Pacific Ridge Exploration Ltd.

Financial Statements
(An Exploration Stage Company)

June 30, 2010

(Unaudited)

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Balance Sheets
(Expressed in Canadian dollars)

		June 30, 2010	December 31, 2009
Assets		(Unaudited)	(Audited)
Current assets			
Cash and cash equivalents		$ 482,908	$ 964,714
Other receivables		23,478	61,978
Prepaid		10,500	18,000
		516,886	1,044,692
Equipment	Note 3	61,170	10,496
Resource assets	Note 4	365,120	406,513
Reclamation bond		10,000	10,000
		$ 953,176	$ 1,471,701
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 217,859	$ 107,663
Shareholders' Equity			
Capital stock	Note 5	33,832,931	34,021,981
Contributed surplus		2,568,789	2,372,195
Deficit		(35,666,403)	(35,030,138)
		735,317	1,364,038
		$ 953,176	$ 1,471,701

Nature of operations and Going Concern (Note 1)
Commitments (Note 7)
Subsequent Events (Note 12)

Approved on behalf of the
Board of Directors:

"John S. Brock" (signed)	*"Douglas Proctor"(signed)*
John S. Brock	Douglas Proctor

The accompanying notes are an integral part of the financial statements

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Statements of Loss and Comprehensive Loss
(Unaudited and Expressed in Canadian dollars)

		Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Administration expenses					
Consulting		$ -	$ 60	$ -	$ 1,055
Insurance		7,790	300	23,705	14,848
Professional fees		29,784	28,376	42,925	50,681
Management and administrative services		20,860	12,994	34,597	26,983
Office operations and facilities		29,995	31,100	61,352	60,925
Shareholder communications and investor relations		7,326	9,792	30,124	28,305
Transfer agent and regulatory fees		14,739	9,171	21,579	16,795
Operating expenses		110,494	91,793	214,282	199,592
Other expenses (income)					
Interest		2,198	(6,084)	5,058	(12,100)
Exploration costs	Note 4	280,987	66,576	351,208	107,486
Amortization		2,815	1,124	3,602	2,249
Stock-based compensation	Note 5 (b)	-	2,863	196,594	15,623
		286,000	64,479	556,462	113,258
Loss before income taxes		(396,494)	(156,272)	(770,744)	(312,850)
Impairment	Note 4	(54,571)	-	(54,571)	-
Future income tax recovery	Note 10	-	-	189,050	112,850
Loss and comprehensive loss for the period		$ (451,065)	$ (156,272)	$ (636,265)	$ (200,000)
Basic and diluted loss per common share		$ (0.02)	$ (0.01)	$ (0.02)	$ (0.01)
Weighted average number of common shares		25,972,576	20,997,735	25,972,576	20,997,735

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Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Statements of Cash Flows
(Unaudited and Expressed in Canadian dollars)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Cash flows used in operating activities				
Loss for the period	$ (451,065)	$ (156,272)	$ (636,265)	$ (200,000)
Items not affecting cash				
Amortization	2,815	1,124	3,602	2,249
Impairment	54,571	-	54,571	-
Future income tax recovery	-	-	(189,050)	(112,850)
Stock-based compensation	-	2,863	196,594	15,623
	(393,679)	(152,285)	(570,548)	(294,978)
Changes in non-cash working capital items				
Other receivables	(13,645)	46,897	38,500	40,911
Prepaid	-	(10,500)	7,500	(10,500)
Accounts payable and accrued liabilities	106,148	19,273	110,196	34,517
Due to related parties	-	5,338	-	5,159
	92,503	61,008	156,196	70,087
	(301,176)	(91,277)	(414,352)	(224,891)
Cash flows used in investing activities				
Acquisition of mineral property	(13,178)	(37,100)	(13,178)	(57,427)
Equipment	(54,276)	-	(54,276)	-
	(67,454)	(37,100)	(67,454)	(57,427)
Cash flows from financing activities	-	-	-	-
Increase (decrease) in cash and cash equivalents	(368,630)	(128,377)	(481,806)	(282,318)
Cash and cash equivalents - beginning of the period	851,538	199,784	964,714	353,725
Cash and cash equivalents - end of the period	$ 482,908	$ 71,407	$ 482,908	$ 71,407
Supplemental cash flow information				
Interest received	$ -	$ -	$ 18,187	$ -
Income tax paid	$ -	$ -	$ -	$ -
Mineral property expenditures included in accounts payable	$ 13,178	$ 37,100	$ 13,178	$ 37,100

