



**MANAGEMENT'S
DISCUSSION AND ANALYSIS
FOR THE
YEAR ENDED MARCH 31, 2019**

Dated: July 24, 2019

(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, and the OTCQB Venture Market Exchange under the symbol “PEMSF”.

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, 2019 unless otherwise stated, supplements, but does not form part of the audited financial statements of the Company for the year ended March 31, 2019. This MD&A should be read in conjunction with the March 31, 2019 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 is a mineral exploration company whose principal business is the acquisition and exploration of mineral exploration properties, with a focus in British Columbia, Canada.

The Company's material properties are the 9,099 hectare Paragon Project and the 5,041 hectare Sat Property, both located in the Skeena Mining Division of British Columbia. The Paragon Project consists of certain mineral claims owned 100% by the Company, and the "Nilkitkwa claims" in which the Company has the option to acquire a 100% interest. The Company has the option to acquire a 100% in the Sat Property. In addition to these two projects, 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 ("RC") 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 Company's portfolio of exploration projects in British Columbia. Since 2012, the Company has (i) entered into a total of 4 agreements (3 of which have since been terminated) as the property optionor in an attempt to advance through partner-funded exploration programs mineral properties with various mineral targets (ii) entered into option agreements for the right to acquire an interest in 6 properties (iii) acquired an equity interest in a royalty generating entity through the sale of royalty interests on 4 projects, (iv) obtained a listing on the TSX -V on March 20, 2018 and subsequently began trading under the symbol PEMC on March 22, 2018; and (v) obtained a listing on the OTCQB Venture Market in the United States under the symbol "PEMSF".

KEY EVENTS FOR THE YEAR ENDED MARCH 31, 2019 AND SUBSEQUENTLY

EXPENDITURES: During the year ended March 31, 2019, the Company recorded a net loss of \$1,031,259 (2018 - \$654,079). This was comprised of net exploration expenditures of \$361,963 (2018 - \$185,796) after recoveries, including accruals for a BC Minerals Exploration Tax credit, \$690,262 (2018 - \$464,688) of general and administration expenditures, of which \$31,228 (2018 - \$184,870) related to stock-based compensation, and income of \$20,996 (2018 – loss of \$3,595) in other items.

LISTING ON THE OTCQB VENTURE MARKET EXCHANGE: During the year ended March 31, 2019, the Company began trading its common shares on the OTC Markets Group’s OTCQB Venture Market in the United States under the symbol “PEMSF”. The Company’s shares began trading on the OTCQB Marketplace on November 6, 2018.

PRIVATE PLACEMENT (APRIL 2018): In April 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.

MINERAL EXPLORATION TAX CREDIT: In November 2018, the Company received \$52,085 related to the mineral exploration tax credit including any refund interest.

SAT PROPERTY: The Company entered into an option agreement dated December 13, 2018 with two private title holders (the “Sat Optionor”) to acquire a 100% interest in the Sat property. To earn its 100% interest, the Company must make cash payments totaling \$65,000 and issue 500,000 common shares to the Sat Optionor on or before the fourth anniversary of the effective date. The Sat Property now consists of 5,041 hectares located in the prospective Babine Copper-Gold Porphyry District.

PARAGON PROJECT: The Company entered into an option agreement dated December 17, 2018 with three private title holders (the “Nilkitkwa Optionor”) to acquire a 100% interest in the Nilkitkwa property. To earn its 100% interest, the Company must make cash payments totaling \$65,000 and issue 500,000 common shares to the Nilkitkwa Optionor on or before the fourth anniversary of the effective date. The Company has subsequently combined the company’s Wasp property and certain additional contiguous claims staked in the period with the newly optioned Nilkitkwa claims. The consolidated properties now make up the Paragon Project. The Paragon Project now consists of 9,099 hectares located in the prospective Babine Copper-Gold Porphyry District.

