

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the year ended December 31, 2014

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated January 27, 2015 and provides an analysis of Pacific Ridge's financial results for the year ended December 31, 2014 ("2014") compared to prior year 2013 ("2013").

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 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"). All amounts contained herein are in Canadian dollars, unless otherwise indicated.

The financial statements for the year ended December 31, 2014 were approved by the Board of Directors on January 27, 2015.

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., President and CEO of the Company, and a Qualified Person under the definition of National Instrument 43-101.

Results of Operations

During the year ended December 31, 2014, the Company entered into an option agreement with Centerra Gold Inc. ("Centerra") to option out its King Solomon gold property located in Klondike Gold District, Yukon. Centerra completed a surface and rotary air blast drill program on the property and subsequently returned the property to the Company. Due to limited available funds, the Company was unable to meet its 2014 option payment. Thus the property was written down to nil as of December 31, 2014. The Company is in discussions to re-negotiate the option.

On July 16, 2014, the Company announced an option agreement with MinQuest Limited ("MinQuest" - formerly Merah Resources Limited) for the Fyre Lake copper property located in Yukon. Pursuant to the terms of the agreement, MinQuest can earn an initial 51% interest in the property by paying \$650,000, issuing MinQuest shares with a value of \$650,000 to the Company, and completing a minimum of \$3,500,000 in exploration over three years. As of December 31, 2014, the Company received a \$50,000 cash payment and 1,608,338 MinQuest shares valued at \$50,000.

MinQuest commenced and completed an airborne geophysical survey in 2014 at Fyre Lake.

The Company also closed a non-brokered private placement, raising gross proceeds of \$150,000 by issuing 3,000,000 units at a price of \$0.05 per unit. Each unit is comprised of one common share and one transferable share purchase, with each warrant entitling the holder to purchase one additional common share at a price of \$0.06 per share for the first 12 months and for \$0.075 per share for 12 months to 24 months

King Solomon Property

In May 2013, the Company 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 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 expenditures of \$2,500,000 by the end of 2017. In July 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

In September 2014, the Company optioned its King Solomon project to Centerra Gold Inc. Pursuant to the terms of the agreement Centerra could 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. On December 19, the Company announced that Centerra had terminated its option to earn an interest in the King Solomon and Sophie properties.

2014 Exploration Program

In September and October, Centerra completed a program that included the collection of 606 soil samples, 93.6 km of ground magnetic survey, 12 lines of high resolution IP/Resistivity surveying and 918 m of rotary air blast (RAB) drilling in 17 holes over the King and Prince zones.

The RAB drill program intersected a number of higher grade gold values within broad, low grade gold intervals within the King Zone. This mineralization appears to correlate with the core of the King Zone gold soil anomaly, the north edge of an east-west trending magnetic low and a steep dipping chargeability low surrounded by high chargeability. Results are summarized in the table below. Unfortunately, a number of the holes were not completed to target depth as the penetration depth of the RAB drill was limited by the presence of the water table.

The Company believes the 2014 program results indicate the presence of a wide-spread gold mineralizing system on the King Solomon property. Subject to its ability to re-negotiate the King Solomon option agreement, the Company will examine alternatives for moving the property forward in 2015.

King Solomon RAB Drill Program – Summary Results

Hole	From(m)	To(m)	Width(m)	Au(gpt)
KSDRAB14-01	27.43	38.10	10.67	0.564
includes	32.00	33.53	1.52	2.999
KSDRAB14-02	13.72	19.81	6.10	0.144
KSDRAB14-03	33.53	42.67	9.14	0.235
includes	38.10	42.67	4.57	0.230
KSDRAB14-05	3.05	28.96	25.91	0.111
includes	22.86	28.96	6.10	0.230
KSDRAB14-06	12.19	16.76	4.57	2.559
includes	15.24	16.76	1.52	7.678
KSDRAB14-06	39.62	60.96	21.34	0.150
includes	50.29	54.86	4.57	0.324
KSDRAB14-08	7.62	10.67	3.05	0.619
KSDRAB14-08	25.91	39.62	13.72	0.413
includes	25.91	30.48	4.57	0.735
includes	36.58	39.62	3.05	0.618
KSDRAB14-09	36.58	41.15	4.57	0.234
KSDRAB14-10	0.00	3.05	3.05	0.164
KSDRAB14-10	25.91	28.96	3.05	0.128
KSDRAB14-11	24.38	38.10	13.72	0.386
KSDRAB14-11	24.38	27.43	3.05	1.368
KSDRAB14-12	30.48	33.53	3.05	0.770

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. In the fourth quarter of 2014, the Company completed its earn-in and now owns a 100% interest in the Mariposa property subject to a 2% NSR, half of which can be purchased for \$1 million.

