



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

**Pacific Empire Minerals Corp.
211 - 850 West Hastings Street
Vancouver, BC, V6C 1E1**

February 24, 2020

To the Shareholders of
Pacific Empire Minerals Corp.

The accompanying unaudited condensed interim financial statements of Pacific Empire Minerals Corp. (the "Company") for the nine months ended December 31, 2019 and 2018 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

Yours truly,

"Brad Peters"

President and Chief Executive Officer

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Financial Position

Unaudited – Prepared by Management

ASSETS	December 31, 2019	March 31, 2019
Current assets		
Cash	\$ 120,637	\$ 204,491
Receivables (Note 3)	135,550	113,429
Prepaid expenditures	8,737	23,386
Field supplies	121,779	80,019
Marketable securities (Note 4)	133,433	91,694
Total current assets	520,136	513,019
Non-current assets		
Restricted cash (Note 5)	23,000	23,000
Property and equipment (Note 6)	329,908	324,848
Reclamation deposits (Note 7)	67,405	53,500
Exploration and evaluation assets (Note 8)	83,943	68,050
Total non-current assets	504,256	469,398
TOTAL ASSETS	\$ 1,024,392	\$ 982,417
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 86,635	\$ 34,358
Due to related parties (Note 10)	16,886	9,650
Current lease liability (Note 11)	15,934	-
Total current liabilities	119,455	44,008
Non-current		
Lease liability (Note 11)	18,168	-
Total non-current liabilities	18,168	-
TOTAL LIABILITIES	137,623	44,008
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	4,254,350	3,458,407
Reserves	406,496	358,890
Deficit	(3,774,077)	(2,878,888)
TOTAL SHAREHOLDERS' EQUITY	886,769	938,409
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,024,392	\$ 982,417

Nature of Operations and Ability to Continue as a Going Concern (Note 1)

Approved on behalf of the Board of Directors on February 24, 2020

“Brad Peters” , Director

“Larry Donaldson” , Director

The accompanying notes are an integral part of these condensed interim financial statements.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Changes in Shareholders' Equity

Unaudited – Prepared by Management

	Number of common shares	Share capital	Reserves	Deficit	Total
Balance as at March 31, 2018	29,793,850	\$ 3,276,122	\$ 292,440	\$ (1,847,629)	\$ 1,720,933
Shares issued for mineral properties	200,000	32,000	-	-	32,000
Shares issued for cash	1,000,000	200,000	-	-	200,000
Share issue costs - cash	-	(14,493)	-	-	(14,493)
Share issue costs - warrants	-	(5,222)	5,222	-	-
Share - based compensation	-	-	25,754	-	25,754
Loss for the period	-	-	-	(871,813)	(871,813)
Balance as at December 31, 2018	30,993,850	\$ 3,488,407	\$ 323,416	\$ (2,719,442)	\$ 1,092,381
Balance as at March 31, 2019	30,993,850	\$ 3,458,407	\$ 358,890	\$ (2,878,888)	\$ 938,409
Shares issued for cash	10,672,857	747,100	-	-	747,100
Flow-through shares issued for cash	1,100,000	99,000	-	-	99,000
Flow-through premium liability	-	(16,500)	-	-	(16,500)
Shares issued for mineral properties	150,000	11,250	-	-	11,250
Share issue costs - cash	-	(29,588)	-	-	(29,588)
Share issue costs - warrants	-	(15,319)	15,319	-	-
Share - based compensation	-	-	32,287	-	32,287
Loss for the period	-	-	-	(895,189)	(895,189)
Balance as at December 31, 2019	42,916,707	\$ 4,254,350	\$ 406,496	\$ (3,774,077)	\$ 886,769

The accompanying notes are an integral part of these condensed interim financial statements.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited – Prepared by Management