The accompanying notes are an integral part of the financial statements

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Statements of Shareholders' Equity
(Unaudited and Expressed in Canadian dollars)

	Common Shares		Contributed	Deficit	Total Shareholders'
	Shares	Amount	Surplus		Equity
				(Restated - Note 2)	(Restated - Note 2)
Balance at December 31, 2008	20,997,576	$ 33,346,072	$ 2,223,393	$ (34,302,750)	$ 1,266,715
Shares issued pursuant to flow-through arrangements with attacehd warrants	3,800,000	642,718	117,282		760,000
Shares issued pursuant to a private placement, net of issue costs	675,000	59,791			59,791
Shares issued for mineral property	500,000	86,250			86,250
Future income taxes		(112,850)	-		(112,850)
Stock-based compensation			31,520		31,520
Net loss for the year				(727,388)	(727,388)
Balance at December 31, 2009	25,972,576	34,021,981	2,372,195	(35,030,138)	1,364,038
Future income taxes		(189,050)			(189,050)
Stock-based compensation			196,594		196,594
Net loss for the period				(636,265)	(636,265)
Balance at June 30, 2010	25,972,576	$ 33,832,931	$ 2,568,789	$ (35,666,403)	$ 735,317

The accompanying notes are an integral part of the financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Pacific Ridge Exploration Ltd. (the "Company" or "Pacific Ridge") is in the business of acquiring and exploring resource properties. All of the Company's resource property interests are currently located in Canada.

The Company has no source of revenue, and has cash requirements to meet its exploration commitments, to pay for its administrative overhead and maintain its mineral interests. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary capital to finance the operations and upon future profitable production or proceeds from the disposition of its properties.

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharges its liabilities in the normal course of business. As at June 30, 2010, the Company had an accumulated deficit of $35,666,403 (December 31, 2009 - $35,030,138) and working capital of $299,027 (December 31, 2009 - $937,029). The Company incurred a net loss of $636,265 for the six months ended June 30, 2010 (June 30, 2009 – $200,000) and also has flow-through expenditure exploration commitments in 2010 amounting to approximately $193,000. Completion of the acquisition, exploration and development of its resource properties is dependent on the Company's ability to obtain the necessary on going financing.

These circumstances lend significant doubt as to the ability of the Company to meet its commitments as they become due and accordingly, the appropriateness of the use of the accounting principles applicable to a going concern. The Company intends to fund its plan of operations from existing working capital and the proceeds of future financings. Future financings are expected to be obtained through joint ventures, equity financing, and/or other means. While The Company has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING CHANGES

These unaudited financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are consistent with the policies outlined in the Company's audited financial statements for the year ended December 31, 2009.

(Unaudited and Expressed in Canadian dollars)

3. EQUIPMENT

Equipment is carried at cost less accumulated amortization with details listed below:

	June 30, 2010			December 31, 2009		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Field equipment	$ 90,276	$ 29,106	$ 61,170	$ 36,000	$ 25,504	$ 10,496

4. RESOURCE ASSETS

The Company has interests in mineral properties in British Columbia, Nunavut, and Yukon, Canada. $13,178 acquisition costs were incurred for the six months ended June 30, 2010 and $54,571 were written off. A summary of capitalized acquisition expenditures for the year ended December 31, 2009 was as follows:

Mineral Properties	Baker Uranium	Fyre Lake	Klondike Kate*	Tumbler Ridge	Wapiti	Other	Total
Balance, December 31, 2009	$ 96,000	$ 17,851	$ 238,090	$ 41,571	$ 13,000	$ 1	$ 406,513
Addition during the period			13,178				13,178
Impairment				(41,571)	(13,000)		(54,571)
Balance, June 30, 2010	$ 96,000	$ 17,851	$ 251,268	$ -	$ -	$ 1	$ 365,120

* Klondike Kate project includes GoldCap, Eureka/Moose, Polar Stewart and Mariposa properties

a) Klondike Kate Gold Project – Goldcap, Eureka/Moose, Polar Stewart, and Mariposa Properties, Yukon

The Company has staked 212 mineral claims comprising Goldcap and Eureka/Moose properties in June 2009.