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.

In January 2013, Pacific Ridge 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 by having made \$25,000 in cash payments and having issued 200,000 common shares.

In 2013, the Company initiated the collection of 50 cm resolution stereo satellite images over the property. PhotoSat Information Ltd. prepared detailed contour maps and a 1:10,000 scale colour orthophoto over the Fyre Lake claim group.

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2014 Project Activities

In July 2014, the Company entered into an option agreement with MinQuest who can earn an initial 51% interest in the property over three years. Upon earning a 51% interest in the property, MinQuest will then have the option to increase its interest to 70% by completing an additional \$3,000,000 in exploration expenditures by January 10, 2018. Should MinQuest 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.

In October 2014, MinQuest completed a field program including an airborne VTEM electromagnetic and magnetic survey and re-sampling of selected 1996-97 drill core. The VTEM survey successfully delineated magnetic and electromagnetic (EM) anomalies along a 1.8 km trend directly associated with the currently defined Kona Deposit massive sulphide. In addition, new magnetic and EM anomalies have been identified that potentially extend the Kona Deposit a further 1 km, directly along strike and beyond the currently defined limit of drilling. Additional magnetic and EM targets defined by the survey, similar in size and amplitude to the anomalies directly associated with the Kona Deposit, have been identified east and west of the Kona Deposit and represent high priority drill targets. The check assays show good agreement with the previous Pacific Ridge results, with an average 2.7% increase in Cu, 12% increase in Co and 0.1% increase in Au.

Proposed Future Work

With the results of the re-assay program now in hand, MinQuest has begun an updated resource estimate for the Kona Zone, expected to be completed in 2015 Q1. MinQuest's other exploration plans for the 2015 field season include infill and extensional drilling with the objective of increasing the size of the Kona resource as well as testing additional priority drill targets that were identified by the VTEM survey in combination with historical geological and geochemical results.

Exploration Expenditures by Periods

The total exploration and evaluation costs during 2014 are listed below:

Resource Properties	Q1	Q2	Q3	Q4	Total additions
Mariposa	\$ 8,192	\$ 8,600	\$ (254)	\$ 909	\$ 17,447
Other properties	7,571	7,500	7,500	2,500	25,071
General exploration	9,938	4,431	44,154	(17,513)	41,010
Total	\$ 25,701	\$ 20,531	\$ 51,400	\$ (14,104)	\$ 83,528

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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, 2014, the Company had a net loss of \$417,042 as compared to net loss of \$909,602 in 2013. Due to weak equity markets and limited cash balances, the Company has reduced its general administration and corporate activities on an ongoing basis and postponed its planned exploration programs within the White Gold District.

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. 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.

	Year ended December 31,		Increase
	2014	2013	(decrease)
Administration expenses			
Depreciation	\$ 4,257	\$ 8,112	(3,855)
Insurance	6,105	13,630	(7,525)
Professional and consulting fees	80,545	68,180	12,365
Management and administrative services	86,196	124,090	(37,894)
Office operations and facilities	49,228	96,631	(47,403)
Shareholder communications and investor relations	19,229	50,251	(31,022)
Share-based payments	-	38,461	(38,461)
Transfer agent and regulatory fees	21,422	38,599	(17,177)
	266,982	437,954	(170,972)
Other expenses (income)			
Exploration and evaluation costs	83,528	282,954	(199,426)
Gain on sale of property	-	(181,324)	181,324
Gain on sale of marketable securities	(1,204)	-	(1,204)
Government grant	(50,000)	(70,000)	20,000
Property option payment	(29,409)	-	(29,409)
Impairments	135,712	468,500	(332,788)
Interest	(232)	(3,932)	3,700
Recognition of flow through share premium	-	(24,550)	24,550
Write-off of equipment	7,333	-	7,333
Loss on sale of equipment	4,332	-	4,332
	150,060	471,648	(321,588)
Net loss for the year	(417,042)	(909,602)	492,560

- Exploration and evaluation costs decreased by \$199,426 due to reduced equity funding available for exploration programs.

