PACIFIC EMPIRE
MINERALS CORP.

MANAGEMENT'S
DISCUSSION AND ANALYSIS
FOR THE
YEAR ENDED MARCH 31, 2018

Dated: July 24, 2018
(All amounts expressed in Canadian dollars unless otherwise indicated)

GENERAL

Pacific Empire Minerals Corp. (the "Company" or "PEMC") is a Vancouver-based mineral exploration company whose principal business is the acquisition and exploration of copper-gold porphyry, mineral exploration properties, with a focus on British Columbia, Canada. The Company is a reporting issuer in British Columbia, Alberta and Ontario, and trades on the TSX Venture Exchange ("TSX-V") as a Tier 2 issuer under the symbol PEMC.

On January 10, 2018, the Company filed and received a receipt for, an amended and restated final long form prospectus (the "Amended Prospectus"), which amended the Company's final long form prospectus dated October 23, 2017 (the "Prospectus"), with the securities commissions of each of British Columbia, Alberta, and Ontario in connection with its IPO of units of the Company. The Company became a reporting issuer on October 23, 2017, and on March 20, 2018 the TSX-V accepted the Company's listing application and the Company's Common Shares began trading on March 22, 2018.

The following Management Discussion and Analysis ("MD&A") of the Company's financial position and results of operations has been prepared by management in accordance with the requirements of National Instrument 51-102. The following information is prepared as at July 24, 2018 unless otherwise stated, supplements, but does not form part of the audited financial statements of the Company for the year ended March 31, 2018. This MD&A should be read in conjunction with the March 31, 2018 financial statements and the related notes therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts are expressed in Canadian dollars except where noted.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls to ensure that information used internally or disclosed externally, including the MD&A, is complete and reliable.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com and on the Company's website at pemcorp.ca.

Rory Ritchie, P. Geo and Vice-President of Exploration for PEMC, is the Company's Qualified Person as defined by National Instrument 43-101, and is responsible for the accuracy of the technical information in this MD&A and has approved its written disclosure.

FORWARD LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. Forward-looking statements are statements that are not historical facts, and include, but are not limited to: a) estimates and their underlying assumptions; b) statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, capital raising initiatives, the impact of regulatory initiatives on the Company's operations, and market opportunities; c) general industry and macroeconomic performance and growth rates; d) expectations related to possible business opportunities, joint or strategic ventures; and e) statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and are generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to: a) unavailability of financing; b) failure to identify commercially viable mineral reserves; c) fluctuations in the market valuation for commodities; d) difficulties in obtaining required approvals for the development of a mineral project; and e) other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities law.

DESCRIPTION OF BUSINESS

The Company became a reporting issuer on October 23, 2017 upon the filing and receipt of its Prospectus with plans to list on the TSX-V under the symbol PEMC. The Company obtained a listing on the TSX -V on March 20, 2018 and began trading under the symbol PEMC on March 22, 2018. The Company is a mineral exploration company whose principal business is the acquisition and exploration of copper-gold porphyry, mineral exploration properties, with a focus in British Columbia, Canada.

The Company's material property is the Wildcat property, consisting of 10 mineral claims covering an area of approximately 5,826 hectares in the Omineca Mining Division of British Columbia (the "Wildcat Project" or "Wildcat Property"). In addition to its option to acquire a 100% interest in the Wildcat Project, the Company has interests in 13 other mineral properties in British Columbia and employs the prospect generator business model whereby it carries out grass-roots exploration on its mineral properties to advance them to a stage where it can attract the participation of a third party with the experience and financial capability to carry out diamond drilling on the properties.

To carry out exploration on its properties, the Company purchased a portable reverse circulation drill that it uses to advance its properties. This allows the Company to cost-effectively explore its properties on a timely basis.

To date, equity financings have provided the main source of financing. The recovery of the Company's investment in its mineral properties will be dependent upon the execution of earn-in agreements with incumbent partners, assuming there are monetary or equity payments issued, or the discovery of economically recoverable mineral reserves and the ability to raise sufficient capital to finance these operations. The ultimate outcome of these operations cannot presently be determined because they are contingent on future matters.

