

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)

Condensed Interim Financial Statements

March 31, 2013

(Unaudited – Expressed in Canadian Dollars)

Notice to Reader

The accompanying unaudited condensed interim financial statements of Pacific Ridge Exploration Ltd. (the “Company”) have been prepared by and are the responsibility of management. The Company’s independent auditor has not performed a review of these condensed interim financial statements.

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Condensed Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

		March 31, 2013	December 31, 2012
Assets			
Current assets			
Cash and cash equivalents	\$	401,742	\$ 594,210
Tax receivables		14,255	19,384
Prepaid		15,000	15,000
		430,997	628,594
Equipment	Note 3	25,006	27,034
Resource properties	Note 4	1,134,089	1,104,212
		\$ 1,590,092	\$ 1,759,840
Liabilities			
Current liabilities			
Trade payable and accrued liabilities	\$	131,993	\$ 129,926
Shareholders' Equity			
Share capital	Note 5	42,675,478	42,667,978
Contributed surplus		2,988,902	2,981,590
Deficit		(44,206,281)	(44,019,654)
		1,458,099	1,629,914
		\$ 1,590,092	\$ 1,759,840

(The accompanying notes are an integral part of the condensed interim financial statements)

Subsequent events – Note 8

Approved by the Board of Directors and authorized for issue on May 30, 2013

"John S. Brock" (signed)
John S. Brock

"Douglas Proctor" (signed)
Douglas Proctor

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

	Three months ended March 31,	
	2013	2012
Administration expenses		
Depreciation	\$ 2,028	\$ 2,897
Insurance	130	2,481
Professional fees	13,856	5,984
Management and administrative services	44,514	37,182
Office operations and facilities	31,650	26,804
Shareholder communications and investor relations	20,315	55,826
Share-based payments	7,312	18,375
Transfer agent and regulatory fees	8,026	10,354
	127,831	159,903
Other expenses (income)		
Exploration and evaluation costs	Note 4(d) 60,257	136,082
Interest	(1,461)	(8,559)
	58,796	127,523
Comprehensive loss for the period	\$ (186,627)	\$ (287,426)
Basic and diluted loss per common share (post-consolidation)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding (post-consolidation)	14,247,432	14,022,987

(The accompanying notes are an integral part of the condensed interim financial statements)

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

	Three months ended March 31,	
	2013	2012
Cash flows used in operating activities		
Loss for the period	\$ (186,627)	\$ (287,426)
Items not affecting cash		
Depreciation	2,028	2,897
Share-based payments	7,312	18,375
	(177,287)	(266,154)
Changes in non-cash working capital items		
Tax receivables	5,129	17,665
Trade payable and accrued liabilities	2,067	(58,710)
	7,196	(41,045)
	(170,091)	(307,199)
Cash flows used in investing activities		
Resource property acquisition costs	(22,377)	-
	(22,377)	-
Cash flows from financing activities		
	-	-
Decrease in cash and cash equivalents	(192,468)	(307,199)
Cash and cash equivalents - beginning of period	594,210	3,237,913
Cash and cash equivalents - end of period	\$ 401,742	\$ 2,930,714
Cash and cash equivalents comprises		
Cash	\$ 42,924	\$ 21,728
Term deposit	358,818	2,908,986
	\$ 401,742	\$ 2,930,714

(The accompanying notes are an integral part of the condensed interim financial statements)

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

	Common Shares		Contributed Surplus	Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance at December 31, 2011	14,022,987	\$ 42,620,478	\$ 2,868,863	\$ (41,400,414)	\$ 4,088,927
Share-based payments			18,375		18,375
Net loss for the period				(287,426)	(287,426)
Balance at March 31, 2012	14,022,987	\$ 42,620,478	\$ 2,887,238	\$ (41,687,840)	\$ 3,819,876
Balance at December 31, 2012	14,162,884	\$ 42,667,978	\$ 2,981,590	\$ (44,019,654)	\$ 1,629,914
Shares issued for property	50,000	7,500			7,500
Share-based payments			7,312		7,312
Net loss for the period	-	-	-	(186,627)	(186,627)
Balance at March 31, 2013	14,212,884	\$ 42,675,478	\$ 2,988,902	\$ (44,206,281)	\$ 1,458,099

(The accompanying notes are an integral part of the condensed interim financial statements)

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Notes to Condensed Interim Financial Statements March 31, 2013
(Unaudited - Expressed in Canadian dollars)

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 in Canada. Pacific Ridge is incorporated and domiciled in Canada under the *Business Corporations Act* (British Columbia). The address of its registered office is 1710 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2L3.

