



**CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2023**

Unaudited – Prepared by management

(Expressed in Canadian Dollars)

**Pacific Empire Minerals Corp.**  
**804 – 525 Seymour Street**  
**Vancouver, BC, V6B 3H6**

November 29, 2023

To the Shareholders of  
Pacific Empire Minerals Corp.

The accompanying unaudited condensed interim financial statements of Pacific Empire Minerals Corp. (the "Company") for the six months ended September 30, 2023 and 2022 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed interim financial statements have not been reviewed by the Company's external auditors.

Yours truly,

"Brad Peters"

President and Chief Executive Officer

# PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Financial Position

(Unaudited – Prepared by Management)

<b>ASSETS</b>	<b>September 30, 2023</b>	<b>March 31, 2023</b>
<b>Current assets</b>		
Cash	\$ 185,271	\$ 313,539
Receivables (Note 3)	114,899	107,180
Prepaid expenditures	19,738	22,528
Marketable securities (Note 4)	47,770	69,024
<b>Total current assets</b>	<b>367,678</b>	<b>512,271</b>
<b>Non-current assets</b>		
Restricted cash (Note 5)	23,000	23,000
Property and equipment (Note 6)	50,356	66,761
Reclamation deposits (Note 7)	76,847	76,847
Exploration and evaluation assets (Note 8)	5,975	2,290
<b>Total non-current assets</b>	<b>156,178</b>	<b>168,898</b>
<b>TOTAL ASSETS</b>	<b>\$ 523,856</b>	<b>\$ 681,169</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 77,155	\$ 71,129
Due to related parties (Note 10)	120,225	29,350
Lease liability (Note 11)	23,485	22,070
<b>Total current liabilities</b>	<b>220,865</b>	<b>122,549</b>
<b>Non-current</b>		
Lease liability (Note 11)	4,137	16,205
<b>Total non-current liabilities</b>	<b>4,137</b>	<b>16,205</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 12)	6,799,646	6,751,013
Reserves (Note 12)	91,544	410,619
Deficit	(6,592,336)	(6,619,217)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>298,854</b>	<b>542,415</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 523,856</b>	<b>\$ 681,169</b>

**Nature of Operations and Ability to Continue as a Going Concern (Note 1)**

**Approved on behalf of the Board of Directors November 29, 2023.**

"Brad Peters" , Director

"Samantha Shorter" , Director

The accompanying notes are an integral part of these condensed interim financial statements

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited – Prepared by Management)

	Number of common shares	Share capital	Reserves	Deficit	Total
<b>Balance as at March 31, 2022</b>	90,148,196	\$ 6,674,340	\$ 683,934	\$ (5,828,916)	\$ 1,529,358
Shares issued for mineral properties	200,000	5,000	-	-	5,000
Share issue costs - cash	-	(1,290)	-	-	(1,290)
Stock options expired during the period	-	-	(190,295)	190,295	-
Brokers options expired during the period	-	72,963	(72,963)	-	-
Loss for the period	-	-	-	(600,520)	(600,520)
<b>Balance as at September 30, 2022</b>	90,348,196	\$ 6,751,013	\$ 420,676	\$ (6,239,141)	\$ 932,548
<b>Balance as at March 31, 2023</b>	90,348,196	\$ 6,751,013	\$ 410,619	\$ (6,619,217)	\$ 542,415
Stock options expired during the period	-	-	(270,442)	270,442	-
Finders warrants expired during the period	-	48,633	(48,633)	-	-
Loss for the period	-	-	-	(243,561)	(243,561)
<b>Balance as at September 30, 2023</b>	90,348,196	\$ 6,799,646	\$ 91,544	\$ (6,592,336)	\$ 298,854

The accompanying notes are an integral part of these condensed interim financial statements