OVERALL PERFORMANCE

The Company was incorporated on July 13, 2012 and commenced business at that time. The Company is a mineral exploration company that employs the "prospect generator" business model currently focused on the acquisition, funding and exploration of the Wildcat Project, in addition to its other projects. To those ends, the Company has (i) been exploring and acquiring mineral exploration properties in British Columbia since 2012; (ii) entered into a total of 4 agreements since 2012 (2 of which have since been terminated) as property optionor in an attempt to advance through partner-funded exploration various mineral properties while utilizing the “prospect generator” business model; (iii) raised sufficient funds to fund initial obligations under the Wildcat Project option agreement and the costs of going public; (iv) commissioned the technical report on the Wildcat Project; and (v) obtained a listing on the TSX -V on March 20, 2018 and subsequently began trading under the symbol PEMC on March 22, 2018.

KEY EVENTS FOR THE YEAR ENDED MARCH 31, 2018 AND SUBSEQUENTLY

EXPENDITURES: During the year ended March 31, 2018, the Company recorded a net loss of $654,079 (2017 - $298,264). This was comprised of net exploration expenditures of $185,796 (2017 - $51,366) after recoveries, including accruals for a BC Minerals Exploration Tax credit, $464,688 (2017 - $245,749) of general and administration expenditures, of which $184,870 (2017 - $9,231) related to stock-based compensation, and a loss of $3,595 (2017 - $1,149) in other items.

INITIAL PUBLIC OFFERING: The Company obtained a listing on the TSX -V on March 20, 2018 and began trading under the symbol PEMC on March 22, 2018. The IPO raised aggregate gross proceeds of $2,000,000 through the sale of 10,000,000 units at $0.20 per unit. Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the purchaser, subject to adjustment in certain circumstances, to one common share of the Company at a price of $0.30 per share until the third anniversary of the IPO. Haywood Securities Inc. acted as an agent in connection with the Offering. For its services the Agent received a corporate finance fee, a cash commission equal to 7% of the gross proceeds of the Offering in addition to compensation options to purchase up to 700,000 Units at an exercise price of $0.20 exercisable within 36 months from the listing of the Company’s common shares. Total share issue costs paid as part of the IPO was $462,887 including the cash commission of $140,000 to Haywood, a corporate finance fee of $25,000, and other costs totaling $297,887.

STARS PROJECT: On November 20, 2017, the Company entered into an option agreement with ML Gold Corp. (“ML Gold”) for the Stars project (formerly Copper Star), whereby ML Gold can earn up to a 30% interest in the 50% interest held by the Company. As consideration for the Option, ML Gold will make aggregate cash payments in the amount of $80,000 and issue a total of 600,000 common shares to the Company over a two-year period and will incur a minimum of $4,500,000 in exploration expenditures on the Stars project over a three-year period. PEMC will have a carried interest in the Project until completion of a Pre-Feasibility Study, after which point a Joint Venture will commence. In January of 2018, ML Gold completed an initial diamond drill program on the Stars project that consisted of 6 holes in two target areas totaling 2,252 metres. This initial drill program was highlighted by Hole 4 which intersected 40.2 metres of 1.02% copper equivalent (0.93% Cu) from 26.52 metres to 66.72 metres (bedrock begins at 21.58 metres) within a larger interval grading 0.50% CuEq (0.45% Cu) over 204 metres from 23.47 metres to 227.69 metres.

PRIVATE PLACEMENT: Subsequent to the year ended March 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 transferable 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 paid in cash and through the issuance of 60,000 finder’s warrants. 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.

WILDCAT PROJECT: On April 10, 2018, the Company issued 200,000 common shares to a private title holder as the first anniversary payment pursuant to the Wildcat option agreement. The Company also completed a total of 11 reverse circulation drill holes totaling 550 metres at the Wildcat Property in June 2018. Samples were screened using the Company's XRF analyzer. No samples were selected for laboratory analysis.

STOCK OPTION GRANT: Pursuant to the Company's stock option plan, on July 24, 2018, the Company granted stock options to consultants to purchase 225,000 common shares of the Company at $0.20 per share for 3 years, expiring on July 24, 2021.

RED PROJECT: The Company completed a total of eight shallow reverse circulation drill holes totaling 403 metres at the Red JV Property in April 2018. Samples were screened using the Company's XRF analyzer. No samples were selected for laboratory analysis.

MOFFAT AND BULKLEY PROJECT: Subsequent to the year ended March 31, 2018, the Company staked four new properties totaling 9,160 hectares in April 2018. The 4,090 hectare Moffat Property is located approximately 56 kilometres east of Williams Lake and 35 kilometres northeast of the village of Lac La Hache in south-central British Columbia. The Bulkley Initiative consists of three properties totaling 5,070 hectares in central British Columbia. The three properties are within 40 kilometres of the past-producing Bell copper-gold mine and are accessible by vehicle via gravel logging roads. A 208 line-kilometre airborne magnetic survey was completed at the Moffat Property. Results from the survey will be used to prioritize drill targets for testing with the Company's reverse circulation drill in 2018. The survey was conducted by Peter E. Walcott & Associates Ltd. using a helicopter-mounted "stinger" magnetometer with lines spaced 200 metres apart.

