Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2012

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated April 8, 2013 and provides an analysis of Pacific Ridge's financial results for the years ended December 31, 2012 ("2012") and 2011 ("2011").

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2012 and 2011 and the related notes thereto. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standard ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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 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. A detailed discussion of risks is presented in the end of this MD&A.

On December 5, 2012, the Company announced the appointment of Gerald G. Carlson, Ph.D., P.Eng., as its Vice President of Exploration. Disclosures of a technical or scientific nature within this document have been reviewed by Dr. Carlson, a Qualified Person under the definition of National Instrument 43-101.

Results of Operations

During the twelve months ended December 31, 2012, the Company completed its 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 commenced in early June and diamond drilling at Mariposa commenced during the second week of July. The program was completed in late September with a second phrase of exploration then completed during the month of October 2012.

This field season's exploration program, costing approximately $1.97 million, included 2,450 metres of diamond drilling completed in 14 holes, approximately 1,000 metres of excavation in 18 trenches, collection of 3,500 soil and silt samples, a ground magnetic survey and prospecting for gold-bearing float. The Company is highly encouraged by 2012's gold exploration results, based on which continued exploration is being proposed 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.
- 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 value yielded anomalous gold assays in several trenches which results will be followed up when budget permits.

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. 2012'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.

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 the initiation of the 2012 program of trenching within 12 locations of gold-in-float samples in order 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.

The best results from angular float samples collected from the bottom of a 142 metres long trench at Skookum West included 282 ppb Au over 15 metres, 693 ppb Au over 10 metre and 2.45 g/t over 10 metres including 5 metres of 4.52 g/t.

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 recommended when budget permits 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 kilometre 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 proposed for 2013.

Local Exploration Activity

Comstock Metals Ltd recently reported encouraging trenching and drilling results from their QV property located 5 kilometre 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

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 December 31, 2012, total accumulated exploration and evaluation costs are listed below:

Resource Properties	December 31, 2011	Additions Q1	Q2	Q3	Q4	Total additions	December 31, 2012
Mariposa	$ 4,586,752	$ 118,582	$ 428,904	$ 1,247,371	$ 107,769	$ 1,902,626	$ 6,489,378
Other properties	542,743	10,097	9,053	690	753	20,593	563,336
General exploration	191,106	7,403	3,209	1,075	38,985	50,672	241,778
Total	$ 5,320,601	$ 136,082	$ 441,166	$ 1,249,136	$ 147,507	$ 1,973,891	$ 7,294,492

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 year ended December 31, 2012, the Company had a net loss of $2,619,240 or $0.04 loss per share, as compared to net loss of $4,296,606 or $0.08 loss per share in 2011. To reserve cash, the Company has reduced its general administration and corporate activities and on-going exploration program within the White Gold District as well as the Mariposa property will be contingent on availability of financing during 2013.

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 October, when most exploration expenditures are incurred.

	Year ended December 31 2012	**2011**	**Increase (decrease)**
Administrative expenses			
Depreciation	$ 11,586	$ 16,552	$ (4,966)
Insurance	26,152	25,026	1,126
Professional fees	75,498	83,085	(7,587)
Management and administrative services	150,073	124,657	25,416
Office operations and facilities	110,904	115,223	(4,319)
Investor relations	151,434	253,666	(102,232)
Share-based payments	112,727	283,297	(170,570)
Transfer agent and regulatory fees	29,177	36,691	(7,514)
	667,551	938,197	(270,646)

	Year ended December 31		Increase
	2012	**2011**	**(decrease)**
Other expenses (income)			
Exploration and evaluation costs	1,973,891	3,428,347	(1,454,456)
Gain on sale of property	-	(125,221)	
Impairment	-	96,000	
Interest	(22,202)	(25,828)	3,626
Government grant	-	(14,889)	14,889
	1,951,689	3,358,409	(1,435,941)
Total expenditures and expenses	**$ (2,619,240)**	**$ (4,296,606)**	**$ (1,706,587)**

- Exploration and evaluation costs decreased by $1,454,456 from $3,428,347 in 2011 to $1,973,891 in 2012 due to the first time extensive drilling program carried out for Mariposa incurred in 2011.
- Management and administrative increased by $25,416 from $124,657 in 2011 to $150,073 in 2012 due to the remuneration made to its CEO at $120,000 per annum and vacation pay accrued for its former VP Exploration in 2012. During 2011 the CEO was paid $500/day based on actual days worked totaling $112,000.
- Investor relations decreased by $102,232 from $253,666 in 2011 to $151,434 in 2012 reflecting the Company's effort to reserve cash and maintain lean operation activities. The Company terminated its investor relations services from G2 consultant in August 2012.
- The Company renewed its Directors' and Officers' insurance and general commercial liability coverage in April 2012.
- Share-based payments decreased by $170,570 from $283,297 in 2011 to $112,727 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.

