

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the nine months ended September 30, 2013**

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated November 27, 2013 and provides an analysis of Pacific Ridge's financial results for the nine months ended September 30, 2013 ("2013") compared to the same period in 2012 year ("2012").

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2012 and the condensed interim financial statements for the nine months ended September 30, 2013, 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](http://www.pacificridgeexploration.com) or on SEDAR at [www.sedar.com](http://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 exploration results. Please refer to a detailed discussion of risks in the Company's MD&A for the year ended December 31, 2012.

Pacific Ridge's disclosure of a technical or scientific nature has been reviewed and approved by Dr. Gerry G. Carlson, P. Eng., Vice President Exploration of the Company, and a Qualified Person under the definition of National Instrument 43-101.

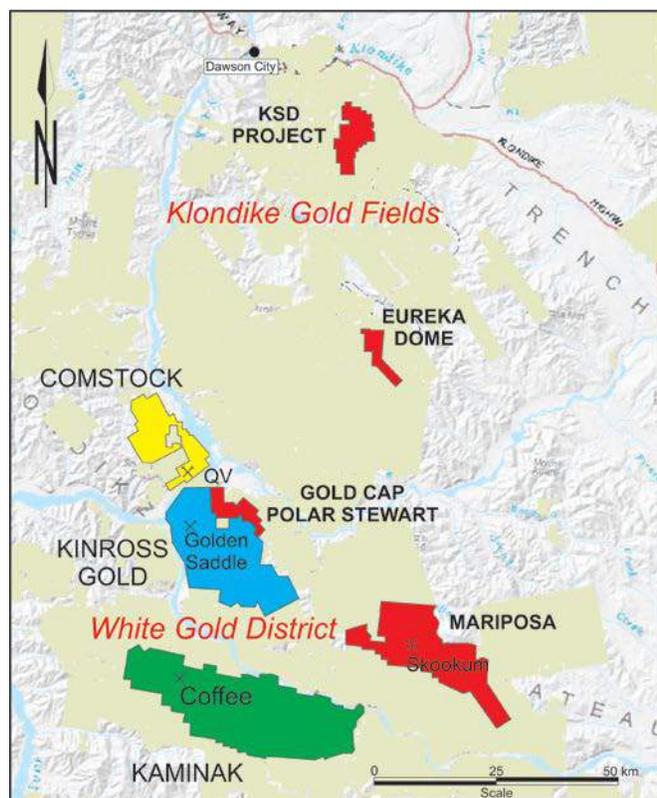
## Results of Operations

During the nine months ended September 30 2013, the Company completed surface exploration programs over its King Solomon Dome and Mariposa projects located in the White Gold District, Yukon, the results of which were announced in news releases dated September 11 and November 14, 2013. As well, the Company completed a topographic mapping project utilizing satellite imagery at Fyre Lake, Yukon.

On November 1, 2013, the Company closed the sale of its Baker Basin Uranium project, Nunavut to Kivalliq Energy Corporation for a total received consideration of \$275,000.

