



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2021

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

**Pacific Empire Minerals Corp.
211 - 850 West Hastings Street
Vancouver, BC, V6C 1E1**

August 30, 2021

To the Shareholders of
Pacific Empire Minerals Corp.

The accompanying unaudited condensed interim financial statements of Pacific Empire Minerals Corp. (the "Company") for the three months ended June 30, 2021 and 2020 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

ASSETS	June 30, 2021	March 31, 2021
Current assets		
Cash	\$ 1,291,441	\$ 435,315
Receivables (Note 3)	67,520	51,120
Prepaid expenditures	90,961	139,123
Field supplies	194,528	194,528
Marketable securities (Note 4)	113,460	96,860
Total current assets	1,757,910	916,946
Non-current assets		
Restricted cash (Note 5)	23,000	23,000
Property and equipment (Note 6)	233,038	209,976
Reclamation deposits (Note 7)	84,221	84,221
Exploration and evaluation assets (Note 8)	109,962	56,432
Total non-current assets	450,221	373,629
TOTAL ASSETS	\$ 2,208,131	\$ 1,290,575
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 97,302	\$ 46,955
Due to related parties (Note 10)	13,643	10,660
Current lease liability (Note 11)	28,689	13,743
Total current liabilities	139,634	71,358
Non-current		
Lease liability (Note 11)	9,637	-
Total non-current liabilities	9,637	-
TOTAL LIABILITIES	149,271	71,358
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	6,639,120	5,505,294
Reserves (Note 12)	685,413	653,666
Deficit	(5,265,673)	(4,939,743)
TOTAL SHAREHOLDERS' EQUITY	2,058,860	1,219,217
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,208,131	\$ 1,290,575

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

Approved on behalf of the Board of Directors August 30, 2021.

“Brad Peters” , Director

“Larry Donaldson” , 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
Balance as at March 31, 2020	42,916,707	\$ 4,254,350	\$ 419,043	\$ (3,890,642)	\$ 782,751
Shares issued for cash	5,500,000	275,000	-	-	275,000
Shares issued for mineral properties	150,000	9,750	-	-	9,750
Share issue costs - cash	-	(8,214)	-	-	(8,214)
Share issue costs - warrants	-	(2,151)	2,151	-	-
Share - based compensation	-	-	7,358	-	7,358
Stock options expired during the period	-	-	(33,391)	33,391	-
Loss for the period	-	-	-	(150,992)	(150,992)
Balance as at June 30, 2020	48,566,707	\$ 4,528,735	\$ 395,161	\$ (4,008,243)	\$ 915,653
Balance as at March 31, 2021	68,788,965	\$ 5,505,294	\$ 653,666	\$ (4,939,743)	\$ 1,219,217
Shares issued for cash	21,109,231	1,266,554	-	-	1,266,554
Shares issued for mineral properties	250,000	15,000	-	-	15,000
Share issue costs - cash	-	(101,246)	-	-	(101,246)
Share issue costs - warrants	-	(46,482)	46,482	-	-
Share - based compensation	-	-	71,038	-	71,038
Stock options expired during the period	-	-	(85,773)	85,773	-
Loss for the period	-	-	-	(411,703)	(411,703)
Balance as at June 30, 2021	90,148,196	\$ 6,639,120	\$ 685,413	\$ (5,265,673)	\$ 2,058,860

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	
	June 30, 2021	June 30, 2020
EXPLORATION EXPENDITURES (Note 9)	\$ 110,229	\$ 73,326
Less: Recoveries (Note 9)	(12,974)	(1,865)
Net exploration expenditures	97,255	71,461
GENERAL AND ADMINISTRATIVE EXPENSES		
Administrative and office	16,605	15,785
Amortization (Note 6)	6,578	4,638
Consulting and directors fees (Note 10)	52,106	25,575
Investor relations and shareholder communication	154,337	43,931
Management fees (Note 10)	22,500	22,500
Professional fees	7,929	17,094
Share - based compensation (Note 10 & 12)	71,038	7,358
Travel	191	25
Total general and administrative expenses	331,284	136,906
Loss from operations	(428,539)	(208,367)
Option income and sale of royalty interests (Note 8)	-	54,200
Foreign exchange gain (loss)	(210)	192
Interest income and other	446	816
Fair value adjustments on marketable securities (Note 4)	16,600	2,167
Loss and comprehensive loss for the period	\$ (411,703)	\$ (150,992)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding	78,781,279	45,372,202

