



**MANAGEMENT'S
DISCUSSION AND ANALYSIS
FOR THE
YEAR ENDED MARCH 31, 2021**

Dated: July 27, 2021

(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 27, 2021 unless otherwise stated, supplements, but does not form part of the audited financial statements of the Company for the year ended March 31, 2021. This MD&A should be read in conjunction with the March 31, 2021 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 www.pemcorp.ca.

Thomas Hawkins, P.Geol, 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 12,610 hectare 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.

The Company also pursues Joint Venture arrangements, whereby projects that are not the current focus for the Company are available for option by arms-length companies in order to advance exploration while eliminating the Company's expenditures. Currently the Pinnacle and Kitimat properties are under option agreements with other companies.

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 5 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 7 properties, and (iii) acquired an equity interest in a royalty generating entity through the sale of royalty interests on 4 projects.

KEY EVENTS FOR THE YEAR ENDED MARCH 31, 2021 AND SUBSEQUENTLY

EXPENDITURE SUMMARY: During the year ended March 31, 2021, the Company recorded a comprehensive loss of \$1,167,169 (2020 - \$1,011,754). This was comprised of net exploration expenditures of \$587,668 (2020 - \$538,422) after recoveries, including accruals for the BC Minerals Exploration Tax credit, \$1,224,901 (2020 - \$606,517) of general and administration expenditures, of which \$380,340 (2020 - \$44,834) related to share-based compensation, and income of \$645,400 (2020 - \$133,185) 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.

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 common 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. During the year ended March 31, 2021, the Company and M3 Metals terminated the agreement for the 30% interest and the Company continues to hold the 50% interest in the Stars claims.

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 aggregate of 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 and 50,000 incentive stock options exercisable at \$0.19 per share until August 12, 2023, and August 21, 2023, respectively to directors, officers, management company employees and consultants of the Company.

KITIMAT PROPERTY: In December 2020, the Company signed a definitive agreement to option the Kitimat Copper-Gold project to grant CAVU Mining Corp. ("CAVU") an exclusive option to earn a 100% interest in the Company's 3,070-hectare Kitimat Project. CAVU can earn a 100% interest by completing \$1,000,000 in exploration expenditures, paying the Company an aggregate of \$390,000 in cash payments (\$40,000 received), and issuing 2,650,000 common shares (250,000 common shares received) of CAVU to the Company by the third anniversary of the signing of the Definitive Agreement.

PINNACLE PROPERTY: In December 2020, the Company signed a definitive agreement to option the Pinnacle Copper-Gold project to grant 1111 Acquisition Corp. ("1111 Acquisition") an exclusive option to earn a 70% interest in the Company's 14,040-hectare Pinnacle Project. 1111 Acquisition can earn its 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 Corp. to the Company by the fourth anniversary of the signing of the Definitive Agreement.

CASH RECEIPTS: During the year ended March 31, 2021, the Company sold its 460,000 common shares in Nova Royalty Corp. for net proceeds of \$638,317, received \$120,183 related to the mineral exploration tax credit, and \$54,983 in refundable taxes.

QUALIFIED PERSON AND RESIGNATION: On November 6, 2020, the Company announced the appointment of George Cavey P.Geo, as a Qualified Person ("QP") within the meaning of National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). The Company also announced the resignation of Mr. Rory Ritchie as Pacific Empire's Vice President of Exploration and Director.

VICE PRESIDENT OF EXPLORATION: On March 10, 2021, the Company announced the appointment of Mr. Thomas Hawkins, Ph.D., P.Geo as Vice President of Exploration and as a Qualified Person ("QP") within the meaning of National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

EXPLORATION REVIEW FOR THE YEAR ENDED MARCH 31, 2021

In addition to the acquisition of the Jean Marie property by way of an option agreement in May of 2020, the Company announced on June 18, 2020 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. The additional staking covers an area where historical geochemical soil geochemistry returned values up to 4,400 ppm copper and historical stream sediment sampling returned values up to 655 ppm.

