



CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

Unaudited – Prepared by Management

(Expressed in Canadian Dollars)

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

November 26, 2020

To the Shareholders of
Pacific Empire Minerals Corp.

The accompanying unaudited condensed interim financial statements of Pacific Empire Minerals Corp. (the "Company") for the six months ended September 30, 2020 and 2019 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	September 30, 2020	March 31, 2020
Current assets		
Cash	\$ 348,013	\$ 14,286
Receivables (Note 3)	151,647	129,856
Prepaid expenditures	323,616	12,767
Field supplies	183,662	121,779
Marketable securities (Note 4)	238,809	235,122
Total current assets	1,245,747	513,810
Non-current assets		
Restricted cash (Note 5)	23,000	23,000
Property and equipment (Note 6)	254,854	304,889
Reclamation deposits (Note 7)	84,221	67,405
Exploration and evaluation assets (Note 8)	58,718	59,429
Total non-current assets	420,793	454,723
TOTAL ASSETS	\$ 1,666,540	\$ 968,533
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 187,922	\$ 89,410
Due to related parties (Note 10)	28,260	66,150
Current lease liability (Note 11)	17,596	16,479
Flow - through premium liability (Note 12)	37,789	-
Total current liabilities	271,567	172,039
Non-current		
Lease liability (Note 11)	4,661	13,743
Total non-current liabilities	4,661	13,743
TOTAL LIABILITIES	276,228	185,782
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	5,417,850	4,254,350
Reserves (Note 12)	605,504	419,043
Deficit	(4,633,042)	(3,890,642)
TOTAL SHAREHOLDERS' EQUITY	1,390,312	782,751
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,666,540	\$ 968,533

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

Approved on behalf of the Board of Directors on November 26, 2020

“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, 2019	30,993,850	\$ 3,458,407	\$ 358,890	\$ (2,878,888)	\$ 938,409
Shares issued for cash	10,672,857	747,100	-	-	747,100
Flow-through shares issued for cash	1,100,000	99,000	-	-	99,000
Flow-through premium liability	-	(16,500)	-	-	(16,500)
Shares issued for mineral properties	150,000	11,250	-	-	11,250
Share issue costs - cash	-	(29,588)	-	-	(29,588)
Share issue costs - warrants	-	(15,319)	15,319	-	-
Share - based compensation	-	-	4,601	-	4,601
Loss for the period	-	-	-	(613,867)	(613,867)
Balance as at September 30, 2019	42,916,707	\$ 4,254,350	\$ 378,810	\$ (3,492,755)	\$ 1,140,405
Balance as at March 31, 2020	42,916,707	\$ 4,254,350	\$ 419,043	\$ (3,890,642)	\$ 782,751
Shares issued for cash	21,500,000	1,075,000	-	-	1,075,000
Shares issued for mineral properties	150,000	9,750	-	-	9,750
Flow-through shares issued for cash	4,222,258	295,558	-	-	295,558
Flow-through premium liability	-	(84,445)	-	-	(84,445)
Finders' fees in cash	-	(35,976)	-	-	(35,976)
Share issue costs - cash	-	(36,592)	-	-	(36,592)
Share issue costs - warrants	-	(59,795)	59,795	-	-
Share - based compensation	-	-	160,057	-	160,057
Stock options expired during the period	-	-	(33,391)	33,391	-
Loss for the period	-	-	-	(775,791)	(775,791)
Balance as at September 30, 2020	68,788,965	\$ 5,417,850	\$ 605,504	\$ (4,633,042)	\$ 1,390,312

