

**PACIFIC IMPERIAL MINES INC.**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**For the Three Months Ended September 30, 2020 and 2019**  
**(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)

		September 30, 2020	June 30, 2020
	Note	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		88,999	126,326
GST receivable		9,975	9,930
Prepaid expenses		1,378	1,378
<b>Total assets</b>		<b>100,352</b>	<b>137,634</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		1,993	1,715
Due to related parties	4	9,750	7,250
<b>Total liabilities</b>		<b>11,743</b>	<b>8,965</b>
<b>EQUITY</b>			
Share capital	5	4,331,997	4,331,997
Contributed surplus		2,508,884	2,431,535
Deficit		(6,752,272)	(6,634,863)
<b>Total Equity</b>		<b>88,609</b>	<b>128,669</b>
<b>Total liabilities and equity</b>		<b>100,352</b>	<b>137,634</b>

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 Months Ended September 30, 2020 and 2019

(Unaudited, Expressed in Canadian dollars)

		Three months ended September 30,	
	Note	2020 \$	2019 \$
<b>Exploration costs</b>	3	36,594	34,396
<b>General and administrative expenses</b>			
Accounting and audit		2,500	2,250
Depreciation		-	26
Legal		-	375
Office and miscellaneous		304	3,292
Share based compensation		77,349	-
Transfer agent fees		706	642
<b>Loss before other items</b>		117,453	40,981
<b>Other items</b>			
Interest income		(44)	(308)
<b>Net loss and comprehensive loss</b>		<b>117,409</b>	<b>40,673</b>
<b>Loss per share, basic and diluted</b>		-	-
<b>Weighted average shares outstanding</b>		68,577,468	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 Three Months Ended September 30, 2020 and 2019

(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	-	-	-	(40,673)	(40,673)
<b>Balance, September 30, 2019</b>	<b>68,577,468</b>	<b>4,331,997</b>	<b>2,431,535</b>	<b>(6,580,759)</b>	<b>182,773</b>
Net loss for the period	-	-	-	(54,104)	(54,104)
<b>Balance, June 30, 2020</b>	<b>68,577,468</b>	<b>4,331,997</b>	<b>2,431,535</b>	<b>(6,634,863)</b>	<b>128,669</b>
Share based compensation	-	-	77,349	-	77,349
Net loss for the period	-	-	-	(117,409)	(117,409)
<b>Balance, September 30, 2020</b>	<b>68,577,468</b>	<b>4,331,997</b>	<b>2,508,884</b>	<b>(6,752,272)</b>	<b>88,609</b>

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

# PACIFIC IMPERIAL MINES INC.

## CONDENSED INTERIM STATEMENTS OF CASH FLOWS

For the Three Months Ended September 30, 2020 and 2019

(Unaudited in Canadian dollars)

	Three months ended September 30,	
	2020	2019
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Loss for the year	(117,409)	(40,673)
Adjustments for non-cash items:		
Share based compensation	77,349	-
Depreciation	-	26
	(40,060)	(40,647)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	278	(2,451)
GST receivable	(45)	(206)
Due to related parties	2,500	1,821
Net cash used in operating activities	(37,327)	(41,483)
Decrease in cash	(37,327)	(41,483)
Cash, beginning of year	126,326	227,074
<b>Cash, end of year</b>	<b>88,999</b>	<b>185,591</b>
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 Months Ended September 30, 2020 and 2019  
(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 \$6,752,272 as of September 30, 2020 (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 Months Ended September 30, 2020 and 2019  
(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 November 30, 2020.

(b) Recent accounting pronouncements

Adoption of New or Amended Accounting Standards

*IFRS 16 - Leases*

The Company adopted all of the requirements of IFRS 16 *Leases* (“IFRS 16”) as of July 1, 2019. This standard sets out a new model for lease accounting. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated, and the lease liability is accreted using the effective interest method.

The Company adopted IFRS 16 using the modified retrospective approach and did not restate comparative amounts for the year prior to first adoption. As at the date of transition, management has assessed that it does not have any leases to which IFRS 16 applies. The adoption of the new IFRS pronouncement has therefore not resulted to adjustments in previously reported figures and there have been no changes to the opening deficit balance as at July 1, 2019.

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.



