



**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED MARCH 31, 2024 AND 2023**

(Expressed in Canadian Dollars)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Pacific Empire Minerals Corp.

### ***Opinion***

We have audited the accompanying financial statements of Pacific Empire Minerals Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2024 and 2023, and the statements of changes in shareholders' equity, loss and comprehensive loss, and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS").

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### ***Material Uncertainty Related to Going Concern***

We draw attention to Note 1 of the financial statements, which indicates that the Company has working capital of \$117,761 at March 31, 2024 and, as of that date, the Company's total deficit was \$6,932,222. To continue funding its administrative and exploration expenditures, the Company will need to obtain additional cash and anticipates either financing or selling one or more of its assets. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year ended. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Except for the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our auditor's report.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Glenn Parchomchuk.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 26, 2024

# PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Statements of Financial Position

(Expressed in Canadian Dollars)

<b>ASSETS</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>Current assets</b>		
Cash	\$ 256,913	\$ 313,539
Receivables (Note 3)	176,726	107,180
Prepaid expenditures	62,472	22,528
Marketable securities (Note 4)	70,445	69,024
<b>Total current assets</b>	<b>566,556</b>	<b>512,271</b>
<b>Non-current assets</b>		
Restricted cash (Note 5)	23,000	23,000
Property and equipment (Note 6)	34,012	66,761
Reclamation deposits (Note 7)	62,942	76,847
Exploration and evaluation assets (Note 8)	12,563	2,290
<b>Total non-current assets</b>	<b>132,517</b>	<b>168,898</b>
<b>TOTAL ASSETS</b>	<b>\$ 699,073</b>	<b>\$ 681,169</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 168,915	\$ 71,129
Due to related parties (Note 10)	205,525	29,350
Lease liability (Note 11)	16,205	22,070
Flow through share liability (Note 12)	64,150	-
<b>Total current liabilities</b>	<b>454,795</b>	<b>122,549</b>
<b>Non-current</b>		
Lease liability (Note 11)	-	16,205
<b>Total non-current liabilities</b>	<b>-</b>	<b>16,205</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 12)	7,079,510	6,751,013
Reserves (Note 12)	96,990	410,619
Deficit	(6,932,222)	(6,619,217)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>244,278</b>	<b>542,415</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 699,073</b>	<b>\$ 681,169</b>

**Nature of Operations and Ability to Continue as a Going Concern (Note 1)**  
**Event subsequent to the reporting date (Note 18)**

**Approved on behalf of the Board of Directors July 26, 2024.**

"Brad Peters" , Director

"Samantha Shorter" , Director

The accompanying notes are an integral part of these financial statements

## PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	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 year	-	-	(200,352)	200,352	-
Finders warrants expired during the	-	72,963	(72,963)	-	-
Loss for the year	-	-	-	(990,653)	(990,653)
<b>Balance as at March 31, 2023</b>	90,348,196	\$ 6,751,013	\$ 410,619	\$ (6,619,217)	\$ 542,415
<b>Balance as at March 31, 2023</b>	90,348,196	\$ 6,751,013	\$ 410,619	\$ (6,619,217)	\$ 542,415
Shares issued for cash	20,000,000	200,000	-	-	200,000
Flow-through shares issued for cash	14,999,999	225,000	-	-	225,000
Flow-through share premium	-	(75,000)	-	-	(75,000)
Share issue costs - cash	-	(31,989)	-	-	(31,989)
Share issue costs - finders warrants	-	(38,147)	38,147	-	-
Share - based compensation	-	-	60,519	-	60,519
Stock options expired during the year	-	-	(363,662)	363,662	-
Finders warrants expired during the	-	48,633	(48,633)	-	-
year	-	-	-	-	-
Loss for the year	-	-	-	(676,667)	(676,667)
<b>Balance as at March 31, 2024</b>	125,348,195	\$ 7,079,510	\$ 96,990	\$ (6,932,222)	\$ 244,278

