PACIFIC IMPERIAL MINES INC.

Condensed Interim Financial Statements (Unaudited)

For the Three Months Ended September 30, 2012 and 2011

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements have been prepared by management of the Company and have not been reviewed by the Company's independent auditor.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

PACIFIC IMPERIAL MINES INC.
Condensed Interim Statements of Financial Position (Unaudited)
(Expressed in Canadian Dollars)

		September 30 2012		June 30, 2012
ASSETS				
Current assets				
Cash and cash equivalents	$	352,698	$	209,429
Advances and sundry receivables		2,837		12,975
Prepaid expenses		999		-
		356,534		222,404
Equipment (Note 3)		761		823
Total assets	$	357,295	$	223,227
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	18,033	$	3,283
Due to related parties (Note 4)		1,916		-
Total liabilities		19,949		3,283
SHAREHOLDERS' EQUITY				
Share capital (Note 5)		2,532,385		2,332,385
Contributed surplus		2,294,194		2,294,194
Deficit		(4,489,233)		(4,406,635)
Total shareholders' equity		337,346		219,944
Total liabilities and shareholders' equity	$	357,295	$	223,227

Nature of business and continuance of operation (Note 1)

Approved and authorized for issue on behalf of the Board on November 22, 2012

"Roman Shklanka"
Roman Shklanka, Director

"Leo King"
Leo King, Director

(The accompanying notes are an intergral part of these financial statements)

PACIFIC IMPERIAL MINES INC.

Condensed Interim Statements of Comprehensive Loss (Unaudited)
For the Three Months Ended September 30, 2012 and 2011
(Expressed in Canadian Dollars)

		2012		2011
General and administrative expenses				
Accounting and audit	$	18,610	$	21,050
Amortization		62		88
Legal		8,831		7,031
Management fees		8,700		8,700
Office and miscellaneous		2,841		4,418
Promotion		206		522
Property investigation		-		246
Share-based payment		-		5,072
Transfer agent fees		1,211		1,244
Travel		12,553		11,853
Wages and benefits		30,000		32,189
Loss before other items and income taxes		(83,014)		(92,413)
Other Items				
Interest income		647		-
Foreign exchange loss		(231)		(20)
Net comprehensive loss for the period	$	(82,598)	$	(92,433)
Loss per share - basic and diluted	$	(0.00)	$	(0.01)
Weighted average number of shares outstanding		20,146,316		18,841,968

(The accompanying notes are an integral part of these financial statements)

PACIFIC IMPERIAL MINES INC.

Condensed Interim Statements of Shareholders' Equity (Unaudited)

For the Three Months Ended September 30, 2012 and 2011

(Expressed in Canadian Dollars)

	Share Capital				Total
	Shares	Amount	Deficit	Contributed Surplus	Shareholders' Equity
Balance, June 30, 2011	18,841,968	$ 2,032,385	$ (4,028,705)	$ 2,191,230	$ 194,910
Net loss for the period			(92,433)		(92,433)
Shares issued for cash					
Proceeds of private placement received		300,000			300,000
Share-based payment				5,072	5,072
Balance, September 30, 2011	18,841,968	$ 2,332,385	$ (4,121,138)	$ 2,196,302	$ 407,549
Balance, June 30, 2012	18,841,968	$ 2,332,385	$ (4,406,635)	$ 2,294,194	$ 219,944
Net loss for period			(82,598)		(82,598)
Shares issued for cash					
Private placement	2,000,000	200,000			200,000
Balance, September 30 2012	20,841,968	$ 2,532,385	$ (4,489,233)	$ 2,294,194	$ 337,346

(The accompanying notes are integral part of these financial statements)

PACIFIC IMPERIAL MINES INC.