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2018
EXPLORATION EXPENDITURES (Note 9)	\$ 194,409	\$ 84,277	\$ 590,873	\$ 428,181
Less: Recoveries (Note 9)	(71,676)	(36,661)	(115,165)	(125,075)
Net exploration expenditures	122,733	47,616	475,708	303,106
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative and office	16,857	29,226	58,880	83,554
Amortization (Note 6)	4,639	585	13,915	9,688
Consulting fees (Note 10)	32,900	31,200	99,100	97,800
Investor relations and shareholder communication	27,809	114,501	134,756	176,123
Management fees (Note 10)	30,000	30,000	90,000	90,000
Professional fees	8,977	11,348	45,961	32,770
Share - based compensation (Note 10 & 12)	27,686	6,241	32,287	25,754
Travel	123	26	1,409	620
Total general and administrative expenses	148,991	223,127	476,308	516,309
Loss from operations	(271,724)	(270,743)	(952,016)	(819,415)
Option income and sale of royalty interests (Note 8)	-	-	60,834	4,000
Foreign exchange (loss) gain	(53)	308	(334)	(1,079)
Impairment of exploration and evaluation assets	(10,558)	(33,560)	(10,558)	(33,560)
Interest income and other (Note 12)	1,013	-	18,396	552
Fair value adjustments on marketable securities	-	(8,681)	(11,511)	(22,311)
Loss and comprehensive loss for the period	\$ (281,322)	\$ (312,676)	\$ (895,189)	\$ (871,813)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted average number of common shares outstanding	42,916,707	30,993,850	40,658,385	30,899,305

The accompanying notes are an integral part of these condensed interim financial statements.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

Unaudited – Prepared by Management

	Nine Months Ended December 31, 2019	Nine Months Ended December 31, 2018
Cash flows from operating activities		
Loss for the period	\$ (895,189)	\$ (871,813)
Item not affecting operating activities:		
Interest income received	(1,896)	(552)
Items not affecting cash:		
Amortization	73,073	40,201
Interest on lease liability	2,106	-
Fair value adjustments on marketable securities	11,511	22,311
Option income and sale of royalty interests	(40,834)	(4,000)
Share - based compensation	32,287	25,754
Recovery of flow-through share liability	(16,500)	-
Impairment of exploration and evaluation assets	10,558	33,560
Accrual for exploration tax credits	(115,165)	(70,579)
Changes in non-cash working capital items:		
Receivables	93,044	10,205
Prepaid expenditures	14,649	1,417
Accounts payable and accrued liabilities	52,277	(87,852)
Due to related parties	7,236	(6,276)
Field supplies	(41,760)	(80,151)
Total cash used in operating activities	(814,603)	(987,775)
Cash flows from investing activities		
Acquisition of exploration and evaluation assets	(27,617)	(52,435)
Interest received on cash	1,896	552
Purchase of property and equipment	(33,537)	(217,778)
Purchase of reclamation deposits	(13,905)	(13,500)
Total cash used in investing activities	(73,163)	(283,161)
Cash flows from financing activities		
Proceeds from the sale of common shares	747,100	200,000
Proceeds from the sale of flow -through shares	99,000	-
Repayment of lease liability	(12,600)	-
Share issuance costs	(29,588)	(13,750)
Total cash provided by financing activities	803,912	186,250
Change in cash	(83,854)	(1,084,686)
Cash, beginning of the period	204,491	1,493,234
Cash, end of the period	\$ 120,637	\$ 408,548

Supplemental disclosure with respect to cash flows (Note 16)

The accompanying notes are an integral part of these condensed interim financial statements.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Pacific Empire Minerals Corp. (the “Company” or “Pacific Empire”), was incorporated on July 13, 2012 under the Business Corporations Act (British Columbia). The Company’s principal business activities are the acquisition and exploration of mineral properties in Canada. The Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol “PEMC” and the OTCQB Venture Market Exchange under the symbol “PEMSF”. The Company’s head office address is at Suite 211, 850 West Hastings Street, Vancouver, British Columbia V6C 1E1, Canada and its registered and records office is located at Suite 1700, 1055 West Hastings Street, Vancouver, British Columbia V6E 2E9, Canada.

These condensed interim financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to realize its assets, discharge its liabilities and continue in operation for the following twelve months.

These condensed interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from the carrying values shown and these condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company’s continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to find joint venture partners. At the date of these financial statements, the Company has not identified whether any of its properties contain ore reserves that are economically recoverable. At December 31, 2019, the Company has not achieved profitable operations and has accumulated losses since inception.

As at December 31, 2019, the Company had working capital of \$400,681, accumulated deficit of \$3,774,077, and cash of \$120,637. The Company’s current working capital and cash flows are insufficient to continue exploration programs until new financing is obtained. There is insufficient cash available to meet administrative expenses beyond three months and management is undertaking cost saving measures necessary to meet obligations until a financing is obtained. As such, with its current plans and budgets associated with those plans, management believes it will need to raise additional capital resources to fund its budgeted exploration programs and administrative expenses for the next twelve months. Therefore, there is material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 using accounting policies consistent 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”).

Basis of Measurement and Presentation

These condensed financial statements have been prepared on a historical cost basis except for assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars (“CAD”), which is also the Company’s functional currency.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies

The accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied in its annual audited financial statements and related note disclosures as at and for the year ended March 31, 2019, and do not include all the information required for full annual audited financial statements in accordance with IFRS.