The accompanying notes are an integral part of these financial statements

# PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>EXPLORATION EXPENDITURES (Note 9)</b>	\$ 108,382	\$ 371,672
Less: Recoveries (Note 9)	(25,300)	(84,861)
Net exploration expenditures	83,082	286,811
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Administrative and office	81,635	55,836
Amortization (Note 6)	27,351	26,279
Consulting and directors fees (Note 10)	233,000	202,231
Investor relations and shareholder communication	111,266	169,565
Management fees (Note 10)	90,000	90,000
Professional fees	38,158	45,025
Share - based compensation (Note 10 & 12)	60,519	-
Travel	-	841
Total general and administrative expenses	641,929	589,777
<b>Loss from operations</b>	(725,011)	(876,588)
Option income and sale of royalty interests (Note 8)	57,500	51,500
Foreign exchange loss	(384)	(321)
Interest income and other	1,457	1,413
Fair value adjustments on marketable securities (Note 4)	(21,079)	(77,859)
Gain on sale of marketable securities (Note 4)	-	33,367
Recovery of flow through share liability	10,850	-
Impairment of exploration and evaluation assets (Note 8)	-	(122,165)
<b>Loss and comprehensive loss for the year</b>	\$ (676,667)	\$ (990,653)
<b>Basic and diluted loss per common share</b>	\$ (0.01)	\$ (0.01)
<b>Weighted average number of common shares outstanding - basic and diluted</b>	98,503,933	90,318,607

The accompanying notes are an integral part of these financial statements

# PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended March 31, 2024	Year Ended March 31, 2023
<b>Cash flows used in operating activities</b>		
Loss for the year	\$ (676,667)	\$ (990,653)
Item not affecting operating activities:		
Interest income received	(1,457)	(1,413)
Items not affecting cash:		
Amortization	32,749	35,734
Interest on lease liability	2,422	1,691
Fair value adjustments on marketable securities	21,079	77,859
Shares received as option payments	(22,500)	(16,500)
Shares - based compensation	60,519	-
Realized gain on sale of investments	-	(33,367)
Impairment of exploration and evaluation assets	-	122,165
Recovery of flow through share liability	(10,850)	-
Accrual for exploration tax credits	(25,300)	(84,861)
Changes in non-cash working capital items:		
Receivables	(30,341)	81,692
Prepaid expenditures	(39,944)	42,383
Accounts payable and accrued liabilities	85,490	11,430
Due to related parties	176,175	(10,212)
<b>Total cash used in operating activities</b>	<b>(428,625)</b>	<b>(764,052)</b>
<b>Cash used in investing activities</b>		
Acquisition of exploration and evaluation assets	(10,273)	(42,419)
Interest received on cash	1,457	1,413
Proceeds from the sale of marketable securities	-	43,442
Purchase of property and equipment, net	-	(4,344)
Refund of reclamation deposits, net	-	7,374
<b>Total cash used in (provided by) investing activities</b>	<b>(8,816)</b>	<b>5,466</b>
<b>Cash provided by (used in) financing activities</b>		
Proceeds from the sale of common shares	200,000	-
Proceeds from the sale of flow -through shares	225,000	-
Repayment of lease liability	(24,492)	(23,720)
Share issue costs	(19,693)	(1,290)
<b>Total cash provided by (used in) financing activities</b>	<b>380,815</b>	<b>(25,010)</b>
<b>Change in cash</b>	<b>(56,626)</b>	<b>(783,596)</b>
<b>Cash, beginning of the year</b>	<b>313,539</b>	<b>1,097,135</b>
<b>Cash, end of the year</b>	<b>\$ 256,913</b>	<b>\$ 313,539</b>

Supplemental disclosure with respect to cash flows (Note 17)

The accompanying notes are an integral part of these financial statements



# **PACIFIC EMPIRE MINERALS CORP.**

(An Exploration Stage Company)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended March 31, 2024 and 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 financial statements have been prepared using IFRS Accounting 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 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 financial statements, the Company has not identified whether any of its properties contain ore reserves that are economically recoverable. At March 31, 2024, the Company has not achieved profitable operations and has accumulated losses since inception.

