

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the three months ended March 31, 2011

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated June 15, 2011 and provides an analysis of Pacific Ridge's financial results for the three months ended March 31, 2011 ("2011") compared to the same period in previous year ("2010").

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2010 and the unaudited condensed interim financial statements for the three months ended March 31, 2011, together with the related notes thereto. The Company reports its financial position, results of operations and cash flows in Canadian dollars, unless otherwise indicated.

As of January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS") for its year ending December 31, 2011 and IFRS 1, First-time Adoption of IFRS. The condensed interim financial statements for the three months ended March 31, 2011, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), and using accounting policies consistent with IFRS, accordingly they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB"). Readers of this MD&A should refer to "Transition to IFRS" below for a discussion of IFRS and its effect on the Company's financial presentation.

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 explorations. Please refer to a detailed discussion of risks in the Company's MD&A for the year ended December 31, 2010.

Pacific Ridge's disclosure of a technical or scientific nature has been reviewed by Janice Fingler, *P.Geo., Qualified Person under the definition of National Instrument 43-101*.

Results of Operations

The Company's 2011 exploration focus will be advancement of its 100% owned Mariposa gold property in the Yukon's White Gold District. A phase 1 program, budgeted at \$3 million, includes 4,000 meters of diamond drilling following geophysical surveys, deep auger soil sampling, trenching and geological mapping. Contractors have been engaged for both drilling and helicopter support, field crews have mobilized to the site and diamond drilling has commenced in June 2011.

Mariposa Gold Project, Yukon

With only 20% of the 19,000 hectare property explored during 2010, the results of 3,000 soil samples collected on the Mariposa soil grid successfully identified six gold and multi-element anomalies, among which the Skookum Jim anomaly is the largest.

During the month of April 2011 a detailed airborne magnetometer survey was flown over the 2010 Mariposa soil grid area, to identify geologic structures with potential to host lode gold mineralization. A preliminary

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interpretation of results suggests that the Mariposa grid area lies within a major, 3 kilometre wide structural corridor of converging arrays of more discrete northeast, northwest and north-south trending structures.

The 3,500 metre long x 600 metre wide Skookum Jim gold-in-soil anomaly is to date, the most prominent gold trend on the Mariposa property. A compilation of airborne magnetic, soil and trenching results indicate that in the trenched area of this geochemical anomaly, there is a strong spatial correlation of converging linear magnetic lows with elevated soil results ranging from 100 to 1,570 ppb gold. These geophysical and geochemical trends correspond with trench exposures of strongly fractured, brecciated and oxidized rock which returned results of up to 1.25 g/t gold over 30 metres. A strongly oxidized hematitic rock sample in the trenching area also returned 8.1 g/t gold.

In light of these encouraging results, the company has expanded its Mariposa property holdings to over 1,400 claims and scheduled a detailed ground magnetic and electromagnetic survey in advance of diamond drilling. This geophysical survey will be conducted over priority areas of geochemical anomalism on the Mariposa grid, including the Skookum Jim, Hackly Gold and Maisy May targets, as well as selected airborne geophysical trends. Simultaneous with the geophysics, in-fill soil samples will be collected in these areas and analyzed on-site with an XRF analyzer, in advance of analysis with a commercial laboratory. This instrument can provide daily qualitative results which may detect pathfinder elements highlighting areas of interest for immediate follow-up.

In the northwest area of the Mariposa property, the Company has an option to acquire an additional 39 claims by way of a letter of understanding dated May 27, 2011 with a private vendor. To exercise the option and earn a 100% interest in these claims, the Company will issue 200,000 common shares and pay \$85,000 in staged payments over three-year period. ,

In summary, the 2011 exploration program is designed to quickly evaluate and drill test exploration targets defined last season within the Mariposa soil grid area, as well as to continue exploration of the overall 190 square kilometer property through reconnaissance soil sampling that should lead to grid controlled sampling of newly defined areas of prospectivity.

Planning is also underway for exploration on Pacific Ridge's additional properties of the South Klondike-White Gold district. Airborne geophysical surveying is proposed for the Eureka Dome Property, as well as follow-up of 2009-2010 geochemical results on the Gold Cap and Polar Stewart Properties.

Baker Basin Uranium Project, Nunavut

The Company owns a 100% interest in the Baker Basin 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. With key claims in good standing until 2014, the Company plans no immediate further work at Baker Basin.

The Company will consider the option of Baker Basin to an industry partner active in the uranium sector.

