



**MANAGEMENT'S  
DISCUSSION AND ANALYSIS  
FOR THE  
YEAR ENDED MARCH 31, 2022**

Dated: July 21, 2022

(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 21, 2022 unless otherwise stated, supplements, but does not form part of the audited financial statements of the Company for the year ended March 31, 2022. This MD&A should be read in conjunction with the March 31, 2022 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](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://www.pemcorp.ca).

Thomas Hawkins, P.Geo, 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 7 other mineral properties in British Columbia.

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 property is under an option agreement with 1111 Exploration Corp.

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 focused on the discovery of gold-enriched copper deposits in British Columbia. Since 2012, the Company has (i) entered into a total of 5 agreements (4 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 (iii) sold its 50% interest in the Stars property in exchange for cash and royalty interests, and (iv) acquired an equity interest in a royalty generating entity through the sale of royalty interests on four projects.

## **KEY EVENTS FOR THE YEAR ENDED MARCH 31, 2022, AND SUBSEQUENTLY**

**FINANCIAL SUMMARY:** During the year ended March 31, 2022, the Company recorded a comprehensive loss of \$974,946 (2021 - \$1,167,169). This was comprised of net exploration expenditures of \$451,421 (2021 - \$587,668) after recoveries, including accruals for the BC Minerals Exploration Tax credit, \$834,655 (2021 - \$1,224,901) of general and administration expenditures, of which \$104,780 (2021 - \$380,340) related to share-based compensation, and income of \$311,130 (2021 - \$645,400) in other items.

**PRIVATE PLACEMENT June 2021:** In May and June 2021 the Company closed a non-brokered private placement consisting of two tranches issuing a total of 21,109,231 units at a price of \$0.06 per unit for gross proceeds of \$1,266,554. 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 for a period of 24 months following the closing.

In connection with the Offering, the Company paid finder's fees to: (i) Haywood Securities Inc. consisting of \$59,467.94 in cash and issued 991,132 finder's warrants; (ii) Research Capital Corp., consisting of \$10,500.00 in cash and issued 175,000 Finder's Warrants; and (iii) Hampton Securities Ltd. consisting of \$700.56 in cash and issued 11,676 Finder's Warrants. Each Finder's Warrant entitles the holder to purchase one Common Share at a price of \$0.10 per Common Share for a period of 24 months from the issue date.

**Stars Copper Property:** On September 29, 2021, the Company closed a purchase and sale agreement with Aurwest Resources Corporation ("Aurwest") to sell its 50% interest in the Stars Property. Upon closing Aurwest paid PEMC a cash payment of \$350,000 and granted to PEMC a 2% net smelter return royalty ("NSR") on all minerals produced from the Stars Property. Aurwest has the right to repurchase at any time one per cent of the NSR (1%) for consideration of \$1,000,000.

**Appointment of a new director:** In October 2021, the Company appointed Ms. Samantha Shorter to the Board of Directors. Ms. Shorter was also appointed to the Audit Committee and will serve as Chair. In connection with Ms. Shorter's appointment, the Company also announced that Mr. Larry Donaldson, is stepping down as a director and Chair of the Audit Committee.

**Abby Property:** In November 2021, the Company acquired by staking three mineral tenures totaling 5,441 hectares located adjacent to its Pinnacle property and Northwest Copper Corp's ("Northwest Copper") Kwanika property.

**NSR Acquisition:** In December 2021, the company signed a purchase and sale agreement with Engold Mines Ltd. ("Engold") to sell its 100% interest in the Red property in exchange for a 2% Net Smelter Return ("NSR") royalty on prospective ground within EnGold's Lac La Hache property. One – half (1%) of the NSR royalty is purchasable by EnGold at any time for \$1,000,000.