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

	Three Months Ended		Six Months Ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
<b>EXPLORATION EXPENDITURES (Note 9)</b>	\$ 3,174	\$ 195,599	\$ 10,482	\$ 339,194
Less: Recoveries (Note 9)	-	(52,491)	-	(80,533)
Net exploration expenditures	3,174	143,108	10,482	258,661
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Administrative and office	20,106	13,131	33,499	30,573
Amortization (Note 6)	6,824	6,344	13,706	12,688
Consulting and directors fees (Note 10)	46,500	49,616	93,000	100,640
Investor relations and shareholder communication	20,111	58,367	38,807	105,517
Management fees (Note 10)	22,500	22,500	45,000	45,000
Professional fees	11,593	5,988	24,270	11,818
Travel	-	-	-	841
Total general and administrative expenses	127,634	155,946	248,282	307,077
<b>Loss from operations</b>	(130,808)	(299,054)	(258,764)	(565,738)
Option income and sale of royalty interests (Note 8)	57,500	51,500	57,500	51,500
Interest income and other	174	(151)	1,457	(57)
Fair value adjustments on marketable securities	(29,009)	(331)	(43,754)	(91,749)
Gain on sale of marketable securities	-	-	-	15,045
Impairment of exploration and evaluation assets	-	(9,521)	-	(9,521)
<b>Loss and comprehensive loss for the period</b>	\$ (102,143)	\$ (257,557)	\$ (243,561)	\$ (600,520)
<b>Basic and diluted loss per common share</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)
<b>Weighted average number of common shares outstanding</b>	90,348,196	90,348,196	90,348,196	90,289,180

The accompanying notes are an integral part of these condensed interim financial statements

# PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

(Unaudited – Prepared by Management)

	Six Months Ended	
	September 30, 2023	September 30, 2022
<b>Cash flows used in operating activities</b>		
Loss for the period	\$ (243,561)	\$ (600,520)
Item not affecting operating activities:		
Interest income received	(1,457)	(242)
Items not affecting cash:		
Amortization	16,405	17,656
Interest on lease liability	1,443	449
Fair value adjustments on marketable securities	43,754	91,749
Shares received as option payments	(22,500)	(16,500)
Realized gain on sale of investments	-	(15,045)
Impairment of exploration and evaluation assets	-	9,521
Accrual for exploration tax credits	-	(80,533)
Changes in non-cash working capital items:		
Receivables	(7,719)	(17,912)
Prepaid expenditures	2,790	26,803
Accounts payable and accrued liabilities	6,026	(5,684)
Due to related parties	90,875	3,938
<b>Total cash used in operating activities</b>	<b>(113,944)</b>	<b>(586,320)</b>
<b>Cash used in investing activities</b>		
Acquisition of exploration and evaluation assets	(3,685)	(42,419)
Interest received on cash	1,457	242
Proceeds from the sale of marketable securities	-	16,295
Purchase of property and equipment, net	-	(4,344)
Refund of reclamation deposits, net	-	(17,626)
<b>Total cash used in investing activities</b>	<b>(2,228)</b>	<b>(47,852)</b>
<b>Cash used in financing activities</b>		
Repayment of lease liability	(12,096)	(11,718)
Share issue costs	-	(1,290)
<b>Total cash used in financing activities</b>	<b>(12,096)</b>	<b>(13,008)</b>
<b>Change in cash</b>	<b>(128,268)</b>	<b>(647,180)</b>
<b>Cash, beginning of the period</b>	<b>313,539</b>	<b>1,097,135</b>
<b>Cash, end of the period</b>	<b>\$ 185,271</b>	<b>\$ 449,955</b>

Supplemental disclosure with respect to cash flows (Note 16)

The accompanying notes are an integral part of these condensed interim financial statements

# **PACIFIC EMPIRE MINERALS CORP.**

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the Period Ended September 30, 2023

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## **1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN**

Pacific Empire Minerals Corp. (the "Company") was incorporated on July 13, 2012, under the Business Corporations Act (British Columbia). The Company's principal business activities are the acquisition and exploration of mineral properties in Canada. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "PEMC". The Company's head office address is at Suite 804, 525 Seymour Street, Vancouver, British Columbia V6B 3H7, Canada and its registered and records office is located at Suite 1700, 1055 West Hastings Street, Vancouver, British Columbia V6E 2E9, Canada.

These condensed interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets, discharge its liabilities and continue in operation for the following twelve months.

Realization values may be substantially different from the carrying values shown and these condensed interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company's continuing operations and the ability of the Company to meet mineral property and other commitments are dependent upon the ability of the Company to continue to raise additional equity or debt financing and to find joint venture partners. At the date of these condensed interim financial statements, the Company has not identified whether any of its properties contain ore reserves that are economically recoverable. At September 30, 2023, the Company has not achieved profitable operations and has accumulated losses since inception.