As at March 31, 2024, the Company had working capital of \$117,761, accumulated deficit of \$6,932,222 and cash of \$256,913. 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. Subsequent to the year ended March 31, 2024, the Company closed a private placement and raised a gross amount of \$722,500 (Note 18). These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

## **2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

### **Statement of Compliance**

These financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

These 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 Financial Statements

(Expressed in Canadian Dollars)

For the years ended March 31, 2024 and 2023

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## 2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

### Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates. The functional currency for the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the reporting date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in loss and comprehensive loss

### Property and Equipment

Property and equipment is recorded at cost and amortized over its estimated useful life using the following method:

Field equipment	20% straight - line method
Office furniture and Computer equipment	20% straight - line method
Vehicles and related equipment	20% straight - line method
Right of use asset	Term of lease

Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use, along with the future cost of dismantling and removing the asset.

### Exploration and Evaluation Assets

Upon acquiring legal title to explore, the acquisition costs of mineral property interests are capitalized and initially measured at cost. Mineral property acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements.

Mineral property acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalised until the property to which they relate is placed into production, sold or allowed to lapse. These costs will be amortized over the estimated life of the mineral property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred.

Exploration and evaluation costs incurred prior to determination of the feasibility of mining operations are expensed as incurred. Re-imburements of current period exploration and evaluation costs are recognized as a recovery. Re-imburements of previously expensed exploration and evaluation costs are recognized in profit or loss.

When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

## **PACIFIC EMPIRE MINERALS CORP.**

(An Exploration Stage Company)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended March 31, 2024 and 2023

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### **2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

#### **Leases**

The Company accounts for leases in accordance with IFRS 16 Leases and uses a single lessee accounting model which requires the lessee to recognize assets and liabilities for all leases unless the underlying asset has a low value or the lease term is twelve months or less. At the commencement date of a lease, the Company recognizes a lease liability and an asset representing the right to use the underlying asset during the lease term (i.e. the “right-of-use” asset). The Company recognizes interest expense on the lease liability and amortization expense on the right-of-use asset.

#### **Financial instruments**

The Company’s financial instruments consist of cash, restricted cash, marketable securities, receivables, reclamation deposits, accounts payable and accrued liabilities, and due to related parties. All financial instruments are initially recorded at fair value and designated as follows:

Cash, restricted cash, receivables, and reclamation deposits are classified as financial assets at amortized cost and accounts payable and accrued liabilities, and due to related parties are classified as financial liabilities at amortized cost. Both financial assets at amortized cost and financial liabilities at amortized cost are measured at amortized cost using the effective interest method.

Marketable securities are classified as fair value through profit or loss (“FVTPL”).

Transaction costs on initial recognition of financial instruments classified as FVTPL are expensed as incurred. Transaction costs incurred on initial recognition of financial instruments classified as amortized cost are recognized at their fair value amount and offset against the related asset or liability. Financial assets are derecognized when the contractual rights to the cash flows from the asset expire.

Financial liabilities are derecognized only when the Company’s obligations are discharged, cancelled or they expire. On derecognition, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability obtained) is recognized in profit or loss.

The Company’s financial assets which are subject to credit risk include cash, restricted cash, receivables, and reclamation deposits. There were no impairment losses recognized on financial assets during the years ended March 31, 2024 and 2023.

#### **Impairment**

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

## **PACIFIC EMPIRE MINERALS CORP.**

(An Exploration Stage Company)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended March 31, 2024 and 2023

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### **2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

#### **Impairment of Long-lived Assets**

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset, or a cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of long-lived assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### **Restoration, Rehabilitation and Environmental Obligations**

Restoration, rehabilitation and environmental obligations are recognized for the expected obligations related to the retirement of long-lived tangible assets that arise from the acquisition, construction, development or normal operation of such assets. A restoration, rehabilitation or environmental obligation is recognized in the period in which it is incurred and when a reasonable estimate of the fair value of the liability can be made with a corresponding cost recognized by increasing the carrying amount of the related long-lived asset.