**Col Property:** In June 2022, the Company completed the acquisition of 100% interest in the Col Property, which consists of 17 mineral claims spread over 6,618 hectares southeast of Northwest Copper's Kwanika property and northwest of Centerra Gold Corp's Mt. Milligan Mine. Pursuant to the terms of a purchase agreement amongst the Company, Indata Resources Ltd. and Nation River Resources Ltd. (together, the "Vendors"), PEMC acquired a 100% interest in the Col Property in exchange for granting the Vendors a 2% net smelter return royalty on the claims, one-half (1%) of such 2% net smelter return royalty may be purchased for \$500,000 by PEMC.

## **EXPLORATION REVIEW FOR THE YEAR ENDED MARCH 31, 2022**

### *Jean Marie Property*

On June 17, 2021, the Company announced that it had added an additional 5,253 hectares to the Jean Marie property by way of staking, bringing the total land position to 12,610 hectares.

During June of 2021, the Company recovered over 300 boxes of historical drill core from the property. Drill core from diamond drill programs in 1997, 1995 and some from the early 1970's was transported to the local community of Ft. Saint James where it was catalogued and re-logged.

The Company also retained Quaternary geology expert Derek Turner, to map the surficial geology of the Jean Marie area using historical survey data, as well as modern topographical data and aerial imagery. The revised surface geology map is being used to reinterpret near-surface geochemical and geophysical data.

During July and August of 2021, the Company completed a field exploration program at its Jean Marie property consisting of soil geochemical sampling, rock sampling, prospecting, and reclamation work from the 2020 reverse circulation drill program. In addition, Precision Geosystems Inc. completed a 128 sq-km high resolution, magnetic gradient, radiometric, and VLF-EM airborne geophysical survey on the property.

During July, a total of 634 soil samples were collected at Jean Marie. This work focused on expanding the current historical soil sampling coverage. Wide-spaced soil sampling focused on areas where there has been no coverage. This included zones that lie along strike with known copper and gold mineralization. Tighter spaced soil sampling focused on the mineralized drilling areas and will augment the historical soil sampling with modern multielement data. The results will be used in conjunction with the results from the surficial mapping to interpret zones of anomalous geochemistry and subsequent considerations for identifying drill targets.

The reclamation work was completed using an excavator and focused on mechanical disturbance created during the 2020 reverse circulation drill program. Approximately 2 km of excavated exploration trail was reclaimed by replacing loose wood and debris across the trail.

In August of 2021, Eagle Mapping Ltd. was contracted to acquire and process LIDAR data from its Jean Marie project. LIDAR (Light Imaging and Detection) is a remote sensing method used to examine the surface of the earth with a high degree of resolution. Results from this work provided the Company with accurate surficial detail that was used in the interpretation of landforms related to the direction of ice flow during the most recent glaciation period and assisted in interpreting soil geochemical data.

In collaboration with the Mineral Deposit Research Unit ("MDRU") at the University of British Columbia, the Company completed age dating and fertility studies related to the age and potential at its Jean Marie property.

### *Other Properties*

A modest exploration program was completed at the Company's Copper King project in 2021 consisting of an airborne magnetic survey. In late August, Precision Geosystems Inc. completed a 470 sq-km high resolution, magnetic gradient, radiometric, and VLF-EM airborne geophysical survey on the property.

At the Nub property, the Company retained Quaternary geology expert Derek Turner, to map the surficial geology of the Nub area using historical survey data, as well as modern topographical data and aerial imagery. The revised surface geology map is being used to reinterpret near-surface geochemical and geophysical data.

## **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, 2022, the Company had a working capital of \$1,292,089 (March 31, 2021 - \$845,588). Working capital for the year ended March 31, 2022 increased compared to March 31, 2021, due to cash provided by financing activities of \$1,135,353 (2021 - \$1,265,909), including gross proceeds of \$1,266,554 from a private placement and cash provided by investing activities of \$539,575 (2021 - \$695,258). Working capital increases were offset by cash used in operating activities of \$1,013,108 (2021 - \$1,540,138).

