

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated February 6, 2014 and provides an analysis of Pacific Ridge's financial results for the year ended December 31, 2013 ("2013") compared to the same period in 2012 year ("2012").

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2013 and 2012 and the related notes thereto. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts contained herein are in Canadian dollars, unless otherwise indicated.

The financial statements for the year ended December 31, 2013 is approved by the Board of Directors on February 6, 2014.

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 exploration results. A detailed discussion of risks is presented in the end of this MD&A.

Pacific Ridge's disclosure of a technical or scientific nature has been reviewed and approved by Dr. Gerald G. Carlson, Ph.D., P. Eng., Vice President Exploration of the Company, and a Qualified Person under the definition of National Instrument 43-101.

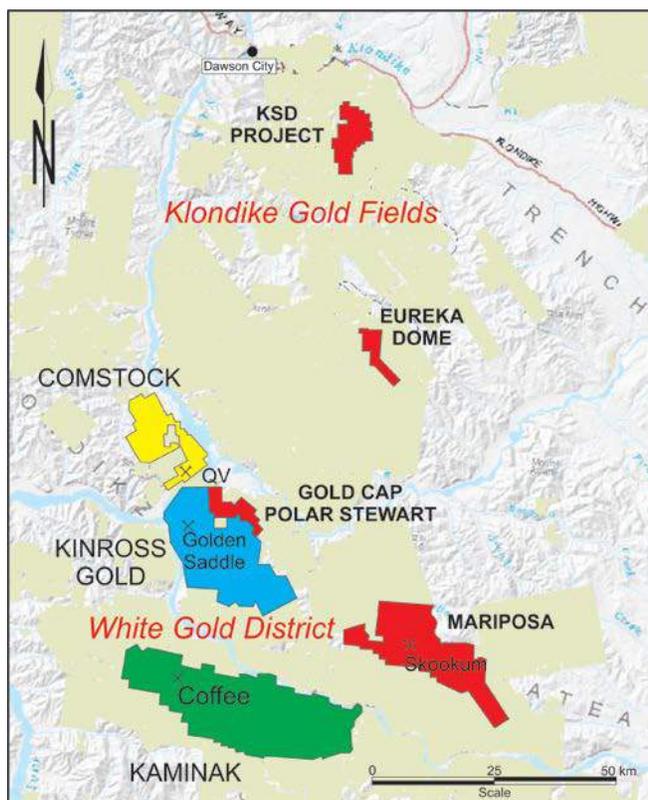
Results of Operations

During the year ended December 31, 2013, the Company completed surface exploration programs over its King Solomon Dome ("KSD") and Mariposa projects located in the Klondike and White Gold District, Yukon, the results of which were announced in news releases dated September 11 and November 14, 2013. As well, the Company completed a topographic mapping project utilizing satellite imagery at Fyre Lake, Yukon.

On November 1, 2013, the Company closed the sale of its Baker Basin Uranium project, Nunavut to Kivalliq Energy Corporation for a total received consideration of \$187,000.

King Solomon Property

On May 13, 2013, the Company announced that it had entered into an agreement with prospector Shawn Ryan and Wildwood Exploration Inc. whereby Pacific Ridge would have the right to