The restoration, rehabilitation or environmental cost is subsequently allocated in a rational and systematic method over the underlying asset's useful life. The initial fair value of the liability is accreted, by charges to operations, to its estimated future value. For the years presented, the Company has no known restoration, rehabilitation or environmental obligations.

#### **Share Capital**

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity.

Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions for tax purposes to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares. The premium reflects the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a

## **PACIFIC EMPIRE MINERALS CORP.**

(An Exploration Stage Company)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended March 31, 2024 and 2023

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### **2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

flow-through share premium liability. The reversal of the flow-through share premium liability is recorded as other income as the required exploration expenditures are completed.

#### **Valuation of Equity Units Issued in Private Placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in a private placement is determined to be the more easily measurable component and are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

#### **Earnings (Loss) per Share**

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares, calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of common shares issued and outstanding during the period. Diluted EPS is calculated by adjusting the profit or loss attributable to equity shareholders and the weighted average number of common shares outstanding for the effects of all potentially dilutive common shares. The calculation of diluted EPS assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Diluted EPS does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

#### **Share-based Payments**

The stock option plan allows the Company's employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

The fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that have vested.

Options granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payment expense originally recorded as reserves are transferred to share capital. When an option is cancelled/forfeited or expired, the originally recorded value is transferred and charged to deficit.

## **PACIFIC EMPIRE MINERALS CORP.**

(An Exploration Stage Company)

Notes to the Financial Statements

(Expressed in Canadian Dollars)

For the years ended March 31, 2024 and 2023

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### **2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

#### **Income Taxes**

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss and comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous periods.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized, or the liability is settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

#### **Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the President of the Company.

#### **Significant Accounting Estimates and Critical Judgements**

The preparation of these financial statements 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:

##### Estimated useful lives of property and equipment

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.

##### Share-based compensation

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

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### **2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)**

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.

#### Recovery of deferred tax assets

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.

#### Accrual of refundable tax credits

The provincial government of British Columbia, Canada provides for a refundable tax on net qualified mining exploration expenditures incurred in British Columbia. The credit is calculated as a percentage of qualified mining exploration expenses. Management has estimated and accrued the likely refundable amount arising from expenditures incurred.

#### *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.

#### **New Accounting Pronouncements**

Certain pronouncements have been issued by the IASB that are effective for accounting periods beginning on or after April 1, 2024. The Company has reviewed these updates and except as noted below, determined that many of these updates are not applicable or consequential to the Company and have been excluded from discussion with these significant accounting policies.

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statement aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from 1 January 2027. Companies are permitted to apply IFRS 18 before that date.

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### 3. RECEIVABLES

The Company's receivables arise from goods and services tax ("GST"), mineral exploration tax credits ("METC") from government taxation authorities, and reclamation deposits settled and being returned to the Company.

As at March 31, 2024 and March 31, 2023, the current receivables consisted of the following:

	March 31, 2024	March 31, 2023
Goods and services tax receivable	\$ 50,218	\$ 19,877
Mineral exploration tax credits	112,603	87,303
Reclamation deposits settled	13,905	-
	\$ 176,726	\$ 107,180

During the year ended March 31, 2024, the Company received \$Nil (2023 - \$35,011) from GST refunds.

### 4. MARKETABLE SECURITIES

As at March 31, 2024, and March 31, 2023, the Company had the following marketable securities:

	March 31, 2024	March 31, 2023
<b>Fair value through profit or loss</b>		
Cost	\$ 81,711	\$ 59,211
Accumulated unrealized gain (loss)	(11,266)	9,813
<b>Fair value</b>	\$ 70,445	\$ 69,024

### 5. RESTRICTED CASH

As at March 31, 2024, 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.