Selected Annual Information

Selected annual information from the Company's three most recently completed financial years is summarized as follows:

	December 31,		
	2012	2011	2010
Total income	$ -	$ -	$ -
Net loss for the year	(2,619,240)	(4,296,606)	(2,073,670)
Basic and diluted loss per share	(0.04)	(0.08)	(0.07)
Total assets	1,759,840	4,274,138	5,554,700
Long-term financial liabilities	-	-	-
Cash dividends declared	-	-	-

Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with December 31, 2012:

	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Total revenue	$ -	$ -	$ -	$ -
Interest income	2,442	4,992	6,209	8,559
General and administration	(134,654)	(108,963)	(169,679)	(141,528)
Exploration and evaluation costs	(147,507)	(1,249,136)	(441,166)	(136,082)
Share-based payments	(28,766)	(24,034)	(41,552)	(18,375)
Net loss for the period	$ (308,485)	$ (1,377,141)	$ (646,188)	$ (287,426)
Basic and diluted loss per share	$ (0.00)	$ (0.02)	$ (0.01)	$ (0.00)

	December 31, 2011	September 30, 2011	June 30, 2011	March 31, 2011
Total revenue	$ -	$ -	$ -	$ -
Interest income	5,968	11,594	4,058	4,208
General and administration	(158,209)	(142,962)	(184,047)	(169,682)
Exploration and evaluation costs	(339,210)	(1,959,787)	(933,192)	(196,158)
Gain on sale of property	125,221	-	-	-
Impairment	(96,000)	-	-	-
Share-based payments	(44,270)	(89,164)	(28,889)	(120,974)
Mining tax credit and government grant	-	-	-	14,889
Net loss for the period	$ (506,500)	$ (2,180,319)	$ (1,142,070)	$ (467,717)
Basic and diluted loss per share	$ (0.01)	$ (0.04)	$ (0.02)	$ (0.01)

Fourth Quarter

The Company recorded a net loss of $308,485 in 2012 compared to a loss of $506,500 in 2011. The Company's results have been largely driven by the level of its exploration activities. The Company has had no revenue from mining operations. Major variations in costs are summarized below:

- Exploration and evaluation costs can vary widely from quarter to quarter depending on the weather condition and priorities of the exploration program.
- Share-based payments amounts can vary widely from quarter to quarter based on the timing, amount and tenure of stock option awards.
- Interest earned and financing costs vary based on the timing, type and amount of equity placements and resultant fluctuations in cash.

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 year ended December 31, 2012, the Company spent $1,973,891, or 75% of its total expenses, (2011 - $3,428,347) 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 December 31, 2012, the Company had cash and cash equivalents of $594,210 and a working capital of $498,668. To continue to explore its properties in Yukon, the Company will have to raise additional equity or form potential strategic partnerships.

Off-Balance Sheet Arrangements

None

Proposed Transactions

None

Outstanding Share Data

As at April 8, 2013, the Company had 71,064,936 common shares issued and outstanding, 3,610,000 stock options were outstanding and 2,882,500 options were exercisable at a weighted exercise price of $0.19 and $0.21, respectively.

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 December 31, 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 December 31, 2012.

Changes in Accounting Policies and Recent Accounting Pronouncements

The Company has not made any changes to accounting policies during the year ended December 31, 2012, please refer to note 2 in the audited year-end 2012 financial statements for the Company's significant accounting policies. Certain pronouncements were issued by the IASB that are mandatory for annual years beginning on or after January 1, 2013. The changes have not been early adopted and have been evaluated to have no major impact on the Company.

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.

Risk Factors

The Company is subject to a number of risks due to the nature of its business and the present stage of explorations. The following factors should be considered:

Mineral Exploration and Development

The Company's properties are in the exploration stage and are without a known body of commercial ore. Development of any of the Company's properties will only follow upon obtaining satisfactory exploration results. Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that the Company's mineral exploration and development activities will result in the discovery of a body of commercial ore on any of its properties. Several years may pass between the discovery and the development of commercial mineable mineralized deposits. Most exploration projects do not result in the discovery of commercially mineralized deposits.

Trends

The Company's financial success is dependent upon the discovery of mineral resources which could be economically viable to develop. Such development could take years to complete and the resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the company is largely dependent upon factors beyond the Company's control, such as market value of the products produced. Other than as disclosed herein, the company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's results or financial position.