The Company has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary capital to finance the operations and contribution from future joint venture partners. Due to market fluctuations and the inherent risks in the exploration industry, there can be no assurance that management's future actions will be successful.

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. As at March 31, 2013, the Company had an accumulated deficit of \$44,206,281 (December 31, 2012 - \$44,019,654) and working capital of \$299,004 (December 31, 2012 - \$498,668). 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.

The lack of sufficient committed funding for the next 12 months lends 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. The Company is in the process of a non-brokered private placement for up to \$740,000 comprising seven million flow-through shares and five million units. Details please see note 8(a).

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. Such adjustments could be material.

2. Basis of presentation and changes to accounting policies

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for full annual financial statements and they should be read in conjunction with the audited annual financial statements for the year ended December 31, 2012 and the notes thereto.

The significant accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements ended December 31, 2012 except the followings were adopted effective January 1, 2013:

- IFRS 13 *Fair Value Measurement*;
- IAS 1 *Presentation of Financial Statements*.

Pacific Ridge Exploration Ltd.
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(Unaudited - Expressed in Canadian dollars)

2. Basis of presentation and changes to accounting policies (Continued)

The adoption of these standards has not had a significant impact on the Company's financial position or financial performance.

These condensed interim financial statements have been prepared on a historical cost basis and presented in Canadian dollars, the Company's functional currency.

The condensed financial statements were approved by the Board of Directors on May 30, 2013.

3. Equipment

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

	Cost	Accumulated depreciation	Carrying value
Balance, December 31, 2011	89,991	(51,371)	38,620
Additions	-	(11,586)	(11,586)
Balance, December 31, 2012	89,991	(62,957)	27,034
Additions	-	(2,028)	(2,028)
Balance, March 31, 2013	\$ 89,991	\$ (64,985)	\$ 25,006

4. Resource properties

The Company has interests in mineral properties in Yukon, Canada. A summary of capitalized acquisition costs was as follows:

	Mariposa	Gold Cap	Polar Stewart	Eureka Dome	Fyre Lake	Total
Balance, December 31, 2011	496,561	10,300	347,500	41,790	52,081	948,232
Additions during the year	70,000	-	67,500	-	18,480	155,980
Balance, December 31, 2012	566,561	10,300	415,000	41,790	70,561	1,104,212
Additions during the period	7,377	-	-	-	22,500	29,877
Balance, March 31, 2013	\$ 573,938	\$ 10,300	\$ 415,000	\$ 41,790	\$ 93,061	\$ 1,134,089

a) Mariposa property, Yukon

In October 2009, the Company entered into an option agreement to acquire a 100% interest in 203 claims, located in Dawson Mining District, Yukon, known as the Mariposa property. The principal terms of the option agreement require the Company to pay \$120,000 (\$80,000 paid) in cash, issue 800,000 (230,000 issued) post-consolidated common shares and incur \$600,000 (incurred) exploration expenditures over five years as follows:

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4. Resource properties (Continued)

a) Mariposa property, Yukon (Continued)

	Cash	Shares	Cumulative expenditures
On initial date (paid and issued)	\$ 20,000	50,000	\$ 100,000
On or before October 1, 2010 (paid and issued)	20,000	40,000	\$ 200,000
On or before October 1, 2011 (paid and issued)	20,000	60,000	\$ 300,000
On or before October 1, 2012 (paid and issued)	20,000	80,000	\$ 400,000
On or before October 1, 2013	20,000	80,000	\$ 600,000
On or before October 1, 2014	20,000	90,000	
Upon production notice being given		200,000	
Upon commencement of commercial production		200,000	
	\$ 120,000	800,000	\$ 600,000

The property is subject to a 2% net smelter return ("NSR") that may be purchased, at any time after a production notice has been given in amounts of \$1,000,000 for each 1% of NSR.