The Company has granted 5,840,000 incentive stock options, of which 5,840,000 were exercisable as at March 31, 2022 to management, directors, consultants, and an advisor of the Company pursuant to the Company's stock option plan, 47,477,286 warrants exercisable, and may receive option payments in cash related to property agreements. Further, the Company has approximately \$104,000 in refundable taxes expected to be received in the next 12 months, and \$140,458 in marketable securities which could be sold if needed. 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. 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 the approach to managing capital during the year ended March 31, 2022.

Including funds from refundable tax credits, potential sale of marketable securities, the Company's working capital and cash flows are sufficient to meet its current plans and budgets associated with those plans, however management believes it will need to raise additional capital resources within the next twelve months to fund any additional exploration programs or administrative expenses not currently budgeted.

The Company is not subject to externally imposed capital requirements.

As at March 31, 2022, the Company had cash of \$1,097,135. 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 \$1,013,108 for the year ended March 31, 2022 (2021 - \$1,540,138), and represents expenditures primarily on mineral property exploration and general and administrative expenses for both years. The decrease from the prior fiscal year relates to a decrease in exploration expenditures, settlement of prior period payables, and a decrease in investor relation costs. Exploration expenditures will fluctuate from period to period depending on opportunities, level of activity, and capital resources. See the exploration review above for discussion on mineral property activities.

## Cash Generated by Investing Activities

Cash generated in investing activities for the year ended March 31, 2022, was \$539,575 compared to \$695,258 for the year ended March 31, 2021. Significant components for the year ended March 31, 2022 included \$350,000 being received from the Company's sale of its 50% interest in the Stars property to Aurwest, \$225,000 (2021 - \$Nil) in proceeds from the sale of property plant and equipment and supplies (2021 - \$Nil), and \$25,463 (2021 - \$638,317) being received on the sale of marketable securities. Other items in cash generated from investing activities during the year ended March 31, 2022 include \$54,104 (2021 - \$32,932) related to the acquisition of exploration and evaluation assets and \$28,139 (2021 - \$Nil) related to the purchase of office and field equipment.

## Cash Generated by Financing Activities

Cash generated by financing activities for the year ended March 31, 2022 was \$1,135,353 (2021 - \$1,265,909) and consisted of an aggregate amount of \$1,266,554 (2021 - \$1,370,558) received from the issuance of 21,109,231 (2021 - 21,500,000) common shares and Nil (2021 - 4,222,258) flow-through shares, less \$101,246 (2021 - \$72,568) in share issuance costs paid in the respective year. Included in financing activities is the repayment of lease liabilities in the amount of \$29,955 (2021 - \$18,081).

## 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, 2022, 2021, and 2020, and should be read in conjunction with such statements and related notes, contained in this MD&A:

As at	March 31, 2022	March 31, 2021	March 31, 2020
<b>Financial position</b>			
Working capital	\$ 1,292,089	\$ 845,588	\$ 341,771
Current assets	1,406,515	916,946	513,810
Exploration and evaluation assets	77,036	56,432	59,429
Property and Equipment	53,012	209,976	304,889
Total assets	1,643,784	1,290,575	968,533
Total liabilities	114,426	71,358	185,782
Share capital	6,674,340	5,505,294	4,254,350
Reserves	683,934	653,666	419,043
Deficit	(5,828,916)	(4,939,743)	(3,890,642)
Number of share outstanding	90,148,196	68,788,965	42,916,707

  

Year ended	March 31, 2022	March 31, 2021	March 31, 2020
<b>Financial results</b>			
Net exploration expenditures	\$ 451,421	\$ 587,668	\$ 538,422
Loss and comprehensive loss for the year	(974,946)	(1,167,169)	(1,011,754)
Basic and diluted loss per common share	(0.01)	(0.02)	(0.02)

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, 2022**

During the year ended March 31, 2022, the Company incurred a net loss of \$974,946 (2021 - \$1,167,169). The loss for the year then ended was comprised of net exploration expenditures of \$451,421 (2021 - \$587,668), general and administration expenditures of \$834,655 (2021 - \$1,224,901), and a gain from other items of \$311,130 (2021 - \$645,400). Some items to note from year to year include the following:

Exploration expenditures for the current year decreased compared to the prior year. The decrease from the prior year was a result of an increase in the accrual of METC credits while the comparable period included more non-METC eligible expenditures.