As at September 30, 2023, the Company had working capital of \$146,813, accumulated deficit of \$6,592,336 and cash of \$185,271. With its current plans for the year and the budgets associated with those plans, in order to continue funding its administrative and exploration expenditures from the date of these financial statements, the Company will need to obtain additional cash and anticipates either financing or selling one or more of its assets. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 using accounting policies consistent 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").

### **Basis of Measurement and Presentation**

These condensed financial statements have been prepared on a historical cost basis except for assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars ("CAD"), which is also the Company's functional currency.

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the Period Ended September 30, 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Significant Accounting Policies

The accounting policies applied by the Company in these condensed interim financial statements are consistent with those applied in its annual audited financial statements and related note disclosures as at and for the year ended March 31, 2023, and do not include all the information required for full annual audited financial statements in accordance with IFRS.

It is suggested that these condensed interim financial statements be read in conjunction with the annual audited financial statements.

### 3. RECEIVABLES

The Company's receivables arise from goods and services tax ("GST") and mineral exploration tax credits ("METC") from government taxation authorities.

As at September 30, 2023 and March 31, 2023, the current receivables consisted of the following:

	September 30, 2023	March 31, 2023
Goods and services tax receivable	\$ 27,596	\$ 19,877
Mineral exploration tax credits	87,303	87,303
	\$ 114,899	\$ 107,180

During the six months ended September 30, 2023, the Company received \$Nil (2022 - \$7,210) from GST refunds.

### 4. MARKETABLE SECURITIES

As at September 30, 2023, and March 31, 2023, the Company had the following marketable securities:

	September 30, 2023	March 31, 2023
<b>Fair value through profit or loss</b>		
Cost	\$ 81,711	\$ 59,211
Accumulated unrealized gain (loss)	(33,941)	9,813
<b>Fair value</b>	\$ 47,770	\$ 69,024

### 5. RESTRICTED CASH

As at September 30, 2023, the Company classified \$23,000 (March 31, 2023 - \$23,000) as restricted cash. This amount is comprised of a GIC held as a deposit for its corporate credit cards.



## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the Period Ended September 30, 2023

### 6. PROPERTY AND EQUIPMENT

During the six months ended September 30, 2023, amortization of \$2,698 (2022 - \$4,967) has been included in exploration expenditures (Note 9).

	Office furniture and computer equipment	Field equipment	Vehicles and related equipment	Right-of-use assets	Total
<b>Cost</b>					
As at September 30, 2023 and March 31, 2023	44,080	29,906	19,949	45,139	139,074
<b>Accumulated amortization</b>					
As at March 31, 2023	28,948	15,893	19,949	7,523	72,313
Additions	1,906	3,214	-	11,285	16,405
As at September 30, 2023	30,854	19,107	19,949	18,808	88,718
<b>Net book value</b>					
As at March 31, 2023	\$ 15,132	\$ 14,013	\$ -	\$ 37,616	\$ 66,761
As at September 30, 2023	\$ 13,226	\$ 10,799	\$ -	\$ 26,331	\$ 50,356

Right-of-use assets consists of leased office space (Note 11) and is amortized on a straight-line basis over the term of the lease.

### 7. RECLAMATION DEPOSITS

Reclamation deposits are held as security towards future exploration work and the related future potential cost of reclamation of the Company's land and unproven mineral interests. Once reclamation of the properties is complete, the deposits will be returned to the Company. As at September 30, 2023, \$76,847 (March 31, 2023 - \$76,847) is being held as security on the Company's mineral titles.

As at September 30, 2023, the Company has no material reclamation obligations.

### 8. EXPLORATION AND EVALUATION ASSETS

Properties	September 30, 2023	Impairment of exploration and evaluation assets	Mineral titles and option payments	March 31, 2023
Trident	\$ 5,975	\$ -	\$ 3,685	\$ 2,290

#### TRIDENT (Formerly COL)

In September 2022, the Company completed the acquisition of 100% interest in the Trident Property. Pursuant to the terms of a purchase agreement amongst the Company, Indata Resources Ltd. and Nation River Resources Ltd. (together, the "Vendors"), the Company acquired a 100% interest in the Trident 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 the Company. In addition to the acquisition, the Company has incurred \$5,975 in staking costs expanding the Trident position.