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 September 30, 2020	Three Months Ended September 30, 2019	Six Months Ended September 30, 2020	Six Months Ended September 30, 2019
EXPLORATION EXPENDITURES (Note 9)	\$ 234,550	\$ 263,175	\$ 307,876	\$ 396,464
Less: Recoveries (Note 9)	-	(25,678)	(1,865)	(43,489)
Net exploration expenditures	234,550	237,497	306,011	352,975
GENERAL AND ADMINISTRATIVE EXPENSES				
Administrative and office	20,080	18,546	35,865	42,023
Amortization (Note 6)	4,639	4,638	9,277	9,276
Consulting fees	41,000	28,800	66,575	66,200
Investor relations and shareholder communication	138,955	63,938	182,886	106,947
Management fees (Note 10)	22,500	30,000	45,000	60,000
Professional fees	16,610	20,261	33,704	36,984
Share - based compensation (Note 10 & 12)	152,698	2,439	160,056	4,601
Travel	93	30	118	1,286
Total general and administrative expenses	396,575	168,652	533,481	327,317
Loss from operations	(631,125)	(406,149)	(839,492)	(680,292)
Option income and sale of royalty interests (Note 8)	-	27,834	54,200	60,834
Foreign exchange gain loss	(310)	(222)	(118)	(281)
Interest income and other	-	-	816	883
Fair value adjustments on marketable securities	(2,680)	(20,656)	(513)	(11,511)
Impairment of exploration and evaluation assets (Note 8)	(37,340)	-	(37,340)	-
Recovery of flow through expenditure commitment	46,656	16,500	46,656	16,500
Loss and comprehensive loss for the period	\$ (624,799)	\$ (382,693)	\$ (775,791)	\$ (613,867)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	63,513,593	42,916,707	54,492,464	39,523,054

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

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Condensed Interim Statements of Cash Flows

Unaudited – Prepared by Management

	Six Months Ended September 30, 2020	Six Months Ended September 30, 2019
Cash flows from operating activities		
Loss for the period	\$ (775,791)	\$ (613,867)
Item not affecting operating activities:		
Interest income received	(816)	(883)
Items not affecting cash:		
Amortization	50,035	48,056
Interest on lease liability	945	1,464
Fair value adjustments on marketable securities	513	11,511
Option income and sale of royalty interests	(4,200)	(40,834)
Share - based compensation	160,057	4,601
Recovery of flow-through share liability	(46,656)	(16,500)
Impairment of exploration and evaluation assets	37,340	-
Accrual for exploration tax credits	(1,865)	(43,489)
Changes in non-cash working capital items:		
Receivables	(19,926)	(9,599)
Prepaid expenditures	(310,849)	5,947
Accounts payable and accrued liabilities	98,512	55,676
Due to related parties	(37,890)	12,771
Field supplies	(61,883)	(47,014)
Total cash used in operating activities	(912,474)	(632,160)
Cash flows from investing activities		
Acquisition of exploration and evaluation assets	(26,879)	(27,617)
Interest received on cash	816	883
Purchase of property and equipment	-	(33,537)
Purchase of reclamation deposits	(16,816)	(30,500)
Total cash used in investing activities	(42,879)	(90,771)
Cash flows from financing activities		
Proceeds from the sale of common shares	1,075,000	747,100
Proceeds from the sale of flow-through shares	295,558	99,000
Repayment of lease liability	(8,910)	(8,402)
Share issuance costs	(72,568)	(29,588)
Total cash provided by financing activities	1,289,080	808,110
Change in cash	333,727	85,179
Cash, beginning of the period	14,286	204,491
Cash, end of the period	\$ 348,013	\$ 289,670

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 Six months Ended September 30, 2020 and 2019

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 September 30, 2020, the Company has not achieved profitable operations and has accumulated losses since inception.

As at September 30, 2020, the Company had working capital of \$974,180, accumulated deficit of \$4,633,042, and cash of \$348,013. With its current plans and budgets associated with those plans, including the proceeds from the subsequent sale of marketable securities (Note 4), 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 Six months Ended September 30, 2020 and 2019

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, 2020, 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.

Reclassification

Certain comparative figures have been reclassified to conform to the current period presentation.

3. RECEIVABLES

The Company's receivables arise from goods and services tax and mineral exploration tax credits from government taxation authorities.

As at September 30, 2020 and March 31, 2020, the current receivables consist of the following:

	September 30, 2020	March 31, 2020
Goods and services tax receivable	\$ 29,983	\$ 10,057
Mineral exploration tax credits	121,664	119,799
	\$ 151,647	\$ 129,856

During the six months ended September 30, 2020, the Company received \$12,746 (2019 - \$22,021) from goods and services tax refunds. Subsequent to the six months ended September 30, 2020, the Company received \$120,183 related to the mineral exploration tax credit including interest, and \$26,445 from goods and services tax refunds.

