

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the six months ended June 30, 2014**

This management's discussion and analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("Pacific Ridge" or the "Company") is dated July 29, 2014 and provides an analysis of Pacific Ridge's financial results for the six months ended June 30, 2014 ("2014") compared to the same period in 2013 year ("2013").

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2013 and condensed interim financial statements ended June 30, 2014 and 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 financial statements for the six months ended June 30, 2014 is approved by the Board of Directors on July 29, 2014.

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. A detailed discussion of risks is presented in the 2013 year-end MD&A.

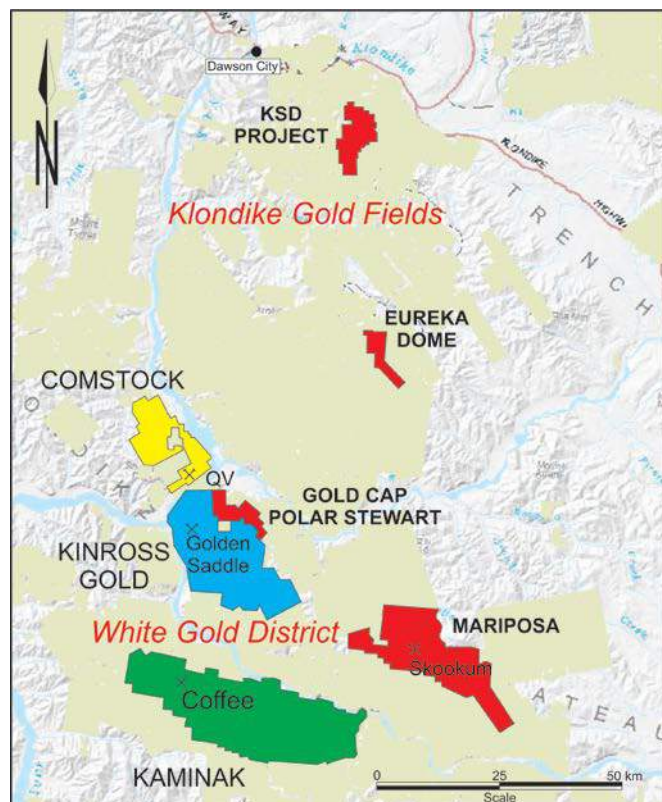
Pacific Ridge's disclosure of a technical or scientific nature has been reviewed and approved by Dr. Gerald G. Carlson, Ph.D., P. Eng., President and CEO of the Company, and a Qualified Person under the definition of National Instrument 43-101.

## **Results of Operations**

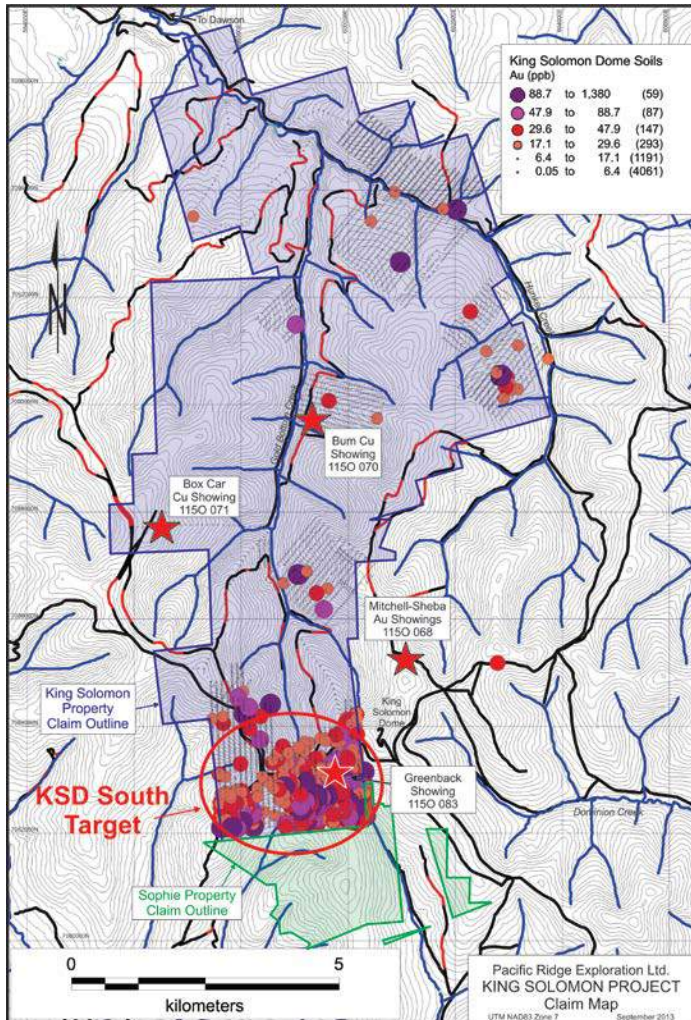
No exploration work has been carried out by the Company on any of its projects in 2014. Subject to the availability of funding, the Company is planning surface exploration programs on its four Klondike-White Gold district properties for the 2014 field season and continues to evaluate new acquisition opportunities.

