PACIFIC RIDGE
exploration ltd.

(An Exploration Stage Company)

Management's Discussion and Analysis (MD&A)

(Form 51-102F1)

June 30, 2018

This interim Management's Discussion and Analysis ("**MD&A**") of Pacific Ridge Exploration Ltd. ("**Pacific Ridge**" or the "**Company**"), dated **July 17, 2018**, provides a brief update on the Company's business activities, financial condition, financial performance and cash flows since December 31, 2017, and excludes information discussed in its most recent annual MD&A. The Company reports its financial position, financial performance and cash flows in accordance with International Financial Reporting Standards ("**IFRS**") in Canadian dollars (unless otherwise indicated). The first, second, third and fourth quarters of the Company's fiscal years are referred to as "Q1", "Q2", "Q3", and "Q4" respectively.

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2017, the interim financial statements for the three and six months ended June 30, 2018, and the related notes thereto, and the annual MD&A for the year ended December 31, 2017.

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 and on SEDAR at www.sedar.com

Forward Looking Statements and Risk Factors

This MD&A contains forward-looking statements that are related to the Company's activities and future financial results. The results for the current periods are not necessarily indicative of the results for any future period. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance as 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 the early stage of its exploration projects. A detailed discussion of risks is presented in the 2017 year-end MD&A.

Pacific Ridge's disclosure of a technical or scientific nature has been reviewed and approved by Mr. 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.

Summary of First and Second Quarter Activities

During the first half of 2018, the Company focused on new acquisition opportunities and plans for 2018 exploration programs including detailed mapping, sampling and an IP geophysical survey on the RC Gold property and a detailed mapping, prospecting and a deep penetrating GT Probe soil sampling program on the Gold Cap property.

On April 26, 2018, the Company announced that it had optioned its Eureka Dome property to Trifecta Gold Ltd. ("Trifecta"). Trifecta can earn a 70% interest in the property by making payments of $200,000, issuing 1,000,000 shares and completing $2.5 million in exploration by December 31, 2022.

Also on April 26, the Company announced it had extended the expiry date of 2,716,250 share purchase warrants from May 3, 2018 to November 3, 2018. The extension was subsequently approved by the TSX Venture Exchange.

On April 30, 2018, the Company announced that it had acquired an option to earn a 100% interest in the Spius Cu-Mo-Au porphyry property, southern British Columbia, by making payments of $210,000, issuing 1,000,000 shares and completing $800,000 in exploration by December 31, 2020. The Company plans a program of Mapping, sampling and IP geophysics in 2018.

Mineral Properties

RC Gold, Yukon

In 2017, the Company acquired an option on the road accessible RC Gold project, including the RC, Bee and Bop claim groups, through two separate agreements. RC Gold lies at the headwaters of Clear Creek, one of the Yukon's prolific placer gold creeks, within the Yukon's Tintina Gold Belt. The target at RC Gold is an Intrusion-Related Gold deposit such as Victoria Gold's Eagle Gold, Golden Predator's Brewery Creek, and Kinross Gold's Fort Knox in Alaska.

A program of detailed mapping, sampling and geophysics is planned for 2018 to define targets for possible drill testing.

Mariposa, Yukon

The Company's 100% owned 295 km^2 Mariposa property is located in the Ykon's White Gold District, 120 km southeast of Dawson City, 40 kilometres southeast of White Gold's Golden Saddle deposit and 30 kilometres east-northeast of Goldcorp's Coffee property. Prior exploration identified an open-ended 7 km long horizon of altered sulphide bearing quartz mica schist in the Skookum Zone area, in a setting favorable for hosting gold mineralization.

The property is under option to Four Nines Gold Inc. ("Four Nines" – formerly Eureka Dome Gold Inc.). Under the terms of the agreement, Four Nines can earn a 51% interest in the property by making cash payments of $190,000 ($30,000 received), issuing 1,200,000 common shares (300,000 received) and 150,000 common share purchase warrants (received) and completing $2,500,000 in exploration in staged annual increments by December 31, 2020, of which approximately $304,000 was completed as of December 31, 2017. 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.

Four Nines plans additional surface exploration in 2018, possibly followed by drilling.

Eureka Dome, Yukon

The Company's 100% owned 32 km^2 Eureka Dome property is located 70 km southeast of Dawson City, within the Klondike-White Gold District. Placer mining activity in Eureka Creek dates back to the 1896 gold rush, with estimated historical production from Eureka and Black Hills Creeks of greater than 140,000 oz. Au.

On April 26, 2018, the Company announced that it had optioned its Eureka Dome property to Trifecta Gold Ltd. ("Trifecta"). Trifecta can earn a 70% interest in the property by making payments of $200,000 ($10,000 paid), issuing 1,000,000 shares (100,000 shares issued) and completing $2.5 million in exploration by December 31, 2022.

Trifecta plans a mapping and sampling program in 2018.

