PACIFIC EMPIRE

MINERALS CORP.

MANAGEMENT'S
DISCUSSION AND ANALYSIS
FOR THE
NINE MONTHS ENDED DECEMBER 31, 2017

(All amounts expressed in Canadian dollars unless otherwise indicated)

GENERAL

Pacific Empire Minerals Corp. (the "Company" or "PEMC") is a private company that will be listed on the TSX Venture Exchange ("TSX-V") upon closing of its proposed initial public offering ("IPO"). On January 10, 2018, the Company filed and received a receipt for, an amended and restated final long form prospectus (the "Amended Prospectus"), which amended the Company's final long form prospectus dated October 23, 2017 (the "Prospectus"), with the securities commissions of each of British Columbia, Alberta, and Ontario in connection with its IPO of units of the Company. The Company became a reporting issuer on October 23, 2017. The Company is a mineral exploration company whose principal business is the acquisition and exploration of copper-gold porphyry, mineral exploration properties, with a focus on British Columbia, Canada.

The following Management Discussion and Analysis ("MD&A") of the Company's financial condition 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 February 26, 2018 and unless otherwise stated, supplements, but does not form part of the unaudited condensed interim financial statements of the Company for the nine months ended December 31, 2017 and 2016. This MD&A should be read in conjunction with the unaudited condensed interim financial statements and related notes for the three and nine months ended December 31, 2017, and the audited financial statements and related notes for the twelve months ended March 31, 2017.

Those condensed interim financial statements have been prepared 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 included therein and in the following MD&A are in Canadian dollars except where noted. These documents and other information relevant to the Company's activities are available for viewing on SEDAR at www.sedar.com.

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.

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

The Company's material property is the Wildcat property, consisting of 10 mineral claims covering an area of approximately 5,826 hectares in the Omineca Mining Division of British Columbia (the "Wildcat Project" or "Wildcat Property"). In addition to its option to acquire a 100% interest in the Wildcat Project, the Company has interests in 9 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 has commissioned the manufacture of a portable reverse circulation drill that it intends to use to advance its properties. This will allow the Company to cost-effectively explore its properties on a timely basis.

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

OVERALL PERFORMANCE

The Company was incorporated on July 13, 2012, and commenced business at that time. The Company is a mineral exploration company that employs the "prospect generator" business model currently focused on the acquisition, funding and exploration of the Wildcat Project, and obtaining a listing on the TSX-V. To those ends, the Company has (i) been exploring and acquiring mineral exploration properties in British Columbia since 2012; (ii) entered into a total of 4 agreements since 2012 (2 of which have since been terminated) as property optionor in an attempt to advance through partner-funded exploration various mineral properties while utilizing the "prospect generator" business model; (iii) raised sufficient funds to fund initial obligations under the Wildcat Project option agreement and the costs of going public; (iv) commissioned the technical report on the Wildcat Project; and (v) engaged Haywood Securities Inc. (the "Agent") to assist in the Company's application to the TSX-V for a listing of PEMC's shares and to assist in the IPO. As of the date of this MD&A, the Company has raised an aggregate of $1,787,385 in gross proceeds through the sale of its securities.

KEY EVENTS FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

EXPENDITURES: During the three months ended December 31, 2017, the Company recorded a net loss of $134,204. This was comprised of net exploration expenditures of $10,388 after recoveries, including accruals for a BC Minerals Exploration Tax credit, $123,160 of general and administration expenditures, of which $53,383 related to stock-based compensation, and a loss of $656 in other items.

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

INITIAL PUBLIC OFFERING: The Company has signed an engagement letter dated March 3, 2017, as amended June 21, 2017, and August 21, 2017, with Haywood to act as lead agent and sole bookrunner in connection with the proposed IPO of securities of the Company and concurrent listing of the common shares of the Company on the TSX-V. The Company entered into an agency agreement with the Agent on October 23, 2017, and amended January 10, 2018, pursuant to which the Agent has agreed to use commercially reasonable efforts to offer and sell the units on behalf of the Company in connection with the IPO. The IPO seeks aggregate gross proceeds of a minimum of $1,500,000 through the sale of 7,500,000 units at $0.20 per unit, and up to a maximum of $2,000,000 through the sale of 10,000,000 units at $0.20 per unit. Each unit will consist of one common share of the Company and one common share purchase warrant. Each warrant will entitle the purchaser, subject to adjustment in certain circumstances, to one common share of the Company at a price of $0.30 per share until the third anniversary of the completion of the IPO. The definitive size of the IPO will be determined by Haywood and the Company prior to closing of the IPO. On January 10, 2018, the Company filed and received a receipt for, its Amended Prospectus, which amended the Company's Prospectus dated October 23, 2017, with the securities commissions of each of British Columbia, Alberta, and Ontario.

