

PACIFIC IMPERIAL MINES INC.
Management Discussion and Analysis
For the Nine Months Ended March 31, 2018

The following Management's Discussion and Analysis ("MD&A") is prepared as at May 28, 2018 in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's Unaudited Condensed Interim Financial Statements for the nine months ended March 31, 2018 and accompanying notes, as well as the Company's Audited Financial Statements for the year ended June 30, 2017 and accompanying notes. These documents, along with additional information about the Company, are available at www.sedar.com. All amounts are stated in Canadian dollars unless otherwise indicated.

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.

Quarterly Highlights

On March 26, 2018, the Company closed a non-brokered private placement of 11,000,000 units (the "Units") at a price of CAD\$0.05 per Unit for gross proceeds of CAD\$550,000. Each Unit will consist of one common share in the capital of the Company and one whole transferable share purchase warrant ("Warrant"). Each Warrant will entitle the holder thereof to acquire one common share at a price of CAD\$0.075 per share at any time prior to the date that is two years from the date of issuance. In the event that the common shares of the Company trade on the TSX Venture Exchange at a closing price of greater than CAD\$0.15 per common share for a period of 20 consecutive trading days at any time after four months and one day after the closing date of the private placement, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof by way of a news release and in such case the Warrants will expire on the 30th day after the date of dissemination of the news release. Proceeds of the private placement will be used to maintain and preserve the Company's existing operations, activities, and assets, and for general working capital purposes.

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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 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.

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 originally consisted of 248 placer claim units each 20 acres in size, totaling approximately 4,960 acres located in the Alkali Flats area, near Death Valley Junction and covering most of the Eagle Mountain salina. The property was reduced to 167 placer claim units totalling 3,340 acres in size on August 31, 2017. 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 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

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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.

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 6 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 6 square kilometer area with a surface expression of lithium mineralization ranging up to 240 ppm. Whereas the area when sampled had been recently subjected to unusual rains, it is probable that the very shallow material had 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 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.

The gravity survey, completed in December 2016, generated a basin model as an aid to lithium exploration. The survey also permitted identifying the potential 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

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asymmetry, similar to the Clayton Valley Basin, is interpreted to be an important control to lithium brine entrapment at the Clayton Valley deposit.

Several 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 more 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.

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 are shown on the Pacific Imperial Mines Inc. website.

Leo King, P. Geo, Director of 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 three and nine months ended March 31, 2018, the Company incurred the following exploration costs.

	Three months ended March 31, 2018	Nine months ended March 31, 2018	Accumulated total March 31, 2018
	\$	\$	\$
Assays and sampling	(1,256)	(1,256)	21,079
Field expenses	-	-	1,065
Finder's fees	-	-	5,183
Geo-physical consultants	-	-	33,454
Mineral claims and filing fees	-	33,546	187,564
Office	-	-	908
Project management fees	-	-	7,262
Property taxes	-	3,119	3,119
Travel	-	-	1,065
Total	(1,256)	35,409	260,699

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Results of Operations

Three Months Ended March 31, 2018:

During the three months ended March 31, 2018, the Company recorded net loss of \$101,993 compared to a net loss of \$26,946 in the same quarter last year. The increase in net loss of \$75,047 was mainly due to a combination of the following:

- (1) Exploration costs were a recovery of \$1,256 (2017 - \$15,109) for the current quarter reflecting a \$16,365 decrease from the same period in the prior year. Most of the expenditures in 2017 relate to the mineral claims costs incurred on the Eagle Mountain property.
- (2) Share based compensation was \$87,772 (2017 – nil) – the increase of \$87,772 was due to the fair value for the stock options granted in the current quarter.
- (3) Fluctuations in other expenditure categories were not material and amounts in the current three month period are comparable to that of the prior year.

