

PACIFIC IMPERIAL MINES INC.
Management Discussion and Analysis
For the Nine Months Ended March 31, 2017

The following discussion and analysis are prepared and have been authorized for release by the Company's Board of directors on May 23, 2017. This document should be read in conjunction with the audited financial statements together with the notes attached thereto for the nine months ended March 31, 2017. 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 nine months ended March 31, 2017. 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.

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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 the USGS study of 23 playas.

Furthermore, the USGS from its studies of the only North American lithium producer, the Albemarle 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 western 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 western fringe. The basin which remains closed and a suitable trap for brines, constitutes the vast majority of the property area.

On March 22, 2017 the Company announced the results of a recently completed initial exploration program including geochemical and gravity surveys on its 100% owned Eagle Mountain lithium property near Death Valley Junction, California.

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Soil sampling was carried out on the property by drilling principally auger drill holes 1.3 to 3 meters deep depending on the nature of the material and the utility of the equipment.

This survey was directed by the quality of geochemical results published by the USGS in 1977 in the salina area. The values from the solids in this 102.1 meter drill hole, which was part of a regional study of possible lithium salina targets throughout the Mojave Desert in California were strongly anomalous with 45 of 68 samples in the range of 300 to 999 ppm (USGS OFR 80-1234). In a more detailed examination of this RC drill hole Patea (USGS OFR 86-1164) used both AA and emission spectra methods and conducted some mineralogical studies using the laboratories in Menlo Park, California and Denver, Colorado. Using the AA, the range of all samples was 58 to 810 ppm lithium and the four samples subjected to emission spectra returned values of 1,100 ppm, 1,100 ppm, 810 ppm, and 1,100 ppm lithium.

In December, 2016, a total of 61 soil samples from the dry, shallow auger drill holes, were taken across the playa surface covering an area of about 15 square kilometers. The playa surface is covered by a crusty mix of halite, sodium and calcium chloride, gypsum, borates, silt and clay. The depth of these evaporitic materials is unknown but the surface expression of the salts extends well beyond the core of the salina.

The sampling has revealed a 12 square kilometer area with a surface expression of lithium mineralization ranging up to 240 ppm. Whereas the area has been subjected to recent unusual rains, it is probable that the very shallow material has been leached of the very mobile lithium salts and that deeper sampling will be required. This seasonal leaching and variation in surface lithium content has been well documented by the USGS regional studies. This suggests that the published results from the 102.1 meter hole are more representative of the target potential and considerably more work is warranted.

The gravity survey, completed in December, 2016, generated a basin model as an aid to lithium exploration. The survey also defined the regional structural setting revealing complex structures dominated by a major fault bounding Eagle Mountain on both sides.

Several first order structural features representing targets for more work were outlined by the survey. The gravity survey defined the southern portion of the Amargosa Basin, revealing a shelf extending to the south, off the main basin and underlying the property, with specific gravity low features identified as priority targets for exploration.

Interpretation of the gravity data indicates the basin fill depth averages 550 meters with a deeper, small perched sub-basin located on the property's southeast margin. The survey also defined much deeper, well-defined basins in the area which will be evaluated as priority targets. These features are similar in scale to (in fact larger than) the gravity mapped targets in the Clayton Valley.

A major structural feature extends across the property in a northwest-southeast direction, bounding Eagle Mountain on either side. The structure forms the south-southwestern margin of the basin shelf. Gravity data suggests that the basin fill layering in the shelf dips southwest toward the Eagle Mountain bounding structure. This asymmetry, similar to the Clayton Valley Basin, is interpreted to be an important control to lithium brine entrapment at the Clayton Valley deposit.

Three target areas on the Eagle Mountain property are defined based on similarities to the Clayton Valley deposit. These include the north-south oriented paleo-channel, a sub-basin underlying the southeastern portion of the property and sediments dipping west towards the major structure bounding the northeast side of Eagle Mountain.

A recently staked, fourth target, is a prominent basin feature located along the western structural boundary of the Amargosa basin, about 7 kilometers to the northwest of the original Eagle Mountain property. It extends over a length of at least 10 kilometers in a north-south direction and represents an important exploration target.

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A controlled source audio magneto-telluric (CSAMT) geophysical survey has been recommended by James L. Wright, consulting geophysicist and author of the gravity report. A CSAMT survey is well suited for delineation of basin fill bedding. In addition, brines are low resistivity and the survey can be used to target brine concentrations in basin fill.

The Company is encouraged by the results of the initial exploration program and expect to follow up on recommendations for further work made by geophysical consultant James L. Wright and project manager, David A. Bending, P.Geo.

A detailed project description and supporting illustrations showing targets will be shown on the Pacific Imperial Mines Inc. website currently being updated.

The samples were processed by ALS Chemex Labs in Reno, Nevada for analysis. The analytical range for lithium for the method used is 0.1 ppm to 1%. The multi-element package subjects the samples to Aqua Regia digestion followed by ICP-MS analysis. This method is suitable for early lithium exploration in sedimentary deposits.