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

	Three Months Ended	
	June 30, 2021	June 30, 2020
Cash flows from operating activities		
Loss for the period	\$ (411,703)	\$ (150,992)
Item not affecting operating activities:		
Interest income received	(446)	(816)
Items not affecting cash:		
Amortization	27,012	25,017
Interest on lease liability	214	505
Fair value adjustments on marketable securities	(16,600)	(2,167)
Option income and sale of royalty interests	-	(4,200)
Share - based compensation	71,038	7,358
Accrual for exploration tax credits	(12,974)	(1,865)
Changes in non-cash working capital items:		
Receivables	(3,426)	(681)
Prepaid expenditures	48,162	(4,973)
Accounts payable and accrued liabilities	49,477	3,599
Due to related parties	2,983	(25,151)
Total cash used in operating activities	(246,263)	(154,366)
Cash flows used in investing activities		
Acquisition of exploration and evaluation assets	(38,530)	(26,879)
Interest received on cash	446	816
Purchase of property and equipment	(20,202)	-
Purchase of reclamation deposits	-	(1,000)
Total cash used in investing activities	(58,286)	(27,063)
Cash flows from financing activities		
Proceeds from the sale of common shares	1,266,554	275,000
Repayment of lease liability	(5,503)	(4,455)
Share issuance costs	(100,376)	(4,818)
Total cash provided by financing activities	1,160,675	265,727
Change in cash	856,126	84,298
Cash, beginning of the period	435,315	14,286
Cash, end of the period	\$ 1,291,441	\$ 98,584

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 – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

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” and the OTCQB Venture Market Exchange under the symbol “PEMSF”. The Company’s head office address is at Suite 211, 850 West Hastings Street, Vancouver, British Columbia V6C 1E1, 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.

These condensed interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. 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 financial statements, the Company has not identified whether any of its properties contain ore reserves that are economically recoverable. At June 30, 2021, the Company has not achieved profitable operations and has accumulated losses since inception.

As at June 30, 2021, the Company had working capital of \$1,618,276, accumulated deficit of \$5,265,673 and cash of \$1,291,441. With its current plans and budgets associated with those plans, management believes it will have sufficient capital resources to fund its budgeted exploration programs and administrative expenses for the next twelve months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

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 – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

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, 2021, 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 and mineral exploration tax credits from government taxation authorities.

As at June 30, 2021 and March 31, 2021, the current receivables consisted of the following:

	June 30, 2021	March 31, 2021
Goods and services tax receivable	\$ 17,075	\$ 11,683
Mineral exploration tax credits	50,445	37,471
Other	-	1,966
	\$ 67,520	\$ 51,120

During the three months ended June 30, 2021, the Company received \$8,173 (2020 - \$6,418) from goods and services tax refunds.

4. MARKETABLE SECURITIES

As at June 30, 2021 and March 31, 2021, the Company had the following marketable securities:

	June 30, 2021	March 31, 2021
Fair value through profit or loss		
Cost	\$ 78,900	\$ 78,900
Accumulated unrealized gain	34,560	17,960
Fair value	\$ 113,460	\$ 96,860

5. RESTRICTED CASH

As at June 30, 2021, the Company classified \$23,000 (March 31, 2021 - \$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 – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

6. PROPERTY AND EQUIPMENT

During the three months ended June 30, 2021, amortization of \$20,434 (2020 - \$20,379) has been included in exploration expenditures (Note 9).

	Computer equipment and software	Field equipment	Vehicles and related equipment	Right-of-use assets	Total
Cost					
As at March 31, 2021	\$ 25,628	\$ 376,504	\$ 31,079	\$ 44,596	\$ 477,807
Additions	14,255	5,947	-	29,872	50,074
As at June 30, 2021	39,883	382,451	31,079	74,468	527,881
Accumulated amortization					
As at March 31, 2021	17,132	199,859	18,408	32,432	267,831
Additions	864	18,880	1,554	5,714	27,012
As at June 30, 2021	\$ 17,996	\$ 218,739	\$ 19,962	\$ 38,146	\$ 294,843
Net book value					
As at March 31, 2021	\$ 8,496	\$ 176,645	\$ 12,671	\$ 12,164	\$ 209,976
As at June 30, 2021	\$ 21,887	\$ 163,712	\$ 11,117	\$ 36,322	\$ 233,038

Right-of-use assets consists of leased office spaces (Note 11) and are amortized on a straight-line basis over the term of the leases.