EQUIPMENT PURCHASE: Subsequent to the year ended March 31, 2018, the Company purchased 2 new compressors, a compressor booster unit, and a trailer to carry the compressors totalling $190,452. The new compressors are expected to greatly increase the efficiency and speed of the Company's RC drill

EXPLORATION REVIEW FOR THE YEAR ENDED MARCH 31, 2018

During the year ended March 31, 2018, the Company was compiling, interpreting, and preparing reports on airborne magnetic and geochemical survey data obtained from exploration programs completed on the Nub East, Copper King, Stars, Hogem, and Kitimat projects completed by the Company in the prior quarter. The Company was also reviewing data obtained from a diamond drill program completed by a joint venture partner ML Gold on the Pinnacle Reef property. Results of the work completed will help to guide future exploration drilling programs for the 2018 exploration season.

On November 20, 2017, the Company entered into an option agreement with ML Gold Corp. ("ML Gold") for the Stars project (formerly Copper Star), whereby ML Gold can earn up to a 30% interest in the 50% interest held by the Company. As consideration for the Option, ML Gold will make aggregate cash payments in the amount of $80,000 and issue a total of 600,000 common shares to the Company over a two-year period, and will incur a minimum of $4,500,000 in exploration expenditures on the Stars project over a three-year period. PEMC will have a carried interest in the Project until completion of a Pre-Feasibility Study, after which point a Joint Venture will commence.

During the year ended March 31, 2018, the Company was focused on closing the IPO. Using the net proceeds of the IPO, the Company:

- Completed the purchase of a portable reverse circulation drill;
- Completed Phase 1 of an exploration program on the Wildcat project, with reserves set aside to complete at least a portion of Phase 2 of the exploration program if warranted; and
- Advanced the Company's other properties by completing reverse circulation drilling, mapping and geochemical sampling with a view to attracting participation of third parties in respect to such projects.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company considers items included in shareholders' equity as capital. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

As at March 31, 2018, the Company had a working capital of $1,430,239 (March 31, 2017 - $393,410). During the year ended March 31, 2018 the Company completed its IPO raising gross proceeds of $2,000,000 through the sale of 10,000,000 units at $0.20 per unit. Each unit consists of one common share of the Company and on one common share purchase warrant. Total share issue costs paid as part of the IPO was $462,887 including the cash commission of $140,000 to Haywood, a corporate finance fee of $25,000, and other costs totaling $297,887. The Company raised an additional $76,500 through the sale of equity prior to the IPO.

The Company has granted 2,355,000 incentive stock options, of which 1,777,500 are exercisable as at March 31, 2018 to management, directors, consultants, and an advisor of the Company pursuant to the Company's stock option plan which could generate additional cash if exercised. See "Risks and Uncertainties" in this MD&A for risks related to the Company's ability to obtain sources of funding. PEMC has no fixed cash payment obligations on any of it projects. In order to maintain its properties in good standing, the Company is required to make minimal maintenance payments; however, these can be terminated at any time without penalty once an option agreement is cancelled, or mineral title is dropped. There has been no change in approach to managing capital in the past twelve months and the Company believes it will have sufficient capital to fund its administrative and exploration expenditures for the next twelve months.

The Company is not subject to externally imposed capital requirements as at March 31, 2018.

As at March 31, 2018, the Company had cash of $1,493,234. Management of cash balances is conducted in-house based on internal investment guidelines. Cash is deposited with major Canadian financial institutions. Cash required for immediate operations is held in a chequing account and excess funds may be invested in accordance with the Company's capital resource objectives.

Cash Used in Operating Activities

Cash used in operations was $487,217 for the year ended March 31, 2018 (2017 - $265,703) and represents expenditures primarily on mineral property exploration and general and administrative expenses for both years.

