

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**

**Condensed Interim Financial Statements**

**September 30, 2015**

(Unaudited – Expressed in Canadian Dollars)

**Notice to Reader**

The accompanying unaudited condensed interim financial statements of Pacific Ridge Exploration Ltd. (the “Company”) have been prepared by and are the responsibility of management. The Company’s independent auditor has not performed a review of these condensed interim financial statements.

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Financial Position**  
**(Unaudited - Expressed in Canadian Dollars)**

	Note	September 30, 2015	December 31, 2014
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$	608,753	\$ 127,897
Other receivables		10,059	8,643
Marketable securities	3	109,923	32,015
Prepaid		4,650	2,000
		733,385	170,555
<b>Equipment</b>			
		-	-
<b>Resource properties</b>	4	541,163	682,964
	\$	1,274,548	\$ 853,519
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payable and accrued liabilities	\$	86,549	\$ 17,352
<b>Shareholders' Equity</b>			
<b>Share capital</b>		43,066,428	43,066,428
<b>Contributed surplus</b>		3,152,125	3,134,022
<b>Accumulated other comprehensive loss</b>		(62,778)	(17,985)
<b>Deficit</b>		(44,967,776)	(45,346,298)
		1,187,999	836,167
	\$	1,274,548	\$ 853,519

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

**Approved by the Board of Directors and authorized for issue on November 24, 2015**

"Gerald G. Carlson" (signed)

Gerald G. Carlson

"Douglas Proctor" (signed)

Douglas Proctor

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Comprehensive Income (Loss)**  
**(Unaudited - Expressed in Canadian Dollars)**

	Note	Three months ended September 30,		Nine months ended September 30,	
		2015	2014	2015	2014
<b>Administration expenses</b>					
Depreciation	\$	-	\$ 1,419	\$ -	\$ 4,257
Insurance		-	-	5,000	6,105
Professional and consulting fees		42,094	5,572	51,109	17,182
Management and administrative services		16,125	19,733	42,017	64,121
Office operations and facilities		11,926	9,985	43,225	37,556
Shareholder communications		1,582	956	5,385	15,264
Share-based payments		-	-	18,103	-
Transfer agent and regulatory fees		903	6,717	18,226	19,849
		72,630	44,382	183,065	164,334
<b>Other expenses (income)</b>					
Exploration and evaluation costs		114,813	51,400	131,613	97,632
Sale of mineral property royalties	4 (e)	-	-	(508,200)	-
Loss (gain) on sale of marketable securities		-	(2,120)	-	(1,204)
Property option payment		(185,000)	(50,000)	(185,000)	(50,000)
Interest		-	-	-	(232)
		(70,187)	(720)	(561,587)	46,196
<b>Net income (loss) for the period</b>		<b>(2,443)</b>	<b>(43,662)</b>	<b>378,522</b>	<b>(210,530)</b>
<b>Other comprehensive loss for the period</b>					
Items that may be reclassified to profit and loss					
Net change in fair value of available-for-sale financial asset		(39,051)	-	(44,793)	-
<b>Comprehensive income (loss) for the period</b>		<b>(41,494)</b>	<b>(43,662)</b>	<b>333,729</b>	<b>(210,530)</b>
<b>Basic and diluted income (loss) and comprehensive loss per common share</b>	\$	<b>(0.00)</b>	\$ <b>(0.00)</b>	\$ <b>0.02</b>	\$ <b>(0.01)</b>
<b>Weighted average number of common shares outstanding</b>		<b>24,090,884</b>	<b>21,202,841</b>	<b>24,390,884</b>	<b>21,082,496</b>

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

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Cash Flows**  
**(Unaudited - Expressed in Canadian Dollars)**

	Nine months ended September 30,	
	2015	2014
<b>Operating activities</b>		
Income (loss) for the period	\$ 378,522	\$ (210,530)
Items not affecting cash		
Depreciation	-	4,257
Sale of mineral property royalties	(508,200)	-
Property option payment	(185,000)	(50,000)
Share-based payments	18,103	-
	(296,575)	(256,273)
Changes in non-cash working capital items		
Other receivables	(1,416)	(1,391)
Prepaid	(2,650)	-
Trade payable and accrued liabilities	69,197	(29,935)
	65,131	(31,326)
	(231,444)	(287,599)
<b>Investing activities</b>		
Resource property acquisition costs	-	(20,000)
Proceeds on sale of marketable securities	2,299	132,000
Proceeds on property option payments	100,000	50,000
Proceeds from sale of mineral property royalties	610,001	-
	712,300	162,000
<b>Financing activities</b>		
Proceeds from share issuance	-	-
Proceeds from share issuance, net of share issue costs	-	-
<b>Increase (decrease) in cash and cash equivalents</b>	480,856	(125,599)
<b>Cash and cash equivalents - beginning of period</b>	127,897	151,606
<b>Cash and cash equivalents - end of period</b>	\$ 608,753	\$ 26,007