### **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) located in the heart of the Yukon's famous Klondike Gold District. To earn a 100% interest, the Company is required to make \$500,000 (\$100,000 paid) in cash payments, issue 2,000,000 common shares (500,000



issued) of the Company, and incur exploration expenditures of \$2,500,000 over four years by the end of 2017. On July 10, 2013, 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 King Solomon property. The property is located approximately 40 kilometers southeast of Dawson City and is accessible by all-weather road.



## 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 during the 2007 exploration program. There has been no recorded drilling on the property.

The 2013 exploration program included soil sampling, a high resolution IP/resistivity survey and a deep penetrating soil and rock sampling (Geoprobe) on the KSD South Zone, with the objective of defining future drill targets. A more detailed discussion of the Property's exploration history can be found on the Company's website.

## Recommended Future Work

A follow-up program of rotary air blast (RAB) or core drilling is recommended in 2014 for each of the strong gold and silver Geoprobe anomalies defined by the 2013 program. In addition, a Geoprobe survey should be completed over the Prince Zone.

## Mariposa Property

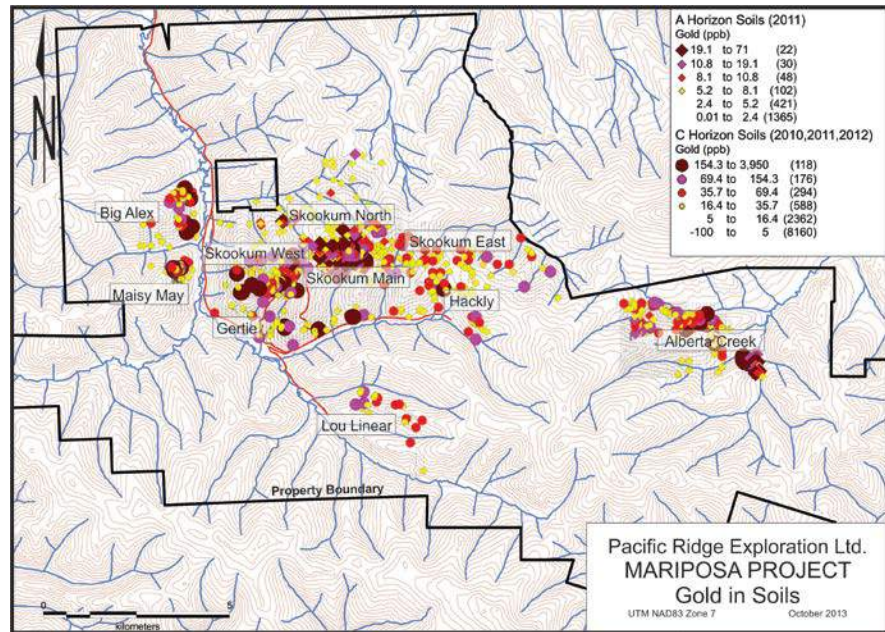
The Mariposa property was acquired by Pacific Ridge in September 2009, by way of an option agreement with the Tintina Syndicate. The Mariposa property was subsequently expanded to include 1,477 claims covering a 30 x 10 km area, or approximately 295 km<sup>2</sup>.

The Mariposa 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. It 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. This unit is locally flanked by intrusive and mafic rock units, a setting favorable for hosting a gold-mineralizing system.

## Exploration History

The history of gold exploration within the Mariposa property dates to 1898, when gold was first discovered in Scroggie and Mariposa Creeks. The first mechanized mining began in the mid 1950's, while large scale mechanized mining began in 1980 and has continued uninterrupted up until the present. It has been estimated that approximately 100,000 ounces of gold has been produced. The first lode gold exploration in the area was reported in 1917, when claims were staked over a reported quartz vein occurrence in the area of the Mariposa Creek placer workings in the general vicinity of the current Skookum Main Zone anomaly. It is only in the last 15 years that a serious effort has been made to discover a lode or bedrock gold source.