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### 6. PROPERTY AND EQUIPMENT

During the years ended March 31, 2024 and 2023, amortization of \$5,396 (2023 - \$9,455) 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 March 31, 2022	\$	44,080	\$	24,917	\$	20,594	\$	74,058	\$	163,649
Additions		-		4,989		-		45,139		50,128
Disposals and derecognition		-		-		(645)		(74,058)		(74,703)
As at March 31, 2023		44,080		29,906		19,949		45,139		139,074
As at March 31, 2024		44,080		29,906		19,949		45,139		139,074
<b>Accumulated amortization</b>										
As at March 31, 2022		23,288		9,945		16,442		60,962		110,637
Additions		5,660		5,948		3,507		20,619		35,734
Disposals and derecognition		-		-		-		(74,058)		(74,058)
As at March 31, 2023		28,948		15,893		19,949		7,523		72,313
Additions		4,782		5,398		-		22,569		32,749
As at March 31, 2024		33,730		21,291		19,949		30,092		105,062
<b>Net book value</b>										
As at March 31, 2023	\$	15,132	\$	14,013	\$	-	\$	37,616	\$	66,761
As at March 31, 2024	\$	10,350	\$	8,615	\$	-	\$	15,047	\$	34,012

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 March 31, 2024, \$62,942 (March 31, 2023 - \$76,847) is being held as security on the Company's mineral titles.

As at March 31, 2024, the Company has no material reclamation obligations.

### 8. EXPLORATION AND EVALUATION ASSETS

Property	March 31, 2024	Impairment of exploration and evaluation assets	Mineral titles and option payments	March 31, 2023
Trident	\$ 12,563	\$ -	\$ 10,273	\$ 2,290

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

Properties	March 31, 2023	Impairment of exploration and evaluation assets	Mineral titles and option payments	March 31, 2022
Trident	2,290	-	2,290	-
Abby	\$ -	\$ (9,521)	\$ -	\$ 9,521
Jean Marie	-	(112,644)	45,129	67,515
	\$ 2,290	\$ (122,165)	\$ 47,419	\$ 77,036

#### 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 \$12,563 in staking costs expanding the Trident position.

#### 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 was to 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 March 31, 2024, the Company received cash payments totalling \$75,000 and 800,000 common shares of Teako valued at \$49,000 or \$0.055 per share, including a cash payment of \$35,000 and 300,000 common shares valued at \$22,500 or \$0.075 per share during the year ended March 31, 2024. Further, the Company agreed to extend the period in which the additional expenditure requirement of \$400,000 could be met from August 25, 2023 to March 31, 2024 as a result of restricted access due to current wild fires in BC, Canada.

During the year ended March 31, 2024, Teako terminated the agreement and the Company regained 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 year ended March 31, 2024, the Company terminated the option agreement for the Jean Marie property which was previously impaired during the year ended March 31, 2023.

#### ABBY

Acquired by staking during the year ended March 31, 2022, the Company relinquished certain mineral titles comprising the Abby property and recorded an impairment of \$9,521 during the year ended March 31, 2023.

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### 9. EXPLORATION EXPENDITURES

During the year ended March 31, 2024, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Trident	Pinnacle	Target Generation*	Total
Administration costs	\$ -	\$ -	\$ 9,178	\$ 9,178
Amortization	-	-	5,398	5,398
Field costs	-	-	9,472	9,472
Geophysics	42,167	42,167	-	84,334
Total Expenditures	42,167	42,167	24,048	108,382
Exploration tax credits**	(12,650)	(12,650)	-	(25,300)
Total Recoveries	(12,650)	(12,650)	-	(25,300)
Net Expenditures	\$ 29,517	\$ 29,517	\$ 24,048	\$ 83,082

\* Substantially all expenditures included in "Target Generation" are not project specific and are general exploratory expenditures for the year ended March 31, 2024.