---

**PACIFIC IMPERIAL MINES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

For the Three Months Ended September 30, 2020 and 2019  
(Unaudited, Expressed in Canadian Dollars)

---

**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.

During the three months ended September 30, 2020 and 2019, the Company incurred the following exploration costs:

	Three months ended September 30,	
	2020	2019
	\$	\$
Mineral claims and filing fees	36,594	34,396
<b>Total</b>	<b>36,594</b>	<b>34,396</b>

**4. Related Party Balances and Transactions**

During the three months ended September 30, 2020 and 2019, 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 September 30,	
	2020	2019
	\$	\$
Consulting fees	2,500	2,250
Share based compensation	77,349	-
<b>Total</b>	<b>79,849</b>	<b>2,250</b>

As at September 30, 2020 there was \$9,750 (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.

**PACIFIC IMPERIAL MINES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the Three Months Ended September 30, 2020 and 2019  
(Unaudited, Expressed in Canadian Dollars)

**5. Share Capital**

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

(b) Issued and outstanding:

During the period ended September 30, 2020

The Company did not issue any common shares during the three months ended September 30, 2020.

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 September 30, 2020:

	Number of options	Weighted average exercise price
Balance, June 30, 2019	2,650,000	\$0.05
Expired	(850,000)	\$0.05
<b>Balance, June 30, 2020</b>	<b>1,800,000</b>	<b>\$0.05</b>
Granted	2,300,000	\$0.05
<b>Balance, September 30, 2020</b>	<b>4,100,000</b>	<b>\$0.05</b>

The following table summarizes the number of stock options outstanding and exercisable at September 30, 2020:

Expiry Date	Exercise price	Options Outstanding		Options Exercisable	
		Number of options	Weighted average remaining contractual life in years	Number of options	Weighted average remaining contractual life in years
February 23, 2023	\$0.05	1,800,000	2.4	1,800,000	2.4
September 29, 2025	\$0.05	2,300,000	5.0	2,300,000	5.0
		<b>4,100,000</b>	<b>3.9</b>	<b>4,100,000</b>	<b>3.9</b>

---

**PACIFIC IMPERIAL MINES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the Three Months Ended September 30, 2020 and 2019  
(Unaudited, Expressed in Canadian Dollars)

---

**5. Share Capital (continued)**

(c) Options (continued)

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 \$0.05, an expected life of 5 years; annualized volatility of 191%; a risk free interest rate of 0.34%; and zero expected dividend yield.

For the three months ended September 30, 2020, the Company recognized a share based compensation expense of \$77,349 (June 30, 2020 - \$Nil).

(d) Warrants

The following table summarizes the Company's warrants at September 30, 2020:

	<b>Number of warrants</b>	<b>Weighted average exercise price</b>
Balance, June 30, 2019	11,576,000	\$0.075
Expired – March 26, 2020	(11,576,000)	\$0.075
<b>Balance, June 30, 2020 and September 30, 2020</b>	<b>-</b>	<b>-</b>

**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**  
For the Three Months Ended September 30, 2020 and 2019  
(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:

	<b>September 30, 2020</b>	<b>June 30, 2020</b>
	<b>\$</b>	<b>\$</b>
Assets as FVTPL (i)	88,999	126,326
Other financial liabilities (ii)	11,743	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.

---

**PACIFIC IMPERIAL MINES INC.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
For the Three Months Ended September 30, 2020 and 2019  
(Unaudited, Expressed in Canadian Dollars)

---

**7. Financial Instruments and Financial Risk (continued)**

*Foreign Exchange Risk*

As at September 30, 2020 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 October 13, 2020 (the “Effective Date”), 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:

	<b>Aggregate Exploration Expenditures (CDN)</b>	<b>Cash Payments (CDN)</b>
Within 6 months of Effective Date	-	\$20,000
1 <sup>st</sup> Anniversary of Effective Date	\$300,000	\$30,000
2 <sup>nd</sup> Anniversary of Effective Date	\$1,000,000	\$50,000
3 <sup>rd</sup> Anniversary of Effective Date	\$1,500,000	\$100,000
4 <sup>th</sup> Anniversary of Effective Date	\$2,000,000	\$100,000
5 <sup>th</sup> Anniversary of Effective Date	\$3,000,000	\$1,000,000
<b>TOTAL</b>	<b>\$7,800,000</b>	<b>\$1,300,000</b>

- (b) On October 21, 2020 and amended on November 20, 2020, the Company announced its non-brokered private placement to issue up to 1,500,000 flow-through units (each a “FT Unit”) at a price of \$0.05 per FT Unit to raise aggregate gross proceeds of \$75,000 in place of issuing only flow-through common shares (the “FT Shares”). Each FT Unit will consist of one FT Share and one transferable common share purchase warrant (a “Warrant”) with each Warrant exercisable to purchase one additional common share in the capital of the Company at a price of \$0.10 per common share for a period of two years