From 2010 through to the end of the 2013 field season, the Company spent approximately \$6.6 million exploring the Mariposa property. Soil sampling and trenching led to a core drilling program in 2011 as well as additional soil sampling, an aeromagnetic survey, ground magnetics and VLF surveys. In 2012, additional trenching, drilling and soil sampling surveys were carried out. A comprehensive discussion of the Mariposa property exploration history can be found on the Company's web site.



The 2013 exploration program included a high resolution IP/resistivity survey followed by deep penetrating Geoprobe soil and rock sampling at Skookum West, Skookum Main and Alberta Creek. The program was successful in outlining a potential extension to the high grade Skookum Main Zone, while providing stronger definition to potentially mineralized gold zones at Skookum West and Alberta Creek.

## Recommended Future Work

Subject to availability of financing, a program of ongoing Geoprobe drilling is recommended to further define and extend the strong Geoprobe results from the 2013 program, prior to core drill testing.

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the six months ended June 30, 2014**

**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.

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. As of January 31, 2014, the Company completed the option agreement by having made \$25,000 cash payment and issued 200,000 common shares of the Company.



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. No further work is currently being proposed until resolution of recently stated aboriginal issues has been determined.

On July 16, 2014, the Company announced its option of its Fyre Lake property with Merah Resources Limited ("Merah"); details please see subsequent event in the interim condensed financial statements for the period ended June 30, 2014. As of July 29, 2014, \$50,000 was received.

**Accumulated Exploration Expenditures**

The total accumulated exploration and evaluation costs are listed below:

	Balance December 31, 2013	Additions		Total additions	Balance June 30, 2014
Resource Properties		Q1	Q2		
Mariposa	\$ 6,656,163	\$ 8,192	\$ 8,600	\$ 16,792	\$ 6,672,955
Other properties	739,224	7,571	7,500	15,071	754,295
General exploration	243,743	9,938	4,431	14,369	258,112
Recovery and other	(61,684)	-	-	-	(61,684)
<b>Total</b>	<b>\$ 7,639,130</b>	<b>\$ 25,701</b>	<b>\$ 20,531</b>	<b>\$ 46,232</b>	<b>\$ 7,623,678</b>

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the six months ended June 30, 2014**

**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 six months ended June 30, 2014, the Company had a net loss of \$165,952 as compared to net loss of \$415,388 in 2013. Due to weak equity markets and limited cash balances, the Company reduced its general administration and corporate activities and postponed exploration programs within the White Gold District contingent on future availability of financing in 2014.

On September 1, 2013, the Company entered into a sublease agreement with Adamera Minerals Corp. for office premises at 1111 Melville Street, Vancouver for rental payment of \$2,300 per month.

A summary of comparative administrative and other expenses for 2014 and 2013 is provided in the table below with an analysis for the major changes. There are no significant activities that have occurred in the three months ended June 30, 2014 which have not been discussed in the analysis. The major expenses include the mineral exploration and evaluation costs which are driven by the Company's exploration programs in Yukon. Due to winter conditions in Yukon, the Company has been limited to carrying out its exploration programs during the period from April through October, when most exploration expenditures are incurred.

	<b>Six months end June 30,</b>		<b>Increase</b>
	<b>2014</b>	<b>2013</b>	<b>(decrease)</b>
<b>Administrative expenses</b>			
Depreciation	\$ 2,838	\$ 4,056	\$ (1,218)
Insurance	6,105	13,630	(7,525)
Professional fees	11,610	33,623	(22,013)
Management and administrative services	44,388	86,749	(42,361)
Office operations and facilities	27,571	62,405	(34,834)
Shareholders communications & Investor relations	14,308	33,777	(19,469)
Share-based payments	-	14,624	(14,624)
Transfer agent and regulatory fees	13,132	31,671	(18,539)
	<b>119,952</b>	<b>280,535</b>	<b>(160,583)</b>
<b>Other expenses (income)</b>			
Exploration and evaluation costs	46,232	83,883	(37,651)
Impairment	-	53,500	(53,500)
Interest	(232)	(2,530)	2,298
	<b>46,000</b>	<b>134,853</b>	<b>(88,853)</b>
<b>Total expenditures and expenses</b>	<b>\$ (165,952)</b>	<b>\$ (415,388)</b>	<b>\$ (249,436)</b>

