PACIFIC RIDGE EXPLORATION LTD.
(The "Company")

Interim Financial Statements
(An Exploration Stage Company)

For the Nine Months Ended September 30, 2008
(Unaudited and Expressed in Canadian Dollars)

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
(Unaudited and expressed in Canadian dollars)

	Unaudited	Audited
	September 30, 2008	**December 31, 2007**
	$	**$**
Assets		
Current Assets		
Cash and and cash equivalents	1,002,952	1,603,543
Accounts receivable	51,566	255,337
Prepaid expenses	8,000	-
	1,062,518	1,858,880
Property, plant and equipment (Note 3)	16,600	21,420
Resource assets (Note 4)	7,731,622	6,729,904
	8,810,740	8,610,204
Liabilities		
Current liabilities		
Accounts payable and accrued liabilites	128,869	50,926
Due to related parties (Note 6)	11,729	143,684
	140,598	194,610
Shareholders' Equity		
Capital stock (Notes 5 & 10)	33,007,075	33,136,019
Contributed surplus	2,204,079	2,112,830
Deficit	(26,541,012)	(26,833,255)
	8,670,142	8,415,594
	8,810,740	8,610,204

Commitments (Note 8)
Subsequent Event (Note 11)

Approved on behalf of the
Board of Directors:

"John S. Brock"	*"Douglas Proctor"*
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 Operations and Deficit
(Unaudited and expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
	$	$	$	$
Administration expenses				
Consulting	**3,330**	703	**42,235**	1,238
Depreciation	**-**	(4,590)	**-**	-
Insurance	**902**	-	**21,387**	17,735
Legal and audit	**56,458**	2,708	**100,168**	21,490
Management and administrative services	**45,405**	13,082	**144,803**	53,559
Office operations and facilities	**22,208**	12,984	**46,123**	45,467
Shareholder communications	**27,652**	41,329	**37,139**	160,341
Stock-based compensation	**13,527**	68,817	**78,895**	261,910
Transfer agent and regulatory fees	**17,820**	11,289	**38,829**	47,245
Operating expenses	**187,302**	146,322	**509,579**	608,985
Other income (expenses)				
Interest and other	**4,786**	17,123	**30,166**	37,748
Exploration costs	**(2,987)**	(1,143)	**(11,714)**	(1,621)
Write-off of mineral property expenditures	**-**	(735)	**-**	(735)
Write-off of exploration expenditures	**-**	-	**-**	(12)
	1,799	15,245	**18,452**	35,380
Loss before income taxes	**(185,503)**	(131,077)	**(491,127)**	(573,604)
Future income tax recovery (Note 10)	**-**	-	**783,370**	505,700
(Loss) income for the period	**(185,503)**	(131,077)	**292,243**	(67,904)
Deficit - beginning of period	**(26,355,509)**	(26,592,338)	**(26,833,255)**	(26,655,511)
Deficit - end of period	**(26,541,012)**	(26,723,415)	**(26,541,012)**	(26,723,415)
Basic and diluted income (loss) per common share	**$ (0.00)**	$ (0.00)	**$ 0.00**	$ (0.01)
Weighted average number of common shares	**80,281,700**	75,674,272	**78,598,421**	68,170,939