Gold Cap, Yukon

The 100% owned 1,100 ha Gold Cap property adjoins the northeast boundary of White Gold Corp's White Gold (Golden Saddle) property. The property was staked in 2009 based on an anomalous gold silt sample reported by the Geological Survey of Canada. In 2010, Pacific Ridge collected 1,766 soil samples and defined two gold anomalies that require follow-up exploration.

A program of geological mapping and deep soil sampling is planned for the 2018 field season to test for a gold bedrock source.

Mineral Properties (continued)

Fyre Lake, Yukon

The Company holds a 100% interest in the Fyre Lake copper-gold-cobalt massive sulphide project in the Yukon's Finlayson Lake District. The Company has spent approximately $6.0 million on diamond drilling that resulted in definition of a 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.

In December 2016, the Company announced that it had agreed to option a 100% interest in the project to BMC Minerals. BMC has been granted two options effective as of the closing; the first, a one-year option whereby, in order to maintain and exercise the option, it must pay the Company $300,000 (paid) on closing and $2,200,000 one year after closing, or the second, a two-year option whereby, in order to maintain and exercise the option, it must pay the Company $300,000 (paid) on closing, $300,000 one year after closing (paid) and $2,420,000 two years after closing. BMC has elected the two-year option. In addition, 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.

TL Zinc, British Columbia

The Company has an option to earn a 100% interest in the road-accessible, 6,420 hectare TL Zinc project located 80 km northeast of Vernon, British Columbia. This new discovery includes zinc mineralization in surface trenches and float as well as 10 to 13 m thick sulphide mineralized zones with zinc values ranging from less than 1% to 5% drilling from 2012.

In early December 2016, the Company completed two drill holes for a total of 611 m at the eastern end of a large and strong electromagnetic conductor. Both holes intersected several zones of graphitic schist that appear to be the cause of the electromagnetic anomaly.

The proposed 2017 drill program at the TL Zinc property was suspended. Allegations of third party interests in the 16 TL Zinc 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 the drill program.

Spius, British Columbia

On April 27, 2018, the Company acquired an option to earn a 100% interest in the Spius Cu-Mo-Au porphyry property, southern British Columbia, by making payments of $210,000 ($10,000 paid), issuing 1,000,000 shares (200,000 issued) and completing $800,000 in exploration by December 31, 2020. The Spius property was explored for its porphyry potential in the 1960's and early 1970's. Exploration focused on a gossan area where work included an IP survey, trenching and 27 percussion and core drill holes. The drilling was shallow, with none of the drill holes exceeding 100 m.

Recent exploration has defined a central copper soil geochemical anomaly approximately 500 m by 1,000 m, which will be the focus of future exploration. Two recently collected float samples of porphyry style mineralization with disseminated chalcopyrite and bornite assayed 2.53% Cu and 1.43% Cu.

The Company is planning an IP survey, additional soil sampling and geological mapping for the 2018 field season. The results of this work will be used to define targets for a drill program.

Results of Operations

A summary of comparative administrative and other expenses is provided in the table below:

	Six months ended June 30		
	2018	2017	Increase (decrease)
	$	$	$
Administration expenses			
Insurance	**5,225**	-	5,225
Professional and consulting	**16,255**	14,227	2,028
Management and administrative	**47,361**	46,465	896
Office operations and facilities	**29,469**	31,591	(2,122)
Shareholder communications	**16,876**	5,602	11,274
Share-based payments	**10,028**	19,294	(9,266)
Transfer agent and regulatory fees	**12,753**	17,460	(4,707)
	137,967	134,639	3,328
Other expenses (income)			
Exploration and evaluation costs	**90,521**	233,615	(143,094)
Property option payments	**-**	(350,000)	350,000
Impairment of resource properties	**-**	13,763	(13,763)
Unrealized loss in fair value of warrants	**700**	-	700
Foreign exchange gain	**(1,540)**	-	(1,540)
	89,681	(102,622)	192,303
Net loss for the period	**(227,648)**	(32,017)	(195,631)
Other comprehensive income:			
Net change in fair value of marketable securities	**(10,000)**	-	(10,000)
Total comprehensive loss for the period	**(237,648)**	(32,017)	(205,631)
Loss per share (basic and diluted)	**(0.01)**	(0.00)	

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.

Exploration and evaluation expenses over the six months ended June 30, 2018 amounted to $90,521 (2017- $233,615). The expenditures for the current period relate mainly to program planning for the TL Zinc, Gold Cap, RC Gold and Spius projects, as well as general unallocated exploration expenses, whereas during the comparative period more considerable amounts were spent on the TL Zinc property, the Poker Brown drill program and the OGI Zinc property (the latter two now abandoned).

