

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**

**Condensed Interim Financial Statements**

**March 31, 2017**

**(Unaudited – Expressed in Canadian Dollars)**

### **Notice to Reader**

The accompanying 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.**  
**Condensed Interim Statements of Financial Position**  
**(Unaudited - Expressed in Canadian dollars)**

|                                       | Note | March 31, 2017   | December 31, 2016 |
|---------------------------------------|------|------------------|-------------------|
| <b>Assets</b>                         |      | \$               | \$                |
| <b>Current assets</b>                 |      |                  |                   |
| Cash                                  |      | 722,268          | 694,374           |
| Other receivables                     |      | 15,242           | 12,415            |
| Prepaid                               |      | 4,650            | 4,650             |
|                                       |      | <b>742,160</b>   | <b>711,439</b>    |
| <b>Resource properties</b>            | 3    | 574,692          | 566,192           |
| <b>Reclamation bond</b>               |      | 21,918           | 5,000             |
|                                       |      | <b>1,338,770</b> | <b>1,282,631</b>  |
| <b>Liabilities</b>                    |      |                  |                   |
| <b>Current liabilities</b>            |      |                  |                   |
| Trade payable and accrued liabilities |      | 87,852           | 190,867           |
| <b>Shareholders' Equity</b>           |      |                  |                   |
| <b>Share capital</b>                  |      | 43,562,559       | 43,554,059        |
| <b>Contributed surplus</b>            |      | 3,228,934        | 3,228,934         |
| <b>Deficit</b>                        |      | (45,540,575)     | (45,691,229)      |
|                                       |      | <b>1,250,918</b> | <b>1,091,764</b>  |
|                                       |      | <b>1,338,770</b> | <b>1,282,631</b>  |

The accompanying notes are an integral part of these condensed interim financial statements.

Approved and authorized for issue on behalf of the Board of Directors on May 24, 2017

*/s/ "Gerald G. Carlson"*

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Director

*/s/ "Douglas Proctor"*

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Director

**Pacific Ridge Exploration Ltd.**  
**Condensed Interim Statements of Income (Loss)**  
**(Unaudited - Expressed in Canadian dollars)**

|   |      | Three months ended March 31, |                   |
|---|------|------------------------------|-------------------|
|   | Note | 2017                         | 2016              |
| <b>Administration expenses</b>                              |      | \$                           | \$                |
| Professional and consulting fees                            |      | 6,738                        | 1,436             |
| Management and administrative services                      |      | 24,958                       | 15,000            |
| Office operations and facilities                            |      | 13,126                       | 12,505            |
| Shareholder communications                                  |      | 780                          | 3,442             |
| Transfer agent and regulatory fees                          |      | 8,755                        | 6,142             |
|   |      | <b>54,357</b>                | <b>38,525</b>     |
| <b>Other expenses (income)</b>                              |      |                              |                   |
| Exploration and evaluation costs                            |      | 144,989                      | 10,736            |
| Fair value on marketable securities                         |      | -                            | 69,252            |
| Option payment  | 3(f) | (350,000)                    | -                 |
|   |      | <b>(205,011)</b>             | <b>79,988</b>     |
| <b>Net income (loss) for the period</b>                     |      | <b>150,654</b>               | <b>(118,513)</b>  |
| <b>Basic and diluted income (loss) per common share</b>     | \$   | <b>0.00</b>                  | \$ (0.00)         |
| <b>Weighted average number of common shares outstanding</b> |      | <b>31,063,453</b>            | <b>24,390,884</b> |

The accompanying notes are an integral part of these condensed interim financial statements.