Cash Used in Investing Activities

Cash used in investing activities for the year ended March 31, 2018 was $132,686 compared to cash used in investing activities of $60,749 for the year ended March 31, 2017. Cash used in investing activities during the year ended March 31, 2018 included $Nil (2017 - $20,876) related to acquisition of exploration and evaluation assets, $130,081 (2017 - $37,873) related to equipment purchases and deposits paid on pending equipment purchases, and $13,000 (2017 - $2,000) related to the purchase of reclamation deposits related to exploration permits. This was partially offset by option payments received from property agreements totaling $10,000 (2017 - $Nil) during the year ended March 31, 2018.

Cash Generated by Financing Activities

Cash generated by financing activities for the year ended March 31, 2018 was $1,687,659 (2017 - $724,713) and consisted of $2,076,500 (2017 - $761,885) received from the issuance of 10,765,000 (2017 – 7,618,850) common shares, less $388,841 (2017 - $17,172) in share issuance costs paid in the respective year, and $Nil (2017 - $20,000) of deferred issuance costs paid towards the IPO for legal, agent, and other costs.

RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

Selected Quarterly Information

Quarter Ended	March 31, 2018	December 31, 2017	September 30, 2017	June 30, 2017
Financial results				
Exploration expenditures (net)	$ 39,060	$ 10,388	$ 4,281	$ 132,067
Share-based payments	29,803	53,383	93,949	7,735
Net loss	(162,306)	(134,204)	(152,363)	(205,206)
Net loss per share-basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Quarter Ended	**March 31, 2017**	**December 31, 2016**	**September 30, 2016**	**June 30, 2016**
Financial results				
Exploration expenditures (net)	$ 13,860	$ 8,234	$ 14,045	$ 15,227
Share-based payments	3,794	1,416	2,605	1,416
Net loss	(125,524)	(52,014)	(52,456)	(68,270)
Net loss per share-basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)

The Company's net loss each quarter varies mainly due to varying levels of operations activities on its exploration projects and due diligence undertaken on new prospects, as well as foreign exchange and the dissemination of project information to shareholders.

Three Months Ended March 31, 2018

During the three months ended March 31, 2018, the Company incurred a net loss of $162,306 (2017 - $125,524). The loss for the three months then ended was comprised of net exploration expenditures of $39,060 (2017 - $13,860), and general and administration expenditures and other items of $123,246 (2017 - $117,030). The increase in net loss per quarter for each of the quarters ended during the year ended March 31, 2018 compared to the year ended March 31, 2017 was predominately related to the vesting of stock options granted during the three months ended June 30, 2017. During the three months ended March 31, 2018 and 2017, and each of the quarters within the years ended March 31, 2018 and 2017, management focused its time on its IPO and exploration expenditures for all periods were focused on maintenance and prospectus work.

Selected Annual Information

The following table summarizes selected financial data from the Company's audited financial statements for the years ended March 31, 2018, 2017, and 2016, and should be read in conjunction with such statements and related notes, contained in this MD&A:

As at	March 31, 2018	March 31, 2017	March 31, 2016
Financial position			
Working capital	$ 1,430,239	$ 393,410	$ 16,722
Current assets	1,571,650	456,558	47,684
Exploration and evaluation assets	61,136	73,902	53,026
Equipment	166,558	8,380	3,514
Total assets	1,862,344	640,090	152,224
Current liabilities	141,411	63,148	30,962
Share capital	3,276,122	1,750,366	1,005,653
Reserves	292,440	20,126	12,267
Deficit	(1,847,629)	(1,193,550)	(896,658)
Number of share outstanding	29,793,850	19,028,850	11,410,000

Year ended	March 31, 2018	March 31, 2017	March 31, 2016
Financial results			
Net exploration expenditures	$ 185,796	$ 51,366	$ 28,222
Loss and comprehensive loss for the year	(654,079)	(298,264)	(354,314)
Basic and diluted loss per common share	(0.03)	(0.02)	(0.03)

Year ended March 31, 2018

During the year ended March 31, 2018, the Company incurred a net loss of $654,079 (2017 - $298,264). The loss for the year then ended was comprised of net exploration expenditures of $185,796 (2017 - $51,366), general and administration expenditures of $464,688 (2017 - $245,749), and a loss from other items of $3,595 (2016 - $1,149). Some items to note from year to year include the following:

During the year ended March 31, 2018, net exploration expenses increased to $185,796 from $51,366 for the year ended March 31, 2017. The Company did not incur any expenditures on projects that were funded by partners and operations were mainly focused on maintenance and prospectus work as part of the Company's IPO. The increase in expenditures was related to the geophysical survey completed on the Wildcat project totaling approximately $115,000 (2017 - $Nil). Exploration expenditures for the year ended March 31, 2018 were offset by a recovery of $5,840 (2017 -$Nil) in expenditures from ML Gold, and the refund or accrual of $54,405 (2017 - $Nil) in British Columbia exploration tax credits.