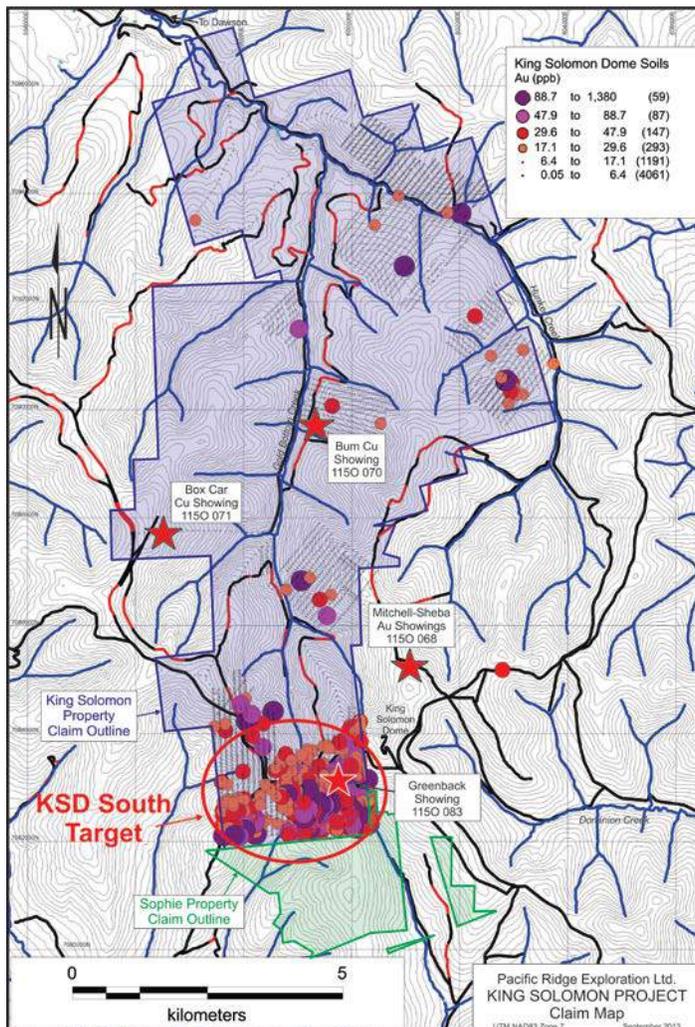


Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

earn a 100% interest in the King Solomon property, comprising 331 claims (6,700 ha) located in the heart of the Yukon's famous Klondike Gold District. To earn a 100% interest, the Company is required to make \$500,000 cash payment, issue 2,000,000 common shares of the Company, and incur exploration expenditures of \$2,500,000 over four years by the end of 2017. On July 10, the Company announced that it had entered into an agreement with 39242 Yukon Inc. to acquire a 100% interest in the Sophie property consisting of 40 claims adjoining the southern boundary of the King Solomon property. The property is located approximately 40 kilometers southeast of Dawson City and is accessible by all-weather road.

Exploration History

Shawn Ryan acquired the King Solomon property by staking in 2004 and has added to the claims in subsequent years. During the period 2006 to 2012, Ryan collected 5,838 soil samples from several grids throughout the property. The KSD South soil anomaly was first defined as a significant target during the 2007 exploration program. There has been no recorded drilling on the property. A more detailed discussion of the Property's exploration history can be found on the Company's website.



2013 Exploration Program

The 2013 exploration program included soil sampling, a high resolution IP/resistivity survey and a deep penetrating, close-spaced soil and rock sampling (Geoprobe) on the KSD South Zone between July 3 and August 18, 2013, with the objective of defining future drill targets. The program was carried out by Ground Truth Exploration of Dawson.

The first phase of this program involved the collection of 481 soil samples, extending the previous KSD South Zone soil grid to the south to cover the northern half of the Sophie claims. The resulting KSD South grid now includes 3,191 samples.

The detailed IP/Resistivity system has been shown to provide definition of gold-bearing structures to depths of up to 100 m in the White Gold District. The King Solomon survey included 20 lines, each 420 m in length, that were aligned to cover the strongest gold soil anomalies at the King Zone, King SE Zone and Prince Zone target areas. The strongest of these features trends beneath the King Zone soil anomaly, and similar IP targets were also noted beneath the King SE and Prince Zones.

The third phase of detailed sampling was carried out by Ground Truth's track mounted Geoprobe hydraulic hammer drill. Geoprobe collects a core or profile of soil and rock fragments from the surface to the bedrock interface, typically at depths of 2 to 3 m. The Geoprobe results confirmed the soil anomaly results, although

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

the Geoprobe anomalies are not as widely dispersed as the original soil results. The strongest Geoprobe anomalies are within the structural trends outlined by the IP survey and, for the most part, coincide with zones of highest alteration intensity. Exploration expenditures during the year ended December 31, 2013 were \$145,932 (2012 – Nil).

Recommended Future Work

A follow-up program of trenching and drilling is recommended in 2014 for each of the strong gold and silver Geoprobe anomalies described above. In addition, a Geoprobe survey should be completed over the Prince Zone.