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

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Changes in Shareholders' Equity**  
**(Unaudited - Expressed in Canadian dollars)**

	Common Shares		Contributed Surplus	Other Comprehensive		Deficit	Total Shareholders' Equity
	Shares	Amount		Loss			
Balance at December 31, 2013	20,800,884	\$ 42,963,593	\$ 3,073,379	\$ (6,000)	\$ (44,929,256)	\$ 1,101,716	
Shares issued for property	490,000	22,700				22,700	
Other comprehensive loss for the period				6,000		6,000	
Net loss for the period					(210,530)	(210,530)	
Balance at September 30, 2014	21,290,884	\$ 42,986,293	\$ 3,073,379	\$ -	\$ (45,139,786)	\$ 919,886	
Balance at December 31, 2014	24,390,884	\$ 43,066,428	\$ 3,134,022	\$ (17,985)	\$ (45,346,298)	\$ 836,167	
Share-based payments			18,103			18,103	
Other comprehensive loss for the period				(44,793)		(44,793)	
Net income for the period					378,522	378,522	
Balance at September 30, 2015	24,390,884	\$ 43,066,428	\$ 3,152,125	\$ (62,778)	\$ (44,967,776)	\$ 1,187,999	

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

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**  
**Notes to Condensed Interim Financial Statements September 30, 2015**  
**(Unaudited - Expressed in Canadian Dollars)**

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**1. Nature of operations and going concern**

Pacific Ridge Exploration Ltd. (the "Company" or "Pacific Ridge") is in the business of acquiring and exploring resource properties in Canada. The Company is incorporated and domiciled in Canada under the *Business Corporations Act* (British Columbia). Its registered office is located at 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary capital to finance the operations and contribution from future joint venture partners.

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at September 30, 2015, the Company had an accumulated deficit of \$44,967,776 (December 31, 2014 - \$45,346,298) and working capital of \$646,836 (December 31, 2014 - \$153,203).

On June 17, 2015, the Company received \$610,001 (US\$500,000) from Sandstorm Gold Inc. ("Sandstorm") in consideration for the sale of a selected package of mineral royalties, details please see Note 4. The Company intends to use the current working capital to fund its plan of operation. Completion of the acquisition, exploration and development of the Company's resource properties is dependent on the ability to obtain the necessary on going financing. While the Company has been successful in raising sufficient funding in the past, there can be no assurance it will be able to do so in the future. These conditions give rise to a material uncertainty which casts significant doubt on the Company's ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. Such adjustments could be material.

**2. Basis of presentation and changes to accounting policies**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for full annual financial statements and they should be read in conjunction with the audited annual financial statements for the year ended December 31, 2014 and the notes thereto.

The significant accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements ended December 31, 2014.

Except for available for sale investments, which are recorded at fair value, these financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, the Company's functional currency.

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**  
**Notes to Condensed Interim Financial Statements September 30, 2015**  
**(Unaudited - Expressed in Canadian Dollars)**

**3. Marketable securities**

Date	Kivaliq Energy		MinQuest Limited		Total Fair Value
	No. of shares	Fair Value	No. of shares	Fair Value	
December 31, 2013	600,000	126,000	-	-	126,000
Additions	-	-	1,608,338	50,000	50,000
Revaluation	-	7,204	-	(17,985)	(10,781)
Disposals	(600,000)	(133,204)	-	-	(133,204)
December 31, 2014	-	-	1,608,338	32,015	32,015
Additions	-	-	4,328,187	125,000	125,000
Disposals	-	-	(100,000)	(2,299)	(2,299)
Revaluation	-	-	-	(44,793)	(44,793)
September 30, 2015	-	\$ -	5,836,525	\$ 109,923	109,923

**4. Resource properties**

The Company has interests in mineral properties in Yukon, Canada.

During the nine months ended September 30, 2015, the Company received \$100,000 cash payment and \$125,000 worth of common shares from MinQuest Limited ("MinQuest") as part of MinQuest's option payment to earn an initial 51% interest in the Company's Fyre Lake property.

On June 17, 2015, the Company received a payment of US\$500,000 from Sandstorm in consideration for the sale of a selected package of mineral royalties. This royalty package includes a 1.65% net smelter return ("NSR") held by the Company on the Spectrum gold property located in British Columbia, and a 1% NSR on Eureka Dome and Gold Cap properties located in Yukon. As part of the package, the Company has transferred to Sandstorm its right to buy-down royalties on its Mariposa and Sophie properties. Proceeds received from the sale are credited against the carrying value of the properties, with any difference recorded as a gain or loss on sale.