It is suggested that these condensed interim financial statements be read in conjunction with the annual audited financial statements.

Critical Accounting Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

Exploration and evaluation assets

Management is required to make judgments on the status of each mineral property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

New Accounting Policy

Flow-Through Share Private Placements

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions for tax purposes to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares. The premium reflects the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flow-through share premium liability. The reversal of the flow-through share premium liability is recorded as other income as the required exploration expenditures are completed.

New and Future Accounting Standards

Leases

On April 1, 2019, the Company adopted IFRS 16 Leases which replaces IAS 17 Leases and related interpretations. The new standard eliminates the previous classification of leases as either operating leases or finance leases and introduces a single lessee accounting model which requires lessee to recognize assets and liabilities for all leases unless the underlying asset has a low value or the lease term is twelve months or less. At the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the "right-of-use" asset). The Company recognizes interest expense on the lease liability and amortization expense on the right-of-use asset.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company adopted IFRS 16 using the modified retrospective approach and recognized the right-of-use assets at the amount equal to the lease liabilities. As a result, there was no impact to accumulated deficit upon adoption. In addition, the Company elected to use the exemptions proposed by the standard on lease contracts for which the lease terms end within twelve months as of the date of adoption and lease contracts for which the underlying asset is of low value.

As at April 1, 2019, the Company recognized \$44,596 in right-of-use assets and lease liabilities as follows:

Lease commitments disclosed as at March 31, 2019	\$	53,483
Effect of discounting		(8,887)
Lease liability recognized as at April 1, 2019	\$	44,596

Right-of-use assets includes office space.

3. RECEIVABLES

The Company's receivables arise from goods and services tax and mineral exploration tax credits from government taxation authorities.

As at December 31, 2019 and March 31, 2019, the current receivables consist of the following:

	December 31, 2019	March 31, 2019
Goods and services tax receivable	\$ 17,194	\$ 10,789
Mineral exploration tax credits	118,356	102,640
	\$ 135,550	\$ 113,429

During the nine months ended December 31, 2019, the Company received \$100,462 (2018 - \$52,084) related to the mineral exploration tax credit including interest, and \$38,894 (2018 - \$62,056) from goods and services tax refunds.

4. MARKETABLE SECURITIES

As at December 31, 2019 and March 31, 2019, the Company had the following investments:

	December 31, 2019	March 31, 2019
Fair value through profit or loss		
Cost	\$ 188,700	\$ 135,450
Accumulated unrealized loss	(55,267)	(43,756)
Fair value	\$ 133,433	\$ 91,694

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

5. RESTRICTED CASH

At December 31, 2019, the Company classified \$23,000 (March 31, 2019 - \$23,000) as restricted cash. This amount is comprised of a GIC held as a deposit for its corporate credit cards.

6. PROPERTY AND EQUIPMENT

During the nine months ended December 31, 2019, amortization of \$59,158 (2018 - \$11,811) has been included in exploration expenditures.

	Computer equipment and software	Field equipment	Vehicles and related equipment	Right-of-use assets	Total
Cost					
As at March 31, 2019	\$ 20,471	\$ 342,967	\$ 31,079	\$ -	\$ 394,517
Additions	-	33,537	-	44,596	78,133
As at December 31, 2019	20,471	376,504	31,079	44,596	472,650
Accumulated amortization					
As at March 31, 2019	12,458	51,235	5,976	-	69,669
Additions	1,753	54,496	4,662	12,162	73,073
As at December 31, 2019	\$ 14,211	\$ 105,731	\$ 10,638	\$ 12,162	\$ 142,742
Net book value					
As at March 31, 2019	\$ 8,013	\$ 291,732	\$ 25,103	\$ -	\$ 324,848
As at December 31, 2019	\$ 6,260	\$ 270,773	\$ 20,441	\$ 32,434	\$ 329,908

Right-of-use assets includes leased office space (Note 11) and is amortized on a straight-line basis over the term of the related lease.

7. RECLAMATION DEPOSITS

Reclamation deposits are held as security towards future exploration work and the related future potential cost of reclamation of the Company's land and unproven mineral interests. Once reclamation of the properties is complete, the deposits will be returned to the Company. As at December 31, 2019, \$67,405 (March 31, 2019 - \$53,500) is being held as security on the Company's mineral titles.