Mariposa Property

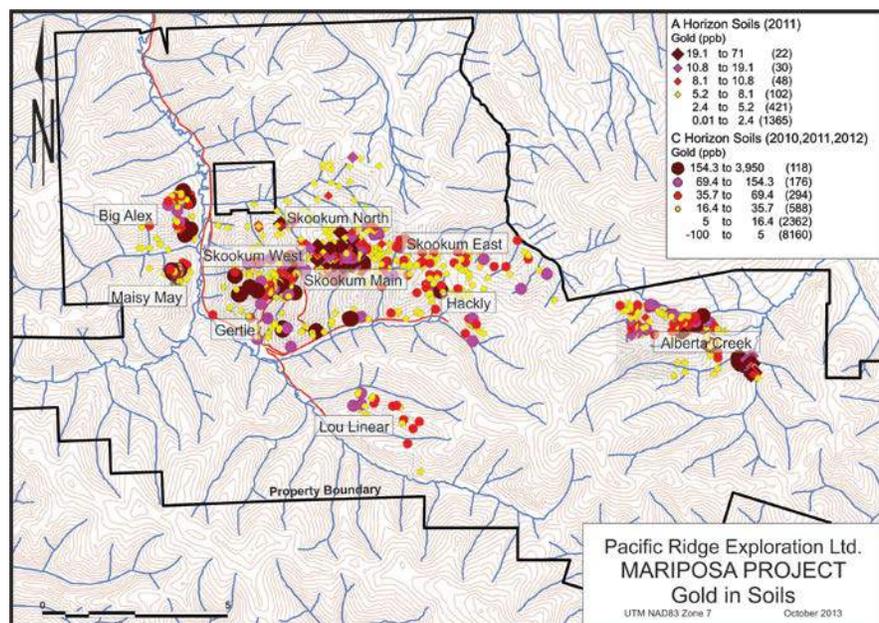
The Mariposa property was acquired by Pacific Ridge in September 2009, by way of an option agreement with the Tintina Syndicate. The Mariposa property was subsequently expanded to include 1,477 claims covering a 30 x 10 km area, or approximately 295 km².

The Mariposa property is located 120 kilometres southeast of Dawson City, Yukon. It is 40 kilometres southeast of the Underworld/Kinross White Gold discovery and 30 kilometres east-northeast of Kaminak's Coffee property. It lies within a regional major northwest trending structural corridor which hosts numerous gold and copper deposits. Prior exploration identified an open-ended 7 km long horizon of altered sulphide bearing quartz mica schist in the Skookum Zone area. This unit is locally flanked by intrusive and mafic rock units, a setting favorable for hosting a gold-mineralizing system.

Exploration History

The history of gold exploration within the Mariposa property dates to 1898, when gold was first discovered in Scroggie and Mariposa Creeks. The first mechanized mining began in the mid 1950's, while large scale mechanized mining began in 1980 and has continued uninterrupted up until the present. It has been estimated that approximately 100,000 ounces of gold has been produced. The first lode gold exploration in the area was reported in 1917, when claims were staked over a reported quartz vein occurrence in the area of the Mariposa Creek placer workings in the general vicinity of the current Skookum Main Zone anomaly. It is only in the last 15 years that a serious effort has been made to discover a lode or bedrock gold source.

From 2010 through to the end of the 2012 field season, the Company spent approximately \$6 million exploring the Mariposa property. Soil sampling and trenching led to a core drilling program in 2011 as well as additional soil sampling, an aeromagnetic survey, ground



Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

magnetics and VLF surveys. In 2012, additional trenching, drilling and soil sampling surveys were carried out. A comprehensive discussion of the Mariposa property exploration history can be found on the Company's web site.

2013 Exploration Program

The helicopter supported 2013 program was carried out between July 2 and September 13, 2013 by Ground Truth Exploration. The purpose was to define targets for on-going drill testing. The work included the collection of 134 soil samples at Alberta Creek. The key components of the 2013 program included 11 high resolution IP/resistivity survey lines at Skookum West, Skookum Main and Alberta Creek followed by 8 lines of deep penetrating Geoprobe soil and rock sampling. Total project expenditures for the year amounted to \$166,785 (2012 - \$1,902,626).

The program was successful in outlining a potential westerly extension to the high grade Skookum Main Zone, while providing stronger definition to potentially mineralized gold zones at Skookum West and Alberta Creek.

Recommended Future Work

A program of trenching or shallow rotary air blast drilling is recommended for the three new zones in order to provide confirmation of the width and tenor of the bedrock mineralization source, prior to a program of core drill testing.

Gold Cap - Polar/Stewart

The 205 claim, Gold Cap-Polar/Stewart property covers over 40 square kilometers and adjoins the northeast boundary of the Kinross White Gold property. Gold Cap is 100% owned by Pacific Ridge and was staked in 2009 on the basis of an anomalous gold silt sample reported by the Geological Survey of Canada.