For the year ended March 31, 2022, the Company incurred \$323,441 compared to \$469,145 in investor relations and shareholder communications expenditures. The decrease of \$145,704 from the comparative year was mainly the result of the Company entering into marketing, business development, and financial consulting programs that were active in 2021 and ended early in fiscal 2022.

During the year ended March 31, 2022, the Company recorded share-based compensation expense of \$104,780 (2021 - \$380,340). The decrease of \$275,560 is directly related to the timing of options grants and can vary from year to year. There was no comparable stock option grant during fiscal 2022.

Included in other items for the year ended March 31, 2022, was \$385,000 (2021 - \$113,361) in option and property payments received, including \$350,000 from the sale of its 50% interest in the Stars property to Aurwest and \$25,000 from 1111 Exploration Corp. related to an agreement on the Pinnacle property. Also included in the year ended March 31, 2022, was a gain of \$23,038, (2021 - \$523,317) for the sale of marketable securities.

During the year ended March 31, 2022, the Company entered into an agreement to sell certain field equipment, vehicles and related equipment, and related spare parts and supplies for \$225,000 which was finalized in March 2022. The disposal resulted in the recognition of an impairment of \$85,470 included in loss and comprehensive loss for the year.

## SELECTED QUARTERLY FINANCIAL INFORMATION AND FINANCIAL RESULTS

### Selected Quarterly Information

Quarter Ended	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
<b>Financial results</b>				
Exploration expenditures (net)	\$ 43,896	\$ 121,616	\$ 188,654	\$ 97,255
Share-based payments	-	6,469	27,273	71,038
Income (loss) and comprehensive income (loss) for the period	(135,041)	(441,744)	13,542	(411,703)
Basic income (loss) and comprehensive income (loss) per common share	(0.002)	(0.005)	0.000	(0.005)
Diluted income (loss) and comprehensive income (loss) per common share	(0.002)	(0.005)	0.000	(0.005)
Quarter Ended	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
<b>Financial results</b>				
Exploration expenditures (net)	\$ 59,480	\$ 222,177	\$ 234,550	\$ 71,461
Share-based payments	10,368	209,916	152,698	7,358
Income (loss) and comprehensive income (loss) for the period	(183,362)	(208,016)	(624,799)	(150,992)
Basic income (loss) and comprehensive income (loss) per common share	(0.003)	(0.004)	(0.01)	(0.003)
Diluted income (loss) and comprehensive income (loss) per common share	(0.003)	(0.004)	(0.01)	(0.003)

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, timing of incentive stock option grants, and the dissemination of project information to shareholders. Losses can be offset by option payments received in cash and/or shares by optionees. The Company continues to navigate and work within local COVID-19 restrictions, as such field work and related expenditures are expected to fluctuate for much of fiscal 2023.

### Three months ended March 31, 2022

During the three months ended March 31, 2022, the Company recorded a net loss of \$135,041 compared to a net loss of \$183,362 for the three months ended March 31, 2021. This was comprised of net exploration expenditures of \$43,896 (2021- \$59,480) after recoveries, including accruals for the BC Minerals Exploration Tax credit, \$138,469 (2021 - \$236,110) of general and administration expenditures, of which \$Nil (2021- \$10,368) related to share - based compensation, and a gain of \$47,324 (2021 - \$112,228) in other items. Some items to note from period to period include the following:

- During the three months ended March 31, 2022, net exploration expenditures of \$43,896 (2021 - \$59,480) included an adjustment of \$2,012 (2021 - \$13,875) in mineral exploration tax credits accrued or received. Current period expenditures and work focused on advancing programs on the Jean Marie and Copper King properties. See the exploration review above for a discussion of work completed.

