

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)

Condensed Interim Financial Statements

September 30, 2013

(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 Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

		September 30, 2013	December 31, 2012
Assets			
Current assets			
Cash and cash equivalents		\$ 252,508	\$ 594,210
Tax receivables		11,155	19,384
Prepaid		2,000	15,000
		265,663	628,594
Equipment	Note 3	20,950	27,034
Resource properties	Note 4	1,214,567	1,104,212
		\$ 1,501,180	\$ 1,759,840
Liabilities			
Current liabilities			
Trade payable and accrued liabilities	Note 8(b)	\$ 299,632	\$ 129,926
Shareholders' Equity			
Share capital	Note 5	42,945,838	42,667,978
Contributed surplus		3,012,847	2,981,590
Deficit		(44,757,137)	(44,019,654)
		1,201,548	1,629,914
		\$ 1,501,180	\$ 1,759,840

(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 27, 2013

"John S. Brock" (signed)
John S. Brock

"Douglas Proctor" (signed)
Douglas Proctor

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

	Three months ended		Nine months ended		
	September 30,		September 30,		
	2013	2012	2013	2012	
Administration expenses					
Depreciation	\$ 2,028	\$ 2,897	\$ 6,084	\$ 8,690	
Insurance	-	-	13,630	26,152	
Professional fees	11,798	2,176	45,421	25,401	
Management and administrative services	31,007	43,538	117,756	127,804	
Office operations and facilities	24,512	26,328	86,917	80,545	
Shareholder communications and investor relations	5,200	23,965	38,977	124,161	
Share-based payments	-	24,034	14,624	83,961	
Transfer agent and regulatory fees	4,380	10,059	36,051	27,417	
	78,925	132,997	359,460	504,131	
Other expenses (income)					
Exploration and evaluation costs	Note 4(e)	244,115	1,249,136	327,998	1,826,384
Impairment	Note 4(a)	-	-	53,500	-
Interest		(945)	(4,992)	(3,475)	(19,760)
		243,170	1,244,144	378,023	1,806,624
Comprehensive loss for the period					
	\$ (322,095)	\$ (1,377,141)	\$ (737,483)	\$ (2,310,755)	
Basic and diluted loss per common share (post-consolidation)					
	\$ (0.02)	\$ (0.10)	\$ (0.05)	\$ (0.16)	
Weighted average number of common shares outstanding (post-consolidation)					
	16,134,840	14,043,422	16,129,712	14,030,031	

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

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

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Cash flows used in operating activities				
Loss for the period	\$ (322,095)	\$ (1,377,141)	\$ (737,483)	\$ (2,310,755)
Items not affecting cash				
Depreciation	2,028	2,897	6,084	8,690
Impairment	-	-	53,500	-
Share-based payments	-	24,034	14,624	83,961
	(320,067)	(1,350,210)	(663,275)	(2,218,104)
Changes in non-cash working capital items				
Tax receivables	(6,482)	(18,616)	8,229	(20,607)
Prepaid	13,000	19,212	13,000	-
Trade payable and accrued liabilities	184,628	(55,151)	169,706	(53,150)
	191,146	(54,555)	190,935	(73,757)
	(128,921)	(1,404,765)	(472,340)	(2,291,861)
Cash flows used in investing activities				
Resource property acquisition costs	(11,477)	(20,420)	(133,855)	(40,420)
	(11,477)	(20,420)	(133,855)	(40,420)
Cash flows from financing activities				
Proceeds from share issuance	20,959	-	264,493	-
Decrease in cash and cash equivalents	(119,439)	(1,425,185)	(341,702)	(2,332,281)
Cash and cash equivalents - beginning of period	371,947	2,330,817	594,210	3,237,913
Cash and cash equivalents - end of period	\$ 252,508	\$ 905,632	\$ 252,508	\$ 905,632
Cash and cash equivalents comprises				
Cash and cash equivalents comprises	\$ 93,279	\$ 47,048	\$ 93,279	\$ 47,048
Term deposits	159,229	858,584	159,229	858,584
	\$ 252,508	\$ 905,632	\$ 252,508	\$ 905,632