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the Period Ended September 30, 2023

### 8. EXPLORATION AND EVALUATION ASSETS (Continued)

#### PINNACLE

On December 21, 2020 with an August 25, 2020 effective date, and amended in September 2022, the Company entered into a definitive agreement with Teako Minerals Corp. ("Teako", formerly 1111 Exploration Corp.) granting Teako the option to earn a 70% interest in the Pinnacle property. As consideration for the option, Teako will make aggregate cash payments in the amount of \$460,000, issue a total of 3,800,000 common shares to the Company, and incur a minimum of \$3,000,000 in exploration expenditures on the project by August 2026.

Pursuant to the Pinnacle agreement, as at September 30, 2023, the Company has received cash payments totalling \$75,000 and 800,000 common shares of Teako valued at \$49,000 or \$0.055 per share being the required cash and share payments by September 30, 2023, including a cash payment of \$35,000 and 300,000 common shares valued at \$22,500 or \$0.075 per share during the period ended September 30, 2023. Further, the Company agreed to extend the period in which the additional expenditure requirement of \$400,000 can be met from August 25, 2023 to December 31, 2023 as a result of restricted access due to current wild fires in BC, Canada.

Subsequent to September 30, 2023, Teako terminated the agreement and the Company will regain control of the property in good standing.

#### JEAN MARIE

On May 25, 2020, the Company entered into an option agreement to acquire a 100% interest in the Jean Marie Project in central British Columbia from three private vendors. To earn its 100% interest, the Company was required to pay \$675,000 in cash, issue 1,500,000 common shares and spend a total of \$2,700,000 in work commitments within 6 years of the effective date, being May 25, 2020.

During the six months ended September 30, 2023, the Company terminated the option agreement for the Jean Marie property which was previously impaired during the year ended March 31, 2023.

### 9. EXPLORATION EXPENDITURES

During the six months ended September 30, 2023, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Target Generation*	Total
Administration Cost	\$ 3,904	\$ 3,904
Amortization	2,698	2,698
Field costs	3,307	3,307
Personnel	573	573
Total Expenditures	10,482	10,482
Exploration tax credits**	-	-
Total Recoveries	-	-
Net Expenditures	\$ 10,482	\$ 10,482

\* Substantially all expenditures included in "Target Generation" are not project specific and are general exploratory expenditures for the six months ended September 30, 2023.

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the Period Ended September 30, 2023

### 9. EXPLORATION EXPENDITURES (Continued)

During the six months ended September 30, 2022, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Jean Marie	Target Generation*	Total
Administration Cost	\$ 10,257	\$ 8,617	\$ 18,874
Amortization	4,814	153	4,967
Field costs	239,177	1,275	240,452
Geophysics	6,890	-	6,890
Personnel	59,902	3,056	62,958
Travel	5,053	-	5,053
Total Expenditures	326,093	13,101	339,194
Exploration tax credits**	(80,533)	-	(80,533)
Total Recoveries	(80,533)	-	(80,533)
Net Expenditures	\$ 245,560	\$ 13,101	\$ 258,661

\* Substantially all expenditures included in "Target Generation" are not project specific and are general exploratory expenditures for the six months ended September 30, 2022.

\*\* All of the Company's exploration activities are located in British Columbia, Canada. As such, the Company is eligible for the Mining Exploration Tax Credits on qualifying expenditures. The credit is 20% of the qualifying expenditures, and an enhanced 30% credit is available for expenditures incurred in Mountain Pine Beetle affected areas. All the Company's current projects are in areas qualifying for the 30% enhanced credit.

The Company has accrued a credit at the 30% qualifying rate on expected qualifying expenditures. Actual credits and refunds are subject to review and potential adjustment by tax authorities.

