PACIFIC IMPERIAL MINES INC.
Management Discussion and Analysis
For the Six Months Ended December 31, 2016

The following discussion and analysis are prepared and have been authorized for release by the Company's Board of directors on February 28, 2017. This document should be read in conjunction with the audited financial statements together with the notes attached thereto for the six months ended December 31, 2016. All amounts are stated in Canadian dollars unless otherwise indicated.

This Management Discussion & Analysis ("MD&A") summarizes the activities of the Company to date, and provides financial information for the six months ended December 31, 2016. 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.

Mineral Interests

Eagle Mountain Property

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 consists of 248 claims, each 20 acres in size, totaling approximately 4,960 acres located in the Alkali Flats area, which is 10 kilometers south-south-east of Death Valley Junction and covering most of the Eagle Mountain salina.

In connection with the acquisition, the Company entered into a consulting and finder's fee agreement with a private corporation Gold Exploration Management Inc. (the "Consultant") to provide mineral exploration project management services. Pursuant to the agreement, the Company agreed to pay a consulting fee at US$600 per day and management fee equal to 10% of the cost of all work programs conducted on the Eagle Mountain properties to be identified by the Consultant (the "Properties"), the management fee will be reduced to 5% for work program costs exceeding US$100,000.

In addition, the Company paid $7,583 as finder's fee to the Consultant for Properties identified and staked by the Consultant. Furthermore, the Company has granted the Consultant a 1% net smelter returns royalty on the Properties.

The Eagle Mountain Property consists of 248 claims each 20 acres in size, totaling approximately 4,960 acres located in the Alkali Flats area, 10 km SSE of Death Valley Junction and covering most of the Eagle Mountain salina. Exploration logistics are excellent with property access within 3 kilometers of a paved highway.

The United States Geological Survey (USGS) reported sampling and drilling in closed basins throughout portions of Nevada, primarily in and around Clayton Valley and adjacent California. Its work in the claim area, near the western margin of the Eagle Mountain claim area, consisted of taking bore-hole samples from a 102.1 meter-deep hole. Of the 68 rock samples taken, 45 returned lithium values between 300 and 999 ppm and 22 assayed between 100 and 300 ppm lithium; the results were the strongest anomalous values obtained by !he USGS study of 23 playas.

Furthermore, the USGS from its studies of the only North American lithium producer, the Albemale Silver Peak Mine and its environment, as well as the large Chilean deposits from the Salar de Atacama, has developed a conceptual model for lithium brine deposits and identified seven first order characteristics that apply to them. This model was used as a guide to locate the Eagle Mountain Property and all of the characteristics clearly apply.

A satellite image of the claims and surrounding area shows that the Eagle Mountain salina lies within a north-south trending basin essentially closed to the south. This basin interacts at the westem fringe with the Amargosa River drainage which is recognized by the USGS as regionally enriched in lithium (18 springs and wells in the Amargosa Desert averaged 105 micrograms per liter lithium).

The eastern parts of the basin are bounded to the east by a major north-south range-front fault. This trap basin is further defined by the west-northwest trending Eagle Mountain Fault to the west that separates the main trap basin from what is interpreted to be a zone of shallow mixing and erosion of the borates and evaporites on the salina's westem fringe. The basin which remains closed and a suitable trap for brines, constitutes the vast majority of the property area.

Work carried out on the property during December 2016 consisted of a gravity survey and geochemical sampling. Based on these results the land position is being extended prior to releasing details of the exploration program. Further work is expected to entail additional geophysics followed by drilling. Additional financing will be required.

During the six months ended December 31, 2016, the Company incurred the following exploration costs.

	Six Months Ended December 31, 2016	Year Ended June 30, 2016	Accumulated Total as of December 31, 2016
Assays and sampling	$ 21,219	$ -	$ 21,219
Field expenses	1,065	16,842	17,907
Finder's fees	5,183	2,400	7,583
Geophysical consultants	18,346	-	18,346
Management fees	5,646	4,821	10,467
Mineral claims	102,204	-	102,204
Travel	1,026	1,894	2,920
	$ 154,689	$ 25,957	$ 180,646

Results of Operations

Three Months Ended December 31, 2016:

During the three months ended December 31, 2016, the Company recorded net loss of $120,526 compared to net loss of $26,641 in the same quarter last year. The increase in net loss of $93,885 was primarily due to the following items:

(1) Exploration costs were $83,301 (2015 - $Nil) - the increase in the amount of $83,301 was due to mineral claims and other exploration costs incurred for the Eagle Mountain property.