Fyre Lake Massive Sulphide Project, Yukon

With the recent higher price of copper, the Company plans to re-evaluate its 100% owned Fyre Lake project. From the results of diamond drilling conducted during 1996-1997, the Company outlined a NI 43-101 compliant mineral resource in 2006 for the project which remains open to expansion. In addition, there is

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further exploration potential on the property, where coincident magnetic and electromagnetic geophysical anomalies remain untested.

As of March 31, 2011, total accumulated exploration and evaluation expenditures for each mineral property are summarized as follows:

Properties	Balance December 31, 2010	Additions Q1	Balance March 31, 2011
Mariposa	\$ 1,352,956	\$ 185,625	\$ 1,538,581
Gold Cap	182,301	115	182,416
Polar Stewart	96,946		96,946
Eureka Dome	59,893		59,893
Baker Basin Lake	6,401,038		6,401,038
Fyre Lake	6,636,921		6,636,921
	\$ 14,730,055	\$ 185,740	\$ 14,915,795

General, Administration and Corporate

The Company has not yet determined whether any of its mineral 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 three months ended March 31, 2011, the Company had a net loss of \$467,717, or \$0.01 loss per share, as compared to net loss of \$374,250 or \$0.01 loss per share in 2010. The loss in Q1 2011 was higher than the same period last year was a result of higher exploration and evaluation costs and higher investor communication expense. The increase was partially offset by lower share-based payments, government grant received and higher interest income.

A summary of comparative administrative and other expenses is listed below:

	2011	2010	Increase (decrease)
Administrative expenses			
Amortization	4,138	787	3,351
Insurance	11,590	15,915	(4,325)
Professional fees	6,141	3,825	2,316
Management and administrative services	43,151	33,924	9,227
Office operations and facilities	28,074	31,357	(3,283)
Shareholder communications and investor relations	62,696	13,938	48,758
Transfer agent and regulatory fees	13,892	6,839	7,053
	169,682	106,585	63,097
Other expenses and (income)			
Exploration and evaluation costs	196,158	68,212	127,946
Interest	(4,208)	2,859	(7,067)
Government grant	(14,889)	-	(14,889)
Share-based payments	120,974	196,594	(75,620)
	298,035	267,665	30,370
Total expenditures and expenses	\$ 467,717	\$ 374,250	\$ 93,467

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- Management and administration fees increased by \$9,227 from \$33,924 in 20010 to \$43,151 in 20101 due to the expanded operations in the current period;
- Shareholder communications and investor relations increased by \$48,758 from \$13,938 in 2010 to \$62,696 in 2011 reflecting the Company's effort to expand its profile to the investment community beyond the existing investor base;
- Transfer agent and regulatory fees increased by \$7,053 from \$6,839 in 2010 to \$13,892 in 2011. The higher fees in 2011 was mainly due to transfer agent fees associated with higher volume of share purchase warrants exercised in the current period;
- Share-based payments deduced by \$75,620 reflecting the reduced number of stock options granted in the period (1,080,000 in 2011 compare 1,530,000 in 2010);
- In 2011, the Company received \$14,889 from Yukon Government related to its Mariposa Gold Project in Yukon.

Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with March 31, 2011. Q1 2011 and 2010 are presented using IFRS; all other quarters are presented under Canadian GAAP.

	March 31,		December 31,		September 30,		June 30,	
	2011		2010		2010		2010	
Total revenue	\$	-	\$	-	\$	-	\$	-
Interest income (expenses)		4,208		(3,053)		3,759		(2,198)
Administration expenses		(169,682)		(147,544)		(112,817)		(113,517)
Exploration and evaluation costs		(196,158)		(211,655)		(899,512)		(280,776)
Share-based payments		(120,974)		37,086		-		-
Write-off of resource properties		-		1		-		(54,573)
Mining tax credit and government grant		14,889		85,380		-		-
Net loss for the period	\$	(467,717)	\$	(239,785)	\$	(1,008,570)	\$	(451,064)
Basic and diluted loss per share	\$	(0.01)	\$	(0.01)	\$	(0.03)	\$	(0.02)

	March 31,		December 31,		September 30,		June 30,	
	2010		2009		2009		2009	
Total revenue	\$	-	\$	-	\$	-	\$	-
Interest income (expenses)		(2,859)		3,476		4,736		6,084
Administration expenses		(106,585)		(115,937)		(91,990)		(99,806)
Exploration and evaluation costs		(68,212)		(100,951)		(236,099)		(59,686)
Share-based payments		(196,594)		(13,001)		(2,896)		(2,863)
Mining tax credit and government grant		-		25,274		-		-
Net loss income for the period		(374,250)		(201,139)		(326,249)		(156,271)
Basic and diluted loss per share	\$	(0.01)	\$	(0.01)	\$	(0.02)	\$	(0.01)

The Company's results have been largely driven by the level of its exploration activities and fluctuations in the metal prices. The Company has had no revenue from mining operations since its inception. Major variations in costs are summarized below:

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- Exploration and evaluation costs can vary widely from quarter to quarter depending on the timing of option payments, weather condition and priorities of the exploration program.
- Share-based payments amounts can vary widely from quarter to quarter based on the timing, amount and tenure of stock option awards.
- Interest earned and financing costs vary based on the timing, type and amount of equity placements and resultant fluctuations in cash.