Operating Hazards and Risks

Mineral exploration involves many risks. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in any of which events the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Economics of Developing Mineral Properties

Substantial expenditures are required to establish ore reserves through drilling, to develop metallurgical processes to extract metal from ore and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operation or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Environmental Factors

The Company conducts exploration activities in various parts of Canada and has previously conducted exploration activity within the United States. Such activities are subject to various laws, rules and regulations governing the protection of the environment, including, in some cases, posting of reclamation bonds. Extensive environmental legislation has been enacted in Canada by federal, provincial and territorial governments and in the United States by federal and state governments. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the Company's properties, which hazards are unknown to the Company at present, which have been caused by previous or existing owners or operators of the properties. The Company is not aware of any environmental hazards on any of the properties held or formerly worked by the Company. The approval of new mines in Canada is subject to detailed review through a clearly established public hearing process, pursuant to both the Federal Canadian Environmental Assessment Act and the provincial and territorial Environmental Review Agencies. The approval of new mines in the United States is subject to detailed review through a clearly established public hearing process, pursuant to both the Federal Environmental Protection Agency and the Bureau of Land Management. In addition, lands under federal jurisdiction are subject to the preparation of an environmental impact assessment report prior to commencement of any mining operations. These reports entail a detailed and scientific assessment as well as a prediction of the impact on the environmental and proposed development. Further, under such review process, there is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. Failure to comply with the legislation may have serious consequences. Orders may be issued requiring operations to cease or be curtailed or requiring installation of additional facilities or equipment. Violators may be required to compensate those suffering loss or damage by reason of its mining activities and may be fined if convicted of an offense under such legislation.

Canadian provincial, territorial and the United States state mining legislation establishes requirements for the decommissioning, reclamation and rehabilitation of mining properties in a state of temporary or permanent closure. Such closure requirements relate to the protection and restoration of the environment and the protection of the public safety. Some former mining properties must be managed for long periods of time following closure in order to fulfill closure requirements. The costs of closure of mining properties, and, in particular, the cost of long term management of mining properties can be substantial. The Company intends to progressively rehabilitate its mining properties during their period of operation, should any properties become operational, so as to reduce the cost of fulfilling closure requirements after the termination or suspension of production.

The Company has adopted environmental practices designed to ensure that it continues to comply with or exceeds all environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. The Company is currently engaged in exploration with minimal environmental impact.

Title

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims and title may be affected by undetected defects. In addition, certain of the mining claims in which the Company has an interest are not recorded in the name of the Company and cannot be recorded until certain steps are taken by other parties. Before a number of claims under option can be recorded in the Company's name, the underlying title holder has to assign title to the Company once the Company satisfies its option agreement obligations. There are no assurances that the underlying title holder will assign title. Land may be transferred by the State to businesses and citizens for possession and use based on leases.

Canadian Aboriginal Land Claims

Canadian Aboriginal rights may be claimed on properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by cooperative relationships with indigenous people in conducting exploration activity and is generally supportive of measures established to achieve such cooperation. While there is, to the Company's knowledge, no existing claim in respect of any of its properties, the advent of any future aboriginal land claims and the outcome of any aboriginal land claims negotiations or related issues cannot be predicted.

Competition and Agreements with Other Parties

The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors. There is significant and increasing competition for a limited number of resource acquisition opportunities and as a result, the Company may be unable to acquire attractive mining properties on terms it considers acceptable.

The Company competes with other companies that may have substantially greater financial resources than the Company. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may have its interest in the properties subject to such agreements reduced as a result. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

Governmental Regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Changes in such regulation could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted.

The Company is at the exploration stage on all of its properties. Exploration on the Company's properties requires responsible best exploration practices to comply with Company policy, government regulations, and maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral land or to stake a claim) in any Canadian province or territory in which it is carrying out work. Mineral exploration primarily falls under provincial or state jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdictions, such as the Fish and Wildlife Act in Canada and the Environmental Protection Agency in the United States.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess.

Metals Prices

The Company's revenues, if any, and ability to attract equity financing is expected to be in large part derived from the discovery of mineral properties and the sale of minerals contained or interests related thereto. The price of those commodities has fluctuated widely, particularly in the last three years, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and other and inventory carrying costs. The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Company's operations, cannot accurately be predicted.

Management and Directors

The Company is dependent on its President and CEO, John S. Brock. Loss of the key person could have an adverse effect on the Company. The Company does not maintain "key-man" insurance in respect of any of its management.

Conflicts of Interest

Certain of the Directors and Officers of the Company are also in their personal capacities, or as Directors or Officers of other companies, engaged in mineral exploration and development. Accordingly, exploration opportunities or prospects of which they become aware may not necessarily be made available to the Company. The Directors and Officers intend to allocate opportunities or prospects from time to time on the basis of prudent business judgment. The Directors are required by law to act honestly and in good faith with a view to the best interest of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a Director for the approval of such transaction.

Price Fluctuations: Share Price Volatility

In recent years, the international securities markets have experienced high levels of price and volume volatility, and the market prices of securities of many mineral exploration companies have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that the continual fluctuations in market price will not occur which may impact the Company's market capitalization as well as its ability to facilitate equity financing.

Legal Proceedings

As at December 31, 2012 and the date of this document, there were no legal proceedings against or by the Company.