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

The following discussion and analysis, prepared as of February 28, 2014, should be read in conjunction with the unaudited condensed interim consolidated financial statements for the six months ended December 31, 2013 and the audited financial statements and related notes attached thereto for the year ended June 30, 2013. These unaudited condensed interim consolidated financial statements for the six months ended December 31, 2013 have been authorized for release by the Company's Board of Directors on February 28, 2014. 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, 2013. 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.

Description of Business and Overall Performance

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

On January 17, 2013, the Company, through its newly incorporated wholly owned subsidiary Pacific Imperial Mineração do Brasil 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 100% interest in the Marcionilio nickel-copper property.

On September 19, 2013, the Company entered into a binding letter of intent to sell its interest in its wholly owned Brazilian subsidiary which holds the right to acquire 100% interest in the Marcionilio property in Brazil. In consideration, the Company will receive 2% net smelter royalty on any future production.

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, 2013, the Company recorded a net loss of $96,021. As of December 31, 2013, the Company has accumulated deficit of $5,069,023. 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, 2013, the Company had a working capital of $79,071.

On January 23, 2014, the Company announced it has entered into an arm's length binding Letter of Intent with Inland Explorations Ltd. ("Inland"), a private B.C. company, whereby the Company has the right to acquire up to 60% interest in Inland's drill-ready Keg Mountain Property ("Keg Property"), located in Juab County, 100 kilometers south of Salt Lake City, in central Utah's Great Basin. The Keg property comprises of 5,081.44 acres and consists of 184 federal unpatented mineral claims and two State Section Leases. Closing shall take place on or before April 28, 2014 and will be subject to financing and TSX-Exchange approvals.

On January 31, 2014, the Company announced a non-brokered private placement of 12,000,000 units for gross proceeds of $600,000. Each unit will consist of one common share and one share purchase warrant of the Company at a price of $0.05 per unit. One warrant is exercisable, for a period of two years from the date of closing, into one common share of the Company at an exercise price of $0.10 per share. This placement is subject to acceptance by the TSX Venture Exchange.

The Company expects to have enough funds to maintain the Company's operation and property development for the next twelve months.

Mineral Interests

On January 17, 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 100% interest in the Marcionilio nickel-copper property, subject to a 3% net smelter return royalty retained by CBPM. In accordance with the agreement, the Company is committed to expend R$500,000 (approximately Cdn$238,100) 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$476,200). 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 represents an alternative drill target.
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 started during the last week in May 2013.

On July 19, 2013, the Company announced the results of a drilling program to test geochemically anomalous nickel and copper values in soil and rock coincident with a 1300 meter-long induced polarization (IP) anomaly occurring within a mafic-ultramafic igneous complex.

A total of 703.5 meters was drilled in 3 diamond drill holes that tested the IP anomaly on 3 widely spaced sections.

The mineralization encountered in the drilling is characterized by fine-grained, disseminated pyrrhotite with locally traces of chalcopyrite in peridotite and pyroxenite host rocks. It is not known if the mineralized intersections represent true widths. There is some indication that the layered mafic-ultramafic complex was intersected at a low angle to the core axis in Hole M-01. However, the interpretation of the IP data suggests a steeply-dipping to near vertical attitude to the mineralization.

A summary of the mineralized intersections is given in the following table along with a description of the drill-holes.

Hole M-01 was drilled on Section 37,000 at -50 degrees north to a hole depth of 250.6 meters to test an IP anomaly estimated to be 100 meters in width. The drill-hole collared in serpentinized peridotite and intersected a sequence of interlayered peridotite and pyroxenite ending in mineralized peridotite.

Disseminated pyrrhotite, locally estimated at 4% was intersected starting at 71.7 meters.

The following intervals were assayed and returned weighted average nickel and copper values listed below:

From	To	Interval (m)	Nickel (%)	Copper *(%)*	Host Rock
62.2	64.2	2.0	0.033	0.008	Gabbro
71.7	74.6	2.9	0.083	0.028	olivine pyroxenite
74.6	107.8	33.2	0.154	0.022	olivine pyroxenite and peridotite
111.5	112.8	1.3	0.029	0.017	pyroxenite
135.2	157.5	22.3	0.120	0.016	Peridotite and olivine pyroxenite
157.5	250.6	93.1	0.203	0.022	peridotite

Hole M-02 was drilled on Section 336,800 (200m west of Hole M-01) at -50 degrees North to a depth of 252.9 meters. The hole was laid out to test an IP anomaly estimated to be 80 meters in width. The drill-hole intersected a granitic dike containing inclusions of amphibolite and metagabbro from the collar to 192.2 meters. From 192.2 to 249.0 meters, peridotite was intersected and from 249.0 to 252.9 meters, pyroxenite. As no visible sulphides were noted, the anomaly was not adequately explained.