4. MARKETABLE SECURITIES

As at September 30, 2020 and March 31, 2020, the Company had the following marketable securities:

	September 30, 2020	March 31, 2020
Fair value through profit or loss		
Cost	\$ 181,400	\$ 177,200
Accumulated unrealized gain	57,409	57,922
Fair value	\$ 238,809	\$ 235,122

Included in marketable securities is 460,000 common shares of Nova Royalty Corp. ("Nova"), with a fair value of \$230,000 or \$0.50 per share. Nova was a private entity and the Company has assessed a fair value of the investment in Nova based on Nova's public disclosures in which the most recently completed financing was priced. Subsequent to September 30, 2020, Nova obtained a final receipt for its final non-offering prospectus.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six months Ended September 30, 2020 and 2019

4. MARKETABLE SECURITIES (Continued)

Subsequent to the six months ended September 30, 2020, the Company sold its 460,000 common shares in Nova for gross proceeds of approximately \$645,000.

5. RESTRICTED CASH

As at September 20, 2020, the Company classified \$23,000 (March 31, 2020 - \$23,000) as restricted cash. This amount is comprised of a GIC held as a deposit for its corporate credit cards.

6. PROPERTY AND EQUIPMENT

During the six months ended September 30, 2020, amortization of \$20,379 (2019 - \$18,831) has been included in exploration expenditures (Note 9).

	Computer equipment and software	Field equipment	Vehicles and related equipment	Right-of-use asset	Total
Cost					
As at September 30, 2020, and March 31, 2020	\$ 20,471	\$ 376,504	\$ 31,079	\$ 44,596	\$ 472,650
Accumulated amortization					
As at March 31, 2020	14,795	124,558	12,192	16,216	167,761
Additions	1,169	37,650	3,108	8,108	50,035
As at September 30, 2020	\$ 15,964	\$ 162,208	\$ 15,300	\$ 24,324	\$ 217,796
Net book value					
As at March 31, 2020	\$ 5,676	\$ 251,946	\$ 18,887	\$ 28,380	\$ 304,889
As at September 30, 2020	\$ 4,507	\$ 214,296	\$ 15,779	\$ 20,272	\$ 254,854

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

7. RECLAMATION DEPOSITS

Reclamation deposits are held as security towards future exploration work and the related future potential cost of reclamation of the Company's land and unproven mineral interests. Once reclamation of the properties is complete, the deposits will be returned to the Company. As at September 30, 2020, \$84,221 (March 31, 2020 - \$67,405) is being held as security on the Company's mineral titles.

As at September 30, 2020, 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 Six months Ended September 30, 2020 and 2019

8. EXPLORATION AND EVALUATION ASSETS

Properties	September 30, 2020	Impairment of exploration and evaluation assets	Mineral titles and option payments	March 31, 2020
Bull's Eye	\$ -	\$ (1,438)	\$ -	\$ 1,438
Moffat	-	(7,157)	-	7,157
Paragon	-	(21,821)	-	21,821
Jean Marie	22,879	-	22,879	-
Kitimat	8,339	-	-	8,339
Red	-	(2,300)	-	2,300
Worldstock	27,500	-	13,750	13,750
Weedon	-	(4,624)	-	4,624
	\$ 58,718	\$ (37,340)	\$ 36,629	\$ 59,429

During the six months ended September 30, 2020, the Company recorded an impairment of exploration and evaluation assets of \$37,340 related to the Company's Bull's Eye, Moffat, Paragon, Red, and Weedon properties. The Company does not expect to incur significant expenditures or employ resources to further advance these properties.

Other changes to its exploration and evaluation assets during the six months ended September 30, 2020 include:

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 (Note 12);
- Making a cash payment of \$10,000 (paid), and issuing 50,000 common shares (issued) of the Company on or before May 28, 2020;
- Making a cash payment of \$15,000, and issuing 100,000 common shares of the Company 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 \$10,000, and issued 50,000 common shares (valued at \$3,750 or \$0.075 per common share) as required on or before May 28, 2020 as the second anniversary payment. The fair value of the common shares issued pursuant to the agreement were valued at the observable market price on the day they were issued.