The Company estimates the costs of the IPO will be between $325,000 and $360,000. This includes a cash commission of 7% of gross proceeds to be paid to Haywood, a corporate finance fee of $25,000, and other costs estimated at $195,000. As at December 31, 2017, the Company has prepaid $20,000 to Haywood and $15,000 to the TSX Venture Exchange as an advance against the corporate finance fees; and paid or accrued $148,794 for legal and other professional services and anticipated legal and professional expenses.

EVENT SUBSEQUENT TO THE THREE MONTHS ENDED DECEMBER 31, 2017

Subsequent to December 31, 2017, on January 10, 2018, the Company filed and received a receipt for, its Amended Prospectus, which amended the Company's Prospectus dated October 23, 2017, with the securities commissions of each of British Columbia, Alberta, and Ontario in connection with its IPO of units of the Company.

EXPLORATION REVIEW FOR THE THREE MONTHS ENDED DECEMBER 31, 2017

During the three months ended December 31, 2017, the Company was compiling, interpreting, and preparing reports on airborne magnetic and geochemical survey data obtained from exploration programs completed on the Nub East, Copper King, Stars, Hogem, and Kitimat projects completed by the Company in the prior quarter. The Company was also reviewing data obtained from a diamond drill program completed by a joint venture partner ML Gold on the Pinnacle Reef property. Results of the work completed will help to guide future exploration drilling programs for the 2018 exploration season.

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

During the three months ended December 31, 2017, the Company was focused on closing the IPO. Using the estimated net proceeds of the IPO, the Company intends on:

- Completing the purchase of a portable reverse circulation drill;

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

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

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

As at December 31, 2017, the Company had negative working capital of $44,147 (March 31, 2016 - $393,410). The Company expects that the IPO will raise aggregate gross proceeds of a minimum of $1,500,000 through the sale of 7,500,000 units at $0.20 per unit, and up to a maximum of $2,000,000 through the sale of 10,000,000 units at $0.20 per unit. Each unit will consist of one common share of the Company and on one common share purchase warrant. The Company also has granted 1,655,000 incentive stock options, of which 765,000 are exercisable as at December 31, 2017 to management, directors, consultants, and an advisor of the Company pursuant to the Company's stock option plan which could generate additional cash if exercised. See "Risks and Uncertainties" in this MD&A for risks related to the Company's ability to obtain sources of funding. PEMC has no fixed cash payment obligations on any of it projects. In order to maintain its properties in good standing, the Company is required to make minimal maintenance payments; however, these can be terminated at any time without penalty once an option agreement is cancelled, or mineral title is dropped. There has been no change in approach to managing capital in the past nine months. With the funds expected from the pending IPO, the Company believes it will have sufficient capital to fund its administrative and exploration expenditures for the next twelve months.

The Company is not subject to externally imposed capital requirements as at December 31, 2017

As at December 31, 2017, the Company had cash of $41,246. 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 $345,571 for the nine months ended December 31, 2017 (2016 - $161,837) 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 nine months ended December 31, 2017 was $15,454 compared to cash used in investing activities of $2,816 for the comparable period. Cash used in investing activities during the nine months ended December 31, 2017 included $Nil (2016 - $2,816) related to acquisition of exploration and evaluation assets, $2,454 (2016 - $Nil) related to equipment purchases and deposits paid on pending equipment purchases, and $13,000 (2016 - $Nil) related to the purchase of reclamation deposits related to exploration permits.

Cash Generated (Used) by Financing Activities

Cash used in financing activities for the nine months ended December 31, 2017 was $23,207 (2016 - generated $151,272) and consisted of $76,500 (2016 - $150,000) received from the issuance of 765,000 (2016 – 1,500,000) common shares, $Nil (2016 - $10,000) in funds collected for a private placement closing in January 2017, less $413

(2016 - $4,887) in share issuance costs, offset by $99,294 (2016 - $Nil) paid towards the IPO for legal, agent, and other costs.