On August 5, 2020, the Company announced that it had commenced RC drilling at its Worldstock Property in south-central British Columbia. During August, a total of 10 RC drill holes totaling 1,027 metres were completed. The exploration program at Worldstock was designed to test a variety of geophysical anomalies across the property. On the basis of on-site XRF analysis, three holes were selected and sent for laboratory analysis. Results from these holes have now been received and a summary is presented below. The true width of mineralization in hole RC20WOR001 is unknown at this time.

| Hole ID | From (m) | To (m) | Interval (m) | Copper (%) | Gold (g/t) |
|--------------|-----------------------|--------|--------------|------------|------------|
| RC20WOR001 | 0 | 121.92 | 121.92 | 0.108 | 0.04 |
| <i>incl.</i> | 0 | 22.86 | 22.86 | 0.33 | 0.098 |
| RC20WOR002 | No significant values | | | | |
| RC20WOR006 | No significant values | | | | |

On August 11, 2020, the Company announced the results from initial rock sampling at its Jean Marie Project. An initial rock sampling program was completed on the Jean Marie for the purpose of evaluating the potential for gold in and around the historical drill-indicated copper zones. An area south of the C zone, where a 2008 rock sample along a road cut exhibited significant gold mineralization, was followed up with a 20 metres hand excavated trench (Trench 1) and systematically chip sampled over 2 metre intervals. Results from Trench 1 yielded 4.0 g/t gold over 8 metres, with the entire 20 metre length of trench averaging 1.7 g/t gold. At the A Zone, rock sampling yielding encouraging gold values returning up to 0.442 g/t gold and 1.3% copper. Encouraging gold values were also encountered at the C Zone including 0.525 g/t gold and 1.1% copper. The true width of mineralization in Trench 1 is unknown at this time.

Anomalous gold results are associated with oxidized, locally semi-massive pyrite, arsenopyrite, and sporadic quartz-sulphide veinlets. Moderate to strong hematite, limonite and scorocite with localized jarosite comprise the oxides that are associated with gold mineralization. Further follow up is clearly warranted at this intriguing mineralized showing (Trench 1), both on the north and south side of the exposure at the road cut.

On September 9, 2020, the Company announced the start of reverse circulation RC drilling activities at the Weedon Property in central British Columbia, 80 kilometres north of the city of Prince George and 85 kilometres southeast of Centerra Gold Inc.'s Mount Milligan Copper-Gold Mine.

At the Weedon property, a total of three RC drill holes were attempted, of which two intersected bedrock. Drilling focused on the T1 target area where previous operators identified a large area of anomalous chargeability coincident with an anomalous geochemical signature. The first hole (RC20WEE001) was drilled to a depth of 51.8 metres and failed to reach bedrock. The second hole (RC20WEE002), collared approximately 500 metres to the south of RC20WEE001, encountered bedrock at a depth of 47 metres and was drilled to a depth of 108 metres. A third hole (RC20WEE003) drilled to the east of the first two holes was collared where overburden was less extensive and was drilled to a depth of 100.5 metres.

A preliminary analysis of chip samples was completed on-site using the Company's portable XRF analyzer. No significant values were observed and therefore none of the chip samples were sent for laboratory analysis.

On October 5, 2020, the Company announced the receipt of its 2020 Notice of Work Mineral Exploration Permit from the BC Ministry of Energy Mines and Petroleum Resources. The multi-year exploration permit encompasses 100 reverse circulation and 20 diamond drill hole sites at the Company's flagship, Jean Marie Cu-Au-Ag-Mo project in north-central British Columbia.

During 2020, a total of 15 RC drill holes totaling 1,692 metres were completed at the A Zone. This drilling tested various magnetic signatures along a corridor where the dominant northwest-trending magnetic fabric is disrupted by an east-west trending zone of magnetic variability and disruption. Samples were sent for laboratory analysis and results were received in February 2021. Quality Assurance and Quality Control protocols have been completed.

A high-resolution airborne magnetic survey was conducted by Peter E. Walcott & Associates Ltd. covering the majority of the property, including the known areas of drill defined copper mineralization at the A, B and C Zones. The survey was flown along 100 metre spaced lines and 1,000 metre spaced tie lines. The survey expanded upon the existing historical ground magnetic survey completed in 1973 and provides a much greater level of detail at the known areas of copper mineralization. The survey also highlighted additional target areas in the southern portion of the property where historical soil geochemical sampling identified copper-molybdenum in-soil anomalies.