A summary of capitalized acquisition costs is as follows:

	Mariposa	Gold Cap	Eureka Dome	Fyre Lake	King Solomon	Sophie Property	Total
Balance, December 31, 2013	544,439	10,300	41,790	93,091	123,212	20,735	833,567
Additions during the year	22,700	-	-	17,500	12,500	3,000	55,700
Option payment received	-	-	-	(70,591)	-	-	(70,591)
Impairments	-	-	-	-	(135,712)	-	(135,712)
Balance, December 31, 2014	567,139	10,300	41,790	40,000	-	23,735	682,964
Option payment received	-	-	-	(40,000)	-	-	(40,000)
Sale of mineral royalties	(61,000)	(10,300)	(30,500)	-	-	(1)	(101,801)
Balance, September 30, 2015	\$ 506,139	\$ -	\$ 11,290	\$ -	\$ -	\$ 23,734	\$ 541,163

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**4. Resource properties (continued)**

a) Mariposa property, Yukon

In October 2009, the Company entered into an option agreement to acquire a 100% interest in 203 claims, located in Dawson Mining District, Yukon, known as the Mariposa property. The principal terms of the option agreement require the Company to pay \$120,000 (paid) in cash, issue 800,000 (400,000 issued) common shares and incur \$600,000 (incurred) exploration expenditures over five years.

The Company acquired a 100% interest of the property in 2014.

The property is subject to a 2% NSR and 400,000 shares to be paid on a production decision.

b) Fyre lake massive sulphide property, Yukon

The Company owns a 100% interest in the Fyre Lake property which was acquired by claim staking.

In July 2014, the Company entered into an option agreement, amended on July 13, 2015, with MinQuest Limited for the Fyre Lake property. Pursuant to the terms of the agreement, MinQuest can earn an initial 51% interest in the property by paying \$650,000 (\$150,000 paid), issuing shares with a value of \$675,000 to the Company (\$175,000 issued), and completing a minimum of \$3,500,000 in exploration over three years. Upon earning a 51% interest in the property, MinQuest will then have the option to increase its interest to 70% by completing an additional \$3,000,000 in exploration expenditures by January 10, 2018. Should MinQuest earn a 70% interest, the Company will have the option of retaining a 30% participating joint venture interest or reducing to a 20% interest, carried through to a feasibility study.

The \$225,000 option payment, consisting of \$100,000 cash and \$125,000 of MinQuest shares, was credited against the \$40,000 carrying amount of Fyre Lake with the excess of \$185,000 recorded in income (loss) for the period ended September 30, 2015.

c) King Solomon property, Yukon

On May 8, 2014, the Company entered into an option agreement with Shawn Ryan and Wildwood Exploration Inc. ("Wildwood") to acquire a 100% interest in 331 mineral claims located in the Klondike Gold District, Yukon Territory, known as the King Solomon property. To earn a 100% interest, the Company was required to make \$500,000 (\$100,000 paid) in cash payments, issue 2,000,000 (500,000 issued) common shares in annual tranches of 250,000 on or before May 15<sup>th</sup> of each year and incur cumulative exploration expenditures of \$2,500,000 (\$500,000 incurred) over four years starting in 2013.

Due to limited funds, the Company was unable to make the 2014 option payment by the amended option agreement. As a result, the total \$135,712 capitalized acquisition costs were written off during the year ended December 31, 2014. The Company terminated the option agreement in 2015.



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**4. Resource properties (continued)**

c) Sophie property, Yukon

On July 10, 2013, the Company announced an option agreement with 39242 Yukon Inc. to acquire the Sophie mineral property adjacent to the King Solomon property. To earn a 100% interest, the Company is required to make \$100,000 in cash payments (\$20,000 paid) and issue 1,000,000 (300,000 issued) common shares over four years as below:

	Cash	Common Shares
On initial date (paid and issued)	\$ 5,000	100,000
On or before December 1, 2013 (paid and issued)	5,000	100,000
On or before December 1, 2014 (paid and issued)	10,000	100,000
On or before December 1, 2015	15,000	200,000
On or before December 1, 2016	25,000	200,000
On or before December 1, 2017	40,000	300,000
	\$ 100,000	1,000,000

The property is subject to a 2.5% NSR. Subsequent to the quarter end, the Company terminated the option agreement with 39242 Yukon Inc.

d) The tables below summarize the cumulative balance and exploration costs for the nine months ended September 30, 2015 and 2014:

	Mariposa	Other Properties	General Exploration	Total
Balance, December 31, 2014	\$ 6,673,610	\$ 764,295	\$ 223,069	\$ 7,660,974
Additions during the period				
Analytical	530	-	745	1,275
Drilling	55,686	-	-	55,686
Field support	200	-	5,104	5,304
Geological services	-	-	1,800	1,800
Personnel	-	-	26,626	26,626
Transportation and other	27,938	-	12,984	40,922
	84,354	-	47,259	131,613
Balance, September 30, 2015	\$ 6,757,964	\$ 764,295	\$ 270,328	\$ 7,792,587