WILDCAT PROJECT: On February 26th, 2019, the Company terminated the option agreement between PEMC and a private title holder dated February 27, 2017 to acquire a 100% interest in the Wildcat Property. After Reverse Circulation drill testing of 3 distinct target areas in fiscal 2019, the Company has decided to focus its future exploration efforts on other copper ± gold properties within its portfolio.

BATTERYONE ROYALTY AGREEMENT: In March 2019 the Company entered into a royalty purchase agreement with BatteryOne Royalty Corp. (“BatteryOne”) to grant a 1.0% NSR royalty on all metals and minerals produced under the Copper King, NUB East and NWT projects (the “Projects”), in exchange the Company received 345,000 common shares of BatteryOne valued at \$86,250 or \$0.25 per share, and a cash payment of \$10,000. The Company also agreed to grant to BatteryOne for additional consideration a right to acquire a 1.0% NSR royalty in the future, on all metals and minerals produced from the

Company's Pinnacle Reef project in the event the existing option agreement on Pinnacle Reef is terminated or expires.

NWT PROPERTY: The 5,712 hectare NWT Property located in Central British Columbia, north of PEMC's Pinnacle Reef Property and was acquired 100% by staking. Subject to a royalty sale agreement noted above, the Company granted to BatteryOne a 1.0% NSR royalty on all metals and minerals produced under the NWT project.

BULL'S EYE & BULKLEY: The Company acquired a 100% interest by staking the Bull's Eye and Bulkley, claims in the Skeena Mining Division of British Columbia.

MOFFAT AND PLATEAU: The Company acquired a 100% interest by staking the Moffat and Plateau claims in the Cariboo Mining Division of British Columbia.

PRIVATE PLACEMENT (MAY 2019): In May 2019, the Company completed a private placement raising an aggregate of \$846,100, of which \$747,100 was raised through the issuance of 10,672,857 units and \$99,000 was raised through the issuance of 1,100,000 flow-through shares. Each unit was issued at a price per unit of \$0.07 and is comprised of one common share of the Company and one common share purchase warrant entitling the holder to acquire one common share for a period of 36 months at an exercise price of \$0.14. Each flow-through share was issued at a price per share of \$0.09.

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 upon signing and is required to make annual staged option payments on the anniversary of the effective date totaling \$180,000 cash and 900,000 common shares over four years starting with \$30,000 cash and 200,000 shares on the first anniversary date.

WORLDSTOCK: In May 2019, The Company has 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 upon signing and is required to make annual staged option payments on the anniversary of the effective date totaling \$75,000 cash and 550,000 common shares over four years starting with \$10,000 cash and 50,000 shares on the first anniversary date

EXPLORATION REVIEW FOR THE YEAR ENDED MARCH 31, 2019

During the twelve months ended March 31, 2019, the Company completed RC drilling programs at the following properties: the Red Property, the Kitimat property, the Wildcat Property, the Copper King Property and the Moffat Property. ML Gold Corp. completed 4,631 metres of diamond drilling on PEMC's Stars Project between April and October of 2019.

RED PROPERTY: During March and April of 2018, a short RC drilling program consisting of 8 short holes totaling 403 metres was completed on the Red Property. The objective was to test a roughly 1.5 km x 1 km area of historically defined Induced Polarization ("IP") high chargeability, in an effort to intersect anomalous copper mineralization and/or hydrothermal alteration associated with a copper-gold porphyry system. All RC chip samples were screened with PEMC's portable XRF analyzer. Results indicated no significantly anomalous copper analytical results. Anomalous IP chargeability in the tested area was

proven to be an expression of highly polarizable graphite-rich sedimentary units, typically argillites, within a larger volcano-sedimentary succession.

In October of 2018, 2 additional RC drill holes were completed by the Company on the Red Property, totaling 209 metres. The objectives were to test a copper-in-soil geochemical anomaly on the northern margin of the large IP chargeability anomaly tested earlier in 2018, and to test a magnetic anomaly to the west of the large IP chargeability anomaly. All RC chip samples were analyzed with PEMC's XRF analyzer and no significant results were obtained.