In July 2009, the Company entered into an option agreement with Ryanwood Exploration Inc. ("Ryanwood") to acquire a 100% interest in 149 mineral claims located in Dawson City, Yukon, known as the Polar Stewart property. Pursuant to the terms of the agreement, the Company has the option to pay a total of $300,000 ($75,000 paid), issue a total of 1,250,000 (250,000 issued) common shares and has the option to undertake exploration expenditures totalling $1,500,000 over a five year period. In addition, the Company may, at any time, purchase one half of the net smelter return (2%) for $2,000,000. There is a $25,000 advance minimum royalty payable from 2014 onwards.

In October 2009, the Company entered into an option agreement to acquire a 100% interest in 203 claims, subsequently acquired additional 43 claims, located in Dawson City, Yukon, known as the Mariposa property. The principal terms of the agreement require the Company to pay a total of $120,000 ($20,000 paid) issue a total of 4,000,000 (250,000 issued) common shares and incur a total of $600,000 exploration expenditures over five year period. In addition, the Company may, at any time after a production notice has been given, purchase one half of the net smelter return (2%) for $1,000,000.

(Unaudited and Expressed in Canadian dollars)

4. RESOURCES ASSETS (Continued)

b) Baker Basin Uranium Project, Nunavut

The Company owns a 100% interest in the Baker Basin Uranium Project subject to an underlying agreement with Kivalliq Energy ("Kivalliq") wherein Kivalliq has the option to back-in to a 20% working interest when a prefeasibility study may be produced.

On September 23, 2008, the Company entered into an option/joint venture agreement with Aurora Energy Resources Inc. ("Aurora"). In late 2009, Aurora advised that upon completion of land use requirements, they will formally relinquish their option on the property.

c) Fyre Lake Massive Sulphide Project, Yukon

The Company owns a 100% interest in the Fyre Lake property, where option/joint venture participation is being sought.

d) Tumbler Ridge Phosphate Project and Wapiti Phosphate Project, British Columbia

These two properties were acquired in 2008 and have been written off in the current period.

The table below summarizes the exploration costs for the period ended June 30, 2010 and year end December 31, 2009:

		June 30, 2010		December 31, 2009
Accommodation	$	71,426	$	15,608
Assays and geochemical analysis		2,053		78,261
Geological Consulting		102,482		205,921
Project management fees		7,500		24,500
Project maintenance cost		6,560		590
Salaries and wages		68,219		3,345
Transportation		68,371		100,259
Other		24,597		3,613
Total	**$**	**351,208**	**$**	**432,098**

5. CAPITAL STOCK

a) Common share: unlimited common shares without par value.

In September and October 2009, the Company closed its non-brokered private placement of 3,800,000 Flow-Through Units and 675,000 Non-Flow-Through Units for gross proceeds of $895,000. Each unit was comprised of one common share and one –half of one transferable share purchase warrant which entitles the holder to purchase one common share at a price of $0.25 per share for one year.

Effective July 24, 2009, the Company's shares commenced trading on a consolidated basis under the TSX Venture Exchange symbol "PEX". All figures for shares, earning per share and stock options have been adjusted retrospectively.

(Unaudited and Expressed in Canadian dollars)

5. CAPITAL STOCK (Continued)

b) Stock Options

The Company has a stock option plan in place authorizing the granting of stock options to qualified optionees to purchase a total of up to 10% of the then issued and outstanding common shares of the Company. Stock option transactions and the number of stock options outstanding are summarized below:

	June 30, 2010		December 31, 2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the period	712,500	$ 0.93	1,412,500	$ 0.78
Granted	1,530,000	$ 0.20	-	$ -
Expired	-	$ -	(525,000)	$ 0.57
Cancelled	(712,500)	$ 0.93	(50,000)	$ 0.68
Forfeited	-	$ -	(125,000)	$ 0.80
Outstanding, end of the period	1,530,000	$ 0.20	712,500	$ 0.93

The Company applies the fair value method of accounting for stock options and, accordingly, the fair value of stock options of $196,594 (June 30, 2009 - $15,623) has been included in the statement of loss and comprehensive loss.

The fair value of options granted was estimated at the grant date based on the Black-Scholes option-pricing model, using the following assumptions:

	June 30, 2010	June 30, 2009
Risk-free interest rate	2.45%	3.81%
Expected share price volatility	106.79%	116.83%
Expected option life in years	5	5
Expected dividend yield	Nil	Nil

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

c) Share Purchase Warrants

As of June 30, 2010, 2,237,501 warrants were outstanding at an exercise price of $0.25, same as of year end December 31, 2009.

800,000 warrants will expire on September 4, 2010 and a further 1,437,501 will expire on October 21, 2010.

