

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the nine months ended September 30, 2014**

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated October 15, 2014 and provides an analysis of Pacific Ridge's financial results for the nine months ended September 30, 2014 ("2014") compared to the same period in 2013 year ("2013").

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2013 and condensed interim financial statements ended September 30, 2014 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 nine months ended September 30, 2014 is approved by the Board of Directors on October 15, 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](http://www.pacificridgeexploration.com) or on SEDAR at [www.sedar.com](http://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 2013 year-end MD&A.

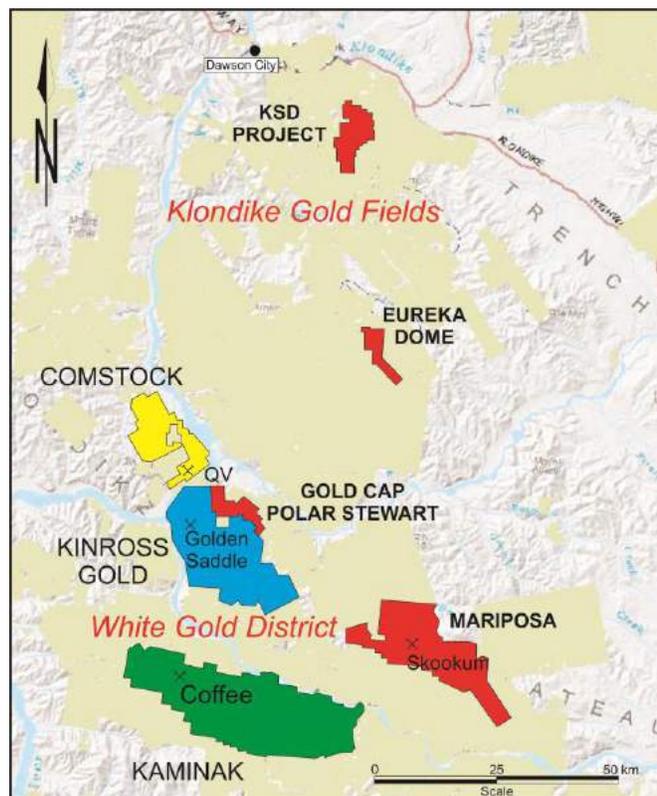
Pacific Ridge's disclosure of a technical or scientific nature has been reviewed and approved by Dr. Gerald G. Carlson, Ph.D., P. Eng., President and CEO of the Company, and a Qualified Person under the definition of National Instrument 43-101.

## Results of Operations

No exploration work has been carried out by the Company on any of its projects in 2014. During the third quarter, the Company optioned out three of its properties; King Solomon and Sophie to Centerra Gold Inc. and Fyre Lake to Merah Resources Limited.

