

May 17, 2018

Report to Shareholders

Dear Shareholders:

The year 2017 was an active one for your Company. We started the year by announcing an option to sell our Fyre Lake Cu-Au-Co property to BMC Minerals (No. 1) Ltd. ("BMC"). In January, we received \$350,000 from BMC and an additional \$300,000 in December. We drilled the Poker Brown gold property in Nevada in March with disappointing results and subsequently dropped the option. With our ongoing focus on gold, we explored three of our Yukon projects, Eureka Dome and a new acquisition, RC Gold, while Four Nines Gold continued with trenching and mapping on our Mariposa Project. We also continued our interest in zinc projects, completing the interpretation of our 2016 drill program at TL Zinc in British Columbia and completing a surface exploration program on our newly acquired OGI Zinc project in Yukon. There was no indication of a bedrock mineralization source at OGI, so the project was dropped. The Company was successful with three Yukon Mineral Exploration Program applications and, as a result, received \$119,659 in rebates from the Yukon government.

Our exploration continues to focus on base and precious metals, in particular gold, zinc and copper. We explore early stage exploration projects that have high potential for discovery and that are located in mining-friendly jurisdictions. The paragraphs below provide a brief update on our active projects. For greater detail, please look at our website at www.pacificridgeexploration.com.

Fyre Lake: In December 2016, we agreed to option a 100% interest in our Fyre Lake Cu-Au-Co massive sulphide deposit to BMC Minerals (No. 1) Ltd. BMC paid a deposit of \$75,000 and an initial option payment of \$300,000 in January 2017. In December 2017, BMC elected to pay an additional \$300,000 which gives them the option of completing the purchase with a payment of \$2,420,000 in January 2019. In addition, BMC has agreed to make a bonus payment of \$1,000,000 if and when its BMC's Kudz Ze Kayah property has reached commercial production for one year. BMC is evaluating the feasibility of processing mineralization from Fyre Lake at its proposed Kudz Ze Kayah operation and, to that end, re-logged some of the historical Fyre Lake drill core during 2017.

TL Zinc: In June 2017, the Company acquired an option on the TL Zinc project near Vernon, BC. The target is a Zn-Pb-Ag massive sulfide deposit, as defined by a favourable geological setting, geochemistry, bedrock and float mineralization and geophysics. In December 2016, we drilled two core holes before the project was shut down due to severe winter conditions. Unfortunately, no significant base or precious metal mineralization was encountered. The property continues to hold good promise for a significant base metal discovery. Unfortunately, the proposed 2017 drill program at the TL Zinc property was suspended. Allegations of third party interests in the 16 TL Claims under option to Pacific Ridge have been made and, to allow time to resolve the issue, the optionor and Pacific Ridge have agreed to extend the option terms by one year. Once the issue is resolved, the Company plans to resume exploration at TL.

Yukon Gold Properties: In August, we completed a second soil geochemical survey over a portion of our Eureka Dome gold property. This program led to the definition of a strong, multi-element gold anomaly that is supported by historical anomalous gold stream sediment anomalies. Based on this work, the Company has subsequently, in early 2018, optioned the property to Trifecta Gold Ltd. Trifecta holds a large claim block on the western border of our Eureka Dome property and the combined claim package holds excellent potential for discovery of a bedrock gold source.

Our RC Gold project includes three claim blocks, RC, BEE and BOP, that were acquired by option in early 2017. The project is located in the Clear Creek district in the heart of the Yukon's Tintina Gold Belt. RC Gold lies at the headwaters of Clear Creek, one of the Yukon's prolific placer gold creeks. The target at RC Gold is an Intrusion Related Gold deposit such as Victoria Gold's Dublin Gulch, Golden Predator's Brewery Creek, and Kinross Gold's Fort Knox in Alaska.

In July and August 2017, the Company completed a mapping, prospecting and soil sampling program that defined four new high-priority gold targets. The Company is now planning a follow-up exploration program for the 2018 field season that will include additional mapping, sampling and an IP geophysical survey to define targets for drill testing.

Our Mariposa Gold property is under option to Four Nines Gold Ltd. In 2017, Four Nines completed a trenching program at the Hackly, Skookum Main and Skookum West target areas. Highlights included 0.47 gpt Au over 25.5 m (including 1.39 gpt Au over 6 m), 1.61 gpt Au over 4.5 m, 0.88 gpt Au over 10.5 m, 1.05 gpt Au over 7.5 m and 1.68 gpt Au over 4.5 m. Four Nines plans additional trenching and sampling in 2018.

On behalf of the Board of Directors, I wish to thank you for your continued loyal support of Pacific Ridge. The mineral exploration sector continues its slow recovery and investor interest in gold and base metal exploration companies grows. We will continue our quest for discovery by carefully and thoroughly evaluating our existing project portfolio, farming out assets where appropriate, and always keeping a sharp eye out for new opportunities.

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.

Forward-Looking Information: This document includes certain statements that may be deemed "forward-looking statements". All statements in this document, other than statements of historical facts, that address exploration drilling and other activities and events or developments that Pacific Ridge Exploration Ltd. ("Pacific Ridge") expects to occur, are forward-looking statements. Forward-looking statements in this document include statements regarding the placements and future exploration plans and expenditures. Although Pacific Ridge 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 forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploration successes, and continued availability of capital and financing and general economic, market or business conditions. These statements are based on a number of assumptions including, among other things, assumptions regarding general business and economic conditions, the timing and receipt of regulatory and governmental approvals for the transactions described herein, the ability of Pacific Ridge and other parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for Pacific Ridge's proposed transactions and programs on reasonable terms, and the ability of third party service providers to deliver services in a timely manner. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Pacific Ridge does not assume any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.