### King Solomon Property

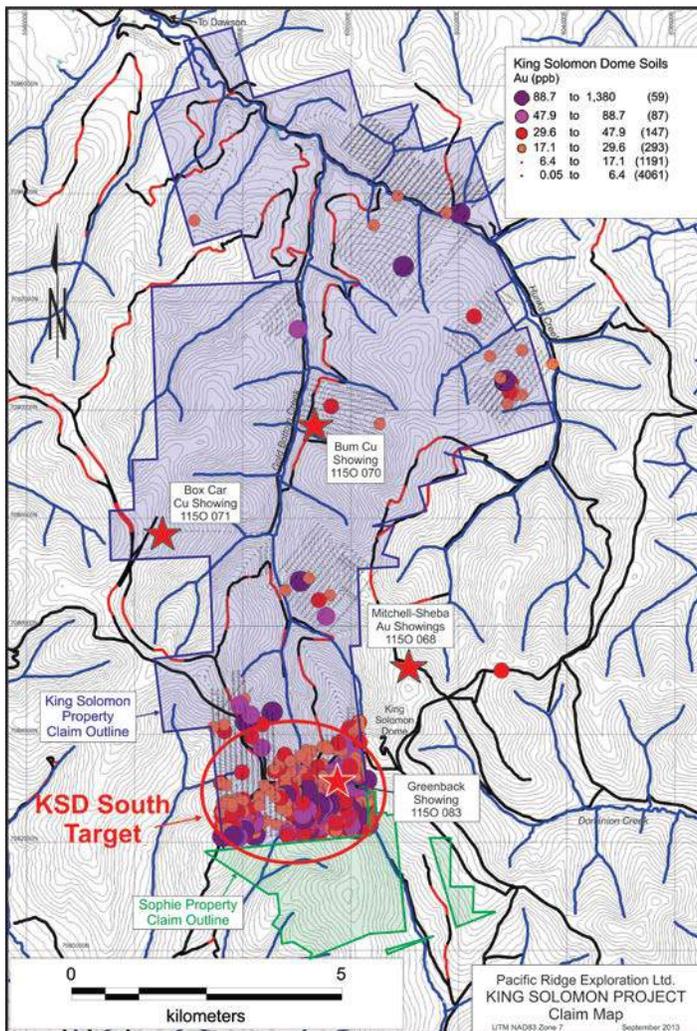
On May 13, 2013, the Company announced that it had entered into an agreement with prospector Shawn Ryan and Wildwood Exploration Inc. whereby Pacific Ridge would have the right to earn a 100% interest in the King Solomon property, comprising 331 claims (6,700 ha – the "Property") located



in the heart of the Yukon's famous Klondike Gold District. On July 10, the Company announced that it had entered into an agreement with 39242 Yukon Inc. to acquire a 100% interest in the Sophie property consisting of 40 claims adjoining the southern boundary of the Property. The King Solomon property is located approximately 40 kilometers southeast of Dawson City is accessible by all-weather road.

**Early Exploration History**

Shawn Ryan acquired the King Solomon Property by staking in 2004 and has added to the claims in subsequent years. During the period 2006 to 2012, Ryan collected 5,838 soil samples from several grids throughout the property. The KSD South soil anomaly was first defined as a significant target by the 2007 exploration program. There has been no recorded drilling on the Property.



The KSD exploration history may be found within the Pacific Ridge website.

**2013 Exploration Program**

The 2013 exploration program was based on exploration techniques developed by Shawn Ryan and Ground Truth Exploration for efficient and cost-effective evaluation of gold targets in this challenging, unglaciated environment that is characterized by very little bedrock exposure. The key components of the exploration program include high resolution IP/resistivity surveys followed by deep penetrating, close-spaced soil and rock sampling (Geoprobe). Utilizing this technology, a three-pronged exploration program was completed on the KSD South Zone between July 3 and August 18, 2013, with the objective of defining future drill targets.

The first phase of this program involved the collection of 481 soil samples, extending the previous KSD South Zone soil grid to the south to cover the northern half of the Sophie claims. The resulting KSD South grid now includes 3,191 samples.

The second phase of the program utilized

Ground Truth's detailed IP/Resistivity survey. This system has been shown to provide definition of the gold-bearing structures to depths of up to 100 m in the White Gold District. The King Solomon survey included 20 lines, each 420 m in length, that were aligned to cover the strongest gold soil anomalies at the King Zone, King SE Zone and Prince Zone target areas. The strongest of these features trends beneath the King Zone soil anomaly but similar IP targets were also noted beneath the King SE and Prince Zones.

The third phase of detailed sampling was carried out by Ground Truth's track mounted Geoprobe hydraulic hammer drill. Geoprobe collects a core or profile of soil and rock fragments from the surface to the bedrock

**Pacific Ridge Exploration Ltd.  
Management's Discussion and Analysis  
For the nine months ended September 30, 2013**

interface, typically at depths of 2 to 3 m. The Geoprobe results confirmed the soil anomaly results, although the Geoprobe anomalies are not as widely dispersed as the original soil results. The strongest Geoprobe anomalies are within the structural trends outlined by the IP survey and, for the most part, coincide with zones of highest alteration intensity.