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

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six months Ended September 30, 2020 and 2019

8. EXPLORATION AND EVALUATION ASSETS (Continued)

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 for the Stars Project. M3 Metals can earn up to a 30% interest in the 50% interest held by the Company. As consideration for the option, M3 Metals will make aggregate cash payments in the amount of \$80,000 and issue a total of 60,000 common shares to the Company over a two-year period and will incur a minimum of \$4,500,000 in exploration expenditures on the Project over a three-year period as follows:

- Making an initial cash payment of \$10,000 (received) upon signing of the agreement and issuing to the Company 10,000 (received) common shares of M3 Metals within 10 days of receiving TSX-V approval (June 5, 2018);
- Making a cash payment of \$20,000 (received), incurring \$500,000 in expenditures (completed), and issuing to the Company 20,000 common shares by June 5, 2019 (received);
- Making a cash payment of \$50,000 (received), incurring \$1,000,000 in expenditures (\$1,500,000 cumulative, completed), and issuing to the Company 30,000 common shares by June 5, 2020 (received); and
- Incurring \$3,000,000 in expenditures (\$4,500,000 cumulative) by June 5, 2021.

Pursuant to the Stars option agreement, the Company received a cash payment of \$50,000, and 30,000 common shares (valued at \$4,200 or \$0.14 per common share) as required on or before June 5, 2020 as the second anniversary payment. As a result of the cash and shares received, the Company recognized \$54,200 of option income in loss and comprehensive loss for the period. The fair value of the common shares received pursuant to the agreement were valued at the observable market price on the day they were issued.

The Company will have a carried interest in the Stars project until completion of a Pre-Feasibility Study, after which point a joint venture will commence.

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 (\$15,000 paid on signing), issue 1,500,000 common shares (100,000 common shares issued on signing valued at \$6,000 or \$0.06 per common share) 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 (issued) of the Company within 7 days of the effective date (Note 12);
- Making a cash payment of \$20,000, issuing 150,000 common shares of the Company, and incurring \$50,000 in expenditures on or before May 25, 2021;
- 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;

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six months Ended September 30, 2020 and 2019

8. EXPLORATION AND EVALUATION ASSETS (Continued)

- 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% net smelter 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%.

The fair value of the common shares issued pursuant to the agreement were valued at the observable market price on the day they were issued.

In addition to the option agreement, the Company incurred \$1,879 in stacking costs expanding the Jean Marie position.

9. EXPLORATION EXPENDITURES

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

	Jean Marie	Weedon	Worldstock	Wildcat	Target Generation*	Total
Administration Cost	\$ 597	\$ 1,318	\$ 225	\$ -	\$ -	\$ 2,140
Amortization	11,004	3,464	12,228	815	13,247	40,758
Geophysics	2,100	450	2,950	-	-	5,500
Drilling and related field costs	37,764	14,923	32,041	1,139	4,768	90,742
Personnel	33,050	19,350	52,650	-	31,273	136,323
Travel	10,856	9,113	11,820	404	-	32,413
Total Expenditures	95,371	48,618	111,914	2,358	49,615	307,876
Exploration tax credits**	(585)	-	(1,145)	-	(135)	(1,865)
Total Recoveries	(585)	-	(1,145)	-	(135)	(1,865)
Net Expenditures	\$ 94,786	\$ 48,618	\$ 110,769	\$ 2,358	\$ 49,480	\$ 306,011

* Components of "Target Generation" exploration expenditures for the six months ended September 30, 2020 were Stars - \$400; Pinnacle - \$3,015; and Other - \$46,200.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six months Ended September 30, 2020 and 2019

9. EXPLORATION EXPENDITURES (Continued)

During the six months ended September 30, 2019, the Company incurred the following exploration expenditures, which were expensed as incurred:

	Bulkley	Paragon (f. Wasp)	SAT	Pinnacle	Target Generation*	Total
Administration Cost	\$ 587	\$ 3,621	\$ 190	\$ -	\$ 3,242	\$ 7,640
Amortization	6,570	8,220	5,331	4,389	14,270	38,780
Geophysics	-	-	-	-	10,196	10,196
Drilling and related field costs	23,190	16,218	39,318	29,924	21,507	130,157
Personnel	21,781	13,838	28,357	44,263	36,392	144,631
Travel	7,992	3,783	18,023	13,775	21,487	65,060
Total Expenditures	60,120	45,680	91,219	92,351	107,094	396,464
Exploration tax credits**	(4,677)	(7,071)	(1,376)	(20,896)	(9,469)	(43,489)
Total Recoveries	(4,677)	(7,071)	(1,376)	(20,896)	(9,469)	(43,489)
Net Expenditures	\$ 55,443	\$ 38,609	\$ 89,843	\$ 71,455	\$ 97,625	\$ 352,975

* Components of "Target Generation and Other" exploration expenditures for the six months ended September 30, 2019 were Bull's Eye - \$400; Kitimat - \$400; Moffat - \$600; Nub East - \$13,827; NWT - \$15,499; Wildcat - \$2,376; Stars - \$600; Topley Richfield - \$2,387; Weedon - \$800; Worldstock - \$26,840 and Target Generation - \$43,365.

** 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.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six months Ended September 30, 2020 and 2019

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:

	Three Months Ended		Six Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
<u>Exploration expenditures</u>				
President*	\$ -	\$ 6,000	\$ -	\$ 6,000
Vice President, Exploration (former)*	24,200	25,000	38,000	43,000
<u>Management and consulting fees</u>				
President*	30,400	24,400	49,200	51,600
Vice President, Exploration (former)*	5,600	4,400	9,000	14,600
Outside directors	5,000	-	8,000	-
Seabord Services Corp.**	22,500	30,000	45,000	60,000
<u>Share - based compensation</u>				
Management and directors	63,954	1,120	67,838	1,714
Seabord Services Corp.**	6,687	164	7,257	283
	\$ 158,341	\$ 91,084	\$ 224,295	\$ 177,197

Amounts due to related parties as of September 30, 2020 and March 31, 2020 are as follows:

Related party liabilities	Items or services	September 30, 2020	March 31, 2020
President *	Management fees and reimbursable expenses	\$ 10,920	\$ 20,160
Vice President, Exploration (former) *	Management fees and reimbursable expenses	11,340	22,365
Seabord Services Corp.**	Management fees	-	23,625
Directors	Fees	6,000	-
		\$ 28,260	\$ 66,150

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

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

In August 2020 the Company appointed Mr. Peter Schloo as a non-executive independent director and accepted the resignation of Mr. Keith Henderson from the Company's board of directors.

Subsequent to six months ended September 30, 2020, the Company accepted the resignation of Mr. Rory Ritchie as Vice President of Exploration and a director of the Company.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six months Ended September 30, 2020 and 2019

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 recognized as at April 1, 2020	\$	30,222
Lease payments made		(8,910)
Interest expense on lease liabilities		945
		22,257
Less: current portion		(17,596)
As at September 30, 2020	\$	4,661

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 six years. The renewed lease has a three - year term and commenced on January 1, 2019. As at September 30, 2020, expected remaining annual commitments are \$9,171 (2020) and \$14,148 (2021).

12. EQUITY

Authorized

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

Share Capital

No preferred shares have been issued from incorporation to September 30, 2020.

During the six months ended September 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 valued at \$2,151. 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.

In July 2020, the Company completed a private placement raising an aggregate of aggregate of \$1,095,558, of which \$800,000 was raised on the issuance of 16,000,000 units ("Units") and \$295,558.06 was raised on the issuance of 4,222,258 flow-through shares ("Flow-Through Shares"). Each unit was issued at a price per Unit of \$0.05 and is comprised of one common share and one half of one Common Share purchase warrant. Each full warrant is exercisable for one common share for a period of 24 months at an exercise price of \$0.10 per share. Each Flow-Through share was issued at a price of \$0.07 per share.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six months Ended September 30, 2020 and 2019

12. EQUITY (Continued)

Pursuant to the application of the residual value method with respect to the measurement of shares and warrants issued in private placements, and the determination of any flow-through share premium on the issuance of flow-through shares, there was no residual value allocated to the warrant component, and a flow-through premium liability of \$84,445 or \$0.02 per share related to the difference between the subscription price of a flow-through share compared to the Units 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 September 30, 2020, the Company had approximately \$132,000 in 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 \$32,976 in cash commissions and issued 617,490 finder's warrants valued at \$57,644. 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 July 24, 2022. 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 0.27%, dividend yield of 0%, volatility of 151% and an expected life of 2 years. The Company paid an additional \$31,378 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.