During the year ended March 31, 2023, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Jean Marie	Trident	Target Generation*	Total
Administration costs	\$ 10,257	\$ -	\$ 19,086	\$ 29,343
Amortization	7,128	898	1,429	9,455
Field costs	239,177	-	4,690	243,867
Geophysics	6,890	-	-	6,890
Personnel	62,477	12,092	2,249	76,818
Travel	5,299	-	-	5,299
Total Expenditures	331,228	12,990	27,454	371,672
Exploration tax credits**	(81,983)	(2,878)	-	(84,861)
Total Recoveries	(81,983)	(2,878)	-	(84,861)
Net Expenditures	\$ 249,245	\$ 10,112	\$ 27,454	\$ 286,811

\* Substantially all expenditures included in "Target Generation" are not project specific and are general exploratory expenditures for the year ended March 31, 2023.

\*\* 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.

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### 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 year ended March 31, 2024	Management & Consulting fees	Share-based Payments	Total
Management*	\$ 162,000	\$ 15,130	\$ 177,130
Outside Directors	30,000	15,735	45,735
Seabord Management Corp.**	90,000	1,210	91,210
	<u>\$ 282,000</u>	<u>\$ 32,075</u>	<u>\$ 314,075</u>

For the year ended March 31, 2023	Management & Consulting fees	Share-based Payments	Total
Management*	\$ 155,000	-	\$ 155,000
Outside Directors	24,000	-	24,000
Seabord Management Corp.**	90,000	-	90,000
	<u>\$ 269,000</u>	<u>\$ -</u>	<u>\$ 269,000</u>

Amounts due to related parties as of March 31, 2024 and March 31, 2023 are as follows:

Related party liabilities	Items or services	March 31, 2024	March 31, 2023
President *	Management fees and reimbursable expenses	\$ 115,250	\$ 28,350
Seabord Management Corp.**	Management fees and reimbursable expenses	70,875	-
Directors	Fees	19,400	1,000
		<u>\$ 205,525</u>	<u>\$ 29,350</u>

\*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).

	March 31, 2024	March 31, 2023
Lease liability net carry amount - Opening balance	\$ 38,275	\$ 15,165
Additions	-	45,139
	38,275	60,304
Lease payments made	(24,492)	(23,720)
Interest expense on lease liabilities	2,422	1,691
	16,205	38,275
Less: current portion	(16,205)	(22,070)
Non-current - Ending balance	<u>\$ -</u>	<u>\$ 16,205</u>

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### **11. LEASE LIABILITY (Continued)**

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 March 31, 2024, the expected remaining cash commitments were \$16,728 (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 March 31, 2024.

*During the year ended March 31, 2024:*

During the year ended March 31, 2024, the Company completed a private placement raising an aggregate of \$425,000, of which \$200,000 was raised on the issuance of 20,000,000 common shares and \$225,000 was raised on the issuance of 14,999,999 flow-through shares. Each common share was issued at a price per share of \$0.01 and each flow-through share was issued at a price of \$0.015 per share. The private place closed in two tranches.

Pursuant to the application of the residual value method with respect to the measurement of any flow-through share premium on the issuance of flow-through shares, a flow-through premium liability of \$75,000 or \$0.005 per share related to the difference between the subscription price of a flow-through share compared to non-flow through shares issued concurrently.

Funds raised from the issuance of flow-through shares require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions for tax purposes to the Company. As at March 31, 2024, the Company had \$64,150 remaining of qualifying exploration expenditures to be incurred within 24 months from the date of the flow-through agreement.

In consideration for arranging the private placement, the Company paid \$26,375 in cash commissions and issued 1,481,666 finder's warrants valued at \$38,147 in two tranches. Each of 466,666 finder's warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.02 per share until December 29, 2024 and \$0.10 per share for a futher 24 months until December 29, 2026. Each of 1,015,000 finder's warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.05 per share until January 16, 2025 and \$0.10 per share for a futher 24 months until Jan 16, 2027. The weighted average fair value of the finder's warrants issued as part of the private placement was estimated as of the date of the issuance using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 3.90%, dividend yield of 0%, volatility of 257% and an expected life of three years.