Hole M-03 was drilled on Section 336,100 (700 m west of Hole M-02) at -60 degrees North to a depth of 200 meters. The drill-hole was laid out to test an IP anomaly estimated to be 100 meters in width.

The drill-hole collared in peridotite and minor gabbro to 143.5 meters. Pyroxenite was intersected from 143.5 to 164.2m followed by peridotite from 164.2 to 194.9 meters and pyroxenite from 194.9 to 197.7 meters. The drill hole ended in a granitic dike at 202 meters.

Disseminated pyrrhotite in pyroxenite was noted from 157.2 to 164.2 meters, from which two intervals were assayed and returned nickel and copper values as listed below:

From	To	Interval (m)	Nickel (%)	Copper *(%)*	Host Rock
157.2	161.8	4.6	0.022	0.043	pyroxenite
163.7	164.2	0.5	0.168	0.077	pyroxenite

The wide zone of low-grade nickel and copper values intersected in Hole M-01 is of interest, however, the significance of the mineralization encountered has not been established at this time.

Mr. Leo King, P. Geo., President of the Company, is a Qualified Person ("QP") as defined by National Instrument 43-101 and has supervised the preparation of the foregoing technical information.

On September 19, 2013, the Company entered into a binding letter of intent to sell its interest in its wholly owned Brazilian subsidiary which holds the right to acquire 100% interest in the Marcionilio property in Brazil. In consideration, the Company will receive 2% net smelter royalty on any future production.

Results of Operations

Three months ended December 31, 2013:

During the three months ended December 31, 2013, the Company recorded a net loss of $58,964 compared to a net loss of $82,476 same period last year. The decrease of $23,512 in net loss was primarily due to the following:

(1) Accounting and audit fees increased by $13,883 due to payment of audit fees during the quarter;
(2) Exploration costs increase $7,299 due to balance of exploration work incurred for the Marcronilio property in Brazil;
(3) Management fees decreased by $7,950 as the Company no longer pays management fees;
(4) Wages and benefits decreased by $30,000 as an employee was laid off during the current period; and
(5) Foreign exchange loss decreased by $7,798 due to strong US currency as compared to same quarter last year.

Six months ended December 31, 2013:

During the six months ended December 31, 2013, the Company recorded a net loss of $96,021 compared to a net loss of $165,074 same period last year. The decrease of $69,053 in net loss was primarily due to the following:

(1) Exploration costs increase $15,829 due to balance of exploration work incurred for the Marcronilio property in Brazil;
(2) Management fees decreased by $16,650 as the Company no longer pays management fees;
(3) Property investigation increased by $12,030 as compared to same period last year;
(4) Travel expenses decreased by $17,971 as compared to same period last year; and
(5) Wages and benefits decreased by $60,000 as an employee was laid off since July 2013.

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, 2013	Nil	(58,964)	-	104,014	Nil	Nil
September 30, 2013	Nil	(37,057)	-	149,822	Nil	Nil
June 30, 2013	Nil	(346,004)	(0.01)	353,031	Nil	Nil
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

*Note: The loss for the quarter ended June 30, 2013 was significantly higher than the other quarters mainly due to exploration costs incurred in the Brazilian property.

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 25, 2013, Roman Shklanka, Leo King and Geir Liland were re-elected as directors.

Balances and Transactions with Related Parties

As of December 31, 2013, the amounts due to a company controlled by an officer and an officer were $9,120 (June 30, 2013 - $4,135) and $567 (June 30, 2013 - $23), respectively.

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

(a) The Company paid management fees of $nil (2012 - $14,400) 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 $nil (2012 - $3,000) 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 $14,095 (2012 - $9,495) for accounting fees to Albert Wu & Associates Ltd., a company controlled by Albert Wu, CFO of the Company; and

(d) The Company paid $4,032 (2012 - $1,500) for bookkeeping and corporate secretary services to Chelsia Cheam, Secretary of the Company.