### 10. RELATED PARTY TRANSACTIONS AND BALANCES

The Company entered into certain transactions with key management personnel, which the Company has defined as Officers and Directors of the Company. The aggregate value of these transactions and outstanding balances are as follows:

For the six months ended September 30, 2023	Management & Consulting fees	Share-based Payments	Total
Management*	\$ 81,000	\$ -	\$ 81,000
Outside Directors	12,000	-	12,000
Seabord Management Corp.**	45,000	-	45,000
	\$ 138,000	\$ -	\$ 138,000

For the six months ended September 30, 2022	Management & Consulting fees	Share-based Payments	Total
Management*	\$ 74,000	\$ -	\$ 74,000
Outside Directors	12,000	-	12,000
Seabord Management Corp.**	45,000	-	45,000
	\$ 131,000	\$ -	\$ 131,000

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the Period Ended September 30, 2023

### 10. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Amounts due to related parties as of September 30, 2023 and March 31, 2023 are as follows:

Related party liabilities	Items or services	September 30, 2023	March 31, 2023
President *	Management fees and reimbursable expenses	\$ 81,675	\$ 28,350
Seabord Management Corp.**	Management fees and reimbursable expenses	31,500	-
Directors	Fees	7,050	1,000
		\$ 120,225	\$ 29,350

\*BJP Consulting is controlled by Brad Peters, President and Chief Executive Officer.

\*\* Seabord Management Corp. ("Seabord") is partially controlled by the Chief Financial Officer ("CFO") and provides the following services: A 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.

### 11. LEASE LIABILITY

The Company's right-of-use asset consists of office space and is included in property and equipment (Note 6).

	September 30, 2023	March 31, 2023
Lease liability net carry amount - Opening balance	\$ 38,275	\$ 15,165
Additions	-	45,139
	38,275	60,304
Lease payments made	(12,096)	(23,720)
Interest expense on lease liabilities	1,443	1,691
	27,622	38,275
Less: current portion	(23,485)	(22,070)
Non-current - Ending balance	\$ 4,137	\$ 16,205

In May 2021, the Company entered into a lease agreement with 525 Seymour Inc. for office space in Vancouver, BC. The lease was for 18 months until November 30, 2022. On December 1, 2022, the Company extended the lease agreement with 525 Seymour Inc. for 2 additional years until November 30, 2024. As a result of the extension, the Company recognized an additional \$45,139 in right-of-use assets at at March 31, 2022. As at September 30, 2023, the expected remaining cash commitments were \$6,123 (2023) and \$23,001 (2024).

### 12. EQUITY

#### Authorized

The Company is authorized to issue an unlimited number of common shares and preferred shares without par value.

#### Share Capital

No preferred shares have been issued from incorporation to September 30, 2023.

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the Period Ended September 30, 2023

### 12. EQUITY (Continued)

During the six months ended September 30, 2022:

In May 2022, the Company Issued 200,000 common shares for the Jean Marie property valued at \$5,000 or \$0.025 per share pursuant to the Jean Marie acquisition agreement (Note 8).

#### Stock Option Plan

As at September 30, 2023, the Company had a stock option plan that allows the Board of Directors to grant incentive stock options to the Company's officers, directors, related company employees and consultants to purchase up to that number of common shares equal to 10% of its outstanding shares for a term of up to ten years. The exercise price of each option is to be not less than the fair market value of the Company's stock as determined by the Plan administrator. The vesting terms are determined at the time of the option grant.

During the six months ended September 30, 2023, the change in stock options outstanding is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2022	5,840,000	\$ 0.13
Cancelled and expired unexercised	(2,090,000)	0.16
Balance, March 31, 2023	3,750,000	0.13
Cancelled and expired unexercised	(1,750,000)	0.19
Balance, September 30, 2023	2,000,000	\$ 0.06
Exercisable as at September 30, 2023	2,000,000	\$ 0.06

During the six months ended September 30, 2023, 1,750,000 (2022 – 1,990,000) options expired unexercised and \$270,442 (2022 - \$190,295) has been reallocated from reserves to deficit related to the fair value of the expired options.

The following table summarizes the stock options outstanding and exercisable as at September 30, 2023:

Date Granted	Number of Options	Exercisable	Exercise Price	Expiry Date
March 10, 2021	2,000,000	2,000,000	0.06	March 10, 2024
	2,000,000	2,000,000		

The weighted average remaining life of the exercisable stock options is 0.44 years (March 31, 2023 - 0.68 years).

#### Share-based Payments

During the six months ended September 30, 2023, the Company recorded share-based compensation expense of \$Nil (2022 - \$Nil).