- For the three months ended March 31, 2022, the Company incurred \$138,469 compared to \$236,110 in general and administrative expenses. The decrease of \$97,641 was mainly related to a business development and marketing program that was active for the three months ended March 31, 2021 and ended early in fiscal 2022. The decrease in share-based compensation is directly related to the timing of option grants and can vary from period to period.
- Included in other items for the three months ended March 31, 2022, was a gain of \$23,572 (2021 - \$74,720) in fair value adjustments on marketable securities predominantly related to the Company's CAVU Mining Corp. holdings received as payments on the Kitimat property.

Other changes for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 are consistent with the significant items for the annual discussion.

#### **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 financial statements for the year ended March 31, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://www.pemcorp.ca).

##### **Accounting pronouncements not yet effective**

Please refer to the Company's audited financial statements for the year ended March 31, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://www.pemcorp.ca).

#### **RISK AND CAPITAL MANAGEMENT: FINANCIAL INSTRUMENTS**

Please refer to the Company's audited financial statements for the year ended March 31, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://www.pemcorp.ca).

#### **CRITICAL ACCOUNTING JUDGEMENTS AND SIGNIFICANT ESTIMATES AND UNCERTAINTIES**

Please refer to the Company's audited financial statements for the year ended March 31, 2022 on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.pemcorp.ca](http://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:

<b>For the year ended March 31, 2022</b>	<b>Management &amp; Consulting fees</b>	<b>Share-based Payments</b>	<b>Total</b>
Management	\$ 118,000	\$ 29,616	\$ 147,616
Outside Directors	23,000	21,089	44,089
Seabord Management Corp.**	90,000	9,035	99,035
	<b>\$ 231,000</b>	<b>\$ 59,740</b>	<b>\$ 290,740</b>

  

<b>For the year ended March 31, 2021</b>	<b>Management &amp; Consulting fees</b>	<b>Share-based Payments</b>	<b>Total</b>
Management	\$ 163,800	\$ 80,703	\$ 244,503
Outside Directors	20,000	69,850	89,850
Seabord Management Corp.**	90,000	24,278	114,278
	<b>\$ 273,800</b>	<b>\$ 174,831</b>	<b>\$ 448,631</b>

Amounts due to related parties as of March 31, 2022 and 2021 are as follows:

<b>Related party liabilities</b>	<b>Items or services</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
BJP Consulting*	Management fees and reimbursable expenses	\$ 31,302	\$ 9,660
Directors	Fees	8,260	1,000
		<b>\$ 39,562</b>	<b>\$ 10,660</b>

\*BJP Consulting is controlled by Brad Peters, President and CEO.

\*\*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.

In October 2021, the Company appointed Ms. Samantha Shorter to the Board of Directors. Ms. Shorter was also appointed to the Audit Committee and will serve as Chair. In connection with Ms. Shorter's appointment, Mr. Larry Donaldson, stepped down as a director and Chair of the Audit Committee.

## RISKS AND UNCERTAINTIES

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

The Company has identified the following risks and uncertainties which are consisted with those risks identified for the year ended March 31, 2021: 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.

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on global commerce are far-reaching. To date there has been significant stock market volatility, volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people has become restricted. In British Columbia, Canada, the jurisdiction in which the Company operates, there were no restrictions on essential travel. There continues to be significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts it may have on demand and prices for the commodities related to our business activities. We continue to act to protect the safety and health of our employees, contractors and the communities in which we operate in accordance with guidance from governments and public health authorities including the Canadian and British Columbia Centre's for Disease Control.

### **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 90,348,196 common shares issued and outstanding. There are also 4,500,000 stock options with expiry dates ranging from September 23, 2022, to March 10, 2024, and 36,464,529 warrants outstanding with expiry dates ranging from May 22, 2022, to June 2, 2023.