As at December 31, 2019, the Company has no material reclamation obligations.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

8. EXPLORATION AND EVALUATION ASSETS

Properties	December 31, 2019	Impairment of exploration and evaluation assets	Sale of royalty interests	Mineral titles and option payments	March 31, 2019
Bull's Eye	\$ 1,438	\$ -	\$ -	\$ -	\$ 1,438
Bulkley	-	(4,192)	-	-	4,192
Moffat	7,157	-	-	-	7,157
Paragon	21,821	-	-	-	21,821
Sat	-	(6,366)	-	-	6,366
Plateau	3,465	-	-	-	3,465
Hogem	1,635	-	-	-	1,635
Tak	1,914	-	-	-	1,914
Red	2,300	-	-	-	2,300
Worldstock	13,750	-	-	13,750	-
Weedon	4,624	-	-	4,624	-
Topley Richfield	17,500	-	-	17,500	-
Kitimat	8,339	-	-	-	8,339
Pinnacle Reef	-	-	(12,416)	2,993	9,423
	\$ 83,943	\$ (10,558)	\$ (12,416)	\$ 38,867	\$ 68,050

During the nine months ended December 31, 2019, the Company had the following changes to its exploration and evaluation assets:

WORLDSTOCK

In May 2019, The Company entered into an option agreement with a private vendor to acquire a 100% interest in the Worldstock Property located in south-central British Columbia. To earn its 100% interest in the property, the Company paid \$10,000 cash and issued 50,000 common shares valued at \$3,750 or \$0.075 per share upon signing and is required to make annual staged option payments starting on the first anniversary of the effective date totaling \$75,000 cash and 550,000 common shares over a four-year period as follows:

- Making an initial cash payment of \$10,000 (paid) upon signing of the agreement and issuing 50,000 common shares (issued) of the Company;
- Making a cash payment of \$10,000, and issuing 50,000 common shares of the Company on or before May 28, 2020;
- Making a cash payment of \$15,000, and issuing 100,000 common shares of the Company on or before May 28, 2021;
- Making a cash payment of \$20,000, and issuing 100,000 common shares of the Company on or before May 28, 2022; and
- Making a cash payment of \$30,000, and issuing 300,000 common shares of the Company on or before May 28, 2023;

The fair value of the common shares issued on signing were valued at the observable market price on the day they were issued.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

8. EXPLORATION AND EVALUATION ASSETS (Continued)

TOPLEY RICHFIELD

In May 2019, the Company entered into an option agreement with two private vendors to acquire a 100% interest in the Topley Richfield Property located in the Babine Copper-Gold Porphyry district in central British Columbia. The Topley Richfield Property is contiguous with the Company's Bulkley Property. To earn its 100% interest in the property, the Company paid \$10,000 cash and issued 100,000 common shares valued at \$7,500 or \$0.075 per share upon signing and is required to make annual staged option payments starting on the first anniversary of the effective date totaling \$180,000 cash and 900,000 common shares over a four-year period as follows:

- Making an initial cash payment of \$10,000 (paid) upon signing of the agreement and issuing 100,000 common shares (issued) of the Company;
- Making a cash payment of \$30,000, and issuing 200,000 common shares of the Company on or before May 27, 2020;
- Making a cash payment of \$50,000, and issuing 200,000 common shares of the Company on or before May 27, 2021;
- Making a cash payment of \$50,000, and issuing 200,000 common shares of the Company on or before May 27, 2022; and
- Making a cash payment of \$50,000, and issuing 300,000 common shares of the Company on or before May 27, 2023

The fair value of the common shares issued on signing were valued at the observable market price on the day they were issued.

STARS

Pursuant to the option agreement with M3 Metals Corp. ("M3 Metals", formerly ML Gold Corp.) entered into on November 20, 2017 for the Stars Project, M3 Metals made a \$20,000 cash payment and issued to the Company 20,000 common shares valued at \$13,000 or \$0.65 per share as required by June 5, 2019 to keep the agreement in good standing. The shares were valued using the observable market price on the day of issuance. As a result of the receipt of cash and shares of M3 Metals, \$33,000 has been recorded in other income.

PINNACLE REEF

On March 4, 2019 the Company entered into a royalty purchase agreement pursuant to which BatteryOne Royalty Corporation ("BatteryOne") was granted a right to acquire a one percent net smelter returns ("NSR") royalty on the production from the Pinnacle Reef Property upon the expiry or termination of an option agreement dated July 12, 2016 between PEMC and M3 Metals. As a result of M3 Metals termination of the option agreement, BatteryOne exercised its right to acquire the one percent NSR Pinnacle Reef Royalty. In exchange the Company received 115,000 common shares of BatteryOne valued at \$40,250 or \$0.35 per share of which \$12,416 was recorded as a reduction of exploration and evaluation assets and \$27,834 was recorded as option income and sale of royalty interests.