The work on the Red Property was funded by the Company with no dilution to Engold (*refer to the Company's March 31, 2019 Year-End Financials*).

KITIMAT PROPERTY: The Company completed a total of five shallow RC drill holes totaling 326 metres at the Company's 100% owned Kitimat Property in June and July of 2018. Samples from three of the five holes drilled were sent to MS Analytical in Langley, BC, for analysis. A summary of the 2018 RC drilling program results from the Kitimat Property is presented in the table below:

<u>Hole ID</u>	<u>From (m)</u>	<u>To (m)</u>	<u>Interval (m)</u>	<u>Copper (%)</u>	<u>Gold (g/t)</u>
RC18KIT001	15.2	18.3	3.1	0.53	0.19
RC18KIT002	56.4	62.5	6.1	0.19	0.27
<i>and</i>	105.2	120.4	15.2	0.10	0.03
RC18KIT003	No significant values (based on screening with XRF)				
RC18KIT004	No significant values (based on screening with XRF)				
RC18KIT005	No significant values				

2018 RC drilling at the Kitimat Property was designed to build upon historically drilled zones as well as to test peripheral targets that were interpreted as potential porphyry centers. Although intervals of anomalous copper and gold were intersected through RC drilling at the historical Jeannette Zone, historical diamond drilling results were not replicated. The Company is reviewing options with regard to the Kitimat Property as there remain untested, priority targets.

WILDCAT PROJECT: Two RC drilling programs were undertaken in June and September of 2018 on the Wildcat Project, for which the Company has an option to earn a 100%. 13 short holes totaling 600 m were drilled in three target areas, targeting high IP chargeability anomalies coincident with resistivity high anomalies proximal to the Rainbow Creek Fault system. Unfortunately, in the "SE" target area (Target Area 2), the RC drill holes were not able to penetrate the overburden due to the unstable nature of thick, dry, uniform gravels. The holes were abandoned while attempting "open-hole" drilling to avoid potential loss of the Company's drill equipment and tooling. All RC samples were analyzed by PEMC's XRF analyzer, and no significant results were obtained.

COPPER KING PROPERTY: The Company completed a total of 4 RC drill holes totaling 459 metres at the Company's 100% owned Copper King Property in August of 2018. The helicopter-supported RC drilling program was focused on testing the "North Valley" target area, where there exists a coincident magnetic low anomaly and an IP chargeability high outlined in 2015, 2016, and 2017 PEMC geophysical surveys. This RC drill program was performed by a 3-person crew, as opposed to the 4-person crew that executed previous RC drilling programs up to that point. Samples were screened using the Company's XRF analyzer, which resulted in identification of anomalous intervals of copper mineralization and subsequent analysis

at MS Analytical in Langley, BC. A summary of results achieved from the 2018 RC drilling program at the Copper King Property is presented in the table below:

Hole ID	From (m)	To (m)	Interval (m)	Copper (%)	Gold (g/t)	Silver (g/t)
RC18COP001	No significant values (based on screening with XRF)					
RC18COP002	No significant values (based on screening with XRF)					
RC18COP003	0	64.0	64.0	0.17	0.022	1.35
<i>and</i>	129.5	138.7	9.2	0.15	0.005	1.28
RC18COP004	13.7	18.3	4.6	0.40	0.013	1.93
<i>and</i>	73.1	83.8	10.7	0.15	0.006	0.96

The 2018 RC drilling program on the Copper King Property was successful in outlining near surface copper mineralization in a previously undrilled area of the property. Copper mineralization occurred as chalcocite disseminations in epidote-clay altered zones within bladed feldspar porphyry basaltic andesite of the Takla Group volcanics. To this point, mineralization, alteration and lithologies encountered on the Copper King Property suggests the potential of buried copper ± gold porphyry mineralization at depth. As such, the Company intends to pursue an exploration partner on the Copper King to further advance the property with diamond drilling.