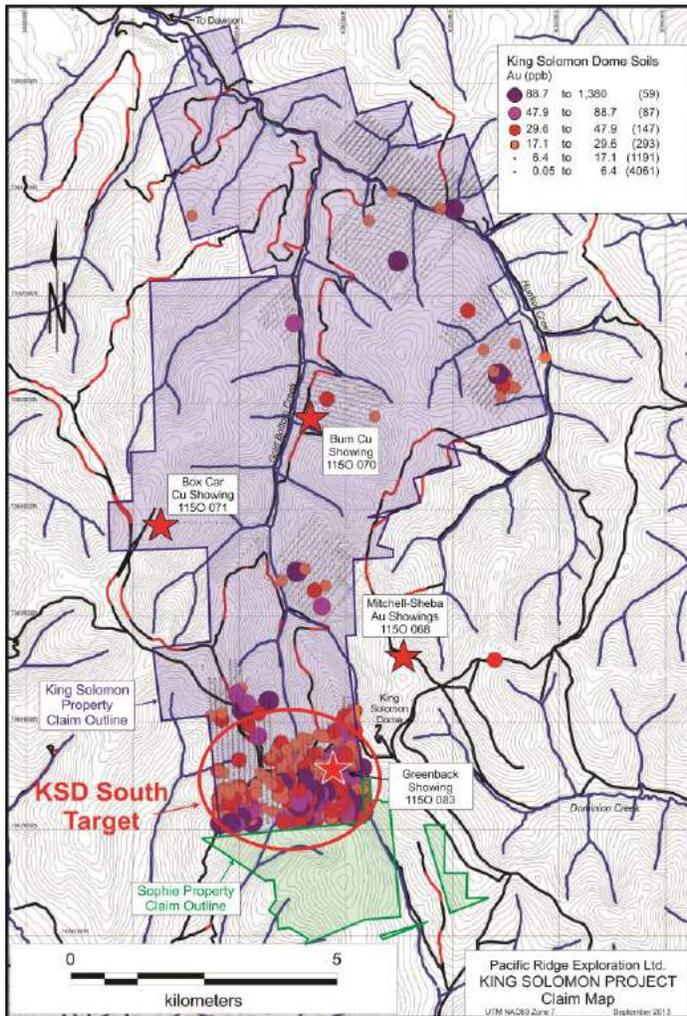
### King Solomon Property

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 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 (\$100,000 paid) in cash payments, issue 2,000,000 common shares (500,000 issued) of the Company, and incur exploration



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expenditures of \$2,500,000 over four years by the end of 2017. On July 10, 2013, 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.

The 2013 exploration program included soil sampling, a high resolution IP/resistivity survey and a deep penetrating soil and rock sampling (Geoprobe) on the KSD South Zone, with the objective of defining future drill targets. A more detailed discussion of the Property's exploration history can be found on the Company's website.

### Centerra Gold Option

On September 18, 2014, the Company announced an option agreement with Centerra Gold Inc. ("Centerra") for its King Solomon project. Pursuant to the terms of the agreement, Centerra can earn a 70% interest in the King Solomon and Sophie properties by paying a

total of \$665,000 and completing a minimum of \$4,500,000 in exploration work by December 31, 2017.

### 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 km<sup>2</sup>.

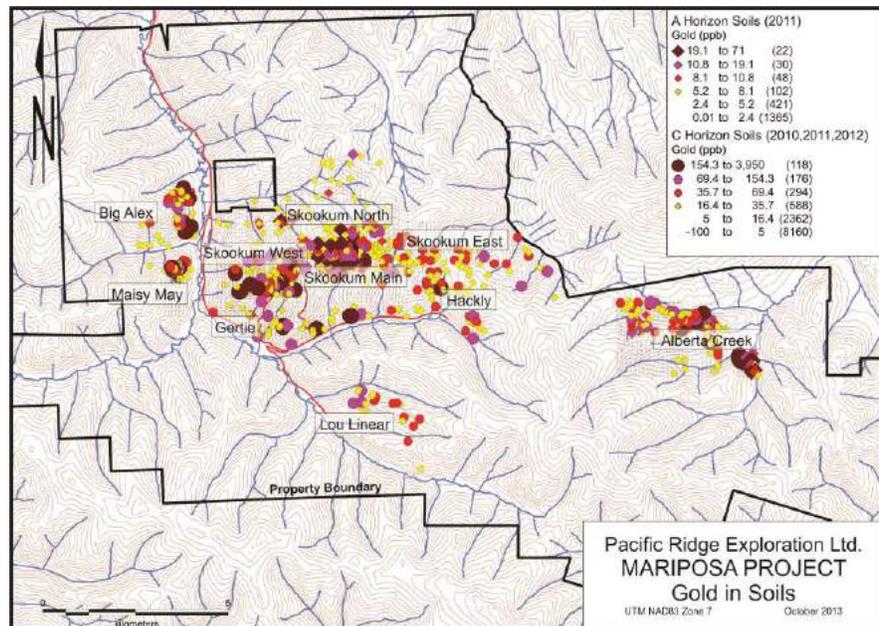
The Mariposa property is located 120 kilometres southeast of Dawson City, Yukon. It is 40 kilometres southeast of the Underworld/Kinross White Gold discovery and 30 kilometres east-northeast of Kaminak's Coffee property. It lies within a regional major northwest trending structural corridor which hosts 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 2013 field season, the Company spent approximately \$6.6 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 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.



The 2013 exploration program included a high resolution IP/resistivity survey followed by deep penetrating Geoprobe soil and rock sampling at Skookum West, Skookum Main and Alberta Creek. The program was successful in outlining a potential 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

Subject to availability of financing, a program of ongoing Geoprobe drilling is recommended to further define and extend the strong Geoprobe results from the 2013 program, prior to core drill testing. The Company is also considering option or joint venture of the Mariposa property.