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### 12. EQUITY (Continued)

During the year ended March 31, 2023:

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 March 31, 2024, 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 years ended March 31, 2024 and 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)	0.14
Balance, March 31, 2023	3,750,000	\$ 0.12
Granted	5,000,000	\$ 0.05
Cancelled and expired unexercised	(3,750,000)	0.12
Balance, March 31, 2024	5,000,000	\$ 0.05
Exercisable as at March 31, 2024	1,250,000	\$ 0.05

During the year ended March 31, 2024, 3,750,000 (2023 – 2,090,000) options expired unexercised and \$363,662 (2023 - \$200,352) 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 March 31, 2024:

Date Granted	Number of Options	Exercisable	Exercise Price	Expiry Date
March 1, 2024	5,000,000	1,250,000	\$ 0.05	March 1, 2027
	5,000,000	1,250,000		

The weighted average remaining life of the exercisable stock options is 2.92 years (March 31, 2023 - 0.68 years).

#### Share-based Payments

During the year ended March 31, 2024, the Company recorded a share-based compensation expense of \$60,519 (2023 - \$Nil), which represents the fair value of options vested during the period with the offsetting amount credited to reserves. The weighted average fair value of the stock options granted during the year ended March 31, 2024 was \$0.04 per stock option (2023 - \$Nil per stock option). The fair value of stock options granted was estimated using the Black-Scholes option pricing model with weighted average assumptions as follows: risk-free interest rate of 3.85% (2023 – Nil), dividend yield of Nil (2023 – Nil), volatility of 213% (2023 - Nil), forfeiture rate of Nil (2023 - Nil), and an expected life of 3 years (2023 – Nil).

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### 12. EQUITY (Continued)

#### Warrants

During the years ended March 31, 2024 and 2023, the change in warrants outstanding is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2022	47,477,286	\$ 0.11
Cancelled and expired unexercised	(19,630,247)	0.12
Balance, March 31, 2023	27,847,039	\$ 0.10
Expired unexercised	(27,847,039)	0.10
Issued	1,481,666	0.04
Balance, March 31, 2024	1,481,666	\$ 0.04

The following table summarizes the warrants outstanding as at March 31, 2024:

Date Granted	Number of Warrants*	Exercise Price	Expiry Date
December 29, 2023 Finders' Warrants*	466,666	\$ 0.02	December 31, 2026
January 16, 2024 Finders' Warrants**	1,015,000	0.05	January 16, 2027
	1,481,666		

\*Each finders' warrant is exercisable at a price of \$0.02 per common share for a period of 12 months from the date of issue and at a price of \$0.10 for the period from December 29, 2024 to December 29, 2026.

\*\*Each finders' warrant is exercisable at a price of \$0.05 per common share for a period of 12 months from the date of issue and at a price of \$0.10 for the period from January 16, 2025 to January 16, 2027.

During the year ended March 31, 2024, 27,847,039 (2023 – 19,630,247) warrants expired unexercised, and \$48,633 (2023 - \$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.

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

#### **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 March 31, 2024, 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 March 31, 2024, included \$168,914 of accounts payable and accrued liabilities, \$205,525 in amounts due to related parties and \$16,205 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 March 31, 2024, 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 March 31, 2024 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. Subsequent to the year ended March 31, 2024, the Company closed a private placement raising an aggregate of \$722,500 in proceeds (Note 18), and the Company also has receivables including mineral exploration tax credits, GST, and reclamation deposits to be received. The Company prepares annual estimates of exploration and



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

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 year ended March 31, 2024. 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.

