



**MANAGEMENT'S
DISCUSSION AND ANALYSIS
FOR THE
THREE MONTHS ENDED JUNE 30, 2020**

Dated: August 28, 2020

(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 August 28, 2020 unless otherwise stated, supplements, but does not form part of the unaudited condensed interim financial statements of the Company for the three months ended June 30, 2020. This MD&A should be read in conjunction with the unaudited condensed interim financial statements and related notes for the three months ended June 30, 2020, and the audited financial statements and related notes for the year ended March 31, 2020.

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 www.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 property is the 7,410 hectares Jean Marie Project located in the Omineca Mining Division of British Columbia. The Jean Marie Project consists of certain mineral claims whereby PEMC has the right to earn a 100% interest. In addition to the Jean Marie Project, the Company has interests in 8 other mineral properties in British Columbia and employs the hybrid 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 "hybrid 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 THREE MONTHS ENDED JUNE 30, 2020 AND SUBSEQUENTLY

EXPENDITURE SUMMARY: During the three months ended June 30, 2020, the Company recorded a comprehensive loss of \$150,992 compared to a comprehensive loss of \$231,174 for the three months ended June 30, 2019 ("Q1 2020). This was comprised of net exploration expenditures of \$71,461 (Q1 2020 - \$115,478) after recoveries, including accruals for the BC Minerals Exploration Tax credit, \$136,906 (Q1 2020 - \$158,665) of general and administration expenditures, of which \$7,358 (Q1 2020 - \$2,162) related to share-based compensation, and income of \$57,375 (Q1 2020 - \$42,969) in other items.

PRIVATE PLACEMENT May 2020: In May 2020 the Company closed a non-brokered private placement issuing 5,500,000 units at a price of \$0.05 per unit for gross proceeds of \$275,000. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.10 per warrant share until May 21, 2023. In connection with the Offering, the Company paid finder's fees, to Haywood Securities Inc., consisting of \$3,000 in cash and issued 60,000 finder's warrants. Each Finder's warrant entitles the holder to purchase one common share at a price of \$0.10 per common share until May 21, 2023.

PRIVATE PLACEMENT JULY 2020: In July 2020, The Company raised an aggregate of \$1,095,558, of which \$800,000 was raised on the issuance of 16,000,000 units and \$295,558 was raised on the issuance of 4,222,258 flow-through shares. Each unit was issued at a price per unit of \$0.05 and is comprised of one common share in the capital of the Company and one half of one common share purchase warrant. Each warrant entitles the holder to acquire one common share until July 24, 2022 at an exercise price of \$0.10. Each Flow-Through Share was issued at a price per unit of \$0.07. As part of the private placement, the Company paid an aggregate of \$32,976 in cash commissions and issued an of aggregate 617,490 finders' warrants. Each Finders' Warrant entitles the holder to acquire one additional common share at an exercise price of \$0.10 until July 24, 2022.

CHANGE OF DIRECTORS: In August 2020 the Company appointed Mr. Peter Schloo as a non-executive independent director of the Company. In addition, the Company announced the resignation of Mr. Keith Henderson from the Company's board of directors.

STOCK OPTION GRANT: In August 2020, the Company, pursuant to the Company's stock option plan, granted 3,500,000 incentive stock options exercisable at \$0.19 per share until August 12, 2023 to directors, officers, management company employees and consultants of the Company.

JEAN MARIE PROPERTY: In May 2020, the Company entered into an option agreement to acquire a 100% interest in the Jean Marie Project in central British Columbia from two private vendors. To earn its 100% interest, the Company is required to pay \$675,000 in cash (\$15,000 paid on signing), issue 1,500,000 commons shares (100,000 issued on signing of the agreement) and spend a total of \$2,700,000 in work commitments within 5 years of the effective date. The vendors of the property will be granted a 2.5% net smelter royalty, one half (1.25%) of which can be purchased at any time for \$1,500,000. A further 0.25% of the NSR Royalty can be purchased at any time for \$1,000,000, thereby reducing the NSR Royalty to 1.0%.