Pacific Ridge Exploration Ltd.
(an exploration stage company)
Statements of Deferred Exploration and Mineral Property Expenditures
(Unaudited and expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
	$	$	$	$
Deferred exploration and mineral property expenditures				
Accomodation	**21,922**	126,348	**33,061**	218,404
Assays and geochemical analysis	**838**	6,919	**1,604**	7,192
Consulting	**81,818**	26,100	**227,209**	45,186
Derpeciation	**1,606**	6,885	**4,819**	6,885
Drilling	**-**	423,518	**-**	593,576
Engineering and metallurgical	**-**	189	**-**	189
Environmental and permitting	**-**	18,059	**27,454**	19,858
Expediting	**2,536**	13,548	**2,536**	14,768
Field supplies	**24,712**	37,894	**25,072**	96,712
Maps, printing and drafting	**64**	327	**128**	7,825
Project management fees	**50,288**	163,432	**50,288**	240,793
Property acquisition and maintenance costs	**260,083**	95,252	**366,208**	137,494
Salary and wages	**135,436**	292,604	**138,287**	480,373
Stock-based compensation	**2,479**	8,120	**12,354**	38,559
Transportation	**115,234**	1,106,718	**124,412**	1,549,546
	697,016	2,325,913	**1,013,432**	3,457,360
Balance - beginning of period	**7,037,593**	3,396,081	**6,729,904**	2,265,124
Less:				
General exploration expenditures	**2,987**	1,143	**11,714**	1,621
Write-off mineral property expenditures	**-**	735	**-**	735
Write-off of exploration expenditures	**-**	-	**-**	12
	2,987	1,878	**11,714**	2,368
Balance - end of period	**7,731,622**	5,720,116	**7,731,622**	5,720,116

The accompanying notes are an integral part of the financial statements

Pacific Ridge Exploration Ltd.
(an exploration stage company)
Statements of Cash Flows
(Unaudited and expressed in Canadian dollars)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
	$	$	$	$
Cash flows used in operating activities				
Income (loss) for the period	**(185,503)**	(137,639)	**292,243**	(74,466)
Items not affecting cash				
Depreciation	**-**	(4,590)	**-**	-
Future income tax recovery	**-**	-	**(783,370)**	(505,700)
Stock-based compensation	**13,527**	68,817	**78,895**	261,910
Write-off of mineral property expenditures	**-**	735	**-**	735
Write-off of exploration expenditures	**-**	-	**-**	12
	(171,976)	(72,677)	**(412,232)**	(317,509)
Changes in non-cash working capital items	**8,191**	(238,691)	**147,460**	(155,344)
	(163,785)	(311,368)	**(264,772)**	(472,853)
Cash flows used in investing activities				
Property acquisition and maintenance costs	**(37,184)**	(33,960)	**(77,208)**	(34,516)
Deferred exploration expenditures	**(460,130)**	(2,109,909)	**(624,039)**	(2,903,002)
	(497,314)	(2,143,870)	**(701,247)**	(2,937,518)
Cash flows from financing activities				
Issue of capital stock	**370,000**	-	**370,000**	4,738,200
Share issue costs	**(4,572)**	(156,529)	**(4,572)**	(469,347)
	365,428	(156,529)	**365,428**	4,268,853
(Decrease) increase in cash and cash equivalents	**(295,671)**	(2,611,765)	**(600,591)**	858,482
Cash and cash equivalents - begining of period	**1,298,623**	5,308,033	**1,603,543**	1,837,786
Cash and cash equivalents - end of period	**$ 1,002,952**	$ 2,696,268	**$ 1,002,952**	$ 2,696,268
Supplemental cash flow information				
Issuance of shares for mineral properties	253,000	48,000	289,000	78,000
Share issuance costs	4,572	-	4,572	-
Issuance of warrants for mineral properties	-	13,312	-	24,980
Issuance of warrnats for share issue costs		85,340	-	85,340

The accompanying notes are an integral part of the financial statements

1. Nature of Operations

Pacific Ridge Exploration Ltd. (the "Company" or "Pacific Ridge") is in the business of acquiring, exploring and developing mineral properties. The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. All of the Company's mineral property interests are currently located in Canada. 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 financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties.

As at September 30, 2008, the Company had working capital of $921,920, of which $65,158 was restricted to flow-through expenditures on Canadian mineral properties, resulting in an unrestricted working capital of $856,762 ($1,664,270 - December 31, 2007; $1,918,605 unrestricted – September 30, 2007). Management of the Company believes that it has sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuring year as they fall due.

The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. In order to continue developing the Company's mineral properties, management is actively pursuing such additional sources of financing.