(2) Accounting and audit expenses were $17,668 (2015 - $15,222) - the increase in the amount of $2,446 was due to increase in accounting fees.

(3) Travel and promotion was $9,067 (2015 - $2,825) - the increase of travel expense in the amount of $6,242 was due to acquisition activities.

Six Months Ended December 31, 2016:

During the six months ended December 31, 2016, the Company recorded net loss of $209,242 compared to net earnings of $41,314 in the same period last year. The increase in net loss of $167,928 was primarily due to the following items:

(1) Exploration costs were $154,689 (2015 - $Nil) - the increase in the amount of $154,689 was due to mineral claims and other exploration costs incurred for the Eagle Mountain property.

(2) Consulting expenses were $Nil (2015 - $6,000) – the decrease in the amount of $6,000 was due to termination of a consulting agreement;

(3) Legal expenses were $5,693 (2015 - $1,864) – the increase in the amount of $3,829 was due to increase in property acquisition and financing activities;

(4) Office and miscellaneous expenses were $16,580 (2015 - $11,424) – the increase in the amount of $5,156 was due to increase in general corporate activities;

(5) Travel and promotion was $10,756 (2015 - $2,825) - the increase of travel expense in the amount of $7,931 was due to acquisition activities.

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, 2016	Nil	(120,526)	-	164,561	Nil	Nil
September 30, 2016	Nil	(88,716)	-	245,174	Nil	Nil
June 30, 2016	Nil	(35,459)	-	59,007	Nil	Nil
March 31, 2016	Nil	(16,085)	-	91,305	Nil	Nil
December 31, 2015	Nil	(26,641)	-	107,616	Nil	Nil
September 30, 2015	Nil	(14,673)	-	137,619	Nil	Nil
June 30, 2015	Nil	45,746	-	149,202	Nil	Nil
March 31, 2015	Nil	(19,487)	-	150,346	Nil	Nil

Note: The loss for the quarter ended six months ended December 31, 2016 was significantly higher than the other quarters mainly due to exploration costs incurred in the Eagle Mountain Property, California. The Company will continue to incur losses until the Company has developed its assets which will generate cash flows from ongoing operations.

Balances and Transactions with Related Parties

During the six months ended December 31, 2016, the following related party transactions were incurred in the normal course of operations:

Personnel	Transaction		2016		2015
Albert Wu & Associates Ltd., controlled by Albert Wu, CFO	Accounting fees	$	5,130	$	5,940
Chelsia Cheam, Corporate Secretary	Bookkeeping and secretary		1,356		1,260
Total		$	6,486	$	7,200

Amounts due to related parties as of December 31, 2016 and June 30, 2016 were as follows:

Personnel		December 31, 2016		June 30, 2016
Alber Wu, CFO	$	90	$	-
Chelsia Cheam, Corporate Secretary		280		245
Total	$	370	$	245

Investor Relations

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

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, 2016, the Company incurred a net loss of $209,242 (2015 – $41,314). As of six months ended December 31, 2016, the Company had working capital of $98,907 (June 30, 2016 - $45,076).

Risk and Uncertainties

While 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.

The Company expects to 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. 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.

Critical Accounting Estimates

The preparation of these 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 is 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 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

Please refer to Note 2(n) in the notes to the financial statements

Off-Balance-Sheet Arrangements

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

Management Change

At the annual meeting on November 25, 2016, all directors were re-elected. The current director and officers are as follows:

Directors - Roman Shklanka (Chairman)
- Leo King
- Chris McLeod

Officers - Leo King (President and CEO)
- Albert Wu (CFO)

There was no change in management since June 30, 2016.

Latest Outstanding Share Data

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

Common shares	Number of Shares	Amount
Balance, December 31, 2016	52,668,968	$3,767,674
Additions	-	-
Balance, February 28, 2017	52,668,968	$3,767,674

Stock Options	Number of Options	Average Exercise price
Balance, June 30, 2016	1,875,000	$0.07
Additions	-	-
Balance, February 28, 2017	1,875,000	$0.07

Options outstanding and exercisable at February 28, 2017 are as follows:

Expiry Date	Number of Options	Exercise Price
June 12, 2017	875,000	$0.10
October 10, 2019	1,000,000	$0.05
	1,875,000	$0.07

Warrants	Number of Warrants	Average Exercise Price
Balance, June 30, 2016	12,700,000	$0.10
Additions	-	-
Balance, February 28, 2017	12,700,000	$0.10

Warrants outstanding at February 28, 2017 are as follows:

Expiry Date	Number of Warrants	Exercise Price
May 13, 2019	12,700,000	$0.10
	12,700,000	$0.10