WEEDON

Acquired by staking during the nine months ended December 31, 2019, the Company holds a 100% interest in certain mineral claims comprising part of the Weedon Property.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

8. EXPLORATION AND EVALUATION ASSETS (Continued)

PARAGON (NILKITKWA OPTION)

In December of 2019, the Company terminated an option agreement entered into on December 17, 2018 with three private title holders. The agreement pertained to certain mineral claims making up part of the Company's Paragon Project, whereby the Company had an option to acquire a 100% interest in the Nilkitkwa mineral claims. The Company continues to hold the remaining Paragon claims in good standing and does not consider these claims impaired.

SAT

In December of 2019, the Company terminated an option agreement entered into on December 13, 2018 with two private title holders to acquire a 100% interest in the Sat property and relinquished the respective mineral claims. All costs related to the SAT claims were written-off during the nine months ended December 31, 2019.

BULKLEY

In January of 2020, the Company allowed mineral claims making up the Bulkley Property to lapse and all costs related to the Bulkley claims were written-off during the nine months ended December 31, 2019.

9. EXPLORATION EXPENDITURES

During the nine months ended December 31, 2019, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Bulkley	Paragon	SAT	Pinnacle	Other*	Total
Administration Cost	\$ 587	\$ 3,621	\$ 190	\$ 45	\$ 4,743	\$ 9,186
Amortization	8,812	9,850	8,592	13,764	18,140	59,158
Geophysics	-	-	-	-	10,196	10,196
Drilling and related field costs	23,190	16,218	40,588	84,075	22,078	186,149
Personnel	21,781	13,838	28,557	111,813	41,875	217,864
Travel	7,992	3,783	18,023	57,035	21,487	108,320
Total Expenditures	62,362	47,310	95,950	266,732	118,519	590,873
Exploration tax credits**	(12,575)	(7,071)	(23,179)	(62,729)	(9,611)	(115,165)
Total Recoveries	(12,575)	(7,071)	(23,179)	(62,729)	(9,611)	(115,165)
Net Expenditures	\$ 49,787	\$ 40,239	\$ 72,771	\$ 204,003	\$ 108,908	\$ 475,708

* Components of "Target Generation and Other" exploration expenditures for the nine months ended December 31, 2019 were Bull's Eye - \$400; Kitimat - \$400; Moffat - \$800; Nub East - \$14,909; NWT - \$16,110; Wildcat - \$2,376; Stars - \$1,800; Topley Richfield - \$2,387; Weedon - \$2,000; Worldstock - \$30,742 and Target Generation - \$46,595.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

9. EXPLORATION EXPENDITURES (Continued)

During the nine months ended December 31, 2018, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Kitimat	Copper King	Moffat	Wildcat	Other*	Total
Administration Cost	\$ 462	\$ 83	\$ -	\$ 890	\$ 6,319	\$ 7,754
Amortization	7,875	6,062	2,976	7,437	6,163	30,513
Geophysics	5,872	5,873	9,100	-	341	21,186
Logistic	29,075	36,438	9,311	24,509	27,442	126,775
Personnel	41,756	27,216	21,999	53,052	43,520	187,543
Travel	17,881	7,286	6,840	8,670	13,733	54,410
Total Expenditures	102,921	82,958	50,226	94,558	97,518	428,181
Exploration tax credits**	(34,149)	(27,560)	(14,968)	(31,484)	(16,914)	(125,075)
Total Recoveries	(34,149)	(27,560)	(14,968)	(31,484)	(16,914)	(125,075)
Net Expenditures	\$ 68,772	\$ 55,398	\$ 35,258	\$ 63,074	\$ 80,604	\$ 303,106

* Components of "Target Generation and Other" exploration expenditures for the period ended December 31, 2018 were Bulkley - \$7,029; Bull's Eye - \$2,223; Red Property - \$41,056; SAT - \$3,974; Nub East - \$828; Pinnacle Reef - \$866; Stars - \$1,545; Wasp - \$4,627; and general target generation - \$35,370.

** All of the Company's exploration activities are located in British Columbia, Canada. As such, the Company is eligible for the Mining Exploration Tax Credits on qualifying expenditures. The credit is 20% of the qualifying expenditures, and an enhanced 30% credit is available for expenditures incurred in Mountain Pine Beetle affected areas. Except for the Kitimat property, all the Company's projects are in areas qualifying for the 30% enhanced credit.