Liquidity and Capital Resources

The Company is dependent on raising funds by the issuance of shares or subsequent disposition of interests in mineral properties it may own or otherwise acquire in order to finance further acquisitions, undertake exploration of other mineral properties and meet general and administrative expenses in the immediate and long term.

During the three months ended March 31, 2011, the Company received gross proceeds of \$134,346 for 895,643 share purchase warrants exercised.

As at March 31, 2011, the Company had cash and cash equivalents of \$4,621,331 (\$2,381,182 related to flow-through) as compared to \$4,830,077 (\$2,556,938 comprised of flow-through) at year ended December 31, 2010. Working capital as of March 31, 2011 was \$4,532,242 and cash used in operating activities was \$343,092 in Q1 2011 comparing to \$113,176 in 2010.

Off-Balance Sheet Arrangements

None

Proposed Transactions

None.

Transition to IFRS

The condensed interim financial statements for the three months ended March 31, 2011 are the Company's first financial statements prepared under IFRS, as stated in note 2 to those statements. The accounting policies described in note 3 have been applied in preparing the condensed interim financial statements for the three months ended March 31, 2011, the comparative information presented in the financial statements for the three months ended March 31, 2010, the statement of financial position as at December 31, 2010, and the opening IFRS statement of financial position at January 1, 2010. An explanation of IFRS 1, exemptions applicable to first-time adoption of IFRS, and the required reconciliations between IFRS and Canadian GAAP are described below.

IFRS 1 First-time Adoption of IFRS

The Company elected not to apply IFRS 2, Share-based Payments, to equity instruments granted on or before November 7, 2002 and those granted but fully vested before the date of transition of January 1, 2010.

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Flow-through shares

On transition to IFRS, the Company elected to follow US GAAP whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the market value of the common shares and the amount the investors pay for the flow-through shares. A liability is recognized for the premium paid by the investors and is then recognized in operations in the period renunciation. If flow-through shares are sold at a discount, this policy does not apply and the flow-through shares issued follow applicable IFRS guidance.

Reconciliation of liabilities and equity

	December 31, 2010	March 31, 2010	January 1, 2010
Total liabilities under Canadian GAAP	\$ 108,010	\$ 144,534	\$ 107,663
Flow-through share premium	-	-	-
Total liabilities under IFRS	\$ 108,010	\$ 144,534	\$ 107,663
Deficit under Canadian GAAP	\$ (37,103,808)	\$ (35,404,388)	\$ (35,030,138)
Flow-through share	-	-	-
Total deficit under IFRS	(37,103,808)	(35,404,388)	(35,030,138)
Share capital under Canadian GAAP	39,593,241	33,832,931	34,021,981
Flow-through share	-	-	-
Total share capital under IFRS	\$ 39,593,241	\$ 33,832,931	\$ 34,021,981
Total shareholder's equity under Canadian GAAP	\$ 5,410,166	\$ 1,186,382	\$ 1,364,038
Adjustment on adoption of IFRS	-	-	-
Total shareholders' equity under IFRS	\$ 5,410,166	\$ 1,186,382	\$ 1,364,038

Reconciliation of loss and comprehensive loss

	Three months ended March 31, 2010	Year ended December 31, 2010
Loss and comprehensive loss under Canadian GAAP	\$ (374,250)	\$ (2,073,670)
Adjustment on adoption of IFRS	-	-
Loss and comprehensive loss under IFRS	\$ (374,250)	\$ (2,073,670)

Outstanding Share Data

As at June 15, 2011, the Company had 53,943,779 common shares issued and outstanding, 2,695,000 stock options were outstanding and 2,112,500 options were exercisable at a weighted exercise price of \$0.23, and 8,758,983 warrants were outstanding at a weighted average exercise price of \$0.29.

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 March 31, 2011 were effective in ensuring that all material information required to be filed had been provided to it 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 March 31, 2011.

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.