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 six months ended December 31, 2013, the Company incurred a net loss of $96,021 (2012 – loss of $165,074). As of December 31, 2013, the Company had working capital of $79,071 (June 30, 2013 – $174,955). The Company does not have enough resources to acquire new mineral properties and finance its operations in the next twelve months and will 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 these unaudited condensed consolidated interim 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 decommissioning of liabilities on mineral interests, recoverability and measurement of deferred tax assets and liabilities and the assumptions used in valuing options and warrants in share-based payment calculations.

Financial Instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or financial assets at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents are classified as financial assets at FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. The Company does not have any assets classified as held to maturity, loans and receivables or available for sale financial assets at this time.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as financial liabilities at FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and due to related parties are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company is not exposed to any derivative instruments and foreign exchange hedges in place at this time.

Changes in Accounting Policies

The Company adopted the following account policies effective July 1, 2013 and the Company has assessed that there are no impact to the Company's unaudited condensed consolidated interim financial statements in adoption of these standards.

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.

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.

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. This standard also eliminates the option to account for jointly controlled entities using the proportionate consolidation method.

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.

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.

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.

Amendments to other standards

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.

Accounting standards issued but not yet applied

IFRS 9, Financial Instruments – Classification and Measurement

This new standard was originally issued in November 2009 with new requirements for classifying and measuring financial assets and liabilities. IFRS 9 replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments: Recognition and Measurement, with a new mixed measurement model with only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income. Requirements for hedge accounting were added in November 2013. This policy is mandatory effective for annual periods beginning on and after January 1, 2018. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 32 – Financial Instruments: Presentation

IAS 32 Financial Instruments: Presentation outlines the accounting requirements for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provides guidance on the classifications of related interest, dividends and gain/losses, and when financial assets and financial liabilities can be offset. In December 2011, the IASB extended the mandatory effective date to on or after January 1, 2015 with early adoption permitted. 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.

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	- nil

Subsequent Events

(a) On January 23, 2014, the Company announced that it has entered into an arm's length binding Letter of Intent with Inland Explorations Ltd. ("Inland"), a private B.C. company, whereby the Company has an option to acquire up to 60% interest in Inland's drill-ready Keg Mountain Property ("Keg Property"), located in Juab County, 100 kilometers south of Salt Lake City, in central Utah's Great Basin. The Keg property comprises of 5,081.44 acres including 184 federal unpatented mineral claims and two State Section Leases. In consideration, the Company has agreed to pay Inland $375,000 in cash, issue 6,500,000 common shares, and incur $10,000,000 in expenditures over time as follows:

	Cash Payments $	Common Shares	Expenditures $
To acquire the first 51% interest			
On closing date	$ 50,000	1,000,000	$ -
Year 1	50,000	1,000,000	250,000
Year 2	75,000	1,250,000	750,000
Year 3	100,000	1,500,000	1,500,000
Year 4	100,000	1,750,000	3,000,000
	375,000	6,500,000	5,500,000
To acquire additional 9% interest			
Year 5 and 6	-	-	4,500,000
Total 60% interest	$ 375,000	6,500,000	$ 10,000,000

Closing of this transaction is scheduled to take place on or before April 28, 2014. The agreement is subject to regulatory approval and completion of a financing by the Company in the amount of $400,000 at the minimum.

(b) On January 31, 2014, the Company announced a non-brokered private placement of 12,000,000 units for gross proceeds of $600,000. Each unit will consist of one common share and one share purchase warrant of the Company at a price of $0.05 per unit. One warrant is exercisable, for a period of two years from the date of closing, into one common share of the Company at an exercise price of $0.10 per share. This placement is subject to acceptance by the TSX Venture Exchange.

(c) On February 19, 2014, the Company announced that it has agreed to pay a finders' fee in connection with the transaction with Inland. The finders' fee consists of 500,000 units having the same terms as the private placement announced January 31, 2014. The Company also announced that the warrant exercise period, stated in the January 31, 2014 private placement announcement, has been extended to 5 years from 2 years. The finders' fee and amendment to the term of the warrant are subject to acceptance by the TSX Venture Exchange.

(d) 7,210,000 warrants expired February 19, 2014.