# Pacific Ridge Exploration Ltd.

## Condensed Interim Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian dollars)

|                                  | Common Shares     |                   | Contributed<br>Surplus | Other<br>Comprehensive<br>Loss | Deficit             | Total Shareholders'<br>Equity |
|----------------------------------|-------------------|-------------------|------------------------|--------------------------------|---------------------|-------------------------------|
|                                  | Shares            | Amounts           |                        |                                |                     |                               |
|                                  |                   | \$                | \$                     | \$                             | \$                  | \$                            |
| Balance at December 31, 2015     | 24,390,884        | 43,066,428        | 3,152,125              | -                              | (45,093,112)        | 1,125,441                     |
| Net loss for the period          | -                 | -                 | -                      | -                              | (118,513)           | (118,513)                     |
| Balance at March 31, 2016        | 24,390,884        | 43,066,428        | 3,152,125              | -                              | (45,211,625)        | 1,006,928                     |
| Balance at December 31, 2016     | 31,029,009        | 43,554,059        | 3,228,934              | -                              | (45,691,229)        | 1,091,764                     |
| Shares issued for property       | 100,000           | 8,500             | -                      | -                              | -                   | 8,500                         |
| Net income for the period        | -                 | -                 | -                      | -                              | 150,654             | 150,654                       |
| <b>Balance at March 31, 2017</b> | <b>31,129,009</b> | <b>43,562,559</b> | <b>3,228,934</b>       | <b>-</b>                       | <b>(45,540,575)</b> | <b>1,250,918</b>              |

The accompanying notes are an integral part of these condensed interim financial statements.

**Pacific Ridge Exploration Ltd.**  
**Condensed Interim Statements of Cash Flows**  
(Unaudited - Expressed in Canadian dollars)

|   | Three months ended March 31, |                 |
|---|------------------------------|-----------------|
|   | 2017                         | 2016            |
| <b>Operating activities</b>               | <b>\$</b>                    | <b>\$</b>       |
| Income (loss) for the period              | 150,654                      | (118,513)       |
| Option payment                            | (350,000)                    | -               |
| Items not affecting cash                  |                              |                 |
| Fair value on marketable securities       | -                            | 69,252          |
|   | <b>(199,346)</b>             | <b>(49,261)</b> |
| Changes in non-cash working capital items |                              |                 |
| Other receivables                         | (2,827)                      | 2,344           |
| Trade payable and accrued liabilities     | (103,015)                    | 1,100           |
|   | <b>(105,842)</b>             | <b>3,444</b>    |
| Cash used in operating activities         | <b>(305,188)</b>             | <b>(45,817)</b> |
| <b>Investing activities</b>               |                              |                 |
| Resource property acquisition costs       | (10,000)                     | -               |
| Proceeds on property option payments      | 360,000                      | -               |
| Reclamation bond                          | (16,918)                     | -               |
| Cash provided by investing activities     | <b>333,082</b>               | <b>-</b>        |
| <b>Increase (decrease) in cash</b>        | <b>27,894</b>                | <b>(45,817)</b> |
| <b>Cash - beginning of period</b>         | <b>694,374</b>               | <b>489,304</b>  |
| <b>Cash - end of period</b>               | <b>722,268</b>               | <b>443,487</b>  |

The accompanying notes are an integral part of these condensed interim financial statements.

# Pacific Ridge Exploration Ltd.

## Notes to the Condensed Interim Financial Statements March 31, 2017

(Unaudited - Expressed in Canadian dollars)

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### 1. Nature of operations

Pacific Ridge Exploration Ltd. and its wholly owned subsidiary Pacific Ridge Exploration (US) Inc. (the “**Company**” or “**Pacific Ridge**”) are 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 and the ability of the Company to obtain necessary capital to finance operations including contributions from future joint venture partners. The carrying value of the Company’s mineral properties does not reflect current or future value.

These condensed interim 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. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets maybe materially less than the amounts on the condensed interim statements of financial position. As at March 31, 2017, the Company had a working capital of \$654,308. The Company believes that based on its current working capital, it could sustain its operation and maintain its minimum obligations for the next 12 months.

### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Internal Accounting Standard 34, *Interim Financial Reporting* under International Financial Reporting Standards (“**IFRS**”). The principal accounting policies applied in the preparation of these financial statements are set out Note 2 of the audited financial statements for the year ended December 31, 2016 and have been consistently applied to all the periods presented, unless otherwise stated.

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

The financial statements were approved by the Board of Directors on May 24, 2017.

# Pacific Ridge Exploration Ltd.

## Notes to the Condensed Interim Financial Statements March 31, 2017

(Unaudited - Expressed in Canadian dollars)

### 3. Resource properties

The Company has interests in mineral properties in British Columbia and Yukon in Canada and Nevada in the United States. A summary of capitalized acquisition costs is as follows:

|                                | Mariposa       | TL Zinc       | Poker<br>Brown | Fyre<br>Lake | Eureka<br>Dome | Gold<br>Cap | OGI           | Total          |
|--------------------------------|----------------|---------------|----------------|--------------|----------------|-------------|---------------|----------------|
|                                | \$             | \$            | \$             | \$           | \$             | \$          | \$            | \$             |
| Balance, December 31, 2016     | 496,139        | 45,000        | 13,763         | -            | 11,290         | -           | -             | 566,192        |
| Additions during the period    | (10,000)       | -             | -              | -            | -              | -           | 18,500        | 8,500          |
| <b>Balance, March 31, 2017</b> | <b>486,139</b> | <b>45,000</b> | <b>13,763</b>  | <b>-</b>     | <b>11,290</b>  | <b>-</b>    | <b>18,500</b> | <b>574,692</b> |

#### a) Mariposa property, Yukon

The Company acquired a 100% interest in the property in 2014.