FINANCIAL RESULTS AND SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial data from the Company's unaudited condensed interim financial statements for the nine months ended December 31, 2017 and 2016, and should be read in conjunction with such statements and related notes, contained in this MD&A:

As at	December 31, 2017	March 31, 2017
Financial positions		
Working capital (deficit)	$ (44,147)	$ 393,410
Current assets	110,227	456,558
Exploration and evaluation assets	73,902	73,902
Total assets	470,697	640,090
Current liabilities	154,374	63,148
Share capital	1,826,453	1,740,366
Reserves	175,193	20,126
Deficit	(1,685,323)	(1,193,550)
Number of shares oustanding	19,793,850	19,028,850

Selected Quarterly Financial Information

Quarter Ended	December 31, 2017	September 30, 2017	June 30, 2017
Financial results			
Exploration expenditures (net)	$ 10,388	$ 4,281	$ 132,067
Share-based payments	53,383	93,949	7,735
Net loss	(134,204)	(152,363)	(205,206)
Net loss per share - basic and diluted	(0.01)	(0.01)	(0.01)

Quarter Ended	December 31, 2016	September 30, 2016	June 30, 2016
Financial results			
Exploration expenditures (net)	$ 8,234	$ 14,045	$ 15,227
Share-based payments	1,416	2,605	1,416
Net loss	(52,014)	(52,456)	(68,270)
Net loss per share - basic and diluted	(0.01)	(0.01)	(0.01)

As a non-reporting issuer, the Company has not prepared any interim or quarterly financial statements prior to the three months ended June 30, 2017 since its inception on July 13, 2012.

The loss for the quarters varies primarily based on exploration expenditures incurred and whether stock options were granted in the quarter.

<u>Three months ended December 31, 2017</u>

During the three months ended December 31, 2017, the Company incurred a net loss of $134,204 (2016 - $52,456). The loss for the three months ended was comprised of net exploration expenditures of $10,388 (2016 - $8,234), general and administration expenditures of $123,160 (2016 - $42,224), and a loss from other items of $656 (2016 – $1,556). During the three months ended December 31, 2017, management continued its focus on the filing and closing of its IPO. Some items to note for the period to period comparisons include the following:

During the three months ended December 31, 2017, the Company did not incur any expenditures on projects that were funded by partners and operations were focused on maintenance and prospectus work. Net exploration expenditures of $10,388 which is net of a recovery of $5,840 for expenses recovered from ML Gold and $33,259 in receipts and accruals for the British Columbia Mineral Exploration tax credit . For the comparable period ended December 31, 2016, the Company incurred $8,234 in exploration expenditures. During the current period, the Company was focused on maintenance and business development.

For the three months ended December 31, 2017, the Company incurred $12,014 compared to $320 in Investor relations and shareholder communications expenditures. The increase of $11,694 predominately relates to management attending select mining conferences, promotion of the IPO, and updating marketing materials.

For the three months ended December 31, 2017, the Company did not grant any new incentive stock options. Including options vested during the period, the Company recorded share-based payments of $53,383 (2006 - $1,416). The increase is related to options vested in the period.

During the three months ended December 31, 2017 the Company incurred $27,900 in compensation to consultants compared to $19,200 in the comparative period. The increase of $8,700 is the result of management splitting their time between exploration and business related functions. In the current three months ended, management was focused on its IPO.

Nine months ended December 31, 2017

During the nine months ended December 31, 2017, the Company incurred a net loss of $491,773 (2016 - $172,740). The loss for the nine months ended was comprised of net exploration expenditures of $146,736 (2016 - $37,506), general and administration expenditures of $344,255 (2016 - $133,062), and a loss from other items of $782 (2016 – $2,172). The significant components resulting in the increase from the comparative nine months includes the geophysical survey completed on the Wildcat project totaling approximately $115,000 (2016 - $Nil), and the increase in share-based payments of $149,630. Additional reasons for the changes from the prior comparable period are consistent with the comments noted for the three months ended December 31, 2017.

FINANCIAL RISK MANAGEMENT

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

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Although the Company operates only in Canada and all expenditures are incurred in Canadian dollars, U.S. dollars are sometimes held by the Company. As at December 31, 2017, the Company did not hold a significant balance of U.S. dollars. Therefore, a change in the currency exchange rates between the Canadian dollar relative to the U.S. dollar would have an immaterial effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Credit Risk

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

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to pay obligations as they fall due. Financial liabilities, at December 31, 2017, included $138,939 of accounts payable and accrued liabilities, and $15,435 in amounts due to related parties. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Interest Rate Risk

When the Company has sufficient cash, it will invest in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at December 31, 2017 and 2016, the Company did not have any interest-bearing loans. Accordingly, the Company does not have significant interest rate risk.