MOFFAT PROPERTY: In late September and late October of 2018, an RC drilling program was completed at the Company's 100% owned Moffat Property in south-central British Columbia. A seven-hole program totaling 382.5 metres was completed by a 3-person crew accommodated in 108 Mile House, BC. The focus of the 2018 RC drilling program was to test magnetic anomalies outlined during an airborne magnetic survey completed on behalf of the Company in June of 2018, as well as to follow up on historical diamond drilling completed on the property in 2011.

Of the seven holes drilled, one hole failed to reach bedrock. The other six holes intersected gabbroic intrusive rock. Although anomalous copper (2 to 5 times background) was intersected in 3 of the holes, though no significant intercepts were encountered, based on screening with the Company's XRF analyzer. As such, no samples were sent to an accredited lab for analysis. However, 2 follow-up targets were generated based on the presence of significant amounts of pyrite and/or elevated epidote alteration and elevated copper values. The two areas that warrant follow up are approximately 2 kilometres apart.

STARS PROJECT: On November 20, 2017, the Company entered into an option agreement with 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 60,000 common shares (30,000 received) 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 as follows:

- Making an initial cash payment of \$10,000 (received) upon signing of the agreement and issuing to the Company 10,000 (received) common shares of ML Gold within 10 days of receiving TSX-V approval (June 5, 2018);
- Making a cash payment of \$20,000 (received), incurring \$500,000 (completed) in expenditures, and issuing to the Company 20,000 common shares by June 5, 2019 (received);

- Making a cash payment of \$50,000, incurring \$1,000,000 in expenditures (\$1,500,000 cumulative), and issuing to the Company 30,000 common shares by June 5, 2020; and
- Incurring \$3,000,000 in expenditures (\$4,500,000 cumulative) by June 5, 2021.

On February 27, 2019, ML Gold consolidated its outstanding share capital on a ten-for-one basis, all shares issuances related to the STARS agreement have been adjusted to reflect the ten-for-one consolidation.

PEMC will have a 20% carried interest in the Project until completion of a Pre-Feasibility Study, after which point a Joint Venture will commence.

Between May and October of 2019, ML Gold completed 10 diamond drill holes totaling 4,631 metres on the Stars Project. Analytical highlights of drilling during this period include:

Hole ID	From (m)	To (m)	Interval (m)*	Cu (%)	Au (g/t)	Mo (%)
DD18SS010	29.57	434.95	405.38	0.20	0.024	0.0082
<i>including</i>	178.92	367.89	188.97	0.25	0.035	0.0119
<i>including</i>	203.30	282.55	79.25	0.30	0.043	0.0144
<i>and including</i>	337.41	367.89	30.48	0.40	0.046	0.0126
<i>and including</i>	392.28	416.66	24.38	0.25	0.024	0.0092
DD18SS011	75.29	166.73	91.44	0.19	0.0067	0.038
<i>and</i>	218.54	325.22	106.68	0.18	0.0028	0.035
DD18SS012	47.85	69.19	21.34	0.15	0.003	0.013
<i>and</i>	105.77	145.39	39.62	0.16	0.0055	0.013
DD18SS013	8.53	191.41	182.88	0.2	0.0051	0.037
<i>including</i>	54.25	127.41	73.16	0.3	0.0088	0.03
<i>including</i>	75.29	90.83	15.54	0.39	0.0187	0.043
<i>and including</i>	103.02	112.17	9.15	0.45	0.0033	0.049
DD18SS014	29.6	185	155.4	0.22	0.02	0.004
<i>including</i>	57	121	64	0.34	0.03	0.006
<i>and</i>	233.78	474.6	240.82	0.145	0.02	0.006
<i>including</i>	236.83	349.61	112.78	0.2	0.02	0.005
DD18SS015	157.9	368.2	210.3	0.21	0.03	0.011
<i>including</i>	215.8	310.3	94.5	0.3	0.04	0.013
<i>including</i>	231	298.1	67.1	0.35	0.05	0.015
<i>and</i>	444.4	454.3	9.9	0.45	0.02	0.002
DD18SS016	72.2	282.5	210.3	0.12	0.02	0.002