STARS PROPERTY: In June of 2020, M3 Metals Corp. ("M3 Metals") issued the Company 30,000 common shares and made a \$50,000 cash payment in accordance with the option agreement executed on November 20, 2017. M3 Metals must complete a further \$2,100,000 in exploration expenditures to earn the right to exercise its option agreement with the Company, after which point a Joint Venture partnership would commence.

PINNACLE COPPER-GOLD PROPERTY: In August 2020, the Company signed a non-binding letter of intent (“LOI”) to grant 1111 Acquisition Corp. (“1111 Acquisition”) an exclusive option to earn up to a 70% interest in the Company’s 14,040-hectare Pinnacle Copper-Gold Project. 1111 Acquisition can earn a 70% interest by completing \$5,700,000 in exploration expenditures, paying the Company an aggregate of \$375,000 in cash payments (\$15,000 received on signing) and issuing 3,500,000 common shares of 1111 Acquisition to the Company by the fourth anniversary of the signing of the Definitive Agreement. Following the exercise of the agreement, the Company will retain a 30% free-carried interest in the Project up until the date that 1111 Acquisition publishes a NI 43-101 compliant Pre-Feasibility Study on the Project.

EXPLORATION REVIEW FOR THE THREE MONTHS ENDED JUNE 30, 2020

Between August and December of 2019, the Company completed passive seismic surveys, soil geochemical surveys, trail construction and RC drilling on the southern portion of the Pinnacle Porphyry Project (formerly called the Pinnacle Reef Property). Four RC drill holes totaling 335 metres were completed using the Company’s in-house owned and operated track-mounted RC drill. Geophysical targets, including Induced Polarization and magnetic anomalies, were the focus of the drilling at the Elbow and Later target area, with 2 holes being drilled at each target area.

After geochemical screening utilizing the Company’s portable XRF analyzer, one hole from each of the two target areas drilled were sent for laboratory analysis. The most significant results were achieved at the Elbow target area, where RC drill hole RC19ELB009 intersected 77.7 m grading 0.18 g/t gold, from 28.96 to 106.68 metres. Anomalous gold was associated with pyrite in weak to moderately phyllic altered andesitic volcanics. Anomalous copper and molybdenum were encountered in the final hole drilled at the Later target area, RC19LAT002, though the hole was abandoned prematurely but due difficult drilling conditions.

On May 27, 2020, the Company announced that it had entered into an option agreement to acquire a 100% interest in the Jean Marie Project, located approximately 50 km west of Centerra Gold Inc.’s Mt. Milligan copper-gold mine in central British Columbia. The Jean Marie Project covers 6,300 hectares with multiple mineralized zones. Historical work conducted on the property includes over 10,000 metres of drilling in addition to numerous geophysical and geochemical surveys.

To exercise the option agreement PEMC must incur \$2,700,000 in work commitments, pay \$675,000, and issue a total of 1,500,000 common shares of the Company to the vendors before the fifth anniversary of the effective date. The vendors of the property retain a 2.5% net smelter royalty (the “NSR Royalty”), one half (1.25%) of which can be purchased at any time for \$1,500,000. A further 0.25% of the NSR Royalty can be purchased at any time for \$1,000,000, thereby reducing the NSR Royalty to 1.0%.

On June 18, 2020, the Company announced that it had added an additional 1,052 hectares to the Jean Marie property by way of staking, bringing the total land position to 7,352 hectares.