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 June 30, 2021, \$84,221 (March 31, 2021 - \$84,221) is being held as security on the Company's mineral titles.

As at June 30, 2021, the Company has no material reclamation obligations.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

8. EXPLORATION AND EVALUATION ASSETS

Properties	June 30, 2021	Mineral titles and option payments		March 31, 2021
Jean Marie	\$ 61,462	\$ 32,530	\$ 28,932	
Worldstock	48,500	21,000	27,500	
	\$ 109,962	\$ 53,530	\$ 56,432	

WORLDSTOCK

In May 2019, The Company entered into an option agreement with a private vendor to acquire a 100% interest in the Worldstock Property located in south-central British Columbia. To earn its 100% interest in the property, the Company paid \$10,000 cash and issued 50,000 common shares valued at \$3,750 or \$0.075 per share upon signing and is required to make annual staged option payments starting on the first anniversary of the effective date totaling \$75,000 cash and 550,000 common shares over a four-year period as follows:

- Making an initial cash payment of \$10,000 (paid) upon signing of the agreement and issuing 50,000 common shares (issued) of the Company valued at \$3,750 or \$0.075 per share;
- Making a cash payment of \$10,000 (paid), and issuing 50,000 common shares (issued) of the Company valued at \$3,750 or \$0.075 per share on or before May 28, 2020;
- Making a cash payment of \$15,000 (paid), and issuing 100,000 common shares (issued) of the Company valued at \$6,000 or \$0.06 per share on or before May 28, 2021;
- Making a cash payment of \$20,000, and issuing 100,000 common shares of the Company on or before May 28, 2022; and
- Making a cash payment of \$30,000, and issuing 300,000 common shares of the Company on or before May 28, 2023;

Pursuant to the Worldstock agreement, the Company made a cash payment of \$15,000, and issued 100,000 common shares (valued at \$6,000 or \$0.06 per common share) as required on or before May 28, 2021 as the third anniversary payment.

Upon exercise of the option, the Company shall grant the Worldstock Optionor a 2% net smelter returns “NSR” royalty which the Company may purchase one half (0.5%) of the NSR royalty from the vendors for \$1,000,000.

STARS

During the year ended March 31, 2017, the Company purchased a 50% interest in certain tenures forming the Stars Project for \$15,000. The other 50% is held by Divitiae Resources Ltd. (“Divitiae”).

On November 20, 2017 the Company signed an option agreement with M3 Metals Corp. (“M3 Metals”) for the Stars Project. M3 Metals was to earn up to a 30% interest in the 50% interest held by the Company. As consideration for the option, M3 Metals was to make aggregate cash payments in the amount of \$80,000 (received) and issue a total of 60,000 common shares to the Company over a two-year period (received) and incur a minimum of \$4,500,000 in exploration expenditures on the project over a three-year period (not completed). As a result of not fulfilling obligations under the agreement, M3 Metals forfeited the option for the Company’s 30%.

As at June 30, 2021, the Company continues to hold the 50% interest in the Stars claims and M3 Metals continues to hold an option for Divitae’s 50%.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

8. EXPLORATION AND EVALUATION ASSETS (Continued)

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 is 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, as follows:

- Making an initial cash payment of \$15,000 (paid) within 45 days of the effective date and issuing 100,000 common shares of the Company (issued) valued at \$6,000 or \$0.06 per common share, within 7 days of the effective date;
- Making a cash payment of \$20,000 (paid), issuing 150,000 common shares (issued) of the Company valued at \$9,000 or \$0.06 per share, and incurring \$50,000 in expenditures on or before May 25, 2021 (completed);
- Making a cash payment of \$40,000, issuing 200,000 common shares of the Company, and incurring \$250,000 in expenditures (\$300,000 cumulative) on or before May 25, 2022;
- Making a cash payment of \$100,000, issuing 250,000 common shares of the Company, and incurring \$500,000 in expenditures (\$800,000 cumulative) on or before May 25, 2023;
- Making a cash payment of \$150,000, issuing 300,000 common shares of the Company, and incurring \$800,000 in expenditures (\$1,600,000 cumulative) on or before May 25, 2024; and
- Making a cash payment of \$350,000, and issuing 500,000 common shares of the Company, and incurring \$1,100,000 in expenditures (\$2,700,000 cumulative) on or before May 25, 2025;