Exploration expenditures made by the Company on the King Solomon property during the nine months ended September 30, 2013 was \$139,683.

**Recommended Future Work**

A follow-up program of trenching is recommended in 2014 for each of the strong gold +/- silver Geoprobe anomalies described above. The trenching, including at least three trenches across each zone, should determine the location of the bedrock source of the gold mineralization, as well as its orientation. In addition, a Geoprobe survey of approximately 160 samples should be completed over the Prince Zone.

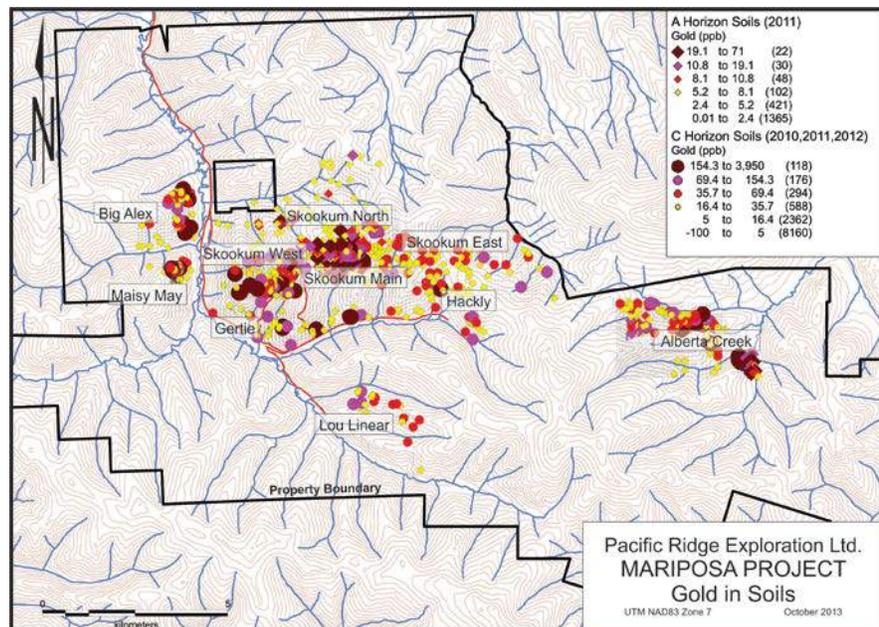
**Mariposa Property**

The Mariposa Property (the "Property") was acquired by Pacific Ridge Exploration Ltd. in September 2009, by way of an option agreement with the Tintina Syndicate. The property was subsequently expanded to include 1,477 claims covering a 30 x 10 km area, or approximately 295 km<sup>2</sup>.

The Property is located 120 kilometres southeast of Dawson City, Yukon. It is 40 kilometres southeast of the Underworld/Kinross White Gold discovery and 30 kilometres east-northeast of Kaminak's Coffee property. The Property lies within a regional major northwest trending structural corridor which hosts numerous gold and copper deposits. Prior exploration identified an open-ended 7 km long horizon of altered sulphide bearing quartz mica schist in the Skookum Zone area of the Property. This unit is locally flanked by intrusive and mafic rock units, a setting favorable for hosting a gold-mineralizing system.

**Recommended Future Work**

Focused trenching programs are recommended for newly defined target areas at the Skookum Main Zone, Skookum West and Alberta Creek, to be followed by core drill testing where warranted. Ongoing surface definition of targets, including high resolution IP/Resistivity, Geoprobe sampling and trenching are recommended for the Big Alex, Maisy May, Skookum North, Skookum East and Hackly zones.