Investor relations and shareholder communications expense increased from $13,836 during the year ended March 31, 2017 to $47,002 during the year ended March 31, 2018. During the year ended March 31, 2018 the Company became a reporting issuer and provided additional public information from news releases and investor relation services in comparison to the prior year. The Company also underwent a rebranding in the year ended March 31, 2018 that resulted in website and logo redesign.

Professional fees consist of audit and legal fees. During the year ended March 31, 2017 the Company incurred $62,372 in professional fees compared to $31,658 in the current year ended March 31, 2018. The decrease of $30,714 was mainly due to over accrual for audit fees in the year ended March 31, 2017, and additional legal fees.

During the year ended March 31, 2018 the Company incurred $102,595 in compensation to consultants compared to $84,000 in the comparative year. The increase of $18,595 was mainly due to additional management and consultant time being spent on the pending IPO and corporate rebranding in the year ended March 31, 2018.

During the year ended March 31, 2018, the Company recorded share-based compensation expense of $184,870 (2017 - $9,231), which represents the fair value of options vested during the year with the offsetting amount credited to reserves. The increase from the year ended March 31, 2017 was the increase in the annual option grant by the Company and increased fair value as a result of the IPO.

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 March 31, 2018, 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 March 31, 2018, included $141,411 of accounts payable and accrued liabilities, including $22,236 in amounts due to related parties. $54,459 of the outstanding accounts payable balance related to the closed IPO and have been settled with the proceeds received. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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 March 31, 2018 and 2017, 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 March 31, 2018 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted income (loss) for the period, up or down, by approximately $170 (2017 - $230) before income taxes.

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 has been no change in approach to managing capital during the year ended March 31, 2018 and the Company believes with its current plans in place, it will have sufficient capital to fund its administrative and exploration expenditures for the next twelve months. The Company is not subject to externally imposed capital requirements.

FINANCIAL INSTRUMENTS

As at March 31, 2018 and 2017, the Company has made the following classifications for its financial instruments:

As at March 31, 2018	**Fair value through profit or loss**	**Other financial liabilities**	**Total**
Cash	$ 1,493,234	$ -	$ 1,493,234
Restricted cash	23,000	-	23,000
Marketable securities	1,711	-	1,711
Accounts payable and acrrued liabilities	-	(141,411)	(141,411)
Total	$ 1,517,945	$ (141,411)	$ 1,376,534

As at March 31, 2017	Fair value through profit or loss	Other financial liabilities	Total
Cash	$ 425,478	$ -	$ 425,478
Restricted cash	23,000	-	23,000
Marketable securities	2,333	-	2,333
Accounts payable and acrrued liabilities	-	(63,148)	(63,148)
Total	$ 450,811	$ (63,148)	$ 387,663

Reclamation deposits are classified as financial assets held-to-maturity.

Fair Values

The Company's financial instruments consist of cash, receivables, marketable securities, restricted cash, reclamation deposits, accounts payable and accrued liabilities. The Company recognizes cash at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

Financial instruments measured at fair value on the statement of financial position are summarized into the following fair value hierarchy levels:

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments which are measured using the fair value hierarchy include cash, restricted cash, and marketable securities which are categorized as level 1.

The carrying values of receivables, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS

The preparation of the financial statements for the years ended March 31, 2018 and 2017 in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant Accounting Estimates

Significant accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Estimated useful lives of equipment

The estimated useful lives of equipment, which is included in the statements of financial position, will impact the amount and timing of the related amortization included in profit or loss.

Share-based compensation

The fair value of stock options issued are subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and option life, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

The Company estimates the expected manner and timing of the realization or settlement of the carrying value of its assets and liabilities and applies the tax rates that are enacted or substantively enacted on the estimated dates of realization or settlement.

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.

ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

Accounting standards adopted during the year

IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses was amended to clarify the requirements for recognizing deferred income tax assets on unrealized losses, deferred income taxes where an asset is measured at fair value below the asset’s tax base, and certain other aspects of accounting for deferred income tax assets. The amendment was adopted on April 1, 2017, without a significant impact on the Company’s financial statements.

IAS 7 Statement of Cash Flow was amended on January 29, 2016 by the IASB introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The amendment was adopted on April 1, 2017, without a significant impact on the Company's financial statements.

Future accounting pronouncements

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company.