The vendors of the property will be granted a 2.5% NSR royalty, one half (1.25%) of which can be purchased at any time for \$1,500,000. A further 0.25% of the NSR royalty can be purchased at any time for \$1,000,000, thereby reducing the NSR royalty to 1.0%.

In addition to the option agreement, the Company has staked additional areas expanding the Jean Marie position.

PINNACLE

On March 4, 2019 the Company entered into a royalty purchase agreement pursuant to which Nova Royalty Corp. ("Nova") was granted a right to acquire a 1% NSR royalty on the production from the Pinnacle Reef Property upon the expiry or termination of an option agreement dated July 12, 2016 between the Company and M3 Metals. As a result of M3 Metals terminating this option agreement, Nova exercised its right to acquire the 1% NSR Pinnacle Reef Royalty. The Company has also agreed to grant Nova a right of first refusal on any future royalty or streaming transactions on the Projects.

On December 21, 2020 with an August 25, 2020 effective date, the Company entered into a definitive agreement with 1111 Exploration Corp. ("1111 Exploration" formerly 1111 Acquisition Corp.) granting 1111 Exploration the option to earn a 70% interest in the Pinnacle property. As consideration for the option, 1111 Exploration will make aggregate cash payments in the amount of \$375,000, issue a total of 3,500,000 common shares to the Company, and incur a minimum of \$5,700,000 in exploration expenditures on the project over a four-year period as follows:

- Making an initial cash payment of \$15,000 (received) by September 3, 2020;
- Making a cash payment of \$25,000 (subsequently received), issuing to the Company 200,000 common shares (subsequently received), and incurring a minimum of \$100,000 in exploration expenditures by August 25, 2021;
- Making a cash payment of \$35,000, issuing to the Company 300,000 common shares, and incurring an additional \$500,000 in exploration expenditures by August 25, 2022;

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

8. EXPLORATION AND EVALUATION ASSETS (Continued)

- Making a cash payment of \$50,000, issuing to the Company 500,000 common shares, and incurring an additional \$2,100,000 in exploration expenditures by August 25, 2023; and
- Making a cash payment of \$250,000 (with an option to pay up to 50% in an equivalent value of common shares), issuing to the Company 2,500,000 common shares, and incurring an additional \$3,000,000 in exploration expenditures by August 25, 2024.

The Company will retain a 30% free-carried interest in the project up until the date that 1111 Exploration publishes a NI 43-101 compliant Pre-Feasibility Study ("PFS") on the project. Following completion of the PFS, the Company and 1111 Exploration will form a joint venture with 1111 Exploration holding a 70% initial interest and the Company holding a 30% initial interest. If the total cumulative common shares granted to the Company is less than 5% of the total issued and outstanding common shares of 1111 Exploration as of the date of the PFS, 1111 Exploration will issue to the Company such number of common shares which will bring the Company ownership level to 5% of the total issued and outstanding common shares of 1111 Exploration .

KITIMAT

On December 7, 2020, the Company entered into a definitive agreement with Cavu Mining Corp. ("CAVU") granting CAVU the option to earn a 100% interest in the Kitimat property. As consideration for the option, CAVU will make aggregate cash payments in the amount of \$390,000, issue a total of 2,650,000 common shares to the Company, and incur a minimum of \$1,000,000 in exploration expenditures on the project over a three-year period as follows:

- Making an initial cash payment of \$15,000 (received) upon signing of the agreement and issuing to the Company 100,000 common shares (received) within seven days of December 7, 2020;
- Making a cash payment of \$25,000 (received) and issuing to the Company 150,000 common shares (received) upon listing of CAVU shares on the TSX-V on February 16, 2021;
- Making a cash payment of \$50,000 and issuing to the Company 300,000 common shares by February 16, 2022;
- Making a cash payment of \$50,000 and issuing to the Company 600,000 common shares by February 16, 2023; and
- Making a cash payment of \$250,000, issuing to the Company 1,500,000 common shares by February 16, 2024, and incurring an aggregate of \$1,000,000 in aggregate expenditures by December 7, 2023.

