

PACIFIC IMPERIAL MINES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended March 31, 2021 and 2020

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of Pacific Imperial Mines Inc. (the "Company") have been prepared by management and approved by the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

PACIFIC IMPERIAL MINES INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited, Expressed in Canadian dollars)

	Note	March 31, 2021 \$	June 30, 2020 \$
ASSETS			
Current assets			
Cash		229,084	126,326
GST receivable		12,607	9,930
Prepaid expenses		4,297	1,378
Total assets		245,988	137,634
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		1,412	1,715
Due to related parties	4	8,250	7,250
Total liabilities		9,662	8,965
EQUITY			
Share capital	5	4,539,304	4,331,997
Contributed surplus		2,605,504	2,431,535
Deficit		(6,908,482)	(6,634,863)
Total Equity		236,326	128,669
Total liabilities and equity		245,988	137,634

Nature of business and continuance of operation (Note 1)

Subsequent events (Note 8)

Approved on behalf of the Board of Directors:

"Roman Shklanka"

Roman Shklanka,
Director

"Richard Gosse"

Richard Gosse,
Director

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

PACIFIC IMPERIAL MINES INC.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the Three and Nine Months Ended March 31, 2021 and 2020

(Unaudited, Expressed in Canadian dollars)

	Note	Three months ended March 31,		Nine months ended March 31,	
		2021 \$	2020 \$	2021 \$	2020 \$
Exploration costs	3	1,513	-	125,304	40,338
General and administrative expenses					
Accounting and audit		2,500	1,000	17,000	15,030
Depreciation		-	26	-	78
Legal		10,390	-	13,563	7,934
Office and miscellaneous		12,203	8,369	18,966	16,038
Share based compensation		5,786	-	85,976	-
Shareholder communications		3,666	-	10,717	3,652
Transfer agent fees		701	408	2,265	1,811
Loss before other items		36,759	9,803	273,791	84,881
Other items					
Interest income		(96)	(158)	(172)	(700)
Net loss and comprehensive loss		36,663	9,645	273,619	84,181
Loss per share, basic and diluted		-	-	-	-
Weighted average shares outstanding		74,877,468	68,577,468	70,749,001	68,577,468

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

PACIFIC IMPERIAL MINES INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the Nine Months Ended March 31, 2021 and 2020

(Unaudited, Expressed in Canadian Dollars, except number of shares)

	Share Capital		Contributed Surplus \$	Deficit \$	Total Equity
	Number of Shares	Amount \$			
Balance, June 30, 2019	68,577,468	4,331,997	2,431,535	(6,540,086)	223,446
Net loss for the period	-	-	-	(84,181)	(84,181)
Balance, March 31, 2020	68,577,468	4,331,997	2,431,535	(6,624,267)	139,265
Net loss for the period	-	-	-	(10,596)	(10,596)
Balance, June 30, 2020	68,577,468	4,331,997	2,431,535	(6,634,863)	128,669
Private placements – net of share issuance cost	6,300,000	218,300	77,000	-	295,300
Fair value of finders warrants	-	(10,993)	10,993	-	-
Share based compensation	-	-	85,976	-	85,976
Net loss for the period	-	-	-	(273,619)	(273,619)
Balance, March 31, 2021	74,877,468	4,539,304	2,605,504	(6,908,482)	236,326

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

PACIFIC IMPERIAL MINES INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

For the Three and Nine Months Ended March 31, 2021 and 2020

(Unaudited in Canadian dollars)

	Three months ended March 31,		Nine months ended March 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Loss for the year	(36,663)	(9,645)	(273,619)	(84,181)
Adjustments for non-cash items:				
Share based compensation	5,786	-	85,976	-
Depreciation	-	26	-	78
	(30,877)	(9,619)	(187,643)	(84,103)
Changes in non-cash working capital items:				
Accounts payable and accrued liabilities	(91,926)	(13,214)	(303)	(1,850)
GST receivable	(1,166)	(437)	(2,677)	(2,297)
Due to related parties	2,500	(9,711)	1,000	(5,179)
Prepaid expense	1,779	-	(2,919)	-
Net cash used in operating activities	(119,690)	(32,981)	(192,542)	(93,429)
FINANCING ACTIVITIES				
Issuance of common shares, net of share issue cost	-	-	295,300	-
Net cash used in financing activities	-	-	295,300	-
Decrease in cash	(119,690)	(32,981)	102,758	(93,429)
Cash, beginning of year	348,774	166,626	126,326	227,074
Cash, end of year	229,084	133,645	229,084	133,645
Supplemental disclosure of cash flow information:				
Interest paid in cash	-	-	-	-
Income tax paid in cash	-	-	-	-