In September 2016, the Company optioned its Mariposa property to Four Nines Gold Inc. (“**Four Nines**”), formerly Eureka Dome Gold Inc., a private British Columbia company. Pursuant to the terms of the agreement, amended in February 2017, Four Nines can earn a 51% interest in the property by making cash payments of \$200,000 (\$20,000 received), issuing 1,000,000 shares and 150,000 common share purchase warrants and completing \$2,450,000 in exploration in staged annual increments by December 31, 2020.

Four Nines will then have the option to increase its interest to 70% by making additional cash payments of \$200,000, issuing an additional 500,000 common shares and completing an additional \$2,500,000 in exploration by December 31, 2022. In addition, Four Nines must be listed on the TSX Venture Exchange or the Canadian Securities Exchange by May 31, 2017, or such date as the parties agree to, or this agreement shall be terminated immediately and any payments made or expenditures incurred shall be retained by and for the sole benefit of the Company.

#### b) TL Zinc property, British Columbia

On August 11, 2016, the Company entered into an option agreement to acquire a 100% interest in the TL Zinc property located 80km northeast of Vernon, British Columbia, by making cash payments totalling \$350,000 (\$20,000 paid), issuing 1,500,000 shares (250,000 issued) and completing \$3,325,000 in exploration (\$248,071 incurred) over five years as below.

- \$20,000 and 250,000 shares due on Aug 11, 2016 (paid & issued)
- \$30,000 and 250,000 shares due on Aug 11, 2017
- \$50,000 and 250,000 shares due on Aug 11, 2018
- \$75,000 and 250,000 shares due on Aug 11, 2019
- \$75,000 and 250,000 shares due on Aug 11, 2020
- \$100,000 and 250,000 shares due on Aug 11, 2021

In addition, \$500,000 bonus shares will be issuable upon completion of a feasibility study. The vendors will retain a 3% net smelter return (“**NSR**”) that can be bought down to 1.5% for \$3,000,000.

# Pacific Ridge Exploration Ltd.

## Notes to the Condensed Interim Financial Statements March 31, 2017

(Unaudited - Expressed in Canadian dollars)

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c) Poker Brown, Nevada

In August 2016, the Company entered into an option agreement to earn a 100% interest in the Poker Brown gold-silver property by making US\$1,000,000 in cash payments and US\$940,000 in advanced royalty payments to the underlying property owner over eight years as below:

- US\$25,000 due on Aug 23, 2017
- US\$50,000 due on Aug 23, 2018
- US\$75,000 due on Aug 23, 2019
- US\$100,000 due on Aug 23, 2020
- US\$150,000 due on Aug 23, 2021
- US\$250,000 due on Aug 23, 2022
- US\$350,000 due on Aug 23, 2023

In addition, two bonus cash payments of US\$500,000 each are payable on cumulative exploration expenditures of US\$4,000,000 and US\$6,000,000. Underlying royalties include a 2.5% NSR that can be bought down to 2% for US\$500,000 and a 0.5% NSR capped at US\$500,000.

d) On February 21, 2017, the Company reached an option agreement to acquire a 100% interest in the OGI Zinc prospect located in Dawson, Yukon. To earn a 100% interest, the Company is required to pay \$225,000 (\$10,000 paid), issuing 1,000,000 common shares (100,000 issued) and completing \$2,500,000 in exploration over five years as following:

- \$10,000 and 100,000 shares on or before February 28, 2017 (paid & issued)
- \$15,000 and 100,000 shares on or before December 31, 2017
- \$20,000 and 100,000 shares on or before December 31, 2018
- \$30,000 and 200,000 shares on or before December 31, 2019
- \$50,000 and 200,000 shares on or before December 31, 2020
- \$100,000 and 300,000 shares on or before December 31, 2021.

e) Fyre Lake sulphide property, Yukon

The Company owns a 100% interest in the Fyre Lake property.