On May 27, 2011, the Company entered into an option agreement with a private vendor to earn a 100% interest in 39 mineral claims located in the Dawson Mining District, Yukon, north-western area of the Mariposa property, known as the PTL property. In consideration the Company may pay a total of \$85,000 and issue a total of 40,000 of post-consolidated common shares as follows:

	Cash	Shares
On or before June 30, 2011 (paid and issued)	\$ 15,000	10,000
On or before June 30, 2012 (paid and issued)	20,000	10,000
On or before June 30, 2013	20,000	10,000
On or before June 30, 2014	30,000	10,000
	\$ 85,000	40,000

The property is subject to a 2% NSR that may be purchased in amounts of \$1,000,000 for each 1% of NSR.

b) Polar Stewart property, Yukon

In July 2009, the Company entered into an option agreement, amended on October 12, 2012, 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. In consideration the Company will pay \$300,000 (\$250,000 paid), issue 250,000 (200,000 issued) post-consolidated common shares and undertake exploration expenditures totalling \$1,000,000 (\$96,946 incurred) by December 31, 2016 as follows:

	Cash	Shares
On initial date (paid and issued)	\$ 75,000	50,000
On or before June 30, 2010 (paid and issued)	65,000	50,000
On or before June 30, 2011 (paid and issued)	60,000	50,000
On or before June 30, 2012 (paid and issued)	50,000	50,000
On or before June 30, 2013	50,000	50,000
	\$ 300,000	250,000

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4. Resource properties (Continued)

b) Polar Stewart property, Yukon(Continued)

The property is subject to 2% NSR and a \$25,000 advance minimum royalty from 2014 onwards. 1% of the NSR may be purchased at any time for \$2,000,000. The Company is in the process of renegotiation the required cumulative expenditures with Ryanwood.

c) Fyre Lake massive sulphide project, Yukon

The Company entered into an option agreement with True North Gems Inc. ("True North") to acquire 43 mineral claims located in the Watson Lake Mining Division, Yukon, known as the Straw property. In order to earn a 100% interest in the property, the Company is required to pay an aggregate amount of \$25,000 and issue 80,000 post-consolidated shares of the Company by January 31, 2014. On January 29, 2013, \$15,000 was paid in cash and 50,000 post-consolidated common shares were issued to True North.

The Company owns a 100% interest in the Fyre Lake property which was acquired by claim staking.

d) Exploration and evaluation costs

The tables below summarize the cumulative balance and exploration costs for the three months ended March 31, 2013 and 2012:

	Mariposa	Other Properties	General Exploration	Total
Balance, December 31, 2012	\$ 6,489,378	\$ 563,336	\$ 241,778	\$ 7,294,492
Additions during the period				
Field support	1,484	-	-	1,484
Geological services	8,273	3,000	-	11,273
Personnel	36,499	9,000	-	45,499
Travel and other	701	682	618	2,001
	46,957	12,682	618	60,257
Balance, March 31, 2013	\$ 6,536,335	\$ 576,018	\$ 242,396	\$ 7,354,749

	Mariposa	Other Properties	General Exploration	Total
Balance, December 31, 2011	\$ 4,586,752	\$ 542,743	\$ 191,106	\$ 5,320,601
Additions during the period				
Analytical and data report	11,792	5,060	-	16,852
Field support	5,007	-	-	5,007
Geological services	33,920	2,618	-	36,538
Personnel	59,304	2,419	-	61,723
Travel and other	8,559	-	7,403	15,962
	118,582	10,097	7,403	136,082
Balance, March 31, 2012	\$ 4,705,334	\$ 552,840	\$ 198,509	\$ 5,456,683

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5. Share capital

a) Common shares

Authorized - unlimited common shares without par value.