### 15. FINANCIAL INSTRUMENTS BY CATEGORY

The Company classified its financial instruments as follows:

	March 31, 2024	March 31, 2023
<b>Financial assets</b>		
Amortized cost:		
Cash	\$ 256,913	\$ 313,539
Restricted cash	23,000	23,000
Reclamation deposits	62,942	76,847
Fair value through profit or loss:		
Marketable securities	70,445	69,024
	<u>\$ 413,300</u>	<u>\$ 482,410</u>
<b>Financial liabilities</b>		
Amortized cost:		
Accounts payable and accrued liabilities	\$ 168,915	\$ 71,129
Due to related parties	205,525	29,350
	<u>\$ 374,440</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 March 31, 2024, 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. INCOME TAXES

The provision for income taxes differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 27% (2023 - 27%) as follows:

	March 31, 2024	March 31, 2023
Loss for the year before income taxes	\$ (676,667)	\$ (990,653)
Expected income tax recovery	(183,000)	(279,000)
Change in statutory, foreign tax, foreign exchange rates and other	6,000	7,000
Permanent differences	16,000	2,000
Impact of flow-through shares	12,000	-
Share issue costs	(9,000)	(20,000)
Changes in unrecognized deductible temporary difference	158,000	290,000
	\$ -	\$ -

Significant components of the Company's unrecognized deferred tax assets are as follows:

	March 31, 2024	March 31, 2023
Deferred tax assets:		
Exploration and evaluation assets	\$ 566,000	\$ 562,000
Property and equipment	20,000	7,000
Share issue costs and other	22,000	38,000
Marketable securities	-	4,000
Non-capital losses available for future periods	1,307,000	1,154,000
	1,915,000	1,765,000
Unrecognized deferred tax assets	(1,915,000)	(1,765,000)
Net deferred tax assets	\$ -	\$ -

The significant components of the Company's unrecognized temporary differences are as follows:

	Expiry date	March 31, 2024	March 31, 2023
Temporary differences:			
Exploration and evaluation assets	no expiry	\$ 2,076,000	\$ 2,062,000
Investment tax credit	2032-2033	7,000	7,000
Property and equipment	no expiry	74,000	25,000
Marketable securities	no expiry	-	33,000
Share issue costs and other	2045 to 2048	81,000	141,000
Non - capital losses available for future periods	2032 to 2044	4,837,000	4,273,000

### 17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions during the year ended March 31, 2024 included:

- The reduction of share capital by \$75,000 related to the flow-through share premium (Note 12);
- The recording of \$38,147 in share capital and reserves related to the fair value of finders' warrants (Note 12);
- The reallocation of \$48,633 from reserves to share capital for warrants expired in the period (Note 12);
- The reallocation of \$363,662 from reserves to deficit for stock options expired in the period (Note 12);

## **PACIFIC EMPIRE MINERALS CORP.**

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### **17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (Continued)**

- The recording of \$12,296 in share capital related to share issue costs included in accounts payable. (Note 12).
- The reallocation of \$16,205 from non-current lease liabilities to current lease liability: and
- The reallocation of \$13,905 in reclamation deposits to receivables.

Significant non-cash investing and financing transactions during the year ended March 31, 2023 included:

- The issuance of 200,000 common shares valued at \$5,000 pursuant to the Jean Marie property agreement (Note 8);
- The reallocation of \$200,352 from reserves to deficit for stock options expired in the period (Note 12);
- The reallocation of \$72,963 from reserves to share capital for warrants expired in the period (Note 12); and
- The recognition of \$45,139 in right-to-use assets and lease liabilities related to an office lease extension (Note 6 and 11).

### **18. EVENT SUBSEQUENT TO THE REPORTING DATE**

Subsequent to the year ended March 31, 2024, the Company:

Completed a private placement raising an aggregate of \$722,500, by issuing 14,450,000 units at a price of \$0.05 per unit. Each unit consists of one common share in the capital of the Company and one common share purchase warrant. Each warrant will entitle the holder to acquire one common share at an exercise price of \$0.08 per common share for a period of 36 months from the closing date of the offering.

In consideration of the private placement, an aggregate total of \$26,075 in cash finder's fees were paid and 521,500 finder's warrants were issued to qualified parties. The finder's warrants are subject to the same terms as the warrants issued as part of the units.