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 June 30, 2020, the Company had a working capital of \$457,559 (March 31, 2020 - \$341,771). Working capital for the three months ended June 30, 2020 increased compared to March 31, 2020 due to cash provided by financing activities of \$265,727 (Q1 2020 - \$816,662) which was comprised of an aggregate of \$275,000 (Q1 2020 - \$747,100) in proceeds from the sale of 5,500,000 (Q1 2020 - 10,672,857) common shares offset with \$4,818 (Q1 2020 - \$25,238) in share issue costs and \$4,455 on repayment of a lease liability (Q1 2020 - \$4,200). Working capital increases were offset by cash used in operating activities of \$154,366 (Q1 2020 - \$214,836) as well as cash used in investing activities of \$27,063 (Q1 2020 - \$49,173).

As at the date of the this MD&A, the Company has granted 6,565,000 incentive stock options, of which 2,690,000 are exercisable 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. 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 have been no changes in approach to managing capital during the three months ended June 30, 2020.

Subsequent to the three months ended June 30, 2020, the Company completed a private placement for gross proceeds \$1,095,558, of which \$800,000 was raised on the issuance of 16,000,000 units and \$295,558 was raised on the issuance of 4,222,258 flow-through shares.

Including proceeds from the subsequent private placement, the Company's working capital and cash flows are sufficient to continue exploration programs but could seek new financing if required to meet changes in budgeted exploration programs. There is sufficient cash available to meet administrative expenses beyond one year. As such, with its current plans and budgets associated with those plans, management believes it does not need to raise additional capital resources to fund its budgeted exploration programs and administrative expenses for the next twelve months.

The Company is not subject to externally imposed capital requirements.

As at June 30, 2020, the Company had cash of \$98,584. 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 \$154,366 for the three months ended June 30, 2020 (Q1 2020 - \$214,836) and represents expenditures primarily on mineral property exploration and general and administrative expenses for both periods.

Cash Used in Investing Activities

Cash used in investing activities for the three months ended June 30, 2020 was \$27,063 compared to cash used in investing activities of \$49,173 for the comparable period. Cash used in investing activities during the three months ended June 30, 2020 included \$26,879 (Q1 2020 - \$20,000) related to the acquisition of exploration and evaluation assets, and \$1,000 (Q1 2020 - \$22,000) related to the purchase of reclamation deposits. The Company also purchased \$Nil (Q1 2020 - \$7,725) in field equipment.

Cash Generated by Financing Activities

Cash generated by financing activities for the three months ended June 30, 2020 was \$265,727 (Q1 2020- \$816,662) and consisted of an aggregate amount of \$275,000 (Q1 2020 - \$846,100) received from the issuance of 5,500,000 (Q1 2020 - 10,672,857) common shares and Nil flow-through shares (Q1 2020 - 1,100,000), less \$4,818 (Q1 2020 - \$25,238) in share issuance costs paid in the respective period.

SELECTED QUARTERLY FINANCIAL INFORMATION AND FINANCIAL RESULTS

Selected Quarterly Information

Quarter Ended	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
Financial results				
Exploration expenditures (net)	\$ 71,461	\$ 62,714	\$ 122,733	\$ 237,497
Share-based payments	7,358	12,547	27,686	2,439
Net loss	(150,992)	(116,565)	(281,322)	(382,693)
Net loss per share-basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)

Quarter Ended	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
Financial results				
Exploration expenditures (net)	\$ 115,478	\$ 58,857	\$ 47,616	\$ 142,926
Share-based payments	2,162	5,474	6,241	5,461
Net loss	(231,174)	(159,446)	(312,676)	(304,597)
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, due diligence undertaken on new prospects, and the dissemination of project information to shareholders. As a result of the ongoing covid-19 Pandemic, field work was limited in the three months ended June 30, 2020 and expenditures were expected to decrease from the comparative quarter.

Financial Results

Three months ended June 30, 2020

During the three months ended June 30, 2020, the Company recorded a net loss of \$150,992 compared to a net loss of \$231,174 for the three months ended June 30, 2019. This was comprised of net exploration expenditures of \$71,461 (Q1 2020 - \$115,478) after recoveries, including accruals for the BC Minerals Exploration Tax credit, \$136,906 (Q1 2020 - \$158,665) of general and administration expenditures, of which \$7,358 (Q1 2020 - \$2,162) related to share - based compensation, and a gain of \$57,375 (Q1 2020 - \$42,969) in other items.