During the six months ended September 30, 2019:

The Company completed a non-brokered private placement for aggregate proceeds of \$846,100 including the issuance of 10,672,857 units of the Company at a price of \$0.07 per unit with each Unit comprised of one common share and one common share purchase warrant for gross proceeds of \$747,100, and 1,100,000 flow-through common shares at a price of \$0.09 per flow-through common shares for gross proceeds of \$99,000. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of \$0.14 per share for a period of 36 months until May 22, 2022. Pursuant to the Company's accounting policy, the gross proceeds of the private placement were allocated using a residual value method with respect to the measurement of shares and warrants issued as private placement units.

A flow-through liability of \$16,500 was recognized in connection with the flow-through offering equal to the premium paid for the flow-through shares. This liability was reversed and recognized as other income during the six months ended September 30, 2019 once qualified exploration expenditures were incurred for the amount raised under the flow-through offering.

In consideration for arranging the private placement, the Company paid finder's fees of \$22,938 cash and issued 339,900 finder's warrants valued at \$15,319. Each finder's warrant entitles the holder to purchase one common share in the capital of the Company at an exercise price of \$0.14 per share until May 22, 2022. The fair value of the finder's warrants issued as part of the private placement were estimated as of the date of the issuance using the

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six months Ended September 30, 2020 and 2019

12. EQUITY (Continued)

Black-Scholes pricing model with the following assumptions: risk-free interest rate of 1.65%, dividend yield of 0%, volatility of 118% and an expected life of 3 years. The Company paid an additional \$5,900 in legal and regulatory costs related to the private placement.

The Company issued 150,000 common shares valued at \$0.075 per share or \$11,250 related to the Topley Richfield and Worldstock acquisition agreements (Note 8). The common shares were valued using the observable market price on the issuance date.

Stock Option Plan

As at September 30, 2020, the Company had a stock option plan that allows the Board of Directors to grant incentive stock options to the Company's officers, directors, related company employees and consultants to purchase up to that number of common shares equal to 10% of its outstanding shares for a term of up to ten years. The exercise price of each option is to be not less than the fair market value of the Company's stock as determined by the Plan administrator. The vesting terms are determined at the time of the option grant.

During the six months ended September 30, 2020, the change in stock options outstanding is as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2020	3,370,000	\$ 0.14
Granted	3,500,000	0.19
Expired	(305,000)	0.15
Balance, September 30, 2020	6,565,000	0.17
Exercisable as at September 30, 2020	3,065,000	\$ 0.14

The following table summarizes the stock options outstanding and exercisable As at September 30, 2020:

Date Granted	Number of Options	Exercisable	Exercise Price	Expiry Date
June 7, 2016	100,000	100,000	0.15	June 7, 2021
June 23, 2017	1,090,000	1,090,000	0.20	June 23, 2022
July 4, 2017	150,000	150,000	0.20	July 4, 2022
July 24, 2018	225,000	225,000	0.20	July 24, 2021
September 23, 2019	1,500,000	1,500,000	0.08	Sept 23, 2022
August 12, 2020*	3,450,000	-	0.19	August 12, 2023
August 21, 2020*	50,000	-	0.19	August 21, 2023
	6,565,000	3,065,000		

* stock options vest 25% every quarter starting 3 months from date of grant.

The weighted average remaining life of the stock options exercisable is 1.75 years (March 31, 2020 – 2.02 years).

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six months Ended September 30, 2020 and 2019

12. EQUITY (Continued)

Share-based Payments

During the six months ended September 30, 2020, the Company recorded share-based compensation expense of \$160,056 (2019 - \$4,601), 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 six months ended September 30, 2020 was \$0.15 per stock option (2019 - \$0.03 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 0.30% (2019 – 1.50%), dividend yield of 0% (2019 – 0%), volatility of 152% (2019 - 157%), forfeiture rate of 0% (2019 – 0%), and an expected life of 3 years (2019 – 3 years).

