

May 19, 2020

## Report to Shareholders

Dear Shareholders:

2019 was a relatively quiet year for your company. We drill tested the Spius copper-molybdenum porphyry target in southern British Columbia, we completed a small but successful sampling program at our Mariposa property in the Yukon, and we invested considerable effort reviewing numerous acquisition opportunities, resulting in the signing of the Kliyul and Redton earn-in agreements early in 2020. We finished the year with a healthy treasury – over \$800,000 in the bank – and a tight share structure.

At Spius, we completed a four-hole, 1,087 m drill program. All holes intersected porphyry style alteration and mineralization. The best mineralization was encountered at the bottom of hole SP-19-03, drilled at the northern end of the Copper Zone, encountering 51.8 m averaging 0.099% Cu (224.3 to 273 m), including 39.0 m at 0.113% Cu (237-276 m). Increasingly anomalous copper values were encountered towards the bottom of holes 3 and 4, suggesting the potential for the discovery of significant porphyry Cu-Mo mineralization at depth and to the north.

We completed a mapping and surface sampling program at our Mariposa Gold project in the White Gold District, Yukon. Seven samples collected from float of quartz vein and stockwork material at the Hackly Zone averaged 2.50 gpt Au and 5.67 gpt Ag, with the highest, 9.75 gpt Au and 15.7 gpt Ag from a hematite-rich sample of quartz vein. The Hackly Zone is a relatively unexplored part of our Mariposa property and we plan on following up these promising results with additional trenching.

Early in 2020, we signed an earn-in agreement with Aurico Metals Inc. (“Aurico”), a wholly owned subsidiary of Centerra Gold Inc. to acquire up to a 75% interest in the Kliyul and Redton copper-gold porphyry projects in north-central British Columbia. Kliyul is the most advanced of these projects and hosts some promising gold-copper intersections from historical drilling on the Kliyul Zone, with numerous other untested targets within a four-km long altered and mineralized corridor. Redton is a porphyry copper-gold property that adjoins Kwanika Copper Corporation’s Kwanika property along its eastern and northern boundary. Redton is road accessible in a proven porphyry belt. These two new projects will be the focus of the company’s 2020 exploration program and beyond.

At the request of BMC Minerals, we re-negotiated the Fyre Lake purchase option, with the final \$1.2 million payment now due no later than December 31, 2021. In exchange, BMC paid \$250,000 in April 2020, and will continue to pay \$75,000 every six months until the final balance is paid, with the next payment due June 30, 2020.

I would like to take this opportunity to welcome Danette Schwab, our new Vice President of Exploration, to the Pacific Ridge team. Danette has a degree in geology from SFU and has 18 years of experience, mainly in British Columbia, exploring for gold and copper. She has experience working for a number of successful junior explorers, including Brixton Metals, NovaCopper, Fronteer Gold, Riverside Resources, NovaGold and Balmoral Resources.

We were saddened during the year to lose our Chairman of the Board and Director R.E. Gordon Davis to cancer. Mr. Davis enjoyed a long and successful career as a geologist and mining entrepreneur, accomplishing many notable achievements, including co-discoverer of Yukon’s Faro Pb-Zn-Ag deposit and the discovery of the Camino Rojo Au-Ag deposit in Mexico. Mr. Davis was a valued member of Pacific Ridge’s board, providing wise counsel and always supporting early stage exploration as a key in creating shareholder value.

At the time of writing this letter, the COVID-19 pandemic is raging in our homeland and around the world. The resulting economic turmoil has resulted in a significant increase in the price of gold, with many speculating that it could go much higher. This bodes well for our gold-focused portfolio. We have plenty of work to do digesting the extensive files of historical information on both of our new projects, but I am hopeful that we will also be able to complete some field work this year.

On behalf of the Board of Directors, I wish to thank you for your continued loyal and patient support of Pacific Ridge. With a focus on Kliyul and Redton, we are poised for exciting times as we prepare these two new projects for drilling. Even if we are forced into a shortened 2020 field season, I expect we will have a steady news flow through the coming year.

Yours very truly,

Gerald G. (Gerry) Carlson  
President and CEO

The technical information contained herein has been reviewed and approved by Gerald Carlson, Ph.D., P.Eng., President and CEO of Pacific Ridge Exploration Ltd., and Qualified Person as defined by National Instrument 43-101.

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