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

PACIFIC IMPERIAL MINES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the Three and Nine Months Ended March 31, 2021 and 2020
(Unaudited, Expressed in Canadian Dollars)

1. Nature of Business and Going Concern

Pacific Imperial Mines Inc. (“the Company”) was 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, B.C. Canada V6C 1G8. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

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 \$6,908,482 as of March 31, 2021 (June 30, 2020 - \$6,634,863). 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. In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time. While the extent of the impact is unknown, the Company anticipates this outbreak might increase the difficulty in capital raising. 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. While the financial statements have been prepared on the basis of accounting principles applicable to a going concern, adverse conditions may cast significant doubt upon the validity of this assumption.

In the event the Company is unable to arrange appropriate financing, the carrying value of the Company’s assets could be subject to material adjustment. Furthermore, certain market conditions may cast significant doubt upon the validity of the going concern assumption.

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.

PACIFIC IMPERIAL MINES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
For the Three and Nine Months Ended March 31, 2021 and 2020
(Unaudited, Expressed in Canadian Dollars)

2. Summary of Significant Accounting Policies

(a) Basis of presentation

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”). Accordingly, they do not include all of the information required for annual financial statements under International Financial Reporting Standards (“IFRS”) as issued by the IASB and should be read in conjunction with the Company’s audited financial statements for the year ended June 30, 2020. These unaudited condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments carried at fair value and are presented in Canadian dollars.

These condensed interim financial statements were approved by the Company’s Board of Directors on May 31, 2021.

(b) Use of estimates and judgements

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

At the time of closing a financing involving flow-through shares, the Company allocates proceeds received first to share capital based on the market close price of the common shares at the time the flow-through shares are priced, and any excess is allocated to flow-through premium liability. At the time of closing a financing involving flow-through units consisting of common shares and warrants, the Company allocates proceeds received as follows:

- Share capital – the market close price of the common share
- Contributed Surplus – for the fair value of warrants based on the valuation derived using the Black-Scholes pricing model; and
- Flow-through premium liability – any excess recorded as a liability.

Thereafter, as qualifying resource expenditures are incurred, these costs are charged to operations and the flow-through premium, if any, is expensed to profit or loss.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares, if any. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule that remains unspent, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued and recorded to profit or loss.

PACIFIC IMPERIAL MINES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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2. Summary of Significant Accounting Policies (continued)

(c) Recent accounting pronouncements

Accounting standard issued but not yet applied

Other new standards or amendments are either not applicable or not expected to have a significant impact on the Company's financial statements.

3. Mineral Interests

Eagle Mountain Property, California

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 currently consists of 167 placer claim units, each 20 acres in size, totaling approximately 3,340 acres located in the Alkali Flats area, near Death Valley Junction and covering most of the Eagle Mountain salina.

On September 12, 2018, the Company entered into a Staking Agreement with Star Peak Mining LLC to stake mining claims near Death Valley Junction California on behalf of Pacific Imperial Mines Nevada Inc.. In accordance with the agreement, Star Peak Mining LLC has staked 77 new placer claims and re-staked 90 existing placers claims on behalf of the Company under the name Pacific Imperial Mines Nevada Inc. On March 29, 2019, the Company staked an additional 56 claims in Inyo County, California to expand the Eagle Mountain Property.

Trek 31 Property, British Columbia

On October 13, 2020, the Company entered into an Option Agreement with Orogen Royalties Corp. ("Orogen") whereby the Company can earn up to an 100% interest in the five claim, 94 km, TREK 31 project situated in the Nechako Plateau of central British Columbia. The terms of the agreement require the Company to incur the following exploration expenditures and make the following cash payments to Orogen as follows:

	Aggregate Exploration Expenditures \$	Cash Payments \$
Within 6 months of Effective Date	-	20,000*
1 st Anniversary of Effective Date	300,000	30,000
2 nd Anniversary of Effective Date	1,000,000	50,000
3 rd Anniversary of Effective Date	1,500,000	100,000
4 th Anniversary of Effective Date	2,000,000	100,000
5 th Anniversary of Effective Date	3,000,000	1,000,000
TOTAL	7,800,000	1,300,000

* Paid April 2021

PACIFIC IMPERIAL MINES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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3. Mineral Interests (continued)

During the three and nine months ended March 31, 2021 and 2020, the Company incurred the following exploration costs:

	Three months ended		Nine months ended	
	March 31		March 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Eagle Mountain Property				
Mineral claims and filing fees	-	-	36,594	40,338
	-	-	36,594	40,338
Trek 31 Property				
Field expenses	-	-	17,324	-
Geo-physical	1,375	-	65,723	-
Project management fee	138	-	348	-
Travel and accommodation	-	-	3,940	-
	1,513	-	88,710	-
Total	1,513	-	125,304	40,338