Warrants

During the six months ended September 30, 2020, the change in warrants outstanding is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2020	22,072,757	\$ 0.22
Issued	14,177,490	0.10
Balance, September 30, 2020	36,250,247	\$ 0.17

The following table summarizes the warrants outstanding and exercisable As at September 30, 2020:

Date Granted	Number of Warrants	Exercise Price	Expiry Date
March 20, 2018 - IPO Warrants	10,000,000	\$ 0.30	March 20, 2021
April 24 , 2018 Private Placement	1,000,000	0.30	April 24, 2021
April 24 , 2018 Finders' Warrants	60,000	0.30	April 24, 2021
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 PP Warrants	8,000,000	0.10	July 24 , 2022
July 24 , 2020 Finders' Warrants	617,490	0.10	July 24 , 2022

Brokers Options

As part of the IPO closed during the year ended March 31, 2018, the Company granted Haywood 700,000 broker's options. The Broker's options are exercisable into a unit with an exercise price of \$0.20, consisting of one common share and one common share purchase warrant. As at September 30, 2020, 700,000 brokers options remain outstanding and expire March 20, 2021.

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.

PACIFIC EMPIRE MINERALS CORP.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

Unaudited – Prepared by Management

For the Six months Ended September 30, 2020 and 2019

14. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial Risk Management

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

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. Although the Company operates only in Canada and all expenditures are incurred in Canadian dollars, U.S. dollars are sometimes held by the Company. As at September 30, 2020, 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 September 30, 2020, included \$187,922 of accounts payable and accrued liabilities, \$28,260 in amounts due to related parties, current obligations related to a lease liability of \$17,596, and a flow – through premium liability of \$37,789. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Interest Rate Risk

When the Company has sufficient cash, it will invest in term deposits which can be reinvested without penalty after thirty days should interest rates rise. As at September 30, 2020, 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 September 30, 2020 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 Six months Ended September 30, 2020 and 2019

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 period ended September 30, 2020. 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:

	September 30, 2020	March 31, 2020
Financial assets		
Amortized cost:		
Cash	\$ 348,013	\$ 14,286
Restricted cash	23,000	23,000
Reclamation deposits	84,221	67,405
Fair value through profit or loss:		
Marketable securities	238,809	235,122
	<u>\$ 694,043</u>	<u>\$ 339,813</u>
Financial liabilities		
Amortized cost:		
Accounts payable and accrued liabilities	\$ 187,922	\$ 89,410
Lease liability - current	17,596	16,479
Lease liability - non-current	4,661	13,743
Due to related parties	28,260	66,150
	<u>\$ 238,439</u>	<u>\$ 185,782</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 Six months Ended September 30, 2020 and 2019

15. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

As at September 30, 2020, there were no changes in the levels in comparison to the year ended March 31, 2020.

Financial instruments which are measured using the fair value hierarchy include marketable securities which are categorized as Level 1 except as to \$230,000 in marketable securities for the investment in Nova.

The Company's investment in Nova does not have a quoted market price in an active market and the Company has assessed a fair value of the investment based on Nova's public disclosures in which the most recent closed financing was priced. As a result, the fair value is classified within Level 3 of the fair value hierarchy.

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 six months ended September 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 \$84,445 through share capital related to a flow-through share premium (Note 12); and
- The recording of \$59,795 in share capital and reserves related to the fair value of finders' warrants (Note 12).

Significant non-cash investing and financing transactions during the six months ended September 30, 2019 included:

- Recorded the issuance of 150,000 common shares valued at \$11,250 pursuant to the Topley Richfield and Worldstock property agreements (Note 8);
- Reduced mineral properties by \$12,416 related to 115,000 common shares of BatteryOne received pursuant to a royalty purchase agreement (Note 8);
- The recording of \$15,319 in capital stock and reserves related to the fair value of finders' warrants (Note 12); and
- The recognition of \$44,596 of right-to-use assets and lease liabilities related to the adoption of IFRS 16.