Nine Months Ended March 31, 2018:

During the nine months ended March 31, 2018, the Company recorded net loss of \$181,796, compared to a net loss of \$236,188 in the same period last year. The decrease in net loss of \$54,392 was mainly due to lower exploration costs in the current period and a combination of the following:

- (1) Exploration costs were \$35,409 (2017 - \$169,798) in the current period, reflecting a \$134,389 decrease from the same period in the prior year. Most of the exploration costs in the current period relate to property taxes paid on the Eagle Mountain property while most of the expenditures in 2016 relate to the mineral claims costs incurred for the same property.
- (2) The company recorded a legal cost recovery of \$639 (2017 - \$5,693 expense) – the decrease of \$5,054 in legal expenses was due to an adjustment made in the current period to the actual expense incurred previously. The legal costs incurred in the prior period largely related to property acquisition and financing activities.
- (3) Share based compensation was \$87,772 (2017 – nil) – the increase of \$87,772 was due to the fair value for the stock options granted on February 23, 2018.
- (4) Fluctuations in other expenditure categories were not material and amounts in the current nine month period are comparable to that of the prior year.

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Summary of Quarterly Results

Quarter Ended	Revenue \$	Net Loss \$	Basic & Fully Diluted Loss per Share \$	Total Assets \$	Long Term Liabilities \$	Cash Dividends \$
March 31, 2018	-	101,993	-	534,016	-	-
December 31, 2017	-	35,258	-	49,980	-	-
September 30, 2017	-	44,545	-	61,966	-	-
June 30, 2017	-	68,249	-	110,926	-	-
March 31, 2017	-	26,946	-	86,583	-	-
December 31, 2016	-	120,526	-	164,561	-	-
September 30, 2016	-	88,716	-	245,174	-	-
June 30, 2016	-	35,459	-	59,007	-	-

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. Due to rounding, the sum of the quarterly basic and diluted earning (loss) per share may not equal to that for the annual period.

The increase in total assets of the Company was a result of a non-brokered private placement closed on March 26, 2018 for the issue of 11,000,000 units of the Company at \$0.05 per unit. This resulted in gross proceeds of \$550,000. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of \$0.075 per common share until March 26, 2020. The Company incurred share issue costs of \$49,673 which consisted of \$28,000 in finders' fees for the private placement.

Balances and Transactions with Related Parties

During the nine months ended March 31, 2018, the following related party transactions were incurred in the normal course of operations:

	Three Months ended		Nine months ended	
	March 30		March 31	
	2018	2017	2018	2017
	\$	\$	\$	\$
Consulting fees	3,420	3,358	4,314	9,844
Share based compensation	87,772	-	87,772	-
Total	91,192	3,358	92,086	9,844

As at March 31, 2018 there was \$3,420 (June 30, 2017 - \$1,703) owing to officers of the company for consulting fees.

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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, 2018, the Company incurred a net loss of \$181,796 (2017 – \$236,188). As of March 31, 2018, the Company had working capital of \$501,000 (June 30, 2017 - \$94,489).

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.

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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 amounts 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(b) in the notes to the condensed interim financial statements for the nine months ended March 31, 2018.

Off-Balance-Sheet Arrangements

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

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Management Change

On February 26, 2018, the Company announced that effective on that date, Leo King has stepped down as President of the Company but remains as a Director. Chris McLeod, a current Director, has been appointed President and CEO of the Company. The Company also announced that Albert Wu resigned as CFO due to health reasons and Alia Khan has been appointed as CFO.

There have been no other changes in management for the nine months ended March 31, 2018 nor in the subsequent period up to the date of the report.

Latest Outstanding Share Data

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

<u>Security Description</u>	As At	
	<u>March 31, 2018</u>	<u>May 28, 2018</u>
Common shares – issued and outstanding	68,577,468	68,577,468
Options Unvested	-	-
Vested	2,650,000	2,650,000
Warrants issued in private placements	18,776,000	18,776,000
<u>Common shares – Fully Diluted</u>	<u>90,003,468</u>	<u>90,003,468</u>