No exploration has been carried out within the last two years. However news of the recent discovery made in the nearby location has re-kindled interest in advancing exploration on the Gold Cap property. Prior exploration detected a 3 km long gold trend in soils, peaking at 217 ppb Au. The Gold Cap anomaly lies adjacent to and east of the Cathy Zone on Kinross' White Gold property.

Eureka Dome

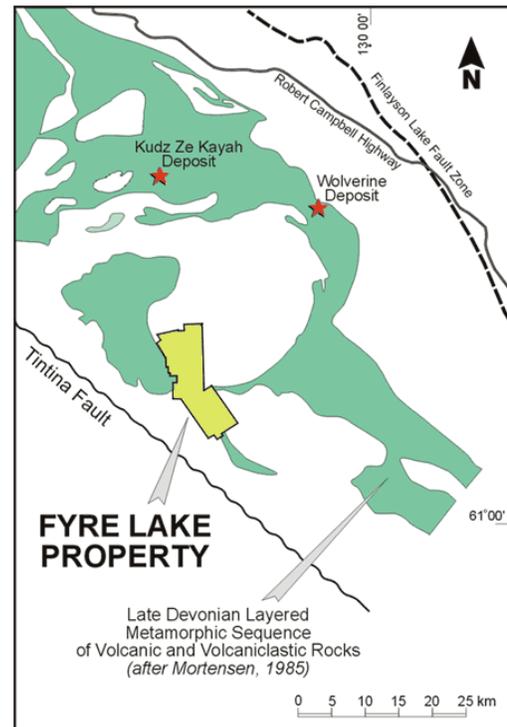
The 100% owned Eureka Dome Property, located approximately 55 kilometres north of Kinross' White Gold discovery, consists of 156 quartz claims. The property covers a 33 square kilometer area which is partly road accessible from Dawson City. Placer gold occurrences have been reported in most creeks draining the property, and geochemical anomalies suggest the presence of a high level epithermal style alteration system. Anomalous arsenic (3000 ppb) and mercury (17 ppm) occur within silicified and brecciated rocks. Prior workers reported breccia float samples grading 14 gpt Au and silt samples of 900 ppb Au have been reported on immediately adjacent properties. Reconnaissance sampling by Pacific Ridge has defined a gold-mercury-molybdenum-antimony soil anomaly that merits follow-up sampling.

No exploration was carried out on Eureka Dome during the 2012 or 2013 exploration seasons.

Fyre Lake Massive Sulphide Project

The Company holds a 100% interest in the Fyre Lake copper-gold-cobalt massive sulphide project in the Yukon's Finlayson Lake District. Historically, the Company has spent approximately \$6.0 million on an extensive program of diamond drilling that resulted in definition of a (2006) NI 43-101 compliant mineral resource estimated, at a 1.0% copper cut-off, to contain an indicated mineral resource of 3.6 million tonnes grading 1.57% copper, 0.10% cobalt and 0.61 grams gold per tonne and an inferred mineral resource of 5.4 million tonnes grading 1.5% copper 0.08% cobalt and 0.53 grams gold per tonne. The resource remains open for expansion.

On January 28, 2013, Pacific Ridge announced that it had entered into an agreement with True North Gems Inc. to acquire 43 mineral claims located within the Fyre Lake property. The newly acquired claims are strategically located adjacent to and in proximity to the Kona deposit. As of January 31, 2014, the Company completed the option agreement by having made \$25,000 cash payment and issued 80,000 common shares of the Company.



2013 Exploration Program

In 2013, the Company initiated the collection of 50 cm resolution stereo satellite images over the property. PhotoSat Information Ltd. prepared 1 m, 5 m, 20 m and 50 m contour maps and a 1:10,000 scale colour orthophoto over the Fyre Lake claim group. During the year ended December 31, 2013, \$20,956 (2012 - \$7,615) was spent on exploration and evaluation of the Fyre Lake property.

Baker Basin Uranium

On October 16, 2013, the Company announced that it had arranged the sale of its Baker Basin Uranium property to Kivalliq Energy Corporation ("Kivalliq") for \$55,000 cash payment plus 600,000 common shares of Kivalliq. Regulatory approval for the sale was received and the sale closed on November 1, 2013.

As of December 31, 2013, the Company reversed \$61,684 provision accrued related to expenditures incurred on resource properties in previous years.