Condensed Interim Statements of Cash Flows (Unaudited)
For the Three Months Ended September 30, 2012 and 2011
(Expressed in Canadian Dollars)

		2012		2011
Cash flows provided by (used in) operating activities				
Net Loss for the period	$	(82,598)	$	(92,433)
Adjustment for items not involving cash:				
Amortization		62		88
Share-based payment		-		5,072
		(82,536)		(87,273)
Changes in operating assets and liabilities:				
Advances and sundry receivable		10,138		(5,077)
Prepaid expenses		(999)		-
Accounts payable and accrued liabilities		14,750		9,723
Net cash used in operating activities		(58,647)		(82,627)
Cash flows provided by (used in) financing activities				
Cash received from shares issued		200,000		300,000
Advances from related parties		1,916		(6,210)
Net cash provided by financing activities		201,916		293,790
Increase in cash and cash equivalent		143,269		211,163
Cash and cash equivalents, beginning of period		209,429		210,348
Cash and cash equivalents, end of period	$	352,698	$	421,511

Supplemental disclosure of cash flow information:				
Interest paid	$	-	$	-
Interest earned	$	647	$	-
Income taxes paid	$	-	$	-

(The accompanying notes are an integral part of these financial statements)

1. Nature of Business and Continuance of Operation

Pacific Imperial Mines Inc. ("the Company") is incorporated under the British Columbia Business Corporations Act since September 18, 1987. The Company's shares are listed on the TSX Venture Exchange. The Company's principal office is located at Suite 1700, 700 West Pender Street, Vancouver, BC V6C 1G8.

These financial statements of the Company have been prepared on a going-concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company has experienced losses since its inception amounting to $4,489,233 as of September 30, 2012. The ability of the Company to meet its commitments as they become payable is dependent on the ability of the Company to acquire assets or a business or an interest therein, obtain the necessary financing, and develop assets or operations which will generate cash flows, either as a result of their disposal or from ongoing operations. The Company does not currently have assets or a business capable of generating ongoing cash flows. Although the Company has sufficient cash to meet its current administrative costs, there is no assurance that the Company will be successful in making an acquisition or in raising the necessary financing to do so.

These financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements.

2. Summary of Significant Accounting Policies

(a) Basis of presentation and adoption of International Financial Reporting Standards

The condensed interim financial statements of the Company have been prepared in accordance with IAS 34, "Interim Financial Reporting", using the same accounting policies as detailed in the Company's annual financial statements for the year ended June 30, 2012, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended June 30, 2012.

The condensed interim financial statements have been prepared on the historical costs, except for certain financial instruments which are recorded at fair value. In addition, these have been prepared using the accrual method of accounting except for cash flow information.

(b) Use of estimates

The preparation of these condensed interim financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the related notes to the financial statements during the reporting period. Significant areas requiring the use of management estimates include the recoverability and measurement of deferred tax assets and liabilities and the assumptions used in valuing options and warrants in share-based payment calculations. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

(c) Cash equivalents

Cash equivalents consist of highly liquid investments which are readily convertible into known amounts of cash that have original maturities of three months or less when purchased.

(d) Equipment

Equipment is recorded at cost and amortized at the following rates per annum using the declining balance method:

Computer equipment and software	- 30%
Office equipment and furniture	- 20%

Additions during the period are amortized at one-half the normal rate in the period of acquisition.

(e) Impairment of property, plant and equipment

The carrying value of property, plant and equipment and intangibles are reviewed for possible impairment at each statement of financial position date.

If any indication of impairment exists, an estimate of the asset’s recoverable amount is calculated. The recoverable amount of an asset or cash generating unit is determined as the higher of the fair value less direct costs to sell and the asset value in use (being the present value of the expected future cash flows of the asset). An impairment loss is recognized for the amount by which the carrying amount exceeds its estimated recoverable amount.