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, 2021, the Company had a working capital of \$845,588 (March 31, 2020 - \$341,771). Working capital for the year ended March 31, 2021 increased compared to March 31, 2020 due to cash provided by financing activities of \$1,265,909 (2020 - \$799,457) which was comprised of an aggregate of \$1,356,558 (2020 - \$846,100) in proceeds from the sale of 21,650,000 (2020 - 10,672,857) common shares, and 4,222,258 (2020 - 1,100,000) flow-through shares offset with \$72,568 (2020 - \$29,588) in share issue costs and \$18,081 on repayment of a lease liability (2020 - \$17,055), and cash provided by investing activities of \$598,597 (2020 - \$73,163). Working capital increases were offset by cash used in operating activities of \$1,443,477 (2020 - \$916,499).

The Company has granted 6,715,000 incentive stock options, of which 3,852,500 are exercisable as at March 31, 2021 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 year ended March 31, 2021.

Subsequent to the year ended March 31, 2021, the Company completed a private placement for gross proceeds of \$1,266,554 through the issuance of 21,109,231 units at a price of \$0.06 per unit.

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. 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 March 31, 2021, the Company had cash of \$435,315. 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 \$1,443,477 for the year ended March 31, 2021 (2020 - \$916,499) and represents expenditures primarily on mineral property exploration and general and administrative expenses for both years including \$172,490 (2020 - \$180,592) in non-cash working capital items.

Cash Generated by Investing Activities

Cash generated in investing activities for the year ended March 31, 2021 was \$598,597 compared to cash used in investing activities of \$73,163 for the comparable year. Cash generated by investing activities during the year ended March 31, 2021 included \$638,317 (2020 - \$Nil) in proceeds from the sale of marketable securities, use of \$24,593 (2020 - \$27,617) related to the acquisition of exploration and evaluation assets, net of option payments received, and \$16,816 (2020 - \$13,905) related to the purchase of reclamation deposits. The Company also purchased \$Nil (2020 - \$33,537) in field equipment.

Cash Generated by Financing Activities

Cash generated by financing activities for year ended March 31, 2021 was \$1,265,909 (2020 - \$799,457) and consisted of an aggregate amount of \$1,356,558 (2020 - \$846,100) received from the issuance of 21,500,000 (2020 - 10,672,857) common shares and 4,222,258 flow-through shares (2020 - 1,100,000), less \$72,568 (2020 - \$29,588) in share issuance costs paid in the respective 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, 2021, 2020, and 2019, and should be read in conjunction with such statements and related notes, contained in this MD&A:

| As at | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|-----------------------------------|----------------|----------------|----------------|
| Financial position | | | |
| Working capital | \$ 845,588 | \$ 341,771 | \$ 469,011 |
| Current assets | 916,946 | 513,810 | 513,019 |
| Exploration and evaluation assets | 56,432 | 59,429 | 68,050 |
| Property and Equipment | 209,976 | 304,889 | 324,848 |
| Total assets | 1,290,575 | 968,533 | 982,417 |
| Total liabilities | 71,358 | 185,782 | 44,008 |
| Share capital | 5,505,294 | 4,254,350 | 3,458,407 |
| Reserves | 653,666 | 419,043 | 358,890 |
| Deficit | (4,939,743) | (3,890,642) | (2,878,888) |
| Number of share outstanding | 68,788,965 | 42,916,707 | 30,993,850 |

| Year ended | March 31, 2021 | March 31, 2020 | March 31, 2019 |
|--|-----------------------|-----------------------|-----------------------|
| Financial results | | | |
| Net exploration expenditures | \$ 587,668 | \$ 538,422 | \$ 361,963 |
| Loss and comprehensive loss for the year | (1,167,169) | (1,011,754) | (1,031,259) |
| Basic and diluted loss per common share | (0.02) | (0.02) | (0.03) |

The Company's net loss varies mainly due to the level of operating 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.