4. Related Party Balances and Transactions

During the three and nine months ended March 31, 2021 and 2020, the Company had the following transactions with related parties:

(a) Key management compensation

Key management consists of senior officers and directors of the Company; their compensation is as follows:

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2021	2020	2021	2020
	\$	\$	\$	\$
Consulting fees	2,500	1,000	8,250	5,530
Share based compensation	-	-	80,190	-
Total	2,500	1,000	88,439	5,530

As at March 31, 2021 there was \$8,250 (June 30, 2020 - \$7,250) owing to officers of the Company for consulting fees.

Related party amounts are unsecured, non-interest bearing and due on demand. These transactions are measured by the exchange amount that is the amount agreed upon by the transacting parties and are on terms and conditions similar to non-related entities.

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5. Share Capital

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

(b) Issued and outstanding:

During the period ended March 31, 2021

On December 11, 2020, the Company completed a non-brokered flow-through private placement of 1,400,000 units at a price of \$0.05 per unit for a gross amount of \$70,000. Each unit is comprised of one flow-through common share and one share purchase warrant, with each warrant exercisable into one common share at a price of \$0.10 for a period of two years from closing. On issuance, the Company allocated the total proceeds between share capital and warrants and recorded \$42,000 to share capital and \$28,000 to contributed surplus.

On December 31, 2020, the Company completed a brokered flow-through private placement of 4,900,000 units at a price of \$0.05 per unit for a gross amount of \$245,000. Each unit is comprised of one flow-through common share and one share purchase warrant, with each warrant exercisable into one common share at a price of \$0.10 for a period of two years from closing. On issuance, the Company allocated the total proceeds between share capital and warrants and recorded \$196,000 to share capital and \$49,000 to contributed surplus.

In connection with the brokered private placement, the Company paid a finders' fee of \$19,700 and issued 392,000 finders warrants. The finders' warrants were determined to have a fair value of \$10,993. The finder warrants are exercisable for two years at \$0.10 per share. The fair value of the finders' warrants was calculated using the Black-Scholes Option Pricing Model. The assumptions used in the pricing model were: a share price at grant date of \$0.04, an expected life of 2 years; annualized volatility of 183%; a risk free interest rate of 0.18%; and zero expected dividend yield.

During the year ended June 30, 2020

The Company did not issue any common shares during the year ended June 30, 2020.

(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.

The following table summarizes the continuity of the Company's stock options issued and outstanding at March 31, 2021:

	Number of options	Weighted average exercise price
Balance, June 30, 2019	2,650,000	\$0.05
Expired	(850,000)	\$0.05
Balance, June 30, 2020	1,800,000	\$0.05
Granted	2,500,000	\$0.05
Balance, March 31, 2021	4,300,000	\$0.05

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(Unaudited, Expressed in Canadian Dollars)

5. Share Capital (continued)

(c) Options (continued)

The following table summarizes the number of stock options outstanding and exercisable at March 31, 2021:

<u>Expiry Date</u>	<u>Exercise price</u>	<u>Options Outstanding</u>		<u>Options Exercisable</u>	
		<u>Number of options</u>	<u>Weighted average remaining contractual life in years</u>	<u>Number of options</u>	<u>Weighted average remaining contractual life in years</u>
February 23, 2023	\$0.05	1,800,000	1.9	1,800,000	1.9
September 29, 2025	\$0.05	2,300,000	4.5	2,300,000	4.5
November 3, 2025	\$0.05	100,000	4.6	100,000	4.6
February 10, 2026	\$0.05	100,000	4.9	100,000	4.9
		<u>4,300,000</u>	<u>3.4</u>	<u>4,300,000</u>	<u>3.4</u>

On September 29, 2020, 2,300,000 stock options with an exercise price of \$0.05 were granted to certain consultants, directors and officers of the Company. Options granted all vest immediately and have a life of five years. The fair value of options granted in the period was \$77,349 and estimated using the Black-Scholes option-pricing model. The assumptions used in the pricing model were: a share price at grant date of \$0.035, an expected life of 5 years; annualized volatility of 191%; a risk free interest rate of 0.34%; and zero expected dividend yield.

On November 3, 2020, 100,000 stock options with an exercise price of \$0.05 were granted to a director of the Company. Options granted all vest immediately and have a life of five years. The fair value of options granted in the period was \$2,841 and estimated using the Black-Scholes option-pricing model. The assumptions used in the pricing model were: a share price at grant date of \$0.03, an expected life of 5 years; annualized volatility of 182%; a risk free interest rate of 0.42%; and zero expected dividend yield.

