

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the three and nine months ended September 30, 2012

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated November 13, 2012 and provides an analysis of Pacific Ridge's financial results for the nine months ended September 30, 2012 ("2012") compared to the same period in 2011 year ("2011").

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2011 and the condensed interim financial statements for the nine months ended September 30, 2012, together with the related notes thereto. The Company reports its financial position, financial performance and cash flows in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using the same accounting policies as detailed in the Company's audited financial statements for the year ended December 31, 2011. All amounts contained herein are in Canadian dollars, unless otherwise indicated.

The Company's shares are listed on the TSX Venture Exchange under the symbol "PEX". Additional information related to Pacific Ridge is available on the Company's website at www.pacificridgeexploration.com or on SEDAR at www.sedar.com.

The mineral exploration business is not without risk and most exploration projects will not become mines. The Company is subject to a number of risks and uncertainties due to the nature of its business and present stage of explorations. Please refer to a detailed discussion of risks in the Company's MD&A for the year ended December 31, 2011, and there have been no changes for the risks and uncertainties since December 31, 2011.

Pacific Ridge's disclosure of a technical or scientific nature has been reviewed by Jerry Solomon, P.Geo., Qualified Person under the definition of National Instrument 43-101. Mr. Solomon supervised most of the 2012 exploration program.

On September 21, 2012, Janice L. Fingler, resigned from her position as Vice President Exploration effective September 25, 2012. The Board of Directors of the Company has accepted Ms. Fingler's resignation. The Company is in the process of selecting and appointing a new Vice President Exploration.

Results of Operations

During the nine months ended September 30, 2012, the Company completed a 4-month exploration program with the major part of field work directed to the Mariposa Gold Project located in Yukon's White Gold District. The 2012 exploration program was budgeted at \$2 million. Exploration activity had been underway since early June and diamond drilling at Mariposa commenced during the second week of July.

This field season's exploration program, costing approximately \$1.9 million, included 2,450 metres of diamond drilling completed in 14 holes, approximately 1000 metres of excavation in 18 trenches, collection of 3,500 soil and silt samples, a ground magnetic survey and prospecting for gold-bearing float. Your Company is highly encouraged by this year's gold exploration results, based on which continued exploration is being planned for the Mariposa property in 2013.

Highlights

- Eight out of eleven holes drilled within the Skookum Main Zone intersected significant gold mineralization.
- Further drilling within the Skookum Main zone will be guided by additional information from geologic modeling that has now confirmed a structural control on gold mineralization within favorable gold-hosting rocks.
- The first-ever drilling within the Big Alex zone, intersected gold in all of the three holes drilled.
- Prospecting the area of the Hackly zone led to discovery of high grade gold- in- float.
- Majority of the assay results are pending for the 1000 metres of trenching in a 12-trench program at the Skookum West zone where gold-hosting float samples have returning up to 20 g/t gold.
- Encouraging exploration results reported by third parties on properties proximal to Pacific Ridge's Polar-Stewart and Gold Cap Properties are adding prospectively to our claims holdings.
- Trenching areas of float samples containing gold values provided encouraging initial assays which will be fully reported when all assays are received.

Skookum Main

The 2012 drilling program within the Skookum Main zone was designed to further establish the structural and stratigraphic relationships with gold mineralization discovered during the 2011 drilling program. This year's drilling program confirmed a structural related gold mineralization trend within favorable gold-hosting rocks, mostly granodiorite, usually found in association with evidence of hydrothermal alteration. This open ended, structurally-bounded, northeasterly-trending zone now measures from 60 to 80 metres in width and consists of east-northeast dipping stratigraphy with demonstrated potential for both near surface and at depth gold mineralization.

Now that the gold mineralization system of the Skookum Main zone is well understood, exploration priority will be placed on the area to further expand this open-ended mineralized corridor.

Through the 2011 and 2012 drilling programs, the overall Skookum Main zone has seen 29 holes drilled, out of which 22 have intersected significant gold values. The following drill-hole assays have been selected from drill holes located within the Skookum Main Corridor.