The Company has accrued a credit at the 30% qualifying rate on expected qualifying expenditures except for Kitimat which is accrued at 20%. Actual credits and refunds are subject to review and potential adjustment by tax authorities

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

10. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into certain transactions with key management personnel, which the Company has defined as Officers and Directors of the Company. The aggregate value of these transactions and outstanding balances are as follows:

	Three Months Ended		Nine Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Exploration expenditures				
President*	\$ -	\$ -	\$ 6,000	\$ 2,400
Vice President, Exploration*	23,200	21,600	66,200	70,200
Management and consulting fees				
President*	26,400	27,200	78,000	82,400
Vice President, Exploration*	4,400	4,000	18,600	15,400
Seabord Services Corp.**	30,000	30,000	90,000	90,000
Share - based compensation				
Management and directors	14,708	958	16,422	10,952
Seabord Services Corp.**	2,161	192	2,444	2,190
	\$ 100,869	\$ 83,950	\$ 277,666	\$ 273,542

Amounts due to related parties as of December 31, 2019 and March 31, 2019 are as follows:

Related party liabilities	Items or services	December 31, 2019	March 31, 2019
President	Management fees and reimbursable expenses	\$ 8,400	\$ 9,650
Vice President, Exploration	Management fees and reimbursable expenses	8,486	-
		\$ 16,886	\$ 9,650

*BJP Consulting and Rory Ritchie Geological Consulting are controlled by Brad Peters, President and Chief Executive Officer, and Rory Ritchie, Vice-President, Exploration respectively.

** Seabord Services Corp. ("Seabord") provides the following services: A Chief Financial Officer ("CFO"), a Corporate Secretary, accounting and administration staff, and office space to the Company. The CFO and Corporate Secretary are employees of Seabord and are not paid directly by the Company.

There were no changes to the Company's Board of Directors or management during the nine months ended December 31, 2019.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

11. LEASE LIABILITY

The Company's right-of use assets included office space and are included in property and equipment (Note 6).

Lease liabilities recognized as at April 1, 2019	\$	44,596
Lease payments made		(12,600)
Interest expense on lease liabilities		2,106
		<hr/> 34,102
Less: current portion		(15,934)
As at December 31, 2019	\$	<hr/> 18,168

In April 2018, the Company renewed a lease agreement with LRG Investments Ltd. for office space in Vancouver, Canada. The original lease commenced on January 1, 2013 for six years. The renewed lease has a three - year term and commenced in January 1, 2019 with expected annual commitments of \$16,800 (year 1), \$17,800 (year 2), and \$18,800 (year 3).

12. EQUITY

Authorized

The Company is authorized to issue an unlimited number of common shares and preferred shares without par value.

Share Capital

No preferred shares have been issued from incorporation to December 31, 2019.

During the nine months ended December 31, 2019:

The Company completed a non-brokered private placement for aggregate proceeds of \$846,100 including the issuance of 10,672,857 Units of the Company at a price of \$0.07 per Unit with each Unit comprised of one common share and one common share purchase warrant for gross proceeds of \$747,100, and 1,100,000 flow-through common shares at a price of \$0.09 per flow-through common shares for gross proceeds of \$99,000. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.14 per share for a period of 36 months until May 22, 2022. Pursuant to the Company's accounting policy, the gross proceeds of the private placement were allocated using a residual value method with respect to the measurement of shares and warrants issued as private placement Units.

A flow-through liability of \$16,500 was recognized in connection with the flow-through offering equal to the premium paid for the flow-through shares. This liability has been reversed and recognized as interest and other income when qualified exploration expenditures were incurred during the nine months ended December 31, 2019.

In consideration for arranging the private placement, the Company paid finder's fees of \$22,937 cash and issued 339,900 finder's warrants valued at \$15,319. Each finder's warrant entitles the holder to purchase one common share in the capital of the Company at an exercise price of \$0.14 per share until May 22, 2022. The fair value of the finder's warrants issued as part of the private placement were estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.65%, dividend yield of 0%, volatility of 118% and an expected life of 3 years. The Company paid an additional \$5,900 in legal and regulatory costs related to the private placement.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

12. EQUITY (Continued)

The Company issued 150,000 common shares valued at \$0.075 per share or \$11,250 related to the Topley Richfield and Worldstock acquisition agreements (Note 8). The common shares were valued using the observable market price on the issuance date.