	Mariposa	Other Properties	General Exploration	Total
Balance, December 31, 2013	6,656,163	739,224	182,059	7,577,446
Additions during the period				
Field support	1,200	-	7,000	8,200
Geological services	4,054	-	-	4,054
Personnel	10,234	22,571	38,333	71,138
Travel and other	1,050	-	13,190	14,240
	16,538	22,571	58,523	97,632
Balance, September 30, 2014	\$ 6,672,701	\$ 761,795	\$ 240,582	\$ 7,675,078

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**Notes to Condensed Interim Financial Statements September 30, 2015**  
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**5 Share capital**

a) Common share

Authorized - unlimited common shares without par value.

On November 18 and December 23, 2014, the Company closed non-brokered private placements in tranches by issuing a total of 3,000,000 units at \$0.05 per unit for gross proceeds of \$150,000. Each unit comprises one common share and one transferable share purchase warrant exercisable at \$0.06 for the first year and \$0.075 for the second year.

The Company paid \$3,188 in finders' fees and issued 63,750 finders' warrants with the same terms as those issued in the private placement.

b) Share purchase warrants

On September 30, 2015 and December 31, 2014, the warrants outstanding were 3,063,750 at a weighted exercise price of \$0.07 which were issued pursuant to the private placements mentioned above Note 5(a). Among which 2,000,000 warrants expire November 18, 2016 and 1,063,750 expire on December 23, 2016.

c) Stock options

The Company has a stock option plan in place authorizing the granting of stock options to qualified optionees to purchase a total of up to 10% of the then issued and outstanding common shares of the Company. Stock options generally are granted for a maximum term of five years and expire 90 days following the termination of the optionee's agreement. The exercise price for the options is set at the closing market price of the common shares on the grant date. The vesting periods of options vary with terms determined by the board of directors. Stock option transactions and the number of stock options outstanding are summarized below:

	September 30, 2015		December 31, 2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,653,500	\$ 0.39	1,834,000	\$ 0.95
Granted	868,000	\$ 0.05		
Expired	(222,000)	\$ (1.00)	(180,500)	\$ (0.44)
Forfeited	(18,000)	\$ (1.00)	-	\$ -
Outstanding, end of period	2,281,500	\$ 0.20	1,653,500	\$ 0.39
Exercisable, end of period	2,281,500	\$ 0.20	1,653,500	\$ 0.39

As of September 30, 2015, the weighted average remaining life for stock option outstanding and exercisable was 3.3 years (December 31, 2014 – 3.05 years).

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**(An Exploration Stage Company)**  
**Notes to Condensed Interim Financial Statements September 30, 2015**  
**(Unaudited - Expressed in Canadian Dollars)**

**5. Share capital (continued)**

c) Stock options (continued)

The table below lists the expiry date and exercise prices for the stock options outstanding:

Expiry date	Exercise price	September 30, 2015	December 31, 2014
January 29, 2015	\$ 1.00	-	222,000
January 6, 2016	1.50	60,000	65,000
May 12, 2016	1.50	6,000	9,000
July 29, 2016	3.05	40,000	40,000
May 24, 2017	0.50	166,000	176,000
December 5, 2017	0.50	100,000	100,000
December 24, 2018	0.05	1,041,500	1,041,500
February 2, 2020	0.05	868,000	-
		2,281,500	1,653,500

The Company applies the fair value method of accounting for stock options. Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The fair value of options granted was estimated at the grant date based on the Black-Scholes option-pricing model, using the following assumptions (no options were granted in September 30, 2014):

	September 30, 2015	September 30, 2014
Risk-free interest rate	1.07%	N/A
Expected share price volatility	138%	N/A
Expected option life in years	5.0	N/A
Expected dividend yield	Nil	N/A

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**Notes to Condensed Interim Financial Statements September 30, 2015**  
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**6. Related parties and key management compensation**

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

The Company has no compensation arrangements with its board of directors other than non-cash stock option grants. The Company has no termination benefits, post-employment benefits and other long-term benefits in place. Key management includes the board of directors and executive officers. Compensation awarded to the key management and board of directors is listed below:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Salary	\$ 27,750	\$ 33,000	\$ 64,250	\$ 92,167
Share-based payments, non-cash	-	-	18,103	-
	\$ 27,750	\$ 33,000	\$ 82,353	\$ 92,167

**7. Segmented information**

The Company has one business segment, the exploration of mineral properties. All of the Company's assets, except MinQuest common shares, and operations are located in Canada.