- 11MP-01 2.4 g/t over 38.9 metres, and 6.5 g/t over 3.2 metres
- 11MP-05 1.1 g/t over 19.8 metres
- 11MP-06 0.6 g/t over 45.3 metres
- 11MP-08 1.7g/t over 12 metres
- 11MP-27 2.0g/t over 4.7 metres
- 12MP-3A 0.6g/t over 26.1 metres, and 3.7 g/t over 3.7 metres
- 12MP-06 6.5g/t over 1.3 metres
- 12MP-10 1.1g/t over 19 metres

A complete table of 2012 drill hole assays was reported in a Pacific Ridge news release dated October 16, 2012, which may be viewed on the Company's website; www.pacificridgeexploration.com.

Skookum West

During the last three exploration seasons, 2010 through to 2012, prospecting within the Skookum West zone, as defined by a 1.5 kilometer-long gold-in-soils anomaly, has revealed numerous locations where gold-bearing float samples have assays ranging from 0.5 g/t to 19.9 g/t gold. The 2011, wide-spaced drill-testing of some of these float locations did not explain the widespread gold anomaly contained in both rocks and soils. Hence this year's 2012 program of trenching which targeted 12 locations of gold-in-float samples to expose bedrock sources for sampling. This trenching program was completed in early October with the collection of approximately 198 composite rock samples, 198 soil samples and 19 grab samples collected from the trenches. Initial results will be reported when all assays are in hand.

Big Alex

Two target areas, located in the northwestern part of the Mariposa claims, straddle Scroggie Creek, and are defined by anomalous gold-in-soils, gold-in-float and gold-in-outcrop that saw the first ever holes drilled this season. To the northwest, across Scroggie Creek, a single hole drilled to test the coincidence of gold-in-soil anomaly with lineament interpretation from geophysics signature returned gold mineralization up to 4.1 g/t over 1.8 meter. A rare outcrop in the Big Alex East area, consisting of potassic-feldspar altered granodiorite with dense quartz veining, where a grab sample returned up to 3.0 g/t Au, was tested with two drill holes, 12MP-13 and 14, drilled from the same set-up. Both of the holes intersected multiple intervals of significant gold mineralization. The highlights include a near surface 5.2 meter of 1.64 g/t Au in 12MP-13 and 7.1 meters of 0.54 g/t Au in 12MP-13 including 1.5 meter of 1.4 g/t Au and 1.2 metres of 1.3 g/t Au.

Continued drilling is proposed for next year to define the geometry and extent of gold mineralization in both targets.

Hackly

The Hackly gold-in-soil anomaly reaches 250 ppb gold and is open ended for expansion. Named "Hackly" because of the hackly texture of gold nuggets found nearby in Scroggie Creek, it may be postulated that the rough textured nuggets may not have travelled far from a lode gold source. In 2011 two holes were drilled into the Hackly soils anomaly, with disappointing results, thus leading to a recommendation that prospecting for gold bearing float continue in the area. This year, prospecting led to discovery of near-in situ gold-bearing float occurrences where grab samples returned 11.7 g/t and 1.65 g/t gold from an area located approximately one kilometer north of the 2011 drilling. This float discovery will be followed up with trenching and then drilling, contingent upon the success of the trenching program in 2013.

Local Exploration Activity

Comstock Metals Ltd recently reported encouraging trenching and drilling results with additional results pending from their QV property located 5 kilometres northwest of Pacific Ridge's Gold Cap property. Comstock recently acquired a second property, the Walhalla, which claims are tied on the eastern boundary of the Pacific Ridge Mariposa claims. Comstock are planning follow-up of anomalous gold geochemical results within the Walhalla claims. Pacific Ridge holds an option on the Polar-Stewart claims held by prospector Shawn Ryan. To the east of Polar Stewart, Goldstrike Resources are reporting high grade gold assays in float on their Lucky Strike claims. The news of exploration success on properties adjacent to Pacific Ridge holdings is an indication that those properties are highly prospective

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Sampling methods and analytical procedures