2. Summary of Significant Accounting Policy Changes

The accompanying unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a basis consistent with those outlined in the Company's audited financial statements for the year ended December 31, 2007 except as described below. These notes do not include all of the information and disclosures required by Canadian generally accepted accounting principles ("Canadian GAAP") for audited financial statements. These interim financial statements should be read in conjunction with the most recent annual audited financial statements of the Company.

The CICA has issued two new standards that may affect the financial disclosures and results of operations of the Company for interim and annual periods beginning January 1, 2008.

Section 3862 and 3863 describe the required disclosures related to the significance of financial instruments on the Company's financial position and performance and the nature and extent of risks arising for financial instruments to which the Company is exposed and how the entity manages those risks. The company adopted the requirements of this standard effective January 1, 2008.

Section 1535 establishes standards for disclosing information about a company's capital and how it is managed to enable users of financial statements to evaluate the company's objectives, policies and procedures for managing capital. The Company adopted the requirements of this standard effective January 1, 2008.

(Unaudited and expressed in Canadian dollars)

2. Summary of Significant Accounting Policy Changes (Continued)

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transaction date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortization with details listed below:

	September 30, 2008			December 31, 2007		
	Cost ($)	Accumulated amortization ($)	Net book value ($)	Cost ($)	Accumulated amortization ($)	Net book value ($)
Field equipment	36,000	19,400	16,600	36,000	14,580	21,420

4. Resource assets

The Company has interests in several mineral properties in British Columbia, Nunavut, and Yukon Canada. A summary of capitalized acquisition and exploration expenditures for the period ends was as follows:

	Mineral property acquisition expenditures ($)	Deferred exploration expenditures ($)	**September 30, 2008** Total ($)
Baker Uranium	750,293	6,457,860	7,208,153
Tumbler Ridge	20,024	381,738	401,762
Phos Phosphate	56,000	26,062	82,062
Phosphate Wapiti	18,000	1,300	19,300
Fyre Lake	1	1,285	1,286
Spectrum	1	-	1
	844,319	6,868,245	7,712,564
Reclamation deposits			19,058
			7,731,622

(Unaudited and expressed in Canadian dollars)

4. Resources assets (Continued)

	Mineral property acquisition expenditures ($)	Deferred exploration expenditures ($)	December 31, 2007 Total ($)
Baker Uranium	510,293	6,200,551	6,710,844
Fyre Lake	1	-	1
Spectrum	1	-	1
	510,295	6,200,551	6,710,846
Reclamation deposits			19,058
			6,729,904

a) Baker Uranium Project

In 2007, the Company acquired a 60% interest in the Baker uranium project from Kaminak Gold Corporation, who subsequently assigned its 40% interest to Kivalliq Energy Corp. (“Kivalliq”). During the nine months ended September 30, 2008, the Company acquired the remaining 40% interest from Kivalliq by issuing 2.0 million shares for $240,000.

With a 100% ownership of the project, the Company entered into an option/joint venture agreement (“Agreement”) with Aurora Energy Resources Inc. (“Aurora”) on September 23, 2008. The principal terms of the Agreement allow Aurora, as an operator during an initial option period expiring December 31, 2011, to earn 51% interest in the project by subscribing to a private placement of 2.0 million units at $0.17 per unit, and incurring staged exploration expenditures totalling $15 million during the initial option period.

Upon earning a 51% interest, Aurora may elect either to i) earn an additional 14% by funding 100% of on-going costs and commit to producing a preliminary feasibility study on or before December 31, 2013; or ii) enter into a joint venture with Pacific Ridge (51% Aurora, 49% Pacific Ridge). The Company may elect to contribute to the joint venture. Should the Company elect to not participate in the joint venture; its interest will be reduced to not less than 35%. Aurora may then contribute 100% of on-going costs until a preliminary feasibility study is produced.

