properties and finance its operations in the next twelve months and may need to raise additional funds. The Company intends to continue relying upon the issuance of securities to finance the Company's future activities but there can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company.

Risk and Uncertainties

As the Company holds an interest in mineral properties in a foreign country, accordingly it is exposed to the laws governing the mining industry in that country from which the mineral properties are acquired with respect to such matters as taxation, repatriation of profits, restrictions on production, export controls, environmental compliance, and expropriation of property or limitations on foreign ownerships, as well as shifts in the political stability of the country and labour unrest, any of which could adversely affect the Company and its exploration and production activities in the country.

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

Critical Accounting Estimates

The preparation of condensed interim consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of the financial statements and the reported amounts of certain revenue and expenses during the period. Actual results could differ significantly from those estimates. Specific items requiring estimates are amortization, asset retirement obligations, future income taxes, share-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, receivables, 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 operates in a foreign country, the Company is therefore subject to foreign currency risk arising from changes in exchange rates between the foreign currency and Canadian dollar.

Changes in Accounting Policies

Implementation of International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the transition to IFRS as issued by the International Accounting Standards Board, from Canadian GAAP will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. Accordingly, the Company has commenced reporting on an IFRS basis in the current condensed interim consolidated financial statements. The transition date, July 1, 2010, required the restatement for comparative purposes of amounts reported by the Company for the year ended June 30, 2011.

The June 30, 2012 financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting and IFRS 1, First-time Adoption of IFRS (IFRS 1). Subject to available elections and exemptions under IFRS 1, the Company has applied the same accounting policies in its opening IFRS balance sheet as at July 1, 2010 and throughout all periods presented, as if the policies had always been in effect. The impact of the changes to IFRS is detailed in note 10 to the condensed interim consolidated financial statements.

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

IFRS 7, Financial Instruments: Disclosures

The amendments will increase disclosure required regarding the transfer of financial assets, especially if there is a disproportionate amount of transfer transactions undertaken around the end of the reporting period, and the possible effects of any risks that may remain with the entity that transferred the asset. This new standard, which is applicable for annual periods beginning on or after 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.

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

IFRS 10, Consolidated Financial Statements

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

IFRS 11, Joint arrangements

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

IFRS 12, Disclosure of Interests in Other Entities

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

IFRS 13, Fair value measurement

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

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

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

Amendments to other standards effective January 1, 2013

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

Amendments have been made to IAS 1, Presentation of Financial Statements, to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be reclassified into profit or loss in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The Company has assessed that there is no impact to the Company's condensed interim consolidated financial statements in adoption of this standard.

Off-Balance-Sheet Arrangements

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

Latest Outstanding Share Data

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

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