- Exploration and evaluation costs decreased by \$37,651 from \$83,883 in 2013 to \$46,232 in 2014 due to reduced equity funding available for the exploration program.
- Management and office operations were reduced by \$42,361 and \$34,834 respectively reflecting a 50% voluntarily salary reduction of the Company's Chairman since July 1, 2013 and the reduced office space costs after the Company moved to a new location on September 1, 2013.
- Professional fees reduced by \$22,013 from \$33,623 in 2013 to \$11,610 in 2014 due to the legal fees associated with the acquisition of mineral properties in 2013.
- Shareholders communications and investor relations decreased by \$19,469 from \$33,777 in 2013 to \$14,308 in 2014 reflecting the Company's reduced activities in investor relations coupled with overall weak market conditions.

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the six months ended June 30, 2014**

- Share-based payments were determined by the Black-Scholes option pricing model recognized over the vesting period of options based on each stock option grant. The \$14,624 share-based payment in 2013 reflected the option vested for the grant dated December 5, 2012.
- The carrying value of the Company's mineral properties are reviewed by management quarterly, or when events or circumstances indicate that its carrying amount may not be recovered. The potential impairment indicators includes but not limited to the sufficient work has been performed, results of exploration to date, and plans or budgeting for the properties. In 2013, the Company terminated the PTL option agreement and wrote down the \$53,500 acquisition costs to nil.

**Summary of Quarterly Results**

The following table sets forth a comparison of information for the previous eight quarters ending with June 30, 2014:

	June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Total revenue	\$ -	\$ -	\$ -	\$ -
Interest income	-	231	457	945
General and administration	(65,663)	(54,288)	(54,657)	(78,925)
Exploration and evaluation costs	(20,530)	(25,702)	(16,640)	(244,115)
Gain on sale of property	-	-	181,324	-
Impairment	-	-	(415,000)	-
Mining tax credit and government grant	-	-	70,000	-
Recognition of flow through share premium	-	-	24,550	-
Recovery and other	-	-	61,684	-
Share-based payments	-	-	(23,837)	-
Net loss for the period	\$ (86,193)	\$ (79,759)	\$ (172,119)	\$ (322,095)
Basic and diluted loss per share	\$ -	\$ -	\$ (0.01)	\$ (0.02)

	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012
Total revenue	\$ -	\$ -	\$ -	\$ -
Interest income	1,069	1,461	2,442	4,992
General and administration	(145,392)	(120,519)	(134,654)	(108,963)
Exploration and evaluation costs	(23,626)	(60,257)	(147,507)	(1,249,136)
Impairment	(53,500)	-	-	-
Share-based payments	(7,312)	(7,312)	(28,766)	(24,034)
Net loss for the period	(228,761)	(186,627)	\$ (308,485)	\$ (1,377,141)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.10)

**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

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the six months ended June 30, 2014**

---

exploration of other resource properties and meet general and administrative expenses in the immediate and long term. As at July 29, 2014, the Company has cash and cash equivalents of \$139,000 and working capital of \$119,000. The Company received \$50,000 first option payment from Merah for the Fyre Lake property, and \$133,204 proceeds for the disposal of 600,000 common shares of Kivalliq Energy Corporation related to the Company's Baker uranium sale in November 2013.

Due to the current market condition, the non-brokered private placement announced on May 13, 2014 has not and will not be completed.

During the six months ended June 30, 2014, the Company spent \$10,000 (2013 - \$122,378) in the acquisition and maintenance costs of its properties, and incurred \$46,232 or 28% of its total expenditures in exploration and evaluation activities (2013 - \$83,883 or 24%). The ability of the Company to continue its exploration program is dependent on the continuing success of its exploration programs coupled with available funding through sale of its share capital.

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

None

### **Proposed Transactions**

None

### **Outstanding Share Data**

As at July 29, 2014, the Company has

- a) 21,200,884 common shares issued and outstanding;
- b) 1,834,000 stock options outstanding and exercisable at a weighted exercise price of \$0.40;
- c) 710,000 warrants outstanding exercisable at \$0.10 per share expiring on August 29 and 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 June 30, 2014 were effective in ensuring that all material information required to be filed had been effected 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 June 30, 2014.

### **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

**Pacific Ridge Exploration Ltd.**  
**Management's Discussion and Analysis**  
**For the six months ended June 30, 2014**

---

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.