When a preliminary feasibility study is produced, Kivalliq will have the right to back-in to a 20% joint venture interest by reimbursing 40% of the exploration costs incurred including the cost of production of the preliminary feasibility study. The reimbursement will be distributed on a pro-rata basis to the Company and Aurora after the Company has received the first $7.3 million. Should Kivalliq elect to back in but fail to contribute to the joint venture, its interest would be subject to dilution and if reduced to 5% or less, converted to a royalty. The Company’s joint venture interest would then range from a minimum of 15% to a maximum of 29%, depending on prior elections of Aurora and the Company. The Company and Aurora’s joint venture interests would also be subject to dilution for non-contribution, and if reduced to 5% or less, converted to a royalty.

Aurora has exploration crews on-site for the balance of this year’s exploration season and planned for an extensive airborne geophysical survey and diamond drilling.

4. Resources assets (Continued)

b) Tumbler Ridge Phosphate Project

In 2008, the Company acquired a 100% interest in 119 mineral claims through direct staking. The claims cover favourable geology for hosting phosphate deposits along a 100 kilometres long belt.

c) Phos Phosphate Project

In June 2008, the Company entered into an agreement with vendors, David J. Bridge and Godwin Consultants Ltd., pursuant to which the Company may acquire a 100% interest in three claims located in the Fort Steele mining division, British Columbia, known as the Phos property. The Company paid $20,000 and issued 200,000 common shares for a value of $36,000.

In consideration, the Company will make cash payments totalling $80,000 in four stages on or before December 31, 2009, and issue a total of one million shares in five stages on or before December 31, 2010. The vendors retain a 2% gross overriding royalty from potential future production, of which 1% is extinguished after $2,000,000 is paid.

d) Phosphate Wapiti Project

In July 2008, the Company entered into an agreement with Lateegra Gold Corp., pursuant to which the Company has an option to acquire up to a 65% interest in 15 claims located in east-central British Columbia, known as the Wapiti property. To earn a 51% interest, the Company paid $5,000 and issued 200,000 shares and undertake $1,000,000 in exploration expenditures over a 36-month period. To earn an additional 14% interest, the Company will pay an additional $250,000 and issue an additional 1,000,000 shares and make a further $1,000,000 of exploration expenditures over a two-year period.

e) Fyre Lake Massive Sulphide Project

The Company owns a 100% interest in Fyre Lake property.

5. Capital stock

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

On June 25, 2008, the Company issued 200,000 common shares for the Phos property located in the Fernie area of southeastern British Columbia for value of $36,000.

On July 9, 2008, the Company announced a non-brokered Flow-Through private placement for up to 2,000,000 units at $0.20 per unit. The 1st tranche of the private placement closed on August 8, 2008 and the 2nd tranche closed on September 25, 2008. The Company received total gross proceeds of $370,000 and issued 1,850,000 Flow-Through shares.

On July 14, 2008, the Company issued 2,000,000 shares for $240,000 to accelerate the acquisition of the remaining 40% interest in Baker uranium project to Kivalliq in order to facilitate the Agreement with Aurora.

(Unaudited and expressed in Canadian dollars)

5. Capital stock (Continued)

On July 23, 2008, the Company entered into a Letter of Understanding in respect of 15 claims located south of Tumbler Ridge in east-central British Columbia (the "Wapiti Property") with Lateegra Gold Corp. ("Lateegra"). Under the terms of the Letter of Understanding, the Company issued 200,000 shares on September 15, 2008 to earn a 51% interest in the property.

As of September 30, 2008, 81,990,939 common shares were issued and outstanding (December 31, 2007: 77,740,939).

2) Stock options

As at September 30, 2008, common shares under option were as follows:

Number of shares outstanding	Number of shares exerciseable	Exercise price $	Expiry date
200,000	150,000	0.26	March 28, 2009
200,000	150,000	0.30	April 10, 2009
1,900,000	1,900,000	0.11	September 17, 2009
800,000	800,000	0.32	March 23, 2011
1,050,000	525,000	0.26	March 28, 2012
4,150,000	3,525,000	0.19	

The Company has a stock option plan (the "Plan") authorizing the granting of stock options to qualified optionees to purchase up to a total of up to 10% of the then issued and outstanding common shares of the Company. Under the terms of the Plan, the options are subject to vesting provisions, and the term of stock options granted may not exceed five years from the date of grant. The Company applies the fair value method of accounting for stock options and, accordingly, the fair value of stock options of $66,541 (2007 - $261,910) has been included in administrative expenses and $12,354 (2007 - $38,559) in exploration and mineral property expenses.