* True widths are unknown at this time

In addition to RC drilling activities during the 12-month period ended March 31, 2019, several geophysical surveys were completed on certain properties in the Company's portfolio. A heli-borne magnetic survey was completed at the Moffat Property in May of 2018 in an attempt to delineate porphyry type geophysical targets. The data obtained was utilized to guide RC drilling later in the period. Small passive seismic surveys were completed on the Bulkley, Wasp and Bull's Eye properties in order to determine overburden thicknesses that would help to guide future drilling on the properties.

Subsequent to the 12-month period ended March 31, 2019, the Company completed a soil geochemical survey on the Worldstock Property and commenced RC drilling activities on its Bulkley Initiative properties, which include the Bulkley, Sat, Paragon and Topley Richfield properties in June of 2019. The Company also commissioned a heli-borne magnetic survey over the NWT Property in April of 2019.

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, 2019, the Company had a working capital of \$469,011 (March 31, 2018 - \$1,430,239). Working capital decreased due to cash used in operating activities of \$1,191,052 compared to \$487,217, and cash used in investing activities of \$283,941 compared to \$132,686 for the comparative year. Working capital decreases were offset from cash provided by financing activities of \$186,250 compared 1,687,659 in the comparative period, which was comprised of \$200,000 (2018 - \$2,076,500) in proceeds from the issuance of shares, offset with \$13,750 (2018 - \$388,841) in share issue costs, and \$Nil (2018- \$99,294) in legal and agent fees related to financings. The Comparative period includes funds related to the Company's IPO.

The Company has granted 1,870,000 incentive stock options, of which 1,631,250 are exercisable as at March 31, 2019 to management, directors, consultants, and an advisor of the Company pursuant to the Company's stock option plan and may receive option payments in cash related to property agreements. Subsequent to March 31, 2019 the Company completed a private placement raising an aggregate of \$846,100. See "Risks and Uncertainties" and "Forward looking statements" in this MD&A for risks related to the Company's expectations and ability to obtain sources of funding. PEMC has no fixed cash payment obligations on any of its 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 management believes it will have sufficient working capital to undertake its current business and the budgets associated with those plans for the next twelve months.

The Company is not subject to externally imposed capital requirements as at March 31, 2019.

As at March 31, 2019, the Company had cash of \$204,491 and restricted cash of \$23,000 related to a GIC held on the Company credit card. 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 \$1,191,052 for the twelve months ended March 31, 2019 (2018 - \$487,217) and represents expenditures primarily on mineral property exploration and general and administrative expenses for both periods. The increase in the current period relates to increased capital from closing of the Company's IPO in March 2018, with the year ending March 31, 2019 being the first full fiscal year as a listed entity.

Cash Used in Investing Activities

Cash used in investing activities for the twelve months ended March 31, 2019 was \$283,941 compared to cash used in investing activities of \$132,686 for the comparative year. Cash used in investing activities during the year ended March 31, 2019 included \$217,778 (2018 - \$130,081) related to acquisition of equipment and fixed assets including 2 new compressors, a compressor booster unit, and a trailer to carry the compressors totaling \$190,452.

Cash Generated by Financing Activities

Cash generated by financing activities for the twelve months ended March 31, 2019 was \$186,250 (2018 - \$1,687,659) and consisted of \$200,000 (2018 - \$2,076,500) from proceeds from the sale of common shares less \$13,750 (2018 - \$388,841) from share issuance costs. The Company closed its IPO in the prior year.