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

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

	Common Shares		Contributed Surplus	Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance at December 31, 2011	14,022,987	\$ 42,620,478	\$ 2,868,863	\$ (41,400,414)	\$ 4,088,927
Shares issued for property	90,000	30,000			30,000
Share-based payments			83,961		83,961
Net loss for the period				(2,310,755)	(2,310,755)
Balance at September 30, 2012	14,112,987	42,650,478	2,952,824	(43,711,169)	1,892,133
Balance at December 31, 2012	14,162,884	\$ 42,667,978	\$ 2,981,590	\$ (44,019,654)	\$ 1,629,914
Equity offering, net of issuance costs	4,658,000	247,860	16,633		264,493
Shares issued for property	400,000	30,000			30,000
Share-based payments			14,624		14,624
Net loss for the period				(737,483)	(737,483)
Balance at September 30, 2013	19,220,884	\$ 42,945,838	\$ 3,012,847	\$ (44,757,137)	\$ 1,201,548

(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, 2013
(Unaudited - Expressed in Canadian dollars)

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. Pacific Ridge is incorporated and domiciled in Canada under the *Business Corporations Act* (British Columbia). The address of its registered office is 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. Due to market fluctuations and the inherent risks in the exploration industry, there can be no assurance that management's future actions will be successful.

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 of September 30, 2013, the Company had an accumulated deficit of \$44,757,137 (December 31, 2012 - \$44,019,654) and working capital deficiency of \$33,969 (working capital December 31, 2012 - \$498,668). Completion of the acquisition, exploration and development of its resource properties is dependent on the Company's ability to obtain the necessary on going financing.

The lack of sufficient committed funding for the next 12 months lends significant doubt as to the ability of the Company to meet its commitments as they become due and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. The Company intends to fund its plan of operations from existing working capital and the proceeds of future financings. Subsequent to the period end, the Company sold its Baker Uranium property for a total consideration of \$275,000, details please see Note 8(a).

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, 2012 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, 2012 except the followings were adopted effective January 1, 2013:

- IFRS 13 *Fair Value Measurement*;
- IAS 1 *Presentation of Financial Statements*.

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Notes to Condensed Interim Financial Statements September 30, 2013
(Unaudited - Expressed in Canadian dollars)

2. Basis of presentation and changes to accounting policies (Continued)

The adoption of these standards has not had a significant impact on the Company's financial position or financial performance.

These condensed interim financial statements have been prepared on a historical cost basis and presented in Canadian dollars, the Company's functional currency.

The condensed financial statements were approved by the Board of Directors on November 27, 2013.

3. Equipment

Equipment is carried at cost less accumulated depreciation with details listed below:

	Cost	Accumulated depreciation	Carrying value
Balance, December 31, 2011	89,991	(51,371)	38,620
Additions	-	(11,586)	(11,586)
Balance, December 31, 2012	89,991	(62,957)	27,034
Additions	-	(6,084)	(6,084)
Balance, September 30, 2013	\$ 89,991	\$ (69,041)	\$ 20,950

4. Resource properties

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

A summary of capitalized acquisition costs was as follows:

	Mariposa	Gold Cap	Polar Stewart	Eureka Dome	Fyre Lake Straw	King Solomon	Sophie Property	Total
Balance, December 31, 2012	\$ 566,561	\$ 10,300	\$ 415,000	\$ 41,790	\$ 70,561	\$ -	\$ -	\$ 1,104,212
Additions	7,378	-	-	-	22,530	123,212	10,735	163,855
Impairment	(53,500)	-	-	-	-	-	-	(53,500)
Balance, September 30, 2013	\$ 520,439	\$ 10,300	\$ 415,000	\$ 41,790	\$ 93,091	\$ 123,212	\$ 10,735	\$ 1,214,567

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 (\$80,000 paid) in cash, issue 800,000 (230,000 issued) common shares and incur \$600,000 (incurred) exploration expenditures over five years.

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Notes to Condensed Interim Financial Statements September 30, 2013
(Unaudited - Expressed in Canadian dollars)

4. Resource properties (Continued)

a) Mariposa property, Yukon (Continued)

The property is subject to a 2% net smelter return ("NSR") that may be purchased, at any time after a production notice has been given in amounts of \$1,000,000 for each 1% of NSR.