**Fyre Lake Massive Sulphide Project**

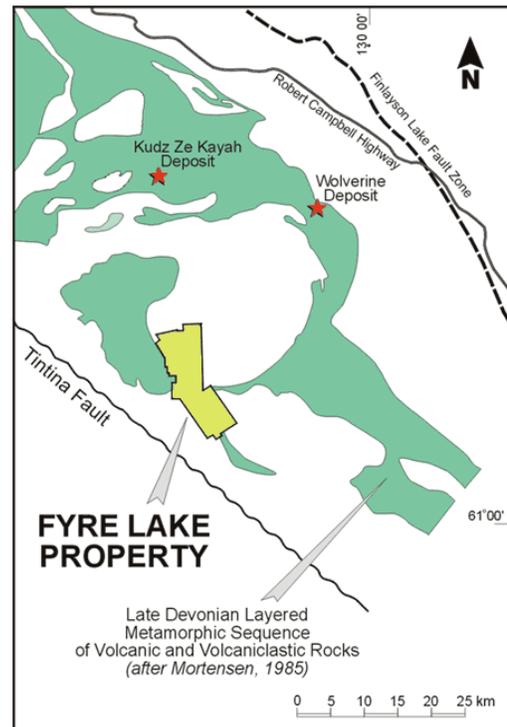
The Company holds a 100% interest in the Fyre Lake copper-gold-cobalt massive sulphide project in the Yukon's Finlayson Lake District. Historically, the Company has spent approximately \$6.0 million on an extensive program of diamond drilling that resulted in definition of a (2006) NI 43-101 compliant 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 the issuance of 200,000 common shares of the Company.

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.

On July 16, 2014, the Company announced an option agreement with Merah Resources Limited ("Merah") for the Fyre Lake copper property. Pursuant to the terms of the agreement, Merah can earn an initial 51% interest in the property by paying \$650,000 (\$50,000 received), issuing shares with a value of \$650,000 to the Company, and completing a minimum of \$3,500,000 in exploration over three years. Upon earning a 51% interest in the property, Merah will then have the option to increase its interest to 70% by completing additional \$3,000,000 in exploration expenditures by January 10, 2018. Should Merah earn a 70% interest, the Company will have the option of retaining a 30% participating joint venture interest or reducing to a 20% interest, carried through to a feasibility study.

On October 10, 2014, the Company announced that Merah had commenced a field program including an airborne VTEM electromagnetic and magnetic survey and re-sampling of selected 1996-97 drill core.



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**Accumulated Exploration Expenditures**

The total accumulated exploration and evaluation costs are listed below:

Resource Properties	Balance	Additions			Total	Balance
	December 31, 2013	Q1	Q2	Q3	additions	September 30, 2014
Mariposa	\$ 6,656,163	\$ 8,192	\$ 8,600	\$ (254)	\$ 16,538	\$ 6,672,701
Other properties	739,224	7,571	7,500	7,500	22,571	761,795
General exploration	243,743	9,938	4,431	44,154	58,523	302,266
Recovery and other	(61,684)	-	-	-	-	(61,684)
<b>Total</b>	<b>\$ 7,639,130</b>	<b>\$ 25,701</b>	<b>\$ 20,531</b>	<b>\$ 51,400</b>	<b>\$ 97,632</b>	<b>\$ 7,675,078</b>

**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, 2014, the Company had a net loss of \$210,530 as compared to net loss of \$327,998 in 2013. Due to weak equity markets and limited cash balances, the Company reduced its general administration and corporate activities and postponed exploration programs within the White Gold District contingent on financing proposals in 2014.

During the first quarter of the year, the Company continued a sublease agreement with Adamera Minerals Corp. for office premises at 1111 Melville Street, Vancouver for rental payment of \$2,300 per month.

A summary of comparative administrative and other expenses for 2014 and 2013 is provided in the table below with an analysis for the major changes. There are no significant activities that have occurred in the three months ended September 30, 2014 which have not been discussed in the analysis. The major expenses include the mineral exploration and evaluation costs which are driven by the Company's exploration programs in Yukon. Due to winter 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.

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	Nine months end September 30,		Increase
	2014	2013	(decrease)
<b>Administrative expenses</b>			
Depreciation	\$ 4,257	\$ 6,084	\$ (1,827)
Insurance	6,105	13,630	(7,525)
Professional fees	17,182	45,421	(28,239)
Management and administrative services	64,121	117,756	(53,635)
Office operations and facilities	37,556	86,917	(49,361)
Investor relations	15,264	38,977	(23,713)
Share-based payments	-	14,624	(14,624)
Transfer agent and regulatory fees	19,849	36,051	(16,202)
	164,334	359,460	(195,126)
<b>Other expenses (income)</b>			
Exploration and evaluation costs	97,632	327,998	(230,366)
Loss on sale of marketable securities	(1,204)	-	(1,204)
Property option payment	(50,000)	-	(50,000)
Impairment	-	53,500	(53,500)
Interest	(232)	(3,475)	3,243
	46,196	378,023	(331,827)
<b>Total expenditures and expenses</b>	<b>\$ (210,530)</b>	<b>\$ (737,483)</b>	<b>\$ (526,953)</b>