### **Gold Cap - Polar/Stewart**

The 205 claim, Gold Cap-Polar/Stewart property covers over 40 square kilometers and adjoins the northeast boundary of the Kinross White Gold property. Gold Cap is 100% owned by Pacific Ridge and was staked in 2009 on the basis of an anomalous gold silt sample reported by the Geological Survey of Canada. Pacific Ridge holds an option to earn a 100% interest in the adjacent Polar Stewart property subject to a 2% royalty.

No exploration has been carried out within the last two years. However news of the discovery of gold on the QV property in 2012, located approximately 4 kilometers to the northwest, has re-kindled interest in advancing exploration on the Gold Cap property. Prior exploration detected a 3 km long gold trend in soils, peaking at 217 ppb Au. The Gold Cap anomaly lies adjacent to and east of the Cathy Zone on Kinross' White Gold property.

### **Eureka Dome**

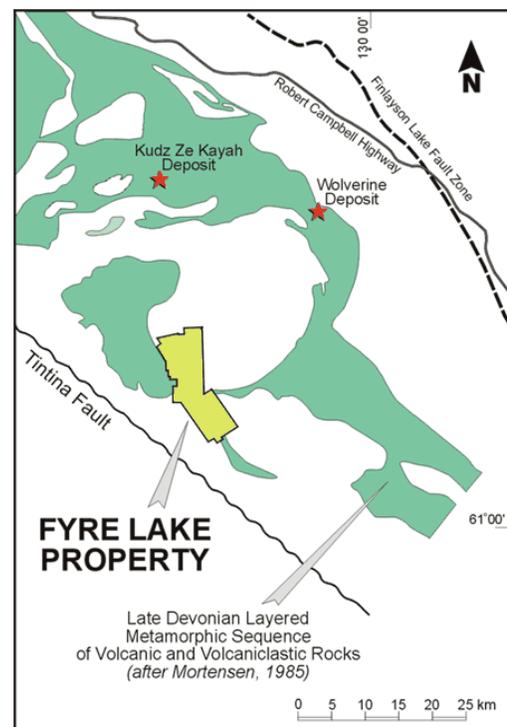
The 100% owned Eureka Dome Property, located approximately 55 kilometres north of Kinross' White Gold discovery, consists of 156 quartz claims. The property covers a 33 square kilometer area which is partly road accessible from Dawson City. Placer gold occurrences have been reported in most creeks draining the property, and geochemical anomalies suggest the presence of a high level epithermal style alteration system. Anomalous arsenic (3000 ppb) and mercury (17 ppm) occur within silicified and brecciated rocks. Prior workers reported breccia float samples grading 14 gpt Au and silt samples of 900 ppb Au have been reported on immediately adjacent properties. Reconnaissance sampling by Pacific Ridge has defined a gold-mercury-molybdenum-antimony soil anomaly that merits follow-up sampling.

No exploration was carried out on Eureka Dome during the 2012 or 2013 exploration seasons.

### **Fyre Lake Massive Sulphide Project**

The Company holds a 100% interest in the Fyre Lake copper-gold-cobalt massive sulphide project in the Yukon's Finlayson Lake District. Historically, the Company has spent approximately \$6.0 million on an extensive program of diamond drilling that resulted in definition of a (2006) NI 43-101 compliant mineral resource estimated, at a 1.0% copper cut-off, to contain an indicated mineral resource of 3.6 million tonnes grading 1.57% copper, 0.10% cobalt and 0.61 grams gold per tonne and an inferred mineral resource of 5.4 million tonnes grading 1.5% copper 0.08% cobalt and 0.53 grams gold per tonne. The resource remains open for expansion. The Company has received and may consider expressions of interest in option/joint venture from potential participants.

On January 28, 2013, Pacific Ridge announced that it had entered into an agreement with True North Gems Inc. to acquire 43 mineral claims located within the Fyre Lake property. The newly acquired claims are strategically located adjacent to and in proximity to the Kona deposit.



**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the nine months ended September 30, 2013**

In 2013, the Company initiated the collection of 50 cm resolution stereo satellite images over the property. PhotoSat Information Ltd. prepared 1 m, 5 m, 20 m and 50 m contour maps and a 1:10,000 scale colour orthophoto over the Fyre Lake claim group. During the nine months ended September 30, 2013, \$20,956 was spent in this property.