Results of Operations (continued)

Most recent quarter (Q2):

	Three months ended June 30		
	2018	**2017**	Increase (decrease)
	$	$	$
Administration expenses			
Insurance	**5,225**	-	5,225
Professional and consulting	**3,749**	7,489	(3,740)
Management and administrative	**29,046**	21,507	7,539
Office operations and facilities	**14,651**	18,465	(3,814)
Shareholder communications	**11,319**	4,822	6,497
Share-based payments	**-**	19,294	(19,294)
Transfer agent and regulatory fees	**5,405**	8,705	(3,300)
	69,395	80,282	(10,887)
Other expenses (income)			
Exploration and evaluation costs	**73,670**	88,626	(14,956)
Property option payments	**-**	-	-
Impairment of resource properties	**-**	13,763	(13,763)
Unrealized loss in fair value of warrants	**6,540**	-	6,540
Foreign exchange gain	**(1,027)**	-	(1,027)
	79,183	102,389	(23,206)
Net loss for the period	**(148,578)**	(182,671)	34,093
Other comprehensive income:			
Net change in fair value of marketable securities	**(26,500)**	-	(26,500)
Total comprehensive loss for the period	**(175,078)**	(182,671)	7,593
Loss per share (basic and diluted)	**(0.00)**	(0.01)	

The carrying values of the Company's mineral properties are reviewed by management quarterly, or when events or circumstances indicate that a carrying amount may not be recovered. The potential impairment indicators include but are not limited to the amount of work performed on the property, results of exploration to date, and plans or budgeting for the future exploration. No impairments were recorded during the six months ended on June 30, 2018.

Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with June 30, 2018:

	Quarter ended (three-month figures) ($)			
	30-Jun 2018	31-Mar 2018	31-Dec 2017	30-Sep 2017
Revenues	-	-	-	-
General and administration	(68,368)	(58,031)	(70,236)	(43,859)
Share-based payments	-	(10,028)		
Exploration and evaluation costs	(73,670)	(16,851)	(27,252)	(223,264)
Unrealized loss in fair value of warrants	(6,540)	5,840	(4,190)	-
Impairment of resource properties	-	-	(18,500)	-
Mining tax credit and government grants	-	-	119,659	10,044
Property option payments	-	-	300,000	-
Net income (loss) for the period	(148,578)	(79,070)	299,481	(257,079)
Basic income (loss) per share	(0.00)	(0.00)	0.01	(0.01)
Total assets	938,775	1,093,264	1,174,148	937,646
Total liabilities	17,952	8,363	36,705	94,184
Shareholders' equity	920,823	1,084,901	1,137,443	843,462
Cash dividends declared	Nil	Nil	Nil	Nil

	Quarter ended (three-month figures) ($)			
	30-Jun 2017	31-Mar 2017	31-Dec 2016	30-Sep 2016
Revenues	-	-	-	-
General and administration	(60,988)	(54,357)	(93,823)	(53,011)
Share-based payments	(19,294)	-	(31,917)	(15,840)
Exploration and evaluation costs	(88,626)	(144,989)	(204,687)	(143,022)
Gain in sale of marketable securities	-	-	10,936	-
Impairment of mineral properties	(13,763)	-	-	-
Mining tax credit and government grants	-	-	19,355	-
Property option payment	-	350,000	25,000	-
Net income (loss) for the period	(182,671)	150,654	(275,136)	(211,873)
Basic income (loss) per share	(0.01)	0.00	(0.01)	(0.01)
Total assets	1,162,811	1,338,770	1,282,631	823,301
Total liabilities	62,270	87,852	190,867	55,425
Shareholders' deficiency	1,100,541	1,250,918	1,091,764	767,876
Cash dividends declared	Nil	Nil	Nil	Nil

Quarterly Information Trends

The Company's results have been largely driven by the level of its property holding costs, exploration activities and recoveries from project optionees. The Company has had no revenue from mining operations since its inception other than from disposal of its assets and mineral royalties. Major variations in costs are summarized below:

- General exploration expenditures can vary from quarter to quarter depending on seasonality, the stages and priorities of the exploration program and the availability of funds.
- Share-based payments can vary widely from quarter to quarter based on the timing, amount and tenure of stock option awards.

Liquidity Working Capital and Capital Resources

The Company's liquidity and working capital figures are as follows:

	June 30, 2018	December 31, 2017
	$	$
Cash	**339,813**	598,401
Other receivable	**4,648**	2,334
Marketable securities	**36,630**	36,830
Liquidity:	**381,091**	637,565
Prepaid	**17,457**	5,522
Trade payables and accrued liabilities	**(17,952)**	(36,705)
Working capital:	**380,596**	606,382

The Company is dependent on raising funds by the issuance of shares or disposition of interests in resource properties in order to finance further acquisitions, undertake exploration and meet general and administrative expenses. As at July 17, 2018, the Company has cash on hand of approximately $340,000.

The Company believes it has sufficient cash to sustain its operations for the next six months. The longer-term ability of the Company to continue its business is dependent