

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)

Condensed Interim Financial Statements

March 31, 2014

(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)

		March 31, 2014	December 31, 2013
Assets			
Current assets			
Cash and cash equivalents	\$	59,092	\$ 151,606
Tax receivables		2,583	-
Marketable security	Note 4(e)	147,000	126,000
Prepaid		2,000	2,000
		210,675	279,606
Equipment	Note 3	17,503	18,922
Resource properties	Note 4	851,067	833,567
	\$	1,079,245	\$ 1,132,095
Liabilities			
Current liabilities			
Trade payable and accrued liabilities	\$	28,787	\$ 30,379
Shareholders' Equity			
Share capital	Note 5	42,971,093	42,963,593
Contributed surplus		3,073,379	3,073,379
Accumulated other comprehensive gain (loss)		15,000	(6,000)
Deficit		(45,009,014)	(44,929,256)
		1,050,458	1,101,716
	\$	1,079,245	\$ 1,132,095

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

Approved by the Board of Directors and authorized for issue on April 28, 2014

"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 March 31,	
	2014	2013
Administration expenses		
Depreciation	\$ 1,419	\$ 2,028
Insurance	-	130
Professional fees	968	13,856
Management and administrative services	20,247	44,514
Office operations and facilities	13,047	31,650
Shareholder communications and investor relations	9,084	20,315
Share-based payments	-	7,312
Transfer agent and regulatory fees	9,523	8,026
	54,288	127,831
Other expenses (income)		
Exploration and evaluation costs	Note 4(f) 25,702	60,257
Interest	(232)	(1,461)
	25,470	58,796
Net loss for the period	(79,758)	(186,627)
Other comprehensive loss for the period		
Net change in fair value of available-for-sale financial asset	21,000	-
Comprehensive loss for the period	(58,758)	(186,627)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	20,942,551	14,247,432

(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 March 31,	
	2014	2013
Cash flows used in operating activities		
Loss for the period	\$ (79,758)	\$ (186,627)
Items not affecting cash		
Depreciation	1,419	2,028
Share-based payments	-	7,312
	(78,339)	(177,287)
Changes in non-cash working capital items		
Tax receivables	(2,583)	5,129
Trade payable and accrued liabilities	(1,592)	2,067
	(4,175)	7,196
	(82,514)	(170,091)
Cash flows used in investing activities		
Resource property acquisition costs	(10,000)	(22,377)
	(10,000)	(22,377)
Cash flows from financing activities		
	-	-
Decrease in cash and cash equivalents	(92,514)	(192,468)
Cash and cash equivalents - beginning of period	151,606	594,210
Cash and cash equivalents - end of period	\$ 59,092	\$ 401,742
Cash and cash equivalents comprises		
Cash	\$ 34,175	\$ 42,924
Term deposit	24,917	358,818
	\$ 59,092	\$ 401,742

(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	Accumulated Other Comprehensive		Deficit	Total Shareholders' Equity
	Shares	Amount		Gain (Loss)			
Balance at December 31, 2012	14,162,884	\$ 42,667,978	\$ 2,981,590	\$ -	\$ (44,019,654)	\$ 1,629,914	
Shares issued for property	50,000	7,500				7,500	
Share-based payments	-		7,312			7,312	
Net loss for the period					(186,627)	(186,627)	
Balance at March 31, 2013	14,212,884	\$ 42,675,478	\$ 2,988,902	\$ -	\$ (44,206,281)	\$ 1,458,099	
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	150,000	7,500				7,500	
Other comprehensive gain for the period				21,000		21,000	
Net loss for the period					(79,758)	(79,758)	
Balance at March 31, 2014	20,950,884	\$ 42,971,093	\$ 3,073,379	\$ 15,000	\$ (45,009,014)	\$ 1,050,458	

(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 March 31, 2014
(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.

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 March 31, 2014, the Company had an accumulated deficit of \$45,009,014 (December 31, 2013 - \$44,929,256) and working capital of \$181,888 (December 31, 2013 - \$249,227). 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.

The Company intends to fund its plan of operations from existing working capital and the proceeds of future financings, but lacks sufficient committed funding for the next 12 months. Future financings are expected to be obtained through joint ventures, equity financing, and/or other means. 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, 2013 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, 2013.

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.

The financial statements are approved by the Board of Directors on April 28, 2014.

Pacific Ridge Exploration Ltd.
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Notes to Condensed Interim Financial Statements March 31, 2014
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3. Equipment

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

	Cost	Accumulated depreciation	Carrying value
Balance, December 31, 2012	\$ 89,991	\$ (62,957)	\$ 27,034
Additions	-	(8,112)	(8,112)
Balance, December 31, 2013	89,991	(71,069)	18,922
Additions	-	(1,419)	(1,419)
Balance, March 31, 2014	\$ 89,991	\$ (72,488)	\$ 17,503

4. Resource properties

The Company has interests in mineral properties in Yukon, Canada. A summary of capitalized acquisition costs is 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 during the year	31,378	-	-	-	22,530	123,212	20,735	197,855
Impairment	(53,500)	-	(415,000)	-	-	-	-	(468,500)
Balance, December 31, 2013	544,439	10,300	-	41,790	93,091	123,212	20,735	833,567
Additions during the period					17,500			17,500
Balance, March 31, 2014	\$ 544,439	\$ 10,300	\$ -	\$ 41,790	\$ 110,591	\$ 123,212	\$ 20,735	\$ 851,067

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 (\$100,000 paid) in cash, issue 800,000 (310,000 issued) common shares and incur \$600,000 (incurred) exploration expenditures over five years as below:

	Cash	Common Shares	Cumulative work expenditures
On initial date (paid and issued)	\$ 20,000	50,000	\$ 100,000
On or before October 1, 2010 (paid and issued)	20,000	40,000	200,000
On or before October 1, 2011 (paid and issued)	20,000	60,000	300,000
On or before October 1, 2012 (paid and issued)	20,000	80,000	400,000
On or before October 1, 2013 (paid and issued)	20,000	80,000	600,000
On or before October 1, 2014	20,000	90,000	-
Upon production notice being given	-	200,000	-
Upon commencement of commercial production	-	200,000	-
	\$ 120,000	800,000	\$ 600,000

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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.

b) King Solomon property, Yukon

On May 8, 2013, the Company entered into an option agreement, amended on December 31, 2013, 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 payments, issue 2,000,000 (250,000 issued) common shares in annual tranches of 250,000 on or before May 15th of each year and incur cumulative exploration expenditures of \$2,500,000 (\$145,932 incurred) over four years starting in 2013 as below:

	Cash	Common Shares	Cumulative expenditures
On initial date (paid and issued)	\$ 50,000	250,000	\$ -
On or before July 15, 2013 (paid)	50,000	-	-
On or before December 31, 2013 (amended)	-	-	145,000
2014	100,000	250,000	500,000
2015	100,000	250,000	1,000,000
2016	100,000	250,000	1,750,000
2017	100,000	500,000	2,500,000
	\$ 500,000	1,500,000	\$ 2,500,000

The property is subject to a 2% NSR of which 1% can be bought at \$2,000,000 at any time.

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 (\$10,000 paid) and issue 1,000,000 (200,000 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	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 half of which can be purchased for \$750,000.

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4. Resource properties (continued)

d) Fyre lake massive sulphide property, Yukon

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

The Company entered into an option agreement with True North Gems Inc. ("True North") to acquire 43 mineral claims located within Fyre Lake property 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 (paid) and issue 80,000 (issued) common shares of the Company by January 31, 2014.

As of January 31, 2014, the option agreement has been complete and the Company has earned the 100% interest of the property.

e) Sale of Baker Basin uranium property, Nunavut

The Company owned a 100% interest in the Baker Basin Uranium Project subject to an underlying agreement with Kivalliq Energy ("Kivalliq") wherein Kivalliq had the option to back-in to a 20% working interest when a prefeasibility study was produced.

On November 1, 2013, the Company closed the sale of the property to Kivalliq for consideration composed of 600,000 common shares of Kivalliq and \$55,000 cash payment.

The fair value of the 600,000 Kivalliq shares has been determined by reference to their closing quoted share price at the reporting date. During the three months ended March 31, 2014, the Company recorded \$21,000 unrealized gain in other comprehensive income. 300,000 shares were sold subsequent to the quarter end at an average price of \$0.245.

f) The tables below summarize the cumulative balance and exploration costs for the three month ended March 31, 2014 and 2013:

	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			1,200
Fuel and transport				-
Geological services	2,954			2,954
Personnel	2,988	7,571	4,583	15,142
Travel and other	1,050		5,356	6,406
	8,192	7,571	9,939	25,702
Balance, March 31, 2014	\$ 6,664,355	\$ 746,795	\$ 191,998	\$ 7,603,148

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4. Resource properties (continued)

	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	-	-	-	-
Drilling	-	-	-	-
Field support	1,484	-	-	1,484
Fuel and transport	-	-	-	-
Geological services	8,273	3,000	-	11,273
Personnel	36,499	9,000	-	45,499
Travel and other	701	682	618	2,001
	46,957	12,682	618	60,257
Balance, March 31, 2013	\$ 6,536,335	\$ 576,018	\$ 242,396	\$ 7,354,749

5 Share capital

a) Common share

Authorized - unlimited common shares without par value.

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 these financial statements has been presented on a post-consolidated basis.

b) Share purchase warrants

On March 31, 2014 and December 31, 2013, the warrants outstanding were listed below:

Expiry date	Exercise price	Warrants outstanding
June 10, 2014	\$ 0.10	1,033,500
July 3, 2014	0.10	100,000
August 29, 2014	0.10	10,000
November 1, 2014	0.10	700,000
	\$ 0.10	1,843,500

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:

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5. Share capital (continued)

c) Stock options (continued)

	March 31, 2014		December 31, 2013	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,834,000	\$ 0.40	722,000	\$ 0.95
Granted	-	\$ -	1,142,000	\$ 0.05
Expired	-	\$ -	(30,000)	\$ 0.50
Outstanding, end of period	1,834,000	\$ 0.40	1,834,000	\$ 0.40
Exercisable, end of period	1,834,000	\$ 0.40	1,834,000	\$ 0.40

As of March 31, 2014, the weighted average remaining life for stock option outstanding and exercisable was 3.75 years (December 31, 2013 – 4.00 years).

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

Expiry date	Exercise price	March 31, 2014	December 31, 2013
		Options Outstanding	Options Outstanding
January 29, 2015	\$ 1.00	262,000	262,000
January 6, 2016	1.50	80,000	80,000
May 12, 2016	1.50	9,000	9,000
July 29, 2016	3.05	40,000	40,000
May 24, 2017	0.50	201,000	201,000
December 5, 2017	0.50	100,000	100,000
December 24, 2018	0.05	1,142,000	1,142,000
		1,834,000	1,834,000

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:

	March 31, 2014	March 31, 2013
Risk-free interest rate	N/A	1.21%
Expected share price volatility	N/A	105.83%
Expected option life in years	N/A	3.5
Expected dividend yield	N/A	Nil

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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 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 including the CEO and the Vice President is listed below:

	Three months ended March 31,			
	2014		2013	
Salary	\$	29,167	\$	54,999
Share-based payments, non-cash		-		4,987
	\$	29,167	\$	59,986

7. Segmented information

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