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the Period Ended September 30, 2023

### 12. EQUITY (Continued)

#### Warrants

During the six months ended September 30, 2023, the change in warrants outstanding is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2023	27,847,039	\$ 0.11
Expired unexercised	(27,847,039)	0.11
Balance, September 30, 2023	-	\$ -

During the six months ended September 30, 2023, 27,847,039 (2022 – 19,630,247) warrants expired unexercised, and \$48,633 (2022 - \$72,963) has been reallocated from reserves to share capital related to the fair value of the expired warrants.

### 13. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment, being the acquisition and exploration of mineral properties. As such, all of the Company's property and equipment and exploration and evaluation assets are located in Canada.

### 14. FINANCIAL AND CAPITAL RISK MANAGEMENT

#### 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 September 30, 2023, 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.

## **PACIFIC EMPIRE MINERALS CORP.**

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

For the Period Ended September 30, 2023

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### **14. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)**

#### **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 September 30, 2023, included \$77,155 of accounts payable and accrued liabilities, \$120,225 in amounts due to related parties and \$23,485 of current lease liabilities. 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 September 30, 2023, the Company did not have any interest-bearing loans. Accordingly, the Company does not have a 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 markets in which the Company holds equity investments are subject to volatility and price changes. The Company has no control over these fluctuations and does not hedge its investments. Based on the September 30, 2023 value of marketable securities a 10% increase or decrease in the share prices of these companies would have an immaterial impact on loss and comprehensive loss.

#### **Management of Capital**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties. The Company relies mainly on equity issuances to raise new capital and on entering into joint venture agreements on certain properties which enables it to conserve capital and to reduce risk. In the management of capital, the Company includes the components of shareholders' equity. The Company prepares annual estimates of exploration and administrative expenditures and monitors actual expenditures compared to the estimates. The Company's investment policy is to invest its cash in savings accounts or highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. There have been no changes in the approach to managing capital during the six months ended September 30, 2023. Management believes that it will need to seek additional capital to continue its exploration programs and general and administrative costs. The Company is not subject to externally imposed capital requirements.

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

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### 15. FINANCIAL INSTRUMENTS BY CATEGORY

The Company classified its financial instruments as follows:

	September 30, 2023	March 31, 2023
<b>Financial assets</b>		
Amortized cost:		
Cash	\$ 185,271	\$ 313,539
Restricted cash	23,000	23,000
Reclamation deposits	76,847	76,847
Fair value through profit or loss:		
Marketable securities	47,770	69,024
	<u>\$ 332,888</u>	<u>\$ 482,410</u>
<b>Financial liabilities</b>		
Amortized cost:		
Accounts payable and accrued liabilities	\$ 77,155	\$ 71,129
Due to related parties	120,225	29,350
	<u>\$ 197,380</u>	<u>\$ 100,479</u>

#### Fair Values

The Company characterizes inputs used in determining fair value using a hierarchy that prioritizes inputs depending on the degree to which they are observable. The three levels of the fair value hierarchy are as follows:

- Level 1: inputs represent quoted prices in active markets for identical assets or liabilities. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2: inputs other than quoted prices that are observable, either directly or indirectly. Level 2 valuations are based on inputs, including quoted forward prices for commodities, market interest rates, and volatility factors, which can be observed or corroborated in the marketplace.
- Level 3: inputs that are less observable, unavoidable or where the observable data does not support the majority of the instruments' fair value.

As at September 30, 2023, there were no changes in the levels in comparison to the year ended March 31, 2023.

Financial instruments which are measured using the fair value hierarchy include marketable securities, which are categorized as Level 1.

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



## **PACIFIC EMPIRE MINERALS CORP.**

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### **16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash investing and financing transactions during the six months ended September 30, 2023 and 2022 included:

- The issuance of Nil (2022 - 200,000) common shares valued at \$Nil (2022 - \$5,000) pursuant to the Jean Marie property agreement (Note 8);
- The reallocation of \$48,633 (2022 – \$72,963) from reserves to share capital for warrants expired in the period (Note 12).
- The reallocation of \$270,442 (2022 - \$190,295) from reserves to deficit for stock options expired in the period; and
- The recording of \$Nil (2022 - \$1,290) in share issue costs included in accounts payable and accrued liabilities.