During the nine months ended December 31, 2018:

The Company completed a non-brokered private placement of 1,000,000 units of the Company at a price of \$0.20 per unit with each unit comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.30 per share for a period of 36 months until April 24, 2021. In consideration for arranging the private placement, the Company paid finder's fees of \$12,000 in cash and through the issuance of 60,000 finder's warrants valued at \$5,222. Each finder's warrant entitles the holder to purchase one common share in the capital of the Company at an exercise price of \$0.30 per share until April 24, 2021. The fair value of the finder's warrants issued as part of the private placement were estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 2.02%, dividend yield of 0%, volatility of 100% and an expected life of 3 years. The Company paid an additional \$2,493 in legal and regulatory costs related to the private placement.

Pursuant to an option agreement entered into in February 2017 with a private title holder to acquire a 100% interest in the Wildcat property, the Company issued 200,000 common shares valued at \$32,000 or \$0.16 per share. The common shares were valued using the available market price on the issuance day.

Stock Option Plan

As at December 31, 2019, the Company had a stock option plan that allows the Board of Directors to grant incentive stock options to the Company's officers, directors, related company employees and consultants to purchase up to that number of common shares equal to 10% of its outstanding shares for a term of up to ten years. The exercise price of each option is to be not less than the fair market value of the Company's stock as determined by the Plan administrator. The vesting terms are determined at the time of the option grant.

During the nine months ended December 31, 2019, the Company granted 1,500,000 incentive stock options to various directors, officers, employees and consultants of the Company pursuant to the Company's stock option plan. These options are exercisable at \$0.08 per share for a period of three years expiring on July 24, 2022.

During the nine months ended December 31, 2018, the Company granted 225,000 incentive stock options to consultants of the Company pursuant to the Company's stock option plan. These options are exercisable at \$0.20 per share for a period of 3 years expiring on July 24, 2021.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

12. EQUITY (Continued)

The following table summarizes the stock options outstanding and exercisable at December 31, 2019:

Date Granted	Number of		Exercise Price	Expiry Date
	Options	Exercisable		
May 27, 2015	65,000	65,000	\$ 0.15	May 27, 2020
May 27, 2015	240,000	240,000	0.20	May 27, 2020
June 7, 2016*	100,000	75,000	0.15	June 7, 2021
June 23, 2017	1,090,000	1,090,000	0.20	June 23, 2022
July 4, 2017	150,000	150,000	0.20	July 4, 2022
July 24, 2018**	225,000	225,000	0.20	July 24, 2021
September 23, 2019**	1,500,000	375,000	0.08	Sept 23, 2022
	3,370,000	2,220,000		

* stock options vest 25% every year beginning one year after the date of grant.

** stock options vest 25% every quarter starting 3 months from date of grant.

The weighted average remaining life of the stock options exercisable is 2.11 years (March 31, 2019 – 2.73 years).

Share-based Payments

During the nine months ended December 31, 2019, the Company recorded share-based payment expense of \$32,287 (2018 - \$25,754), which represents the fair value of options vested during the period with the offsetting amount credited to reserves. The weighted average fair value of the stock options granted during the nine months ended December 31, 2019 was \$0.03 per stock option (2018 - \$0.06 per stock option). The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows: risk-free interest rate of 1.50% (2018 – 2.13%), dividend yield of 0% (2018 – 0%), volatility of 157% (2018 - 100%), forfeiture rate of 0% (2018 – 0%), and an expected life of 3 years (2018 – 3 years).

Warrants

The changes in warrants outstanding are as follows:

	Number	Weighted Average Exercise Price
Balance, March 31, 2019	11,060,000	\$ 0.30
Granted	11,012,757	0.14
Balance, December 31, 2019	22,072,757	\$ 0.22

The following table summarizes the warrants outstanding and exercisable at December 31, 2019:

Date Granted	Number of		Exercise Price	Expiry Date
	Warrants			
March 20, 2018 - IPO Warrants	10,000,000	\$	0.30	March 20, 2021
April 24, 2018 Private Placement	1,000,000	\$	0.30	April 24, 2021
April 24, 2018 Finders' Warrants	60,000	\$	0.30	April 24, 2021
May 22, 2019 Private Placement	10,672,857	\$	0.14	May 22, 2022
May 22, 2019 Finders' Warrants	339,900	\$	0.14	May 22, 2022

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

12. EQUITY (Continued)

Brokers Options

As part of the IPO closed in the year ended March 31, 2018, the Company granted Haywood 700,000 broker's options. The Broker's options are exercisable into a unit, consisting of one common share and one common share purchase warrant. As at December 31, 2019, 700,000 brokers options remain outstanding and expire March 20, 2021.

13. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the acquisition and exploration of mineral properties. As such, all of the Company's property and exploration and evaluation assets are located in Canada.

14. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, which include currency risk, credit risk, liquidity risk, interest rate risk, and market risk.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Although the Company operates only in Canada and all expenditures are incurred in Canadian dollars, U.S. dollars are sometimes held by the Company. As at December 31, 2019, the Company did not hold a significant balance of U.S. dollars. Therefore, a change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar would have an immaterial effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Credit Risk

Credit risk arises from cash as well as credit exposures to counterparties of outstanding receivables and committed transactions. There is no concentration of credit risk other than on cash deposits and receivables. The Company's cash deposits are primarily held with a Canadian chartered bank. Further, receivables comprise amounts due from the federal government. Therefore, credit risk is considered low.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, at December 31, 2019, included \$86,635 of accounts payable and accrued liabilities, \$16,886 in amounts due to related parties and \$15,934 of lease liability. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

Interest Rate Risk

When the Company has sufficient cash, it will invest in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at December 31, 2019, the Company did not have any interest-bearing loans. Accordingly, the Company does not have significant interest rate risk.

Market Risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the December 31, 2019 value of marketable securities a 10% increase or decrease in the share prices of these companies would have an immaterial impact on profit or loss for the nine months ended December 31, 2019.

Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. There have been no changes in approach to managing capital during the nine months ended December 31, 2019. Management believes that the Company will have to raise additional capital to fund its operations for the next twelve months. The Company is not subject to externally imposed capital requirements.

15. FINANCIAL INSTRUMENTS BY CATEGORY

The Company classified its financial instruments as follows:

	December 31, 2019	March 31, 2019
Financial assets		
Amortized cost:		
Cash	\$ 120,637	\$ 204,491
Restricted cash	23,000	23,000
Reclamation deposits	67,405	53,500
Fair value through profit or loss:		
Marketable securities	133,433	91,694
	<u>\$ 344,475</u>	<u>\$ 372,685</u>
Financial liabilities		
Amortized cost:		
Accounts payable and accrued liabilities	\$ 86,635	\$ 34,358
Lease liability - current	15,934	-
Lease liability - non-current	18,168	-
Due to related parties	16,886	9,650
	<u>\$ 103,521</u>	<u>\$ 44,008</u>

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

15. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Fair Values

The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1: inputs represent quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: inputs other than quoted prices that are observable, either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the marketplace.
- Level 3: inputs that are less observable, unavoidable or where the observable data does not support the majority of the instruments' fair value.

As at December 31, 2019, there were no changes in the levels in comparison to the year ended March 31, 2019.

Financial instruments which are measured using the fair value hierarchy include marketable securities which are categorized as Level 1 except as to \$126,500 in marketable securities for the investment in BatteryOne.

The Company's investment in BatteryOne does not have a quoted market price in an active market and the Company has assessed a fair value of the investment based on BatteryOne's unobservable financial information. As a result, the fair value is classified within Level 3 of the fair value hierarchy.

The fair value of the Company's lease liability is approximated by its carrying value as its imputed interest rates are comparable to current interest rates.

The carrying values of cash, restricted cash, receivables, reclamation deposits, accounts payable and accrued liabilities and due to related parties approximate their fair value because of the short-term nature of these instruments.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions during the nine months ended December 31, 2019 included:

- Recorded the issuance of 150,000 common shares valued at \$11,250 pursuant to the Topley Richfield and Worldstock property agreements (Note 8);
- Reduced mineral properties by \$12,416 related to 115,000 common shares of BatteryOne received pursuant to a royalty purchase agreement (Note 8);
- The recording of \$15,319 in capital stock and reserves related to the fair value of finders' warrants (Note 12); and
- The recognition of \$44,596 of right-to-use assets and lease liabilities related to the adoption of IFRS 16.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Nine Months Ended December 31, 2019 and 2018

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Continued)

Significant non-cash investing and financing transactions during the nine months ended December 31, 2018 included:

- Reduced mineral properties by \$5,000, and recorded option revenue of \$4,000 related to 100,000 common shares of M3 Metals received pursuant to the Stars property agreement;
- Reduced mineral properties by \$22,000 related to 200,000 common shares of M3 Metals received pursuant to the Pinnacle Reef property agreement;
- Recorded the issuance of 200,000 common shares valued at \$32,000 pursuant to the Wildcat property agreement;
- Reclass of \$743 in share issue costs included in accounts payable and accrued liabilities as at March 31, 2018; and
- The recording of \$5,222 in capital stock and reserves related to the fair value of brokers warrants.