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- Management and office operations were reduced by \$37,894 and \$47,403 respectively reflecting a 50% voluntarily salary reduction of the Company's Chairman and President & CEO since July 1, 2013 and the reduced office space costs after the Company moved to a new location on September 1, 2013.
- Professional fees increased by \$12,365 due to the legal fees associated with a compensation dispute settlement with a former officer of the Company in 2014.
- \$29,409 property option payment was related to Fyre Lake property, details please see year-end audited financial statements note 5(d).
- Shareholders communications and investor relations decreased by \$31,022 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 \$38,461 share-based payment in 2013 reflected the option vested for the grant dated December 5, 2012. No options were issued or vested in 2014, resulting in share-based payment expense of nil.
- 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. The King Solomon and PTL property were written down to nil in 2014 and 2013 respectively.

Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with December 31, 2014:

	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Total revenue	\$ -	\$ -	\$ -	\$ -
Interest income	-	-	-	232
General and administration	(102,649)	(44,382)	(65,663)	(54,288)
Exploration and evaluation costs	14,104	(51,400)	(20,530)	(25,702)
Impairment	(135,712)	-	-	-
Gain (loss) on sale of marketable security	(916)	2,120	-	-
Mining tax credit and government grant	50,000	-	-	-
Property option payment	(20,591)	50,000	-	-
Write off of equipment	(7,333)	-	-	-
Write off of equipment	(4,332)	-	-	-
Net loss for the period	(207,429)	(43,622)	(86,193)	(79,758)
Basic and diluted loss per share	\$ (0.01)	\$ -	\$ -	\$ -

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	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 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)

Fourth Quarter

The Company recorded a net loss of \$207,429 in the fourth quarter of 2014 compared to a loss of \$172,119 in 2013. During the quarter, the Company received 1,608,338 common shares of MinQuest worth of \$50,000, and \$50,000 (\$70,000 – 2013) from the Yukon government for Mariposa and King Solomon properties. Impairment \$135,712 was recorded for King Solomon in 2014 while \$415,000 was recorded in 2013 for Polar Stewart property.

Selected Annual Information

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

	December 31,		
	2014	2013	2012
Total revenue	\$ -	\$ -	\$ -
Net loss for the year	(417,042)	(909,602)	(2,619,240)
Basic and diluted loss per share	(0.02)	(0.05)	(0.19)
Total assets	853,519	1,132,095	1,759,840
Long-term financial liabilities	-	-	-
Cash dividends declared	-	-	-

The Company has had no revenue from mining operations and its results have been largely driven by the level of its exploration activities.

Liquidity and Capital Resources

The Company is dependent on raising funds by the issuance of shares or 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 January 27, 2015, the Company has cash and working capital of \$113,000. During the year ended December 31, 2014, the Company received \$150,000 gross proceeds from its non-brokered private placement,

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\$133,204 proceeds on the disposal of 600,000 common shares of Kivalliq related to the Company's Baker uranium sale in November 2013, a \$50,000 first option payment from MinQuest for the Fyre Lake property, and \$50,000 in government grant. The funds have been used for mineral properties maintenance and general administration expenses.

During the year ended December 31, 2014, the Company spent \$30,000 (2013 - \$158,855) on the acquisition and maintenance costs of its properties, and incurred \$83,528 in exploration and evaluation activities (2013 - \$282,954). 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.

Outstanding Share Data

As at January 27, 2015, the Company has

- a) 24,390,884 common shares issued and outstanding;
- b) 1,653,500 stock options outstanding and exercisable at a weighted exercise price of \$0.39;
- c) 2,000,000 and 1,063,750 warrants outstanding which expire on November 18 and December 23, 2016, respectively. These warrants are exercisable at \$0.06 per share for the 1st year and \$0.075 for the 2nd year.

Off-Balance Sheet Arrangements

None

Proposed Transactions

None

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, 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 December 31, 2014.

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, 2014. Certain requirements were issued by the IASB that are mandatory for annual years beginning on or after January 1, 2015. 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

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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

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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 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

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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.

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Management and Directors

The Company is dependent on its Chairman, former 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, 2014 and the date of this document, there were no legal proceedings against or by the Company.