Drill core is cut or split in half, with one half of each sample forwarded for analysis, and the remaining half archived on site. As part of the quality assurance-quality control ("QAQC") program, a series of certified reference standard material, blank material and core duplicate samples are inserted into each batch. Samples are sent directly by air charter to the preparation facility of Inspectorate Exploration & Mining Services in Whitehorse, YT ("Inspectorate"), where they are crushed and pulverized to 85% passing 200 mesh. Coarse reject material from each sample remains stored with Inspectorate in Whitehorse, while the pulps are couriered to Inspectorate's laboratory in Richmond, BC, Canada, which is ISO 9001:2008 certified. Determinations for gold are completed on a 30g subsample subjected to fire assay, followed by an atomic absorption ("AA") finish. Results are reported as ppb (parts per billion). Sample results exceeding 10,000 ppb gold are subjected to fire assay followed by a gravimetric finish. Results are reported as grams per tonne gold. An additional 30 elements are determined by sample digestion in an aqua regia solution and analysis by ICP-MS and ICP-ES. Mercury determinations are completed by cold vapour fusion.

As of September 30, 2012, total accumulated exploration and evaluation costs are listed below:

Resource Properties	Balance	Additions			Total	Balance
	December 30, 2007	Q1	Q2	Q3	additions	September 29, 2008
Mariposa	\$ 4,586,752	\$ 118,582	\$ 428,904	\$ 1,247,371	\$ 1,794,857	\$ 6,381,609
Other properties	542,743	10,097	9,053	690	19,840	562,583
General exploration	191,106	7,403	3,209	1,075	11,687	202,793
Total	\$ 5,320,601	\$ 136,082	\$ 441,166	\$ 1,249,136	\$ 1,826,384	\$ 7,146,985

General, Administration and Corporate

The Company has not yet determined whether any of its resource properties contain mineral reserves that are economically recoverable. All direct costs associated with the exploration of these properties have been expensed as incurred. During the nine months ended September 30, 2012, the Company had a net loss of \$2,310,754 or \$0.03 loss per share, as compared to net loss of \$3,790,106 or \$0.07 loss per share in 2011. To reserve cash, the Company has reduced its general administration and corporate activities, and focus on exploration program in its Mariposa property only.

A summary of comparative administrative and other expenses for 2012 and 2011 is provided in the table below with an analysis for the major changes. The major expenses are the exploration and evaluation costs which are driven by the Company's exploration program in Yukon. Due to the weather condition in Yukon, the company is limited to carry out its exploration programs during the period from May to September, when most exploration expenditures are incurred.

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	Nine months ended September 30,		Increase
	2012	2011	(decrease)
Administrative expenses			
Depreciation	\$ 8,690	\$ 12,414	\$ (3,724)
Insurance	26,152	25,026	1,126
Professional fees	25,401	36,746	(11,345)
Management and administrative services	127,804	86,657	41,147
Office operations and facilities	80,545	89,539	(8,994)
Investor relations	124,161	211,248	(87,087)
Share-based payments	83,961	239,027	(155,066)
Transfer agent and regulatory fees	27,417	35,061	(7,644)
	504,131	735,718	(231,587)
Other expenses (income)			
Exploration and evaluation costs	1,826,384	3,089,137	(1,262,753)
Interest	(19,760)	(19,860)	100
Government grant	-	(14,889)	14,889
	1,806,624	3,054,388	(1,247,764)
Total expenditures and expenses	\$ (2,310,755)	\$ (3,790,106)	\$ (1,479,351)

- Exploration and evaluation costs decreased by \$1,262,753 from \$3,089,137 in 2011 to \$1,826,384 in 2012 due to the first time extensive drilling program carried out for Mariposa incurred in 2011.
- Professional fees decreased by \$11,345 from \$36,746 in 2011 to \$25,401 in 2012 due to the reduced legal fees in the current period.
- Management and administrative increased by \$41,147 from \$86,657 in 2011 to \$127,804 in 2012 due to the remuneration made to its CEO at \$120,000 a year effective January 1, 2012. The CEO was paid \$500/day based on actual days worked in 2011 for a total of \$104,500 in the nine months ended September 30, 2011.
- Investor relations decreased by \$87,087 from \$211,248 in 2011 to \$124,161 in 2012 reflecting the Company's effort to reserve cash and remain lean operation activities. The Company terminated its investor relations services from G2 consultant in August 2012.
- The Company renewed its Directors' and Officer's insurance and general commercial liability same coverage in April 2012.
- Share-based payments decreased by \$155,066 from \$239,027 in 2011 to \$83,961 in 2012. The values of share-based payments were determined by the Black-Scholes option pricing model recognized over the vesting period of options.
- In 2011, the Company received \$14,889 from Yukon Government related to its Mariposa Gold Project in Yukon.