- Exploration and evaluation costs decreased by \$230,366 from \$327,998 in 2013 to \$97,632 in 2014 due to reduced equity funding available for the exploration program.
- Management and office operations were reduced by \$53,635 and \$49,361 respectively reflecting a 50% voluntarily salary reduction of the Company's Chairman since July 1, 2013 and the reduced office space costs after the Company moved to a new location on September 1, 2013.
- Professional fees reduced by \$28,239 from \$45,421 in 2013 to \$17,182 in 2014 due to the legal fees associated with the acquisition of mineral properties in 2013.
- \$50,000 property option payment was related to Fyre Lake property. Details please see note 4(d) in the condensed interim financial statements ended September 30, 2014.
- Shareholders communications and investor relations decreased by \$23,713 from \$38,977 in 2013 to \$15,264 in 2014 reflecting the Company's reduced activities in investor relations coupled with overall weak market conditions.
- Share-based payments were determined by the Black-Scholes option pricing model recognized over the vesting period of options based on each stock option grant. The \$14,624 share-based payment in 2013 reflected the option vested for the grant dated December 5, 2012.
- The carrying value of the Company's mineral properties are reviewed by management quarterly, or when events or circumstances indicate that its carrying amount may not be recovered. The potential impairment indicators includes but not limited to the sufficient work has been performed, results of exploration to date, and plans or budgeting for the properties. In 2013, the Company terminated the PTL option agreement and wrote down the \$53,500 acquisition costs to nil.

### Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with September 30, 2014:

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	September 30,	June 30,	March 31,	December 31 ,
	2014	2014	2014	2013
Total revenue	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	231	457
General and administration	(44,382)	(65,663)	(54,288)	(54,657)
Exploration and evaluation costs	(51,400)	(20,530)	(25,702)	(16,640)
Gain on sale of property	-	-	-	181,324
Impairment	-	-	-	(415,000)
Gain on sale of marketable securities	2,120	-	-	-
Mining tax credit and government grant	-	-	-	70,000
Recognition of flow through share premium	-	-	-	24,550
Recovery and other	50,000	-	-	61,684
Share-based payments	-	-	-	(23,837)
Net loss for the period	\$ (43,662)	\$ (86,193)	\$ (79,759)	\$ (172,119)
Basic and diluted loss per share		\$ -	\$ -	\$ (0.01)
	September 30,	June 30,	March 31,	December 31 ,
	2013	2013	2013	2012
Total revenue	\$ -	\$ -	\$ -	\$ -
Interest income	945	1,069	1,461	2,442
General and administration	(78,925)	(145,392)	(120,519)	(134,654)
Exploration and evaluation costs	(244,115)	(23,626)	(60,257)	(147,507)
Impairment	-	(53,500)		
Share-based payments	-	(7,312)	(7,312)	(28,766)
Net loss for the period	(322,095)	(228,761)	(186,627)	\$ (308,485)
Basic and diluted loss per share	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ (0.02)

## 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 October 15, 2014, the Company has cash and working capital of \$15,000. In the third quarter, the Company received \$50,000 first option payment from Merah for the Fyre Lake property, and \$132,000 proceeds for the disposal of 600,000 common shares of Kivalliq Energy Corporation related to the Company's Baker uranium sale in November 2013.

Due to market condition, the non-brokered private placement announced on May 13, 2014 was not completed.

During the nine months ended September 30, 2014, the Company spent \$20,000 (2013 - \$133,855) in the acquisition and maintenance costs of its properties, and incurred \$97,632 or 46% of its total expenditures in exploration and evaluation activities (2013 - \$327,998 or 44%). 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.

### **Off-Balance Sheet Arrangements**

None

### **Proposed Transactions**

None

### **Outstanding Share Data**

As at October 15, 2014, the Company has

- a) 21,290,884 common shares issued and outstanding;
- b) 1,653,500 stock options outstanding and exercisable at a weighted exercise price of \$0.39;
- c) 700,000 warrants outstanding exercisable at \$0.10 per share expiring on 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 September 30, 2014 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 September 30, 2014.

### **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.