Some items to note from period to period include the following:

During the three months ended June 30, 2020, net exploration expenditures of \$71,461 (Q1 2020 - \$115,478) included a recovery of \$1,865 (Q1 2020 - \$17,811) in mineral exploration tax credits accrued or received. For the first quarter of both periods, exploration related activities generally consists of planning work for the spring and summer exploration programs and is expected to be fairly consistent from year to year. The Company continues to operate during the Covid-19 Pandemic and field operations were expected to be limited in the three months ended June 30, 2020.

For the three months ended June 30, 2020, Investor relations and shareholder communications expenditures of \$43,931 compared to \$43,009 was consistent for comparative periods.

Included in other items for Q1-2021 was \$54,200 in option payments received compared to \$33,000 for Q1 2020. During the three months ended June 30, 2020 the Company received a \$50,000 cash payment and 30,000 common shares valued at \$4,200 or \$0.14 per common share from M3 Metals pursuant to the Stars property agreement.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

NEW ACCOUNTING PRONOUNCEMENTS

Accounting standards and new accounting policies adopted during the period

Please refer to the Company's unaudited condensed interim financial statements for the three months ended June 30, 2020 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 unaudited condensed interim financial statements for the three months ended June 30, 2020 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 unaudited condensed interim financial statements for the three months ended June 30, 2020 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 unaudited condensed interim financial statements for the three months ended June 30, 2020 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:

For the three months ended	June 30, 2020	June 30, 2019
Exploration expenditures		
Rory Ritchie Geological Consulting*	\$ 13,800	\$ 18,000
Management and consulting fees		
BJP Consulting*	18,800	27,200
Rory Ritchie Geological Consulting*	3,400	10,200
Outside directors	3,000	-
Seabord Services Corp.**	22,500	30,000
Share - based compensation		
Brad Peters, President *	971	297
Rory Ritchie, Vice President, Exploration *	971	297
Larry Donaldson, Director	971	-
Keith Henderson, former Director	971	-
Seabord Services Corp.**	570	119
	\$ 65,954	\$ 86,113

Amounts due to related parties as of June 30, 2020 and March 31, 2020 are as follows:

Related party liabilities	Items or services	June 30, 2020	March 31, 2020
BJP Consulting*	Management fees and reimbursable expenses	\$ 18,060	\$ 20,160
Rory Ritchie Geological Consulting*	Management fees and reimbursable expenses	19,939	22,365
Seabord Services Corp.**	Management fees and reimbursable expenses	-	23,625
Directors		3,000	-
		\$ 40,999	\$ 66,150

*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 the three months ended June 30, 2020. Subsequently, in August 2020 the Company appointed Mr. Peter Schloo as a non-executive independent director of the Company and announced the resignation of Mr. Keith Henderson from the Company's board of directors.

RISKS AND UNCERTAINTIES

The Company has identified the following risks and uncertainties which are consisted with those risks identified for the year ended March 31, 2020: The impact of the current COVID-19 pandemic may significantly impact the Company, Mineral Property Exploration and Mining Risks, No Assurance of Titles or Borders, Joint Venture Funding Risk, Commodity Price Risk, Financing and Share Price Fluctuation Risks, Political, Regulatory and Currency Risks, Insured and Uninsured Risks, Environmental and Social Risks, Conflicts of Interest, Key Personnel Risk, and Competition.

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 68,788,965 common shares issued and outstanding. There are also 7,265,000 stock options (including 700,000 Brokers options) with expiry dates ranging from June 7, 2021 to August 21, 2023, and 36,250,247 warrants outstanding with expiry dates ranging from March 20, 2021 to May 21, 2023.