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

	2007 (1)
Risk-free interest rate	4.25%
Expected share price volatility	98% to 132%
Expected option life in years	2-5 years
Expected dividend yield	Nil

(1) No stock options were granted during the period January 1 to September 30, 2008.

(Unaudited and expressed in Canadian dollars)

5. Capital stock (Continued)

3) Warrants

Warrants outstanding are as follows:

Number of warrants	Number of shares issuable on exercise of warrants	Weighted average exercise price $	Expiry date
2,985,000	2,985,000	0.40	December 22, 2008
778,050	778,050	0.35	December 22, 2008
515,000	515,000	0.40	December 26, 2008
4,278,050	4,278,050	0.39	

6. Related party transactions

The Company had the following related party transactions during the nine months ended September 30, 2008:

a. $32,300 (2007 - $Nil) paid to a consulting firm of which a director and officer is the principal for administration and management services. In connection with these services, $9,450 was due by the Company at September 30, 2008.

b. $54,780 (2007 - $Nil) paid to a company of which an officer is the principal for professional geological services. In connection with these services, $2,279 was due by the Company at September 30, 2008.

7. Segmented Information

The Company has only one industry segment, the exploration of mineral properties. The Company's major assets are located in Canada.

8. Commitments

The Company entered into a service agreement for office space and general administration with a private company at a monthly fee of $8,000. The fee commitment for the next four years is as follows:

		Service agreement
Year ending December 31, 2008	$	24,000
Year ending December 31, 2009		96,000
Year ending December 31, 2010		96,000
Year ending December 31, 2011		96,000
Year ending December 31, 2012		48,000
	$	360,000

The service agreement may be cancelled at any time upon one year's notice and expires on June 30, 2012.

9. Financial instruments

(a) Fair Value

The carrying values of cash and cash equivalents, receivables, accounts payable and accrued liabilities, and due to related parties approximate their fair values because of the short-term maturity of these financial instruments. The fair value of the financial instruments is approximated by their book values.

(b) Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary current assets and current liabilities.

(c) Credit Risk

The Company is exposed to credit risk with respect to managing its cash position. This risk, from deposit granting institutions and/or commercial paper issuers, is mitigated by risk management policies, which requires deposits or short-term investments be invested with Canadian chartered banks rated BBB or better or commercial paper issuers R1/A2/P2 or higher. All investments must be less than one year in duration.

(d) Currency Risk

The Company currently operates entirely within Canada and Canadian dollar is the Company's functional currency. Therefore, the Company is not exposed to significant currency risks.

10. Future income tax

Under the provisions of CICA EIC 46, 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 carryforward period, there tax assets can be applied against the future taxable temporary difference. The recognition of the benefits resulted in a future income tax recovery of $783,370 (2007 - $505,700).

11. Subsequent events

a) On October 8, 2008, Aurora Energy Inc. ("Aurora") subscribed to a 2.0 million share private placement at $0.17 per share for gross proceeds of $340,000. The private placement was pursuant to the terms of Aurora's option agreement to acquire an initial 51% interest in Baker Basin Uranium Property by making $15 million exploration expenditure.
b) On October 20, 2008, Aurora announced its 2008 exploration program including an initial 1,000 drilling, an airbone magnetic survey and geological mapping.
c) On October 30, 2008, the Company granted incentive stock options to directors, officers and consultants to purchase a total of 1.50 million common shares at $0.17 per share exercisable until October 30, 2013. The options vest as to 25% on the date of grant, 25% in one year and 50% in two years, subject to the terms and conditions of the Company's stock option plan.