On January 18, 2017, the Company closed an option agreement with BMC Minerals (No. 1) Ltd. ("BMC") whereby BMC has the right to acquire a 100% interest in Fyre Lake. BMC has been granted two options whereby it will make payments of \$2,200,000 in the case of a one-year purchase option or \$2,720,000 in the case of a two-year purchase option. In addition, if it exercises the option, BMC has agreed to make a bonus payment of \$1,000,000 if and when BMC's Kudz Ze Kayah property has reached commercial production for one year.

BMC paid a non-refundable deposit and initial option payment of \$375,000 (\$25,000 in November 2016 and \$350,000 in January 2017).

f) During the three months ended March 31, 2017, the Company incurred exploration expenditures of \$30,379 on the TL Zinc project, \$99,250 on Poker Brown, and \$15,360 in general exploration.

# Pacific Ridge Exploration Ltd.

## Notes to the Condensed Interim Financial Statements March 31, 2017

(Unaudited - Expressed in Canadian dollars)

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### 4. Share capital

#### a) Common Shares

Authorized - unlimited common shares without par value.

Pursuant to a non-brokered private placement closed on November 3, 2016, the Company issued 5,432,500 flow-through shares for total gross proceeds of \$434,600. The Company filed its renunciation forms in February 2017 for the entire amount received. As at December 31, 2016, the Company had incurred \$163,487 qualifying resource expenditures and must incur the balance of \$271,113 by January 31, 2018.

As of March 31, 2017, the Company had incurred \$30,379 in flow-through expenditures and is committed to fulfill its flow-through obligation within the given time frame.

#### b) Share Purchase Warrants

On March 31, 2017 and December 31, 2016, the Company had 2,815,250 warrants issued and outstanding exercisable at a price \$0.14 per share expiring May 3, 2018.

#### 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 options generally are granted for a maximum term of five years and expire 90 days following the termination of the optionee's agreement. The exercise price for the options is set at the closing market price of the common shares on the grant date. The vesting periods of options vary with terms determined by the board of directors.

Stock option transactions and the number of stock options outstanding and exercisable are summarized below:

|                            | March 31, 2017    |                                 |
|----------------------------|-------------------|---------------------------------|
|                            | Number of Options | Weighted Average Exercise Price |
| Balance, beginning of year | 2,791,500         | \$ 0.10                         |
| Expired                    | (148,000)         | \$ (0.50)                       |
| Balance, end of period     | 2,643,500         | \$ 0.10                         |
| Exercisable, end of period | 2,643,500         | \$ 0.10                         |

# Pacific Ridge Exploration Ltd.

## Notes to the Condensed Interim Financial Statements March 31, 2017

(Unaudited - Expressed in Canadian dollars)

Stock options outstanding and exercisable are listed below:

| Expiry date       | Exercise price (\$) | March 31, 2017 | December 31, 2016 |
|-------------------|---------------------|----------------|-------------------|
| May 24, 2017      | 0.50                | -              | 148,000           |
| December 5, 2017  | 0.50                | 100,000        | 100,000           |
| December 24, 2018 | 0.05                | 981,500        | 981,500           |
| February 2, 2020  | 0.05                | 834,000        | 834,000           |
| July 21, 2021     | 0.08                | 200,000        | 200,000           |
| August 12, 2021   | 0.08                | 40,000         | 40,000            |
| November 30, 2021 | 0.08                | 488,000        | 488,000           |
|                   |                     | 2,643,500      | 2,791,500         |

### 5. 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 benefits, post-employment benefits and other long-term benefits in place. Key management includes the board of directors and executive officers. Compensation awarded to key management is listed below:

|        | Three months ended March 31, |        |
|--------|------------------------------|--------|
|        | 2017                         | 2016   |
|        | \$                           | \$     |
| Salary | 28,500                       | 25,500 |
|        | 28,500                       | 25,500 |

### 6. Financial instruments

The Company has classified cash and cash equivalents as loans and receivables; accounts payable are classified as other financial liabilities.

### 7. Segmented information

The Company has one business segment, the exploration of mineral properties, further subdivided into geographic regions. As of March 31, 2017, \$565,929 of the Company's non-current assets was held in Canada and \$30,681 in the United States.