Upon exercise of the option, the Company will be granted a 2.0% NSR royalty, one half (1%) of which can be purchased at any time for cash consideration of \$1,000,000.

Pursuant to the Kitimat option agreement, as at June 30, 2021, the Company has received cash payments totalling \$40,000 and 250,000 common shares of CAVU valued at \$12,500 being the initial and secondary payments upon listing.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

9. EXPLORATION EXPENDITURES

During the three months ended June 30, 2021, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Jean Marie	Pinnacle	Worldstock	Wildcat	Target Generation*	Total
Administration Cost	\$ 1,127	\$ -	\$ -	\$ -	\$ -	\$ 1,127
Amortization	18,594	-	-	-	1,839	20,433
Drilling and related field costs	26,131	-	-	-	6,387	32,518
Geophysics	13,660	-	-	-	-	13,660
Personnel	36,251	-	-	-	1,360	37,611
Travel	4,880	-	-	-	-	4,880
Total Expenditures	100,643	-	-	-	9,586	110,229
Exploration tax credits**	(12,974)	-	-	-	-	(12,974)
Total Recoveries	(12,974)	-	-	-	-	(12,974)
Net Expenditures	\$ 87,669	\$ -	\$ -	\$ -	\$ 9,586	\$ 97,255

* Substantially all expenditures included in “Target Generation” are not project specific and are general exploratory expenditures for the three months ended June 30, 2021.

During the three months ended June 30, 2020, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Jean Marie	Pinnacle	Worldstock	Wildcat	Target Generation*	Total
Amortization	\$ 4,483	\$ 611	\$ 4,484	\$ 611	\$ 10,190	\$ 20,379
Geophysics	450	-	2,950	-	450	3,850
Drilling and related field costs	121	-	3,549	1,139	1,393	6,202
Personnel	8,200	1,400	4,215	-	25,600	39,415
Travel	2,449	-	628	403	0	3,480
Total Expenditures	15,703	2,011	15,826	2,153	37,633	73,326
Exploration tax credits**	(585)	-	(1,145)	-	(135)	(1,865)
Total Recoveries	(585)	-	(1,145)	-	(135)	(1,865)
Net Expenditures	\$ 15,118	\$ 2,011	\$ 14,681	\$ 2,153	\$ 37,498	\$ 71,461

* Components of “Target Generation” exploration expenditures for the three months ended June 30, 2020 were Stars - \$400; Weedon - \$450; and Other - \$36,783.

** 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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(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

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 three months ended	June 30, 2021	June 30, 2020
<u>Exploration expenditures</u>		
Vice President, Exploration (former)	\$ -	\$ 13,800
<u>Management and consulting fees</u>		
President*	28,800	18,800
Vice President, Exploration (former)	-	3,400
Outside directors	6,000	3,000
Seabord Services Corp.**	22,500	22,500
<u>Share - based compensation</u>		
Management and directors	34,340	3,884
Seabord Services Corp.**	6,060	570
	\$ 97,700	\$ 65,954

Amounts due to related parties as of June 30, 2021 and March 31, 2021 are as follows:

Related party liabilities	Items or services	June 30, 2021	March 31, 2021
President *	Management fees and reimbursable expenses	\$ 11,643	\$ 9,660
Directors	Fees	2,000	1,000
		\$ 13,643	\$ 10,660

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

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

There were no changes to the Company’s Board of Directors or management during the three months ended June 30, 2021.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

11. LEASE LIABILITY

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

Lease liability net carry amount as at March 31, 2021	\$	13,743
Additions		29,872
		43,615
Lease payments made		(5,503)
Interest expense on lease liabilities		214
		38,326
Less: current portion		(28,689)
As at June 30, 2021	\$	9,637

In April 2018, the Company renewed a lease agreement with LRG Investments Ltd. for office space in Vancouver, Canada. The original lease commenced on January 1, 2013 for nine years. The renewed lease has a three - year term and commenced on January 1, 2019. As at June 30, 2021, expected remaining cash commitments were \$9,432 (2022).