RESULTS OF OPERATIONS AND SELECTED FINANCIAL INFORMATION

Selected Annual Information

The following table summarizes selected financial data from the Company's audited financial statements for the years ended March 31, 2019, 2018, and 2017, and should be read in conjunction with such statements and related notes, contained in this MD&A:

As at	March 31, 2019	March 31, 2018	March 31, 2017
Financial position			
Working capital	\$ 469,011	\$ 1,430,239	\$ 393,410
Current assets	513,019	1,571,650	456,558
Exploration and evaluation assets	68,050	61,136	73,902
Equipment	324,848	166,558	8,380
Total assets	982,417	1,862,344	640,090
Current liabilities	44,008	141,411	63,148
Share capital	3,458,407	3,276,122	1,750,366
Reserves	358,890	292,440	20,126
Deficit	(2,878,888)	(1,847,629)	(1,193,550)
Number of share outstanding	30,993,850	29,793,850	19,028,850

Year ended	March 31, 2019	March 31, 2018	March 31, 2017
Financial results			
Net exploration expenditures	\$ 361,963	\$ 185,796	\$ 51,366
Loss and comprehensive loss for the year	(1,031,259)	(654,079)	(298,264)
Basic and diluted loss per common share	(0.03)	(0.03)	(0.02)

The Company's net loss varies mainly due to the level of operations activities on its exploration projects and due diligence undertaken on new prospects, timing of stock-based compensation, and the dissemination of project information to shareholders. In February 2018, the Company completed its IPO providing for a significant increase in capital resources. As a result of the year ended March 31, 2019 being the first full year as a listed entity and the increase in cash, expenditures were expected to increase for both the three and twelve months ended March 31, 2019.

Year ended March 31, 2019

During the year ended March 31, 2019, the Company incurred a net loss of \$1,031,259 (2018 - \$654,079). The loss for the year then ended was comprised of net exploration expenditures of \$361,963 (2018 - \$185,796), general and administration expenditures of \$690,262 (2018 - \$464,688), and a gain from other items of \$20,966 (2018 – loss of \$3,595). Some items to note from year to year include the following:

During the year ended March 31, 2019, net exploration expenses increased to \$361,963 from \$185,796 for the year ended March 31, 2018. The availability of cash resources as a result of closing the Company's IPO late in fiscal 2018 allowed an increased level of exploration work to occur. See the Exploration Review section above for activity on the Company's projects. In the comparative year operations were mainly focused on maintenance and prospectus work as part of the Company's IPO. The Company's exploration expenditures are offset by partner recoveries and receipt or accruals for the mineral exploration tax credits available to the Company totaling \$115,375 (2018 - \$60,245) for the year ended March 31, 2019.

For the year ended March 31, 2019, the Company incurred \$269,429 compared to \$47,002 in Investor relations and shareholder communications expenditures. The increase of \$222,427 relates to the Company's continued efforts with dissemination of information to the public and shareholders, including attendance at select trade shows and conferences, cost related to the preparation of material for the Company's AGM, business development costs, IR support, increased transfer agent costs, as well as increased requirements for listed entities as the year ended March 31, 2019 was the first full year in which the Company was trading on the TSX-V. The Company 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 and are dependent on activity of the Company with most legal fees related to project structuring. During the year ended March 31, 2019 the Company incurred \$61,124 in professional fees compared to \$31,658 in the comparative year ended March 31, 2018.

Included in general and administrative expenditures for the year ended March 31, 2019 was \$134,200 (2018 - \$102,595) in compensation to consultants. Upon completion of the IPO, certain management rates increased accordingly.

During the year ended March 31, 2019, the Company recorded share-based compensation expense of \$31,228 (2018 - \$184,870), which represents the fair value of options vested during the year with the offsetting amount credited to reserves. In the comparative year ended March 31, 2018, the Company did a general stock option grant pursuant to its stock option plan with no comparable option grant in the current year.