On February 10, 2021, 100,000 stock options with an exercise price of \$0.05 were granted to a consultant of the Company. Options granted all vest immediately and have a life of five years. The fair value of options granted in the period was \$5,786 and estimated using the Black-Scholes option-pricing model. The assumptions used in the pricing model were: a share price at grant date of \$0.06, an expected life of 5 years; annualized volatility of 184%; a risk free interest rate of 0.49%; and zero expected dividend yield.

For the nine months ended March 31, 2021, the Company recognized a share based compensation expense of \$85,976 (June 30, 2020 - \$Nil).

PACIFIC IMPERIAL MINES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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5. Share Capital (continued)

(d) Warrants

The following table summarizes the Company's warrants at March 31, 2021:

	Number of warrants	Weighted average exercise price
Balance, June 30, 2020	-	-
Issued	6,692,000	\$0.10
Balance, March 31, 2021	6,692,000	\$0.10

Details of share purchase warrants outstanding at March 31, 2021:

Expiry Date	Exercise Price	Number of warrants	Weighted average remaining contractual life in years
December 11, 2022	\$0.10	1,400,000	1.7
December 31, 2022	\$0.10	5,292,000	1.8
Balance, March 31, 2021	\$0.10	6,692,000	1.8

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 of 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 with financial institutions with terms to maturity selected to match expected timing of expenditures from continuing operations.

7. Financial Instruments and Financial Risk

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.

PACIFIC IMPERIAL MINES INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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(Unaudited, Expressed in Canadian Dollars)

7. Financial Instruments and Financial Risk (continued)

The Company's financial instruments consist of cash, accounts payable and amounts due to related parties.

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

	March 31, 2021	June 30, 2020
	\$	\$
Assets as FVTPL (i)	229,084	126,326
Other financial liabilities (ii)	9,662	8,965

- (i) Cash
- (ii) Accounts payable, and amounts due to related parties

Fair Value

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.

Cash is measured at fair value on a recurring basis using Level 1 inputs. The estimated fair values of accounts payable and amounts due to related parties approximate their respective carrying values due to their short periods to maturity.

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. The Company limits exposure to credit risk by maintaining its cash with financial institutions.

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 issuances when required. All the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company does not have investments in any asset backed commercial paper.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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7. Financial Instruments and Financial Risk (continued)

Foreign Exchange Risk

As at March 31, 2021 the Company is not exposed to significant foreign exchange risk. The Company does not actively manage this risk.

Interest Rate Risk

The Company is not exposed to significant interest rate risk.

8. Subsequent Events

- (a) On April 23, 2021, the Company closed a non-brokered private placement of 3,800,000 flow-through units (each a “FT Unit”) at a price of \$0.05 per FT Unit and raised gross proceeds of \$190,000. Each FT Unit consists of one flow-through common share and one transferable common share purchase warrant (a “Warrant”) with each Warrant exercisable to purchase one additional common share (a “Share”) in the capital of the Company at a price of \$0.10 per Share for a period of two years.
- (b) On May 17, 2021 (the “Effective Date”), the Company entered into an Option Agreement with Yeomans Geological Inc. (“Yeomans”) whereby the Company can earn up to an 100% interest in the Tulameen-Granite Creek project. The terms of the agreement require the Company to incur the following exploration expenditures and make the following payments to Yeomans as follows:

Time	Aggregate Exploration Expenditures \$	Cash \$	Shares
May 17, 2020 (Effective Date)	-	-	-
Subject to and upon TSX Approval			400,000*
August 30, 2022	300,000	20,000	200,000
2 nd Anniversary of Effective Date	1,000,000	40,000	200,000
3 rd Anniversary of Effective Date	1,500,000	90,000	200,000
4 th Anniversary of Effective Date	2,000,000	90,000	200,000
5 th Anniversary of Effective Date	3,000,000	1,000,000	1,000,000
TOTAL	3,000,000	1,240,000	1,800,000

* Firm commitment, all other payments are at the option of the Company.

Providing that the Company continues to make cash payments, share issuance and exploration milestones on the anniversary dates it will earn a 100% interest in the Tulameen-Granite Creek project, subject to a 2.0% NSR royalty in favour of Yeomans Geological Inc. The Company may purchase 1% of the NSR royalty for \$3,000,000. The Company will earn partial rights to the property. Upon spending an aggregate of \$1,500,000 on or before the 3rd anniversary of the Effective Date the Company will earn 51% interest in the property. Upon spending an aggregate of \$2,000,000 on or before the 4th anniversary of the Effective Date the Company will earn 66% interest in the property.