(Unaudited and Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions during the period ended June 30, 2010:

a) $26,800(2009 - $23,800) paid to the President and CEO of the Company for exploration, administration and management services.

b) $6,542 (2009 - $20,980) paid to the former Vice President of Exploration for professional geological services.

7. COMMITMENTS

The Company entered into a service agreement in 2008 with a non-related private company for its office space, administrative, corporate and other services at a base monthly fee of $8,000. The agreement can be cancelled at anytime upon one year notice. The current expiry date is June 30, 2012.

The Company has total of $325,000 optional cash payments for its Polar Stewart and Mariposa properties over five years:

	Mineral Property - Cash (optional)	Service Agreement	Total
Years ending December 31, 2010	$ 85,000	$ 48,000	$ 133,000
Years ending December 31, 2011	80,000	96,000	176,000
Years ending December 31, 2012	70,000	48,000	118,000
Years ending December 31, 2013	70,000		70,000
Years ending December 31, 2014	20,000		20,000
Total	$ 325,000	$ 192,000	$ 517,000

8. CAPITAL MANAGEMENT

The Company's objective in managing its capital is to maintain the ability to continue as a going concern and to continue to explore on various properties for the benefits of its stakeholders.

The Company's capital includes the components of shareholders' equity. Capital requirements are driven by the Company's exploration activities on its mineral property interests. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overheads to manage costs, commitments and exploration activities.

As the Company is in the exploration stage, its operations have been and will continue to be funded by the sale of equity to investors. Although the Company has been successful in raising funds in the past through issuing common shares, it is uncertain whether it will continue this financing in the future.

9. FINANCIAL INSTRUMENTS

The Company has classified cash and cash equivalents as held-for-trading; other receivables as loans and receivables; accounts payable and accrued liabilities as other financial liabilities.

Fair Values

As at June 30, 2010, the recorded amounts for cash and cash equivalents are at fair value. Other receivables, accounts payable and accrued liabilities approximate their fair values due to their short-term nature.

Currency Risk

The Company has no foreign currency denominated assets or liabilities except for occasional and immaterial US dollar expenses.

Interest Rate Risk

The Company's cash held in bank accounts earn interest at variable interest rates and the short term investment is held in a GIC. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a material impact on the expected cash flows.

Credit Risk

The Company has its cash and short-term investment deposited with a large, federally insured, commercial bank. Other credit risk is limited to trade receivables in the ordinary course of business, which consist primarily of GST receivable. The balance of trade receivables are not significant.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. At June 30, 2010, the Company had cash and cash equivalents of $482,908 (December 31, 2009: $964,714), however as disclosed in Note 1 the Company requires further funding to meet its financial commitments.

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices in active markets for identical assets or liabilities,
Level 2 – valuation methods that make use of directly or indirectly observable inputs, and
Level 3 – valuation methods that make use of unobservable market data used as inputs.

The fair value of the Company's cash and cash equivalents is their carrying value (level 2). The fair value of the Company's receivables and payables approximates their carrying value given their short-term nature.

10. FUTURE INCOME TAX RECOVERY

Under the provisions of CICA EIC 146, in respect of flow-through shares, a future income tax liability must be recognized, and shareholders' equity reduced, on the date that the Company renounces the tax credits associated with flow-through expenditures, provided that there is reasonable assurance that the expenditures will be made. As the Company has unrecognized future tax assets and the taxable temporary differences relating to the flow-through shares are expected to reverse during the loss carry forward period, these tax assets can be applied against the future taxable temporary difference. The recognition of the benefits resulted in a future income tax recovery of $189,050 (2009 - $112,850).

11. SEGMENTED INFORMATION

The Company has one business segment, the exploration of mineral properties. All of the Company's assets are located in Canada.

12. SUBSEQUENT EVENTS

a) On July 28, 2010, the Company announced a non-brokered private placement up to 4,000,000 Flow-Through Units at unit price of $0.14 and 2,000,000 Non-Flow-Through Units at unit price of $0.12,. Each Flow-Through unit is comprised of one Flow-Through Share and one-half of a transferable Non-Flow-Through share purchase warrant. Each Non-Flow-Through unit is comprised of one common share and one transferable share purchase warrant. Both warrants entitle the holder to purchase one common share at a price of $0.15 per share for one year.

   The Company increased the number of Non-Flow-Through Units to 4,000,000 subject to regulatory approval.

b) $65,000 cash payment was made and 250,000 common shares were issued at $0.125 per share for Polar/Stewart property.