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"), which supersedes IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, and SIC 31 Revenue - Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 Leases was issued in January 2016 (effective January 1, 2019) and provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The Company expects that these new IFRS standards will have an insignificant effect on its financial statements other than increased note disclosure.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

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:

Year ended	March 31, 2018	March 31, 2017
Exploration expenditures		
BJP Consulting*	$ 5,100	$ 16,950
Rory Ritchie Geolgoical Consulting*	38,450	26,550
General and Administration expenditures		
BJP Consulting*	70,900	56,550
Rory Ritchie Geolgoical Consulting*	29,350	27,450
Seabord Services Corp.**	41,900	34,800
Share - based compensation		
Brad Peters, President	29,171	1,857
Rory Ritchie, Vice President, Exploration	29,171	1,857
Larry Donaldson, Director	28,038	-
Keith Henderson, Director	28,038	-
Seabord Services Corp.**	22,884	743
	$ 323,002	$ 166,757

Amounts due to related parties as of March 31, 2018 and March 31, 2017 are as follows:

Related party liabilities	Items or services	March 31, 2018	March 31, 2017
BJP Consulting*	Management fees and reimbursable expenses	$ 9,240	$ 7,245
Rory Ritchie Geolgoical Consulting*	Management fees and reimbursable expenses	12,996	9,360
		$ 22,236	$ 16,605

*BJP Consulting and Rory Ritchie Geological Consulting are controlled by Brad Peters, President and CEO, 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, or subsequent to the year ended March 31, 2018.

RISKS AND UNCERTAINTIES

Mineral Property Exploration and Mining Risks

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's properties has a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities. There can be additional risks involved in some countries where pending applications for claims or licenses can be affected by government changes to application procedures.

Some of the Company's mineral properties are located within or near local communities. In these areas, it may be necessary as a practical matter to negotiate surface access with these local communities. There can be no guarantee that, despite having the legal right to access a particular mineral property and carry on exploration activities, the Company will be able to negotiate a satisfactory agreement with any such existing land owners or communities for this access. Therefore, the Company or one of its joint venture partners may be unable to carry out exploration activities on a property. In those circumstances where access has been denied by a local community or land owner, the Company may need to rely on the assistance of local officials or the courts to gain access or it may be forced to abandon the property.

No Assurance of Titles or Borders

The acquisition of the right to exploit mineral properties is a very detailed and time consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that these rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface rights or mineral properties may be challenged or impugned and title insurance is generally not available. The Company's mineral properties may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third party claims could have a material adverse impact on the Company's operations.

Joint Venture Funding Risk

The Company's strategy includes seeking partners through joint ventures to fund exploration and project development. The main risk of this strategy is that funding partners may not be able to raise sufficient capital in order to satisfy exploration and other expenditure terms in a particular joint venture agreement. As a result, exploration and development of one or more of the Company's property interests may be delayed depending on whether the Company can find another partner or has enough capital resources to fund the exploration and development on its own.

Commodity Price Risk

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital or attract joint venture partners in order to fund its on-going operations. Commodity price declines could also reduce the amount the Company would receive on the disposition of one of its mineral properties to a third party.

Financing and Share Price Fluctuation Risks

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the Company's projects may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its projects which could result in the loss of one or more of its properties.

Securities markets can have periods of high price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as PEMC, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues.

Political, Regulatory and Currency Risks

The Company is currently operating in a country that has a relatively stable political and regulatory environment. However, changing political initiatives may affect the regulatory environment in which the Company operates. The Company's equity financings are sourced in Canadian dollars.

Insured and Uninsured Risks

In the course of exploration, development and eventually metal production from mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labour disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and result in a decline in the value of the securities of the Company.

Environmental and Social Risks

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are generally low in the principal country of operation of the Company, but changing social expectations could add new layers of risk to the viability of exploration and development properties.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers of other companies or have significant shareholdings in other resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with the laws of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Key Personnel Risk

PEMC's success is dependent upon the performance of key personnel working in management and administrative capacities or as consultants. The loss of the services of senior management or key personnel could have a material and adverse effect on the Company, its business and results of operations.

Competition

The Company will compete with many companies and individuals that have substantially greater financial and technical resources than the Company does for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common shares and preferred shares without par value. As at the date of this MD&A, the Company has 30,993,850 common shares issued and outstanding. There are also 2,580,000 stock options and 11,000,000 warrants outstanding with expiry dates ranging from May 27, 2020 to July 4, 2022.