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

The total accumulated exploration and evaluation costs are listed below:

Resource Properties	Balance		Additions				Total additions	Balance
	December 31, 2012	Q1	Q2	Q3	Q4	December 31, 2013		
Mariposa	\$ 6,489,378	\$ 46,957	\$ 14,329	\$ 96,484	\$ 9,015	\$ 166,785	\$ 6,656,163	
Other properties	563,336	12,682	-	156,957	6,249	175,888	739,224	
General exploration	241,778	618	9,297	(9,326)	1,376	1,965	243,743	
Recovery and other	-	-	-	-	(61,684)	(61,684)	(61,684)	
Total	\$ 7,294,492	\$ 60,257	\$ 23,626	\$ 244,115	\$ (45,044)	\$ 282,954	\$ 7,577,446	

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, 2013, the Company had a net loss of \$909,602 or \$0.05 loss per share, as compared to net loss of \$2,619,240 or \$0.19 loss per share in 2012. Due to weak equity markets and limited cash balances, the Company reduced its general administration and corporate activities and on-going exploration programs within the White Gold District contingent on future availability of financing in the year ahead.

On September 1, 2013, the Company entered into a six-month sublease agreement with Adamera Minerals Corp. for its Vancouver office premises at 1111 Melville Street, Vancouver. The Company is required to pay \$2,300 per month till February 1, 2014 and then may continue on a month to month basis with a same term.

A summary of comparative administrative and other expenses for 2013 and 2012 is provided in the table below with an analysis for the major changes. The major expenses include the mineral exploration and evaluation costs which are driven by the Company's exploration programs in Yukon. Due to weather conditions in Yukon, the Company has been limited to carrying out its exploration programs during the period from April through October, when most exploration expenditures are incurred.

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

	Year ended December 31		Increase (decrease)
	2013	2012	
Administrative expenses			
Depreciation	\$ 8,112	\$ 11,586	\$ (3,474)
Insurance	13,630	26,152	(12,522)
Professional fees	68,180	75,498	(7,318)
Management and administrative services	124,090	150,073	(25,983)
Office operations and facilities	96,631	110,904	(14,273)
Investor relations	50,251	151,434	(101,183)
Share-based payments	38,461	112,727	(74,266)
Transfer agent and regulatory fees	38,599	29,177	9,422
	437,954	667,551	(229,597)
Other expenses (income)			
Exploration and evaluation costs	282,954	1,973,891	(1,690,937)
Gain on sale of property	(181,324)	-	(181,324)
Impairment	468,500	-	468,500
Interest	(3,932)	(22,202)	18,270
Recognition of flow through share premium	(24,550)	-	-
Government grant	(70,000)	-	(70,000)
	471,648	1,951,689	(1,455,491)
Total expenditures and expenses	\$ (909,602)	\$ (2,619,240)	\$ (1,685,088)

- Exploration and evaluation costs decreased by \$1,690,937 from \$1,973,891 in 2012 to \$282,954 in 2013 due to reduced equity funding available for the 2013 exploration program.
- During the year ended December 31, 2013, the Company returned the PTL property adjacent to its Mariposa property acquired on May 27, 2011 to the optioner and halted the exploration activity for Polar Steward due to weak equity market conditions. The total \$285,000 in cash payments plus \$183,500 in shares issued for these two properties totaling \$468,500 were impaired in 2013. The Company may revisit the Polar Stewart property when the equity market improves.
- On October 24, 2013, the Company sold its Baker Uranium property to Kivalliq and recorded a gain of \$181,324 after \$5,676 legal fees in this transaction.
- Investor relations decreased by \$101,183 from \$151,434 in 2012 to \$50,251 in 2013 reflecting the Company's reduced budget coupled with overall market conditions. In this regard, the Company terminated its receipt of investor relations services from G2 consultant in August 2012.
- Management and administrative services were reduced by \$25,983 from \$150,073 in 2012 to \$124,090 in 2013 reflecting a 50% voluntarily salary reduction, effective July 1, 2013, of the CEO and reduced administration costs after the Company moved to a new office location on September 1, 2013.
- Insurance decreased by \$12,522 from \$26,152 in 2012 to \$13,630 in 2013 reflecting reduced insurance coverage in 2013.
- Interest income varies based on the rate and amount of the guaranteed investment certificate (GIC) the Company has with the financial institution.
- Share-based payments decreased by \$74,266 from \$112,727 in 2012 to \$38,461 in 2013 reflecting the number of options granted. The values of share-based payments were determined by the Black-Scholes option pricing model recognized over the vesting period of options.