**Baker Basin Uranium**

On October 16, 2013, the Company announced that it had arranged the sale of its Baker Basin Uranium property to Kivalliq Energy Corporation ("Kivalliq") for a total consideration of \$275,000. Regulatory approval for the sale was received and the sale closed on November 1, 2013.

As of September 30, 2013, total accumulated exploration and evaluation costs are listed below:

Resource Properties	Balance		Additions				Balance
	December 31,		Q1	Q2	Q3	Total additions	September 30,
	2012						2013
Mariposa	\$ 6,489,378	\$ 46,957	\$ 14,329	\$ 96,484	\$ 157,770	\$ 6,647,148	
Other properties	563,336	12,682	-	156,957	169,639	732,975	
General exploration	241,778	618	9,297	(9,326)	589	242,367	
<b>Total</b>	<b>\$ 7,294,492</b>	<b>\$ 60,257</b>	<b>\$ 23,626</b>	<b>\$ 244,115</b>	<b>\$ 327,998</b>	<b>\$ 7,622,490</b>	

**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 nine months ended September 30, 2013, the Company had a net loss of \$737,483 or \$0.05 loss per share, as compared to net loss of \$2,310,755 or \$0.16 loss per share in 2012. Due to the difficulty in the equity market and limited cash balances, the Company has reduced its general administration and corporate activities and on-going exploration program within the White Gold District as well as the Mariposa property contingent on availability of financing during 2013.

On September 1, 2013, the Company entered into a sublease agreement with Adamera Minerals Corp. for its Vancouver office premises at \$2,300 per month at 1111 Melville Street, Vancouver. The sublease expires February 1, 2014, and may continue, on a month to month year basis, up to May 31, 2015.

A summary of comparative administrative and other expenses for 2013 and 2012 is provided in the table below with an analysis for the major changes. The major expenses are the exploration and evaluation costs which are driven by the Company's exploration program in Yukon. Due to the weather condition in Yukon, the company is limited to carry out its exploration programs during the period from May to October, when most exploration expenditures are incurred.

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the nine months ended September 30, 2013**

	Nine months ended September 30,		Increase
	2013	2012	(decrease)
<b>Administrative expenses</b>			
Depreciation	\$ 6,084	\$ 8,690	\$ (2,606)
Insurance	13,630	26,152	(12,522)
Professional fees	45,421	25,401	20,020
Management and administrative services	117,756	127,804	(10,048)
Office operations and facilities	86,917	80,545	6,372
Investor relations	38,977	124,161	(85,184)
Share-based payments	14,624	83,961	(69,337)
Transfer agent and regulatory fees	36,051	27,417	8,634
	359,460	504,131	(144,671)
<b>Other expenses (income)</b>			
Exploration and evaluation costs	327,998	1,826,384	(1,498,386)
Impairment	53,500	-	53,500
Interest	(3,475)	(19,760)	16,285
	378,023	1,806,624	(1,428,601)
<b>Total expenditures and expenses</b>	<b>\$ (737,483)</b>	<b>\$ (2,310,755)</b>	<b>\$ (1,573,272)</b>

- Exploration and evaluation costs decreased by \$1,498,386 from \$1,826,384 in 2012 to \$327,998 in 2013 due to reduced funding available for 2013 exploration program.
- Investor relations decreased by \$85,184 from \$124,161 in 2012 to \$38,977 in 2013 reflecting the Company's reduced budget coupled with overall market conditions. In this regard, the Company had terminated its investor relations services from G2 consultant in August 2012.
- Insurance decreased by \$12,522 from \$26,152 in 2012 to \$13,630 in 2013 reflecting the reduced coverage insurance in 2013.
- Professional fees increased by \$20,020 from \$25,401 in 2012 to \$45,421 in 2013 mainly due to the property related transactions in 2013.
- Due to lack of exploration merit, the PTL property acquired on May 27, 2011 was impaired. The total cash payment \$35,000 and \$18,500 share issuance were written down to nil in 2013.
- Interest income varies based on the rate and amount of the guaranteed investment certificate (GIC) the Company has with the financial institution.
- Share-based payment decreased by \$69,337 from \$83,961 in 2012 to \$14,624 in 2013 reflecting 311,000 stock options granted in 2012 vs. nil in 2013. The Company granted. The values of share-based payments were determined by the Black-Scholes option pricing model recognized over the vesting period of options.

### Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with September 30, 2013:

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the nine months ended September 30, 2013**

	September 30, 2013		June 30, 2013		March 31, 2013		December 31, 2012	
Total revenue	\$	-	\$	-	\$	-	\$	-
Interest income		945		1,069		1,461		2,442
General and administration		(78,925)		(145,392)		(120,519)		(134,654)
Exploration and evaluation costs		(244,115)		(23,626)		(60,257)		(147,507)
Impairment		-		(53,500)		-		-
Share-based payments		-		(7,312)		(7,312)		(28,766)
Net loss for the period	\$	(322,095)	\$	(228,761)	\$	(186,627)	\$	(308,485)
Basic and diluted loss per share	\$	(0.02)	\$	(0.01)	\$	(0.01)	\$	(0.02)

	September 30, 2012		June 30, 2012		March 31, 2012		December 31, 2011	
Total revenue	\$	-	\$	-	\$	-	\$	-
Interest income		4,992		6,209		8,559		5,968
General and administration		(108,963)		(169,679)		(141,528)		(158,209)
Exploration and evaluation costs		(1,249,136)		(441,166)		(136,082)		(339,210)
Gain on sale of property		-		-		-		125,221
Impairment		-		-		-		(96,000)
Share-based payments		(24,034)		(41,552)		(18,375)		(44,270)
Net loss for the period	\$	(1,377,141)	\$	(646,188)	\$	(287,426)	\$	(506,500)
Basic and diluted loss per share	\$	(0.10)	\$	(0.05)	\$	(0.02)	\$	(0.04)

### 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.

During the nine months ended September 30, 2013, the Company spent \$133,855 (2012 - \$40,420) in acquisition and maintenance costs of its properties, and \$327,998 (2012 - \$1,826,384) in exploration and evaluation activities. The ability of the Company to continue its exploration program is dependent on the continuing success of its program and on receiving sufficient additional funding from investors.

As at November 27, 2013, the Company has cash and cash equivalents of \$173,326. On November 1 and 14, 2013, the Company received \$35,000 each from Government of Yukon for its exploration program carried in that region in 2013.

During the nine months ended September 30, 2013, the Company issued 2,455,000 flow-through shares at \$0.07 per share and 2,203,000 non-flow-through units at \$0.05 per unit for total gross proceeds of \$282,000. Each unit comprises of one none-flow-through share and one-half of a transferable share purchase warrant exercisable at a price of \$0.10 for one year from the date of issuance.

On April 16, 2013 the Company announced a proposal for consolidation of its share capital on a 5 for 1 basis, which consolidation was effected April 30, 2013.

### **Off-Balance Sheet Arrangements**

None

### **Proposed Transactions**

None

### **Outstanding Share Data**

As at November 27, 2013, the Company has

- a) 20,800,884 common shares issued and outstanding;
- b) 692,000 stock options outstanding, of which 642,000 options exercisable, at a weighted exercise price of \$0.95 and \$1.0 respectively
- c) 1,843,500 warrants outstanding exercisable at \$0.10 per share of which 1,133,500 by June 10, 2014; 10,000 by August 29, 2014 and 700,000 by November 1, 2014.

### **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 September 30, 2013 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 September 30, 2013.

### **Changes in Accounting Policies and Recent Accounting Pronouncements**

The Company has adopted new accounting standards effective January 1, 2013, please refer to note 2 in the condensed interim financial statements for the period ended September 30, 2013. The changes have no major impact on the Company.

### **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

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the nine months ended September 30, 2013**

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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.