Year ended March 31, 2021

During the year ended March 31, 2021, the Company incurred a net loss of \$1,167,169 (2020 - \$1,011,754). The loss for the year then ended was comprised of net exploration expenditures of \$587,668 (2020 - \$538,422), general and administration expenditures of \$1,224,901 (2020 - \$606,517), and a gain from other items of \$645,400 (2020 - \$133,185). Some items to note from year to year include the following:

During the year ended March 31, 2021, net exploration expenses of \$587,668 (2020 - \$538,422) included a recovery of \$36,981 (2020 - 116,608) in mineral exploration tax credits accrued or received. The availability of cash resources as a result of closing a private placement for gross proceeds of \$1,356,558 (2020 - \$846,100) allowed an increased level of exploration work to occur. See the Exploration Review section above for activity on the Company's projects.

For the year ended March 31, 2021, the Company incurred \$469,145 compared to \$172,351 in investor relations and shareholder communications expenditures. The increase of \$296,794 from the comparative year was mainly the result of the Company entering into marketing, business development, and financial consulting programs, and the company's continued efforts with dissemination of information to the public and shareholders.

Administrative and office, consulting fees paid to management, management fees, and professional fees were consistent with the prior year with no significant changes to note.

During the year ended March 31, 2021, the Company recorded share-based compensation expense of \$380,340 (2020 - \$44,834). The increase of \$335,506 relates to the Company granting incentive stock options to officers, directors, related company employees and consultants, and vesting of previously granted options.

Included in other items for the year ended March 31, 2020 was a realized gain of \$523,317 (2020 - \$Nil) from the sale of marketable securities including the Company's shares of Nova Royalty Corp. for net proceeds of \$638,317. The Company continues to hold other marketable securities that are subject to fair value adjustments. During the year ended March 31, 2021, the company recorded a loss of \$39,962 compared to a gain of \$101,678 for the year ended March 31, 2020.

Selected Quarterly Information

| Quarter Ended | March 31, 2021 | December 31, 2020 | September 30, 2020 | June 30, 2020 |
|--------------------------------------|----------------|-------------------|--------------------|---------------|
| Financial results | | | | |
| Exploration expenditures (net) | \$ 59,480 | \$ 222,177 | \$ 234,550 | \$ 71,461 |
| Share-based payments | 10,368 | 209,916 | 152,698 | 7,358 |
| Net loss | (183,362) | (208,016) | (624,799) | (150,992) |
| Net loss per share-basic and diluted | (0.003) | (0.004) | (0.01) | (0.003) |

| Quarter Ended | March 31, 2020 | December 31, 2019 | September 30, 2019 | June 30, 2019 |
|--------------------------------------|----------------|-------------------|--------------------|---------------|
| Financial results | | | | |
| Exploration expenditures (net) | \$ 62,714 | \$ 122,733 | \$ 237,497 | \$ 115,478 |
| Share-based payments | 12,547 | 27,686 | 2,439 | 2,162 |
| Net loss | (116,565) | (281,322) | (382,693) | (231,174) |
| Net loss per share-basic and diluted | (0.003) | (0.01) | (0.01) | (0.01) |

Three months ended March 31, 2021

During the three months ended March 31, 2021, the Company recorded a net loss of \$183,362 compared to a net loss of \$116,565 for the three months ended March 31, 2020 ("Q4 2020"). This was comprised of net exploration expenditures of \$59,480 (Q4 2020 - \$62,714) after recoveries, including accruals for the BC Minerals Exploration Tax credit, \$236,110 (Q4 2020 - \$130,209) of general and administration expenditures, of which \$10,368 (Q4 2020 - \$12,547) related to share - based compensation, and a gain of \$112,228 (Q4 2020 - \$76,358) in other items. Some items to note from period to period include the following:

During the three months ended March 31, 2021, net exploration expenditures of \$59,480 (Q4 2020 - \$62,714) included an adjustment of \$13,875 (Q4 2020 - \$1,443) in mineral exploration tax credits accrued or received. For the fourth quarter of both periods, exploration related activities generally consist of planning work for the spring and summer exploration programs and is expected to be fairly consistent from year to year.