(f) Income taxes

Income tax expense comprises current and deferred income tax. Tax is recognized in the income statement except to the extent that it relates to items recognized directly into equity, in which case the related tax effect is recognized in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current expense tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using a temporary difference approach and is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable income. Deferred tax is calculated based on the expected manner in which temporary differences related to the carrying amounts of assets and liabilities, using tax rates that are expected to apply to the year of realization or settlement using tax rates and laws enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination and which do not affect accounting or taxable profit or loss at the time of the transaction.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

2. Summary of Significant Accounting Policies (continued)

(g) Basic and diluted loss per share

Loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted earnings (loss) per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

(h) Share-based payment

The Company has a share-based payment plan as disclosed in Note 5, whereby stock options are granted in accordance with the policies of regulatory authorities. The Company uses a fair value based method of accounting for stock options to directors and employees. Stock options granted to non-employees are valued based on the fair value of the goods or services received, when fair value cannot be estimated reliably, the Company uses a fair value based method of accounting for stock options granted to non-employees. The fair value is determined using the Black-Scholes option pricing model with assumptions for risk-free interest rate, volatility, expected forfeiture and life of the options or warrants. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. Stock options with graded vesting schedules are accounted for as separate grants with different vesting periods and fair values. The cost is recognized over the applicable vesting period as an increase in share-based payment expense, with the offset credit to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

(i) Financial instruments

The Company classifies financial assets and liabilities as fair value through profit or loss ("FVTPL"), available-for-sale, held-to-maturity, loans and receivables or other financial liabilities depending on their nature. Financial assets and financial liabilities are recognized at fair value on their initial recognition.

Financial assets and liabilities classified as FVTPL are measured at fair value, with gains and losses recognized in net income. Financial assets classified as held-to-maturity, loans and receivables, and financial liabilities other than those classified as FVTPL are measured at amortized cost, using the effective interest method of amortization. Financial assets classified as available-for-sale are measured at fair value, with unrealized gains and losses being recognized as other comprehensive income until realized, or if an unrealized loss is considered other than temporary, the unrealized loss is recorded in income. The Company has elected to account for transaction costs related to the issuance of financial instruments as a reduction of the carrying value of the related financial instruments.

The Company has classified its cash and cash equivalents as FVTPL, and its accounts payable and due to related parties as other financial liabilities.

2. Summary of Significant Accounting Policies (continued)

(j) Foreign exchange

The Company's functional and presentation currency is the Canadian Dollar. The accounts recorded in foreign currencies have been translated into Canadian dollars on the following basis:

(a) monetary assets and liabilities at the rate of exchange in effect at the balance sheet date;

(b) non-monetary assets and liabilities at the rates of exchange in effect on the respective dates of transactions; and

(c) revenue and expenses at the exchange rates prevailing of the date of the transaction.

Gains and losses on translation are included in income or expense in the period in which they occur.

(k) Accounting standards issued but not yet applied

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.

2. Summary of Significant Accounting Policies (continued)

(k) Accounting standards issued but not yet applied (continued)

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. 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 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 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 financial statements in adoption of this standard.

(Expressed in Canadian Dollars)

2. Summary of Significant Accounting Policies (continued)

(k) Accounting standards issued but not yet applied (continued)

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 financial statements in adoption of this standard.

3. Equipment

September 30, 2012

		Cost		Accumulated Amortization		Net Book Value
Office equipment and furniture	$	680	$	680	$	-
Computer and software		4,191		3,430		761
Total	$	4,871		4,110	$	761

June 30, 2012

		Cost		Accumulated Amortization		Net Book Value
Office equipment and furniture	$	680	$	680	$	-
Computer and software		4,191		3,368		823
Total	$	4,871		4,048	$	823

(Expressed in Canadian Dollars)

4. Related Party Balances and Transactions

Transactions with key management personnel and entities over which they have control or significant influence were as follows:

		Three Months Ended		Amounts due Related parties	
Key Management Personal	Transaction	Sept. 30, 2012	Sept. 30, 2011	Sept. 30, 2012	June 30, 2012
Albert Wu & Associates Ltd., controlled by Chief Financial Officer	Accounting fees	$ 4,860	$ 4,500	$ 1,916	$ -
Chelsia Cheam	Bookkeeping and Corporate Secretary services	750	750	-	-
H. Leo King & Associates Inc., controlled by the President	Management fees	1,500	1,500	-	-
Kobex Minerals Inc., controlled by a director in common	Management fees	7,200	7,200	-	-
Total		$ 14,310	$ 13,950	$ 1,916	$ -

The amounts due to related parties are unsecured, have no specific terms of repayment and are non-interest bearing.

