

Pacific Ridge Exploration Ltd.
Management's Discussion and Analysis
For the three months ended March 31, 2012

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated May 18, 2012 and provides an analysis of Pacific Ridge's financial results for the three months ended March 31, 2012 ("2012") compared to the same period in 2011 year ("2011").

The following information should be read in conjunction with the Company's audited financial statements for the years ended December 31, 2011 and the condensed interim financial statements for the three months ended March 31, 2012, together with the related notes thereto. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts contained herein are in Canadian dollars, unless otherwise indicated.

The 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, 2011.

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

During the three months ended March 31, 2012, the Company finalized plans for its 2012 exploration program with the majority of field work to be directed to the Mariposa Gold Project located in Yukon's White Gold District. Field crews were engaged and contracts for major components of the program, such as helicopter services and diamond drilling, were in process. The 2012 work program will commence during the latter part of May.

Exploration on the property has identified a 15 kilometre-long brittle deformation zone, referred to as the Mariposa Fault, within which the presence of gold in bedrock has been confirmed mainly within the Skookum Main Zone. In many gold mining camps, such corridors have the potential to host significant gold deposits. Within the overall Mariposa Fault, which remains largely unexplored, additional targets have emerged from geophysical and geochemical coverage, including the Alberta Creek area, which lies 8 kilometres east of the Skookum Main Zone. The 2012 exploration program is designed to continue exploration of evaluate this prospective corridor.

The 2011 drilling at Mariposa successfully intersected gold values in 20 drill holes that tested three gold-in-soil and geophysical targets. The best drill result of 2.44 grams per tonne gold over 38.9 metres was returned from the Skookum Main zone. An initial phase of 2,500 metres diamond drilling is scheduled to commence in early July 2012.

The 2012 exploration program, with a first phase budget of \$2.3 million, includes:

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- Drilling to further define extent of the drill-intersected gold bearing structures detected within the open-ended three kilometre square geochemical anomaly of the Skookum Main zone.
- Trenching in the Skookum Main zone, to further explore geochemical and geophysical trends in preparation for drill-testing hosting of gold mineralization..
- Ground geophysical surveys and trenching to groom additional drill targets within the two square kilometer Skookum West zone, where float samples grade up to 19.9 grams per tonne gold.
- Infill soil geochemical and ground geophysical surveys, as well as prospecting of the Big Alex gold target. To groom targets for initial drill testing of this open-ended gold-in-soil anomaly, as well as bedrock gold occurrences of up 3 grams per tonne gold.
- Soil geochemical and ground geophysical surveys, to prepare the newly discovered Alberta Creek gold target for drill testing. Prospecting and trenching of the current anomalies will be conducted, as well as detailed soil sampling to expand the existing grid coverage.

Regional geochemical and geophysical surveys are also proposed within the yet-to-be prospected approximate 150 square kilometre area of the eastern and northern portions of the Mariposa property.

As of March 31, 2012, total accumulated exploration and evaluation costs were listed below:

Resource Properties	Balance December 31, 2011	Additions Q1	Balance March 31, 2012
Mariposa	\$ 4,586,752	\$ 118,582	\$ 4,705,334
Other properties	542,743	10,097	552,840
General exploration	191,106	7,403	198,509
Total	\$ 5,320,601	\$ 136,082	\$ 5,456,683

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 three months ended March 31, 2012, the Company had a net loss of \$287,462 or \$0.00 loss per share, as compared to net loss of \$467,717 or \$0.01 loss per share in 2011. To reserve cash, the Company has reduced its general administration and corporate activities, and focus on exploration program in its Mariposa property.

A summary of comparative administrative and other expenses for 2012 and 2011 is provided in the table below with an analysis for the major changes. Due to the weather condition in Yukon, the company is limited to carry out its exploration programs during the period from May to September, when most exploration expenditures are incurred.

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	Three months ended March 31,		Increase (decrease)
	2012	2011	
Administrative expenses			
Depreciation	\$ 2,897	\$ 4,138	\$ (1,241)
Insurance	2,481	11,590	(9,109)
Professional fees	5,984	6,141	(157)
Management and administrative services	37,182	43,151	(5,969)
Office operations and facilities	26,804	28,074	(1,270)
Investor relations	55,826	62,696	(6,870)
Share-based payments	18,375	120,974	(102,599)
Transfer agent and regulatory fees	10,354	13,892	(3,538)
	159,903	290,656	(130,753)
Other expenses (income)			
Exploration and evaluation costs	136,082	196,158	(60,076)
Interest	(8,559)	(4,208)	(4,351)
Government grant	-	(14,889)	14,889
	127,523	177,061	(49,538)
Total expenditures and expenses	\$ (287,426)	\$ (467,717)	\$ (180,291)

- Exploration and evaluation costs decreased by \$60,076 from \$196,158 in 2011 to \$136,082 in 2012 due to the preparation work associated with drilling incurred in 2011 for Mariposa property.
- Decreased costs in investor relations, management and administrative services reflect the Company's effort to reduce corporate activity level.
- The Company renewed its Directors' and Officer's insurance and general commercial liability coverage in April 2012. The decrease is due to the timing difference in payment.
- Share-based payments decreased by \$102,599 from \$120,974 in 2011 to \$18,375 in 2012. The values of share-based payments were determined by the Black-Scholes option pricing model recognized over the vesting period of options.
- 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, 2012:

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	March 31, 2012	December 31, 2011	September 30, 2011	June 30, 2011
Total revenue	\$ -	\$ -	\$ -	\$ -
Interest income	8,559	5,968	11,594	4,058
General and administration	(141,528)	(158,209)	(142,962)	(184,047)
Exploration and evaluation costs	(136,082)	(339,210)	(1,959,787)	(933,192)
Gain on sale of property	-	125,221	-	-
Share-based payments	(18,375)	(44,270)	(89,164)	(28,889)
Impairment	-	(96,000)	-	-
Net loss for the period	\$ (287,426)	\$ (506,500)	\$ (2,180,319)	\$ (1,142,070)
Basic and diluted loss per share	\$ (0.00)	\$ (0.01)	\$ (0.04)	\$ (0.02)

	March 31, 2011	December 31, 2010	September 30, 2010	June 30, 2010
Total revenue	\$ -	\$ -	\$ -	\$ -
Interest income (expenses)	4,208	904	3,759	(2,199)
General and administration	(169,682)	(153,720)	(112,817)	(111,297)
Exploration and evaluation costs	(196,158)	(209,436)	(899,512)	(282,996)
Impairment	-	1	-	(54,573)
Share-based payments	(120,974)	37,086	-	-
Mining tax credit and government grant	14,889	85,380	-	-
Net loss for the period	\$ (467,717)	\$ (239,785)	\$ (1,008,570)	\$ (451,065)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.02)

Liquidity and Capital Resources

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

As at March 31, 2012, the Company had cash and cash equivalents of \$2,930,714 (\$1,333,314 related to flow-through) and a working capital of \$2,835,921. To continue to explore its properties in Yukon, the Company may have to raise additional equity or from potential strategic partnerships.

Off-Balance Sheet Arrangements

None

Proposed Transactions

None

Outstanding Share Data

As at May 18, 2012, the Company had 70,114,936 common shares issued and outstanding, 2,610,000 stock options were outstanding and 2,467,500 options were exercisable at a weighted exercise price of \$0.27 and \$0.26, respectively. 456,247 warrants were outstanding at an exercise price of \$0.14 expiring on December 28, 2012.

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, 2012 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, 2012.

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.