In May 2021, the Company entered into a new lease agreement with 525 Seymour Inc. for additional office space in Vancouver, BC. The lease is for 18 months until November 30, 2022. As at June 30, 2021, expected remaining cash commitments were \$30,676 (2023).

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 June 30, 2021.

During the three months ended June 30, 2021:

In May and June 2021, the Company completed a non-brokered private placement in two tranches and issued 21,109,231 units at a price of \$0.06 per unit for gross proceeds of \$1,266,554. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of \$0.10 per share for 24 months from the closing of the offering or June 2, 2023.

In consideration for arranging the private placement, the Company paid finder's fees to: (i) Haywood Securities Inc. consisting of \$59,468 in cash and issued 991,132 finder's warrants; (ii) Research Capital Corp., consisting of \$10,500 in cash and issued 175,000 finder's warrants; and (iii) Hampton Securities Ltd. consisting of \$701 in cash and issued 11,676 finder's warrants. Each finder's warrant entitles the holder to purchase one common share at a price of \$0.10 per common share for 24 months from the closing of the offering or June 2, 2023. The Company recorded \$46,482 in share capital and reserves related to the fair value of the finders' warrants. The 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 0.32%, dividend yield of 0%, volatility of 151% and an expected life of 2 years.. The Company paid an additional \$30,577 in legal and regulatory costs related to the private placement.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

12. EQUITY (Continued)

In May 2021, the Company Issued 150,000 common shares for the Jean Marie property valued at \$9,000 or \$0.06 per share and 100,000 common shares related to the Worldstock property valued at \$6,000 or \$0.06 per share as required pursuant to the acquisition agreements (Note 8). The common shares were valued using the observable market price on the issuance date.

During the three months ended June 30, 2020:

In May 2020, the Company completed a private placement raising an aggregate of \$275,000 through the issuance of 5,500,000 units. Each unit was issued at a price per unit of \$0.05 and is comprised of one common share of the Company and one common share purchase warrant entitling the holder to acquire one common share at an exercise price of \$0.10 exercisable until May 21, 2023. Pursuant to the application of the residual value method with respect to measurement of shares and warrants issued in private placements, there was no residual value allocated to the warrant component of the unit.

In consideration for arranging the private placement, the Company paid \$3,000 in cash commissions and issued 60,000 finder's warrants. Each finder's warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.10 per share until May 21, 2023. The 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 0.29%, dividend yield of 0%, volatility of 146% and an expected life of 3 years. The Company paid an additional \$5,214 in legal and regulatory costs related to the private placement.

The Company issued 50,000 common shares valued at \$0.075 per share or \$3,750 related to the Worldstock acquisition agreements (Note 8). The common shares were valued using the observable market price on the issuance date.

The Company issued 100,000 common shares valued at \$0.06 per share or \$6,000 related to the Jean Marie acquisition agreements (Note 8). The common shares were valued using the observable market price on the issuance date.

Stock Option Plan

As at June 30, 2021, 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 three months ended June 30, 2021, the change in stock options outstanding is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2021	6,715,000	\$ 0.13
Cancelled and expired unexercised	(875,000)	0.16
Balance, June 30, 2021	5,840,000	0.13
Exercisable as at June 30, 2021	4,265,000	\$ 0.14

During the three months ended June 30, 2021, 875,00 options expired unexercised and \$85,773 has been reallocated from reserves to deficit related to the fair value of the expired options.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

12. EQUITY (Continued)

The following table summarizes the stock options outstanding and exercisable as at June 30, 2021:

Date Granted	Number of		Exercise Price	Expiry Date
	Options	Exercisable		
June 23, 2017	690,000	690,000	0.20	June 23, 2022
July 4, 2017	150,000	150,000	0.20	July 4, 2022
September 23, 2019	850,000	850,000	0.08	Sept 23, 2022
August 12, 2020*	1,950,000	1,462,500	0.19	August 12, 2023
August 21, 2020*	50,000	37,500	0.19	August 21, 2023
March 10, 2021**	2,150,000	1,075,000	0.06	March 10, 2024
	5,840,000	4,265,000		

* stock options vest 25% every quarter from date of grant.

The weighted average remaining life of the exercisable stock options is 1.86 years (March 31, 2021 – 1.86 years).