5. Share Capital

(a) Authorized: unlimited common shares with no par value

(b) Issued and outstanding:

<u>During the three months ended September 30, 2012:</u>

On August 2, 2012, the Company completed a non-brokered private placement and issued 2,000,000 shares at $0.10 per share for total proceeds of $200,000.

<u>During the year ended June 30, 2012</u>:

No common shares were issued during the year ended June 20, 2012.

(Expressed in Canadian Dollars)

5. Share Capital (continued)

(c) Options

The Company has adopted a stock option plan whereby the Company can grant stock options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding share capital of the Company from time to time.

During the three months ended September 30, 2012, the Company granted nil (2011 – 50,000) options to directors and officers. The Company charged share-based payment of $nil (2012 – $5,072) to operations. The Company used the Black-Scholes option pricing model with the following weighted average assumptions to value the options granted:

	2012	2011
Share price on grant date	n/a	$0.10
Risk-free interest rate (%)	n/a	1.31%
Expected deivdend yield (%)	n/a	0%
Expected option life (Years)	n/a	5
Expected stock price volatility (%)	n/a	130%

The changes in options were as follows:

	Number of Options	Average Exercise price
Balance, June 30, 2011	1,150,000	$0.209
Granted	1,275,000	0.102
Expired	(725,000)	0.273
Balance, June 30, 2012 and September 30, 2012	1,700,000	$0.101

Options outstanding and exercisable at September 30, 2012 were as follows:

Expiry Date	Number of Options	Exercise Price
October 25, 2015	425,000	$0.100
September 16, 2016	50,000	$0.150
June 12, 2017	1,225,000	$0.100
Balance, June 30, 2012 and September 30, 2012	1,700,000	

The weighted average life of the options outstanding and exercisable at September 30, 2012 in 4.27 years.

6. Management of Capital

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of mineral properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject. Capital of the Company comprises shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

7. 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 Company's financial instruments consist of cash and cash equivalents, accounts payable and amount due to related parties. The fair value of these financial instruments approximates the carrying value because of the short-term nature of these instruments.

The following table summarizes information regarding the carrying values of the Company's financial instruments:

	Sept. 30, 2012	June 30, 2012
Assets as FVTPL (i)	$ 352,698	$ 209,429
Other financial liabilities (ii)	19,949	3,283

(i) Cash and cash equivalents
(ii) Accounts payable and amounts due to related parties

Fair Value

The estimated fair values of cash and cash equivalents, accounts payable and amounts due to related parties approximate their respective carrying values due to the short periods to maturity. For fair value estimates, the Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1– Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Significant unobservable inputs which are supported by little or no market activity.

(Expressed in Canadian Dollars)

7. Financial Instruments (continued)

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
September 30, 2012				
Cash and cash equivalents	$ 352,698	$ -	$ -	$ 352,698
June 30, 2012				
Cash and cash equivalents	$ 209,429	$ -	$ -	$ 209,429

The Company's risk exposures and the related potential impact on the Company's financial instruments are summarized below:

Credit Risk

The Company is not exposed to significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined above.

The Company monitors its ability to meet its short-term administrative expenditures by raising additional funds through share issuance when required. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper.

Foreign Exchange Risk

During the three months ended September 30, 2012, the Company incurred expenses primarily in Canada. The Company does not have significant foreign exchange risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.