The proposed share consolidation one-new-for-five-old was approved at the Company's Annual General Meeting on April 12, 2013. Effective April 30, 2013, the Company's common shares have been traded on a consolidated basis under the same symbol of PEX. All the share capital information contained in this reporting has been presented on the post-consolidated basis.

As of March 31, 2013, 14,212,884 post-consolidated common shares were issued and outstanding (December 31, 2012 – 14,162,884).

b) Share purchase warrants

There were no warrants issued and outstanding as of March 31, 2013 and December 31, 2012.

c) 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:

	March 31, 2013		December 31, 2012	
	Number of Options	Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	722,000	\$ 0.95	522,000	\$ 1.35
Granted	-	\$ -	411,000	\$ 1.50
Expired	-	\$ -	(211,000)	\$ 1.15
Outstanding, end of period	722,000	\$ 0.95	722,000	\$ 0.95
Exercisable, end of period	576,500	\$ 1.05	576,500	\$ 1.05

As of March 31, 2013, the weighted average remaining life for stock option outstanding was 3.16 years (December 31, 2012 – 3.43 years) and exercisable 2.87 years (December 31, 2012 – 3.09 years). The vesting average period for stock options is 50% on grant and 50% one year after the grant.

Stock options outstanding and exercisable at March 31, 2013 and December 31, 2012 are listed below:

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5. Share capital (Continued)

c) Stock options (Continued)

Expiry date	Exercise price	March 31, 2013		December 31, 2012	
		Options Outstanding	Options Exercisable	Options Outstanding	Options Exercisable
January 29, 2015	\$ 1.00	262,000	262,000	262,000	262,000
January 6, 2016	1.50	80,000	80,000	80,000	80,000
May 12, 2016	1.50	9,000	9,000	9,000	9,000
July 29, 2016	3.05	40,000	40,000	40,000	40,000
May 24, 2017	0.50	231,000	135,500	231,000	135,500
December 5, 2017	0.50	100,000	50,000	100,000	50,000
		722,000	576,500	722,000	576,500

The Company applies the fair value method of accounting for stock options. Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

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

	March 31, 2013	March 31, 2012
Risk-free interest rate	1.21%	1.93%
Expected share price volatility	105.83%	106.82%
Expected option life in years	3.5	3.5
Expected dividend yield	Nil	Nil

6. Related parties

Related parties include the board of directors and officers, close family members and enterprises that are controlled by these individuals as well as certain consultants performing similar functions.

The Company has no compensation arrangements with its board of directors other than non-cash stock option grants. The Company has no termination benefit, post-employment benefits and other long-term benefits in place. Key management includes the board of directors and executive officers. Compensation awarded to the key management is listed below:

	Three months ended March 31,	
	2013	2012
Salary	\$ 54,999	\$ 64,500
Share-based payments, non-cash	4,987	5,881
	\$ 59,986	\$ 70,381

7. Segmented information

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

8. Subsequent events

- a) On April 29, 2013, the Company announced its non-brokered private placement up to seven million flow-through shares at \$0.07 per share and five million units at \$0.05 per unit to raise gross proceeds of \$740,000. Each unit comprises one common share and one-half of a transferable share purchase warrant. Each share purchase warrant entitles the holder to acquire one common share of the Company at \$0.10 for a period two years subject to the following acceleration provision: if, at any time after four months from the date of closing of the Offering, the closing market price of the Company's common shares on the TSX Venture Exchange exceeds \$0.15 for 20 consecutive trading days, the Company may, within five days of the triggering event, accelerate the expiry date of the warrants by giving notice to the holders of the warrants, by way of press release, in which event the warrants will expire on the 21st day after the date on which such notice is given.
- b) On May 8, 2013, the Company entered into an option agreement with Shawn Ryan and Wildwood Exploration Inc. ("Wildwood") to acquire a 100% interest in 331 mineral claims located in the Klondike Gold District, Yukon Territory, known as the King Solomon property. To earn a 100% interest, the Company is required to make \$500,000 cash payment, issue 2,000,000 post-consolidation common shares and incur exploration expenditures of \$2,500,000 over four years. On May 16, 2013, \$50,000 was paid and 250,000 post-consolidation common shares were issued.