Share-based Payments

During the three months ended June 30, 2021, the Company recorded share-based compensation expense of \$71,038 (2020 - \$7,358), which represents the fair value of options vested during the period with the offsetting amount credited to reserves.

Warrants

During the three months ended June 30, 2021, the change in warrants outstanding is as follows:

	Number of	Weighted
	Warrants	Average
		Exercise Price
Balance, March 31, 2021	26,250,247	\$ 0.12
Issued	22,287,039	0.10
Cancelled and expired unexercised	(1,060,000)	0.30
Balance, June 30, 2021	47,477,286	\$ 0.11

The following table summarizes the warrants outstanding and exercisable as at June 30, 2021:

Date Granted	Number of		Expiry Date
	Warrants	Exercise Price	
May 22, 2019 Private Placement	10,672,857	0.14	May 22, 2022
May 22, 2019 Finders' Warrants	339,900	0.14	May 22, 2022
May 21, 2020 Private Placement	5,500,000	0.10	May 21, 2023
May 21, 2020 Finders' Warrants	60,000	0.10	May 21, 2023
July 24, 2020 Private Placement	8,000,000	0.10	July 24, 2022
July 24, 2020 Finders' Warrants	617,490	0.10	July 24, 2022
May 14, 2021 Private Placement	16,275,898	0.10	May 14, 2023
May 14, 2021 Finders' Warrants	839,475	0.10	May 14, 2023
June 02, 2021 Private Placement	4,833,333	0.10	June 02, 2023
June 02, 2021 Finders' Warrants	338,333	0.10	June 02, 2023
	47,477,286		

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

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 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 June 30, 2021, 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 June 30, 2021, included \$97,302 of accounts payable and accrued liabilities, \$13,643 in amounts due to related parties and \$38,326 of lease liability. 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 June 30, 2021, the Company did not have any interest-bearing loans. Accordingly, the Company does not have significant interest rate risk.

Market Risk

The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the June 30, 2021 value of marketable securities a 10% increase or decrease in the share prices of these companies would have an immaterial impact on profit or loss for the period.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

14. FINANCIAL AND CAPITAL RISK MANAGEMENT (Continued)

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 as well as cash. 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 approach to managing capital during the three months ended June 30, 2021. Management believes that the Company will have sufficient capital to fund its operations for the next twelve months. The Company is not subject to externally imposed capital requirements.

15. FINANCIAL INSTRUMENTS BY CATEGORY

The Company classified its financial instruments as follows:

	June 30, 2021	March 31, 2021
Financial assets		
Amortized cost:		
Cash	\$ 1,291,441	\$ 435,315
Restricted cash	23,000	23,000
Reclamation deposits	84,221	84,221
Fair value through profit or loss:		
Marketable securities	113,460	96,860
	<u>\$ 1,512,122</u>	<u>\$ 639,396</u>
Financial liabilities		
Amortized cost:		
Accounts payable and accrued liabilities	\$ 97,302	\$ 46,955
Lease liability - current	28,689	13,743
Lease liability - non-current	9,637	-
Due to related parties	13,643	10,660
	<u>\$ 149,271</u>	<u>\$ 71,358</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.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Three Months Ended June 30, 2021 and 2020

15. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

As at June 30, 2021, there were no changes in the levels in comparison to the year ended March 31, 2021.

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

The fair value of the Company's lease liability is approximated by its carrying value as its imputed interest rates are comparable to current interest rates.

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.

16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions during the three months ended June 30, 2021 included:

- The issuance of 250,000 common shares valued at \$15,000 pursuant to the Worldstock and Jean Marie property agreements (Note 8);
- The reallocation of \$85,773 from reserves to deficit for stock options expired in the period (Note 12);
- The recording of \$46,482 in share capital and reserves related to the fair value of finders' warrants (Note 12);
- The recording of \$20,202 in additions to property and equipment included in accounts payable and accrued liabilities (Note 6); and
- The recording of \$870 in share issue costs included in accounts payable and accrued liabilities.

Significant non-cash investing and financing transactions during the three months ended June 30, 2020 included:

- The issuance of 150,000 common shares valued at \$9,750 pursuant to the Worldstock and Jean Marie property agreements (Note 8);
- The recording of \$2,151 in share capital and reserves related to the fair value of finders' warrants (Note 12); and
- \$3,396 of share issue costs, included in accounts payable.