David A. Bending, P. Geo, consultant to Pacific Imperial Mines Inc. is the qualified person as defined by National Instrument 43-101 and has approved the technical information in this release.

During the nine months ended March 31, 2017, 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	\$ 19,606	\$ -	\$ 19,606
Field expenses	21,023	16,842	37,865
Finder's fees	5,183	2,400	7,583
Geophysical consultants	15,108	-	15,108
Management fees	5,646	4,821	10,467
Mineral claims	102,206	-	102,206
Travel	1,026	1,894	2,920
	\$ 169,798	\$ 25,957	\$ 195,755

Results of Operations

Three Months Ended March 31, 2017:

During the three months ended March 31, 2017, the Company recorded net loss of \$26,946 compared to net loss of \$16,085 in the same quarter last year. The increase in net loss of \$10,861 was primarily due to the following changes:

- (1) Exploration costs were \$15,109 (2016 - \$Nil) - the increase in the amount of \$15,109 was due to mineral claims and other exploration costs incurred for the Eagle Mountain property.
- (2) Office and miscellaneous expenses were \$6,168 (2016 - \$9,872) - the decrease of office expenses in the amount of \$3,704 was due to the Company's effort to reduce overhead expenses.

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- (3) Travel and promotion was \$805 (2016 - \$2,391) - the decrease of travel expense in the amount of \$1,586 was due to the Company's effort to minimize expenses.

Nine Months Ended March 31, 2017:

During the nine months ended March 31, 2017, the Company recorded net loss of \$236,188 compared to net earnings of \$57,399 in the same period last year. The increase in net loss of \$178,789 was primarily due to the following changes:

- (1) Exploration costs were \$169,798 (2016 - \$Nil) - the increase in the amount of \$169,798 was due to mineral claims and other exploration costs incurred for the Eagle Mountain property.
- (2) Consulting fees was \$Nil (2016 - \$6,000) - the decrease of consulting fees in the amount of \$6,00 was due to termination of a consultant in prior period.
- (3) Travel and promotion was \$11,561 (2016 - \$5,216) - the increase of travel expense in the amount of \$6,345 was due to acquisition activities.
- (4) Legal was \$5,693 (2016 - \$1,864) - the increase of legal expense in the amount of \$3,829 was due to acquisition activities.
- (5) Office and miscellaneous expenses were \$22,748 (2016 - \$21,296) - the increase of office expenses in the amount of \$1,452 was due to the Company's acquisition activities.
- (6) Transfer agent fees were \$3,100 (2016 - \$1,698) - the increase of transfer agent fees in the amount of \$1,401 was due to the Company's financing activities.

Summary of Quarterly Results

Quarter Ended	Revenue	Operating Income/ (Loss)	Basic & Fully Diluted		Long Term Liabilities	Cash Dividend
			Earning/(Loss) Per share	Total Assets		
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
March 31, 2017	Nil	(26,946)	-	86,583	Nil	Nil
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

Note: The loss for the quarter 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.

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Balances and Transactions with Related Parties

During the nine months ended March 31, 2017, the following related party transactions were incurred in the normal course of operations:

Personnel	Transaction	2017	2016
Albert Wu & Associates Ltd., controlled by Albert Wu, CFO	Accounting fees	\$ 7,840	\$ 7,920
Chelsia Cheam, Corporate Secretary	Bookkeeping and secretary	2,004	1,671
Total		\$ 9,844	\$ 9,591

Amounts due to related parties as of March 31, 2017 and June 30, 2016 were as follows:

Personnel	December 31, 2016	June 30, 2016
Alber Wu, CFO	\$ 851	\$ -
Chelsia Cheam, Corporate Secretary	648	-
Total	\$ 1,499	\$ -

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 nine months ended March 31, 2017, the Company incurred a net loss of \$236,188 (2016 – \$57,399). As of nine months ended March 31, 2017, the Company had working capital of \$71,289 (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.

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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

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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:

	Number of	
Common shares	Shares	Amount
Balance, March 31, 2017	52,668,968	\$3,767,674
Additions	-	-
Balance, date of this report	52,668,968	\$3,767,674

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Stock Options	Number of Options	Average Exercise price
Balance, March 31, 2017	1,875,000	\$0.07
Additions	-	-
Balance, date of this report	1,875,000	\$0.07

Options outstanding and exercisable at the date of this report 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, March 31, 2017	12,700,000	\$0.10
Additions	-	-
Balance, date of this report	12,700,000	\$0.10

Warrants outstanding at date of this report are as follows:

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

The Company announced a non-brokered private placement for 20,000,000 common shares at \$0.02 per common share to raise proceeds up to \$400,000 subject to regulatory approval. The proceeds will be used for advance its lithium properties and for general working capital purposes.