Market risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the December 31, 2017 value of marketable securities every 10% increase or decrease in the share prices of these companies would have impacted income (loss) for the period, up or down, by approximately $180 (March 31, 2017 - $200) before income taxes.

FINANCIAL INSTRUMENTS

Fair Values

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

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

As at December 31, 2017	Fair value through profit or loss	Other financial liabilities	Total
Cash	$ 41,246	$ -	$ 41,246
Mineral exploration tax credits	33,259	-	33,259
Restricted cash	23,000	-	23,000
Marketable securities	1,867	-	1,867
Accounts payable and acrrued liabilities	-	(138,939)	(138,939)
Due to related parties	-	(15,435)	(15,435)
Total	$ 99,372	$ (154,374)	$ (55,002)

As at March 31, 2017	Fair value through profit or loss	Other financial liabilities	Total
Cash	$ 425,478	$ -	$ 425,478
Restricted cash	23,000	-	23,000
Marketable securities	2,333	-	2,333
Accounts payable and acrrued liabilities	-	(46,543)	(46,543)
Due to related parties	-	(16,605)	(16,605)
Total	$ 450,811	$ (63,148)	$ 387,663

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

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

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

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

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

SIGNIFICANT ACCOUNTING ESTIMATES AND CRITICAL JUDGEMENTS

The preparation of the financial statements for the nine months ended December 31, 2017 and 2016 in conformance with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant Accounting Estimates

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

<u>Estimated useful lives of equipment</u>

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

<u>Share-based compensation</u>

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

<u>Recovery of deferred tax assets</u>

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

Critical Accounting Judgments

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

Exploration and evaluation assets

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

ACCOUNTING PRONOUNCEMENTS NOT YET EFFECTIVE

Accounting Pronouncements not yet Effective

The following standards and pronouncements have been issued by the IASB and have not yet been adopted by the Company. The Company is currently evaluating the impact the new and amended standards are expected to have on its financial statements. On initial assessment, the Company does not expect any material reporting changes as a result of adopting the new standards, however, there may be enhanced disclosure requirements.

IFRS 9 Financial Instruments ("IFRS 9") addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 Financial Instruments: Recognition and Measurement requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in net earnings, unless this creates an accounting mismatch. IFRS 9 is effective for periods beginning on or after January 1, 2018.

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

OFF BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

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 for the three and nine months ended December 31, 2017 and 2016 are as follows:

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Nine Months Ended December 31, 2017	Nine Months Ended December 31, 2016
Exploration expenditures				
BJP Consulting*	1,200	900	$ 5,100	$ 12,150
Rory Ritchie Geological Consulting*	7,500	5,400	27,300	21,000
General and Administrative expenditures				
BJP Consulting*	16,800	17,100	50,100	42,750
Rory Ritchie Geological Consulting*	11,100	2,100	18,300	14,100
Seabord Services Corp.**	8,700	8,700	26,100	26,100
Share - based compensation				
Brad Peters, President	9,275	464	25,880	1,393
Rory Ritchie, Vice President, Exploration	9,275	464	25,880	1,393
Larry Donaldson, Director	7,795	-	23,970	-
Keith Henderson, Director	7,795	-	23,970	-
Seabord Services Corp.**	6,827	186	19,940	557
	$ 86,267	$ 35,314	$ 246,540	$ 119,443

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

Related party liabilities	Items or services	September 30, 2017	March 31, 2017
BJP Consulting*	Management fees and reimbursable expenses	$ 9,450	$ 7,245
Rory Ritchie Geological Consulting*	Management fees and reimbursable expenses	5,985	9,360
		$ 15,435	$ 16,605

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

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

There were no changes to the Company’s board of directors or management during, or subsequent to the 3 months ended December 31, 2017.

RISKS AND UNCERTAINTIES

Mineral Property Exploration and Mining Risks

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

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

No Assurance of Titles or Borders

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

Joint Venture Funding Risk

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

Commodity Price Risk

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

Financing and Share Price Fluctuation Risks

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

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

Political, Regulatory and Currency Risks

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

Insured and Uninsured Risks

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

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

Environmental and Social Risks

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

Conflicts of Interest

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

Key Personnel Risk

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

Competition

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

OUTSTANDING SHARE DATA

The Company's authorized share capital consists of an unlimited number of common shares and preferred shares without par value. As at the date of this MD&A, the Company has 19,793,850 common shares issued and outstanding. There are also 1,655,000 stock options outstanding with expiry dates ranging from May 27, 2020 to July 4, 2022.