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with December 31, 2013:

	December 31 ,	September 30,	June 30,	March 31,
	2013	2013	2013	2013
Total revenue	\$ -	\$ -	\$ -	\$ -
Interest income	457	945	1,069	1,461
General and administration	(54,657)	(78,925)	(145,392)	(120,519)
Exploration and evaluation costs	(16,640)	(244,115)	(23,626)	(60,257)
Gain on sale of property	181,324	-	-	-
Impairment	(415,000)	-	(53,500)	-
Mining tax credit and government grant	70,000	-	-	-
Recognition of flow through share premium	24,550	-	-	-
Recovery and other	61,684	-	-	-
Share-based payments	(23,837)	-	(7,312)	(7,312)
Net loss for the period	\$ (172,119)	\$ (322,095)	\$ (228,761)	\$ (186,627)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.01)
	December 31 ,	September 30,	June 30,	March 31,
	2012	2012	2012	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	\$ (0.02)	\$ (0.10)	\$ (0.05)	\$ (0.02)

Fourth Quarter

The Company recorded a net loss of \$172,119 in the fourth quarter of 2013 compared to a loss of \$308,485 in 2012. The Company realized a gain of \$181,324 on the sale of its Baker Uranium property and received a \$70,000 grant for Mariposa and King Solomon properties from the Yukon government. The reduction and gain was offset by the \$415,000 impairment recorded for the Polar Steward property. The Company's results have been largely driven by the level of its exploration activities. The Company has had no revenue from mining operations.

Selected Annual Information

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

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

	December 31,		
	2013	2012	2011
Total income	\$ -	\$ -	\$ -
Net loss for the year	(909,602)	(2,619,240)	(4,296,606)
Basic and diluted loss per share (after the share consolidation)	(0.05)	(0.19)	(0.40)
Total assets	1,132,095	1,759,840	4,274,138
Long-term financial liabilities	-	-	-
Cash dividends declared	-	-	-

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. As at February 6, 2014, the Company has cash and cash equivalents of \$105,602, and 600,000 common shares of Kivalliq with a market value of \$132,000 on February 6, 2014.

During the year 2013, in addition to its share consolidation and equity financing, the Company

- i. monetized its non-core asset Baker Uranium project for a cash payment of \$55,000 plus 600,000 common shares of Kivalliq;
- ii. disposed excess field supplies, which were expensed in exploration and evaluation cost when originally acquired for \$30,425; and
- iii. applied for and received Yukon government grant funding of \$70,000.

In 2013, the Company issued 2,455,000 flow-through shares at \$0.07 per share and 3,603,000 non-flow-through units at \$0.05 per unit for total gross proceeds of \$352,000. Each unit comprises of one non-flow-through share and one-half of a transferable share purchase warrant exercisable at a price of \$0.10 for one year from the date of issuance. The total proceeds of \$171,850 from flow-through shares were fully spent in 2013 and were renounced using the look-back rule in January 2014.

During the year ended December 31, 2013, the Company spent \$158,855 (2012 - \$108,480) in the acquisition and maintenance costs of its properties, and incurred \$282,945, or 31% of its total expenses, (2012 - \$1,973,891 or 75%) in exploration and evaluation activities. The ability of the Company to continue its exploration program is dependent on the continuing success of its exploration programs coupled with available funding through sale of its share capital.

On April 16, 2013 the Company received shareholder approval for consolidation of its share capital on a 5 for 1 basis, which consolidation was effected April 30, 2013.

Off-Balance Sheet Arrangements

None

Proposed Transactions

None

Outstanding Share Data

As at February 6, 2014, the Company has

- a) 20,950,884 common shares issued and outstanding;
- b) 1,834,000 stock options outstanding and exercisable at a weighted exercise price of \$0.40;
- c) 1,843,500 warrants outstanding exercisable at \$0.10 per share expiring between June 10, 2014 and November 1, 2014.

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, 2013 were effective in ensuring that all material information required to be filed had been effected 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, 2013.

Changes in Accounting Policies and Recent Accounting Pronouncements

The Company has not made any changes to its significant accounting policies, as described within Note 2, during the year ended December 31, 2013. Certain requirements were issued by the IASB that are mandatory for annual years beginning on or after January 1, 2014. These changes have not yet 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 and availability of capital from the public market place. 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.

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

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.

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

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 specific 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.

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

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

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2013

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, 2013 and the date of this document, there were no legal proceedings against or by the Company.