On May 27, 2011, the Company entered into an option agreement with a private vendor to earn a 100% interest in 39 mineral claims located in the Dawson Mining District, Yukon, north-western area of the Mariposa property, known as the PTL property for a total consideration of \$85,000 and 40,000 of common shares over four years.

Due to the prevailing market condition and its cash constraint, the Company terminated the PTL option agreement and wrote down the \$53,500 acquisition cost to nil.

b) King Solomon property, Yukon

On May 8, 2013, 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 is required to make \$500,000 (\$100,000 paid) cash payment, issue 2,000,000 (250,000 issued) common shares and incur exploration expenditures of \$2,500,000 (\$139,628 incurred) over four years.

The property is subject to a 2% NSR of which 1% can be bought at \$2 million at any time.

c) Sophie property, Yukon

On July 10, 2013, the Company announced an option agreement with 39242 Yukon Inc. for the Sophie mineral property adjacent to the King Solomon property that the Company recently acquired. To earn a 100% interest, the Company is required to make \$100,000 cash payment and issue 1,000,000 (50,000 issued) common shares over four years. On July 12, 2013, \$5,000 was paid and 100,000 common shares were issued.

d) Fyre lake sulphide project, Yukon

The Company entered into an option agreement with True North Gems Inc. ("True North") to acquire 43 mineral claims located in the Watson Lake Mining Division, Yukon, known as the Straw property. In order to earn a 100% interest in the property, the Company is required to pay an aggregate amount of \$25,000 and issue 80,000 common shares of the Company by January 31, 2014. On January 29, 2013, \$15,000 was paid in cash and 50,000 common shares were issued to True North.

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

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Notes to Condensed Interim Financial Statements September 30, 2013
(Unaudited - Expressed in Canadian dollars)

4. Resource properties (Continued)

e) Exploration and evaluation costs

The tables below summarize the cumulative balance and exploration costs for the nine months ended September 30, 2013 and 2012:

	Mariposa	Other Properties	General Exploration	Total
Balance, December 31, 2012	\$ 6,489,378	\$ 563,336	\$ 241,778	\$ 7,294,492
Additions during the period				
Analytical and data report	2,853	32,552		35,405
Field support	4,111	25,321		29,432
Fuel and transport	21,411	2,179		23,590
Geological services	84,178	43,484		127,662
Personnel	70,958	58,730		129,688
Travel and other	(25,741)	7,373	589	(17,779)
	157,770	169,639	589	327,998
Balance, September 30, 2013	6,647,148	732,975	242,367	7,622,490
Balance, December 31, 2011	\$ 4,586,752	\$ 542,743	\$ 191,106	\$ 5,320,601
Additions during the period				
Analytical and data report	147,858	5,520	-	153,378
Drilling	370,419	-	-	370,419
Field support	111,135	-	-	111,135
Fuel and transport	425,749	-	-	425,749
Geological services	199,485	2,617	-	202,102
Personnel	421,085	3,955	121	425,161
Travel and other	119,126	7,747	11,567	138,440
	1,794,857	19,839	11,688	1,826,384
Balance, September 30, 2012	\$ 6,381,609	\$ 562,582	\$ 202,794	\$ 7,146,985

5. Share capital

a) Common shares

Authorized - unlimited common shares without par value.

On June 10, 2013 and August 29, 2013, the Company closed its private placement in tranches for a total gross proceed of \$282,000. The Company issued 2,455,000 flow-through shares at a price of \$0.07 per share and 2,203,000 non-flow-through units at a price of \$0.05 per unit. Each non-flow-through unit consisted of one common share and one-half of a transferable share purchase warrant exercisable at \$0.10 per share for a one year period subject to an acceleration provision.

As of September 30, 2013, all \$171,850 flow-through funds raised had been spent.

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Notes to Condensed Interim Financial Statements September 30, 2013
(Unaudited - Expressed in Canadian dollars)

5. Share capital (Continued)

a) Common shares (Continued)

The Company paid \$4,341 finders' fee and issued 42,000 agent warrants which have the same term and condition as the warrants above.