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Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with September 30, 2012:

	September 30, 2012		June 30, 2012		March 31, 2012		December 31, 2011	
Total revenue	\$	-	\$	-	\$	-	\$	-
Interest income		4,992		6,209		8,559		5,968
General and administration		(108,963)		(169,679)		(141,528)		(158,209)
Exploration and evaluation costs		(1,249,136)		(441,166)		(136,082)		(339,210)
Gain on sale of property		-		-		-		125,221
Share-based payments		(24,034)		(41,552)		(18,375)		(44,270)
Impairment		-		-		-		(96,000)
Net loss for the period	\$	(1,377,141)	\$	(646,188)	\$	(287,426)	\$	(506,500)
Basic and diluted loss per share	\$	(0.02)	\$	(0.01)	\$	-	\$	(0.01)

	September 30, 2011		June 30, 2011		March 31, 2011		December 31, 2010	
Total revenue	\$	-	\$	-	\$	-	\$	-
Interest income (expenses)		11,594		4,058		4,208		904
General and administration		(142,962)		(184,047)		(169,682)		(153,720)
Exploration and evaluation costs		(1,959,787)		(933,192)		(196,158)		(209,436)
Impairment		-		-		-		1
Share-based payments		(89,164)		(28,889)		(120,974)		37,086
Mining tax credit and government grant		-		-		14,889		85,380
Net loss for the period	\$	(2,180,319)	\$	(1,142,070)	\$	(467,717)	\$	(239,785)
Basic and diluted loss per share	\$	(0.04)	\$	(0.02)	\$	(0.01)	\$	(0.01)

Liquidity and Capital Resources

The Company is dependent on raising funds by the issuance of shares or subsequent disposition of interests in resource properties it may own or otherwise acquire in order to finance further acquisitions, undertake exploration of other resource properties and meet general and administrative expenses in the immediate and long term.

During the nine months ended September 30, 2012, the Company spent \$1,826,384, or 79% of its total expenses, (2011 - \$3,089,137) in exploration and evaluation of its Yukon mineral properties. The ability of the Company to continue its exploration program is dependent on the continuing success of its program and on receiving sufficient additional funding from investors.

As at September 30, 2012, the Company had cash and cash equivalents of \$905,632 and a working capital of \$843,551. To continue to explore its properties in Yukon, the Company may have to raise additional equity or from potential strategic partnerships.

Off-Balance Sheet Arrangements

None

Proposed Transactions

None

Outstanding Share Data

As at November 13, 2012, the Company had 70,814,936 common shares issued and outstanding, 4,025,000 stock options were outstanding and 3,322,500 options were exercisable at a weighted exercise price of \$0.21 and \$0.23, respectively. 456,247 warrants were outstanding at an exercise price of \$0.14 expiring on December 28, 2012.

Disclosure Controls and Procedures

Current securities policies in Canada require that management of the Company certifies that it has assessed the effectiveness of the Company's disclosure controls and procedures at period ends. Management has concluded that the disclosure controls as at September 30, 2012 were effective in ensuring that all material information required to be filed had been provided to it in a timely manner, and that the information was recorded, processed and reported within the time period necessary to prepare the filings.

The Company continues to review and assess its internal control over financial reporting. There were no significant changes made to internal controls over financial reporting during the period ended September 30, 2012.

Forward Looking Statements

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, which address future production, reserve potential, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance, that the Company expressly disclaims any responsibility for revising or expanding the forward-looking statements to reflect actual results or developments, and that actual results or developments may differ materially from those projected, in the forward-looking statements.