For the three months ended March 31, 2021, the Company incurred \$142,290 compared to \$37,595 in Investor relations and shareholder communications expenditures. The increase of \$104,695 was mainly due to the Company entering into marketing, business development, and financial consulting programs and the company's continued efforts with dissemination of information to the public and shareholders.

Included in other items for Q4 2021 was a gain of \$74,720 in fair value adjustments on marketable securities compared to a gain of \$113,189 for Q4 2020 and predominantly relates to the Company's Cavu Mining Corp. holdings.

Other differences noted in the three months ended March 31, 2021 compared to the three months ended March 31, 2020 are consistent with the year ended discussions above.

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, 2021 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, 2021 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, 2021 on SEDAR at www.sedar.com and on the Company's website at www.pemcorp.ca.

CRITICAL ACCOUNTING JUDGEMENTS AND SIGNIFICANT ESTIMATES AND UNCERTAINTIES

Please refer to the Company's audited consolidated financial statements for the year ended March 31, 2021 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, 2021 | Year ended March 31, 2020 |
|---|------------------------------|------------------------------|
| Exploration expenditures | | |
| BJP Consulting* | \$ - | \$ 6,000 |
| Rory Ritchie Geological Consulting (former)* | 43,400 | 77,600 |
| Management and consulting fees | | |
| BJP Consulting* | 108,000 | 97,200 |
| Rory Ritchie Geological Consulting (former)* | 12,400 | 28,400 |
| Outside directors | 20,000 | - |
| Seabord Services Corp.** | 90,000 | 112,500 |
| Share - based compensation | | |
| Brad Peters, President * | 79,327 | 5,913 |
| Rory Ritchie, Vice President, Exploration (former)* | 1,376 | 5,913 |
| Larry Donaldson, Director | 29,911 | 5,616 |
| Keith Henderson, former Director | 1,376 | 5,616 |
| Peter Schloo, Director | 38,563 | - |
| Seabord Services Corp.** | 24,278 | 3,418 |
| | \$ 448,631 | \$ 348,176 |

Amounts due to related parties as of March 31, 2021 and 2020 are as follows:

| Related party liabilities | Items or services | March 31, 2021 | March 31, 2020 |
|--|---|-----------------------|-----------------------|
| BJP Consulting* | Management fees and reimbursable expenses | \$ 9,660 | \$ 20,160 |
| Rory Ritchie Geolgoical Consulting (former)* | Management fees and reimbursable expenses | - | 22,365 |
| Seabord Services Corp.** | Management fees and reimbursable expenses | - | 23,625 |
| Directors | Fees | 1,000 | - |
| | | \$ 10,660 | \$ 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.

Amounts owed to related parties were accrued fees in which payment was deferred as at March 31, 2021 and paid subsequently.

There were no changes to the Company’s board of directors or management subsequent to the year ended March 31, 2021.

RISKS AND UNCERTAINTIES

The impact of the current COVID-19 pandemic may significantly impact the Company

The current novel Coronavirus (COVID-19) global health pandemic is significantly impacting the global economy and commodity and financial markets. The full extent and impact of the COVID-19 pandemic is unknown and to date has included extreme volatility in financial markets, a slowdown in economic activity, extreme volatility in commodity prices (including gold, silver, palladium and oil and gas) and has raised the prospect of an extended global recession. As efforts are undertaken to slow the spread of the COVID-19 pandemic, the operation and development of mining projects may be impacted. If the operation or development of one or more of the properties in which the Company holds a royalty, stream or other interest and from which it receives or expects to receive revenue is suspended, it may have an adverse impact on the Company’s profitability, financial condition and the trading price of the Company’s securities. The broader impact of the COVID-19 pandemic on investors, businesses, the global economy or financial and commodity markets may also have a material adverse impact on the Company’s profitability, results of operations, financial conditions and the trading price of the Company’s securities. The Company continues to monitor the situation and the impact COVID-19 may have on its business.

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 90,148,196 common shares issued and outstanding. There are also 5,840,000 stock options with expiry dates ranging from June 23, 2022 to March 10, 2024, and 47,477,286 warrants outstanding with expiry dates ranging from May 22, 2022 to June 2, 2023.