The fair value of the warrants issued during the period was calculated using the Black-Scholes pricing with the following assumptions:

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Annual volatility	120%	N/A
Risk-free rate	1.15%	N/A
Expected life	1 year	N/A
Annual dividends	0%	N/A

Effective April 30, 2013, the Company's common shares have been traded on a consolidated basis of 5:1 under the same symbol of PEX. All the share capital information contained in this reporting has been presented on the post-consolidated basis.

b) Share purchase warrants

A summary of the warrants outstanding is as follows:

	<u>September 30, 2013</u>		<u>December 31, 2012</u>	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	-	\$ -	-	\$ -
Issued	1,143,500	0.10		
Outstanding, end of period	1,143,500	\$ 0.10	-	\$ -

Should the closing market price of the Company's shares trade in excess of \$0.15 per share for 20 consecutive trading days ("Triggering Event"), the Company may, within five days of the Triggering Event, issue a notice to those warrant holders and accelerate the warrant expiry date to the 21st day after the notice is given.

The expiry date for the warrant is 12 months from the date of issuance. Thus 1,133,500 warrants will expire on June 10, 2014 and 10,000 on August 29, 2014.

700,000 warrants were issued on November 1, 2013, please see note 8(a).

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 option transactions and the number of stock options outstanding are summarized below:

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Notes to Condensed Interim Financial Statements September 30, 2013
(Unaudited - Expressed in Canadian dollars)

5. Share capital (Continued)

c) Stock options (Continued)

	September 30, 2013		December 31, 2012	
	Number of Options	Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	722,000	\$ 0.95	522,000	\$ 1.35
Granted	-	\$ -	411,000	\$ 1.50
Expired	(30,000)	\$ 0.50	(211,000)	\$ 1.15
Outstanding, end of period	692,000	\$ 0.97	722,000	\$ 0.95
Exercisable, end of period	642,000	\$ 1.00	576,500	\$ 1.05

As of September 30, 2013, the weighted average remaining life for stock option outstanding was 2.57 years (December 31, 2012 – 3.43 years) and exercisable 2.44 years (December 31, 2012 – 3.09 years). The vesting average period for stock options is 50% on grant and 50% one year after the grant.

Stock options outstanding and exercisable at September 30, 2013 and December 31, 2012 are listed below:

Expiry date	Exercise price	September 30, 2013		December 31, 2012	
		Options Outstanding	Options Exercisable	Options Outstanding	Options Exercisable
January 29, 2015	\$ 1.00	262,000	262,000	262,000	262,000
January 6, 2016	1.50	80,000	80,000	80,000	80,000
May 12, 2016	1.50	9,000	9,000	9,000	9,000
July 29, 2016	3.05	40,000	40,000	40,000	40,000
May 24, 2017	0.50	201,000	201,000	231,000	135,500
December 5, 2017	0.50	100,000	50,000	100,000	50,000
		692,000	642,000	722,000	576,500

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:

	September 30, 2013	September 30, 2012
Risk-free interest rate	NA	1.24%
Expected share price volatility	NA	104.50%
Expected option life in years	NA	3.5
Expected dividend yield	NA	Nil

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Notes to Condensed Interim Financial Statements September 30, 2013
(Unaudited - Expressed in Canadian dollars)

6. Related parties

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 benefit, 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 is listed below:

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
Salary	\$ 39,010	\$ 64,500	\$ 140,675	\$ 193,500
Share-based payments, non-cash	-	7,664	14,624	44,202
	\$ 39,010	\$ 72,164	\$ 155,299	\$ 237,702

7. Segmented information

The Company has one business segment, the exploration of mineral properties. All of the Company's assets are located in Canada.

8. Subsequent events

- a) On November 1, 2013, the Company closed the sale of its Baker Uranium property in Nunavut, to Kivalliq Energy Corporation ("Kivalliq") for a total consideration of \$275,000 comprised of:
 - i. 600,000 common shares of Kivalliq at a deemed price of \$0.25;
 - ii. \$55,000 cash payment; and
 - iii. \$70,000 private placement of the Company at a unit price of \$0.05. Each unit consists of one common share of the Company and one-half share purchase warrant exercisable at \$0.10 for 12 months.
- b) In November 2013, the Company received \$70,000 from Government of Yukon for its exploration activities in that region in 2013 and cleared all the accounts payable outstanding as of September 30, 2013.
- c) Subsequent to the quarter end, the Company made \$25,000 cash payments and issued 180,000 common shares pursuant to two resource property option agreements.