Selected Quarterly Information

Quarter Ended	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Financial results				
Exploration expenditures (net)	\$ 58,857	\$ 47,616	\$ 142,926	\$ 112,564
Share-based payments	5,474	6,241	5,461	14,052
Net loss	(159,446)	(312,676)	(304,597)	(254,540)
Net loss per share-basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
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)

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, timing of stock-based compensation, and the dissemination of project information to shareholders. Reasons for variations from quarter to quarter are consistent with the discussions above for annual comparisons.

Three months ended March 31, 2019

During the three months ended March 31, 2019, the Company incurred a net loss of \$159,446 (2018 - \$162,306). The loss for the three months ended was comprised exploration expenditures of \$58,857 (2018 - \$39,060), net of amounts received and accrued for the mineral exploration tax credit, general and administration expenditures of \$173,953 (2018 - \$120,433), and a gain from other items of \$73,364 (2018 - loss of \$2,813). Some items to note from year to year include the following:

For the three months ended March 31, 2019, the Company incurred \$93,306 compared to \$16,966 in Investor relations and shareholder communications expenditures. The increase of \$76,340 relates to the Company's continued efforts with dissemination of information to the public and shareholders, including attendance at select trade shows and conferences, cost related to the preparation of material for the Company's AGM as well as increased requirements for listed entities as this is the first full period in which the Company was trading on the TSX-V.

During the three months ended March 31, 2019 the Company incurred \$30,000 in management fees paid to a related party compared to \$15,800 in the comparative period. The increase of \$14,200 was the result of an increase in monthly fees on completion of the Company's IPO in March 2018.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

NEW ACCOUNTING PRONOUNCEMENTS

Accounting standards adopted during the year

Please refer to the Company's audited consolidated financial statements for the year ended March 31, 2019 on SEDAR at www.sedar.com and on the Company's website at www.pemcorp.ca.

Accounting pronouncements not yet effective

Please refer to the Company's audited consolidated financial statements for the year ended March 31, 2019 on SEDAR at www.sedar.com and on the Company's website at www.pemcorp.ca.

RISK AND CAPITAL MANAGEMENT: FINANCIAL INSTRUMENTS

Please refer to the Company's audited consolidated financial statements for the year ended March 31, 2019 on SEDAR at www.sedar.com and on the Company's website at www.pemcorp.ca.

Critical Accounting Judgments and Significant Estimates and Uncertainties

Please refer to the Company's audited consolidated financial statements for the year ended March 31, 2019 on SEDAR at www.sedar.com and on the Company's website at www.pemcorp.ca.

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, 2019	March 31, 2018
Exploration expenditures		
BJP Consulting*	\$ 2,400	\$ 5,100
Rory Ritchie Geological Consulting*	84,600	38,450
General and Administration expenditures		
BJP Consulting*	109,200	70,900
Rory Ritchie Geological Consulting*	25,000	29,350
Seabord Services Corp.**	120,000	41,900
Share - based compensation		
Brad Peters, President	4,712	29,171
Rory Ritchie, Vice President, Exploration	4,712	29,171
Larry Donaldson, Director	1,712	28,038
Keith Henderson, Director	1,712	28,038
Seabord Services Corp.**	2,569	22,884
	\$ 356,617	\$ 323,002

Amounts due to related parties as of March 31, 2019 and 2018 are as follows:

Related party liabilities	Items or services	March 31, 2019	March 31, 2018
BJP Consulting*	Management fees and reimbursable expenses	\$ 9,650	\$ 9,240
Rory Ritchie Geolgoical Consulting*	Management fees and reimbursable expenses	-	12,996
		\$ 9,650	\$ 22,236

*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, 2019.

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 landowners 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 landowner, 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 42,916,707 common shares issued and outstanding. There are also 2,570,000 stock options (including 700,000 Brokers options) with expiry dates ranging from May 27, 2020 to July 4, 2022, and 22,081,857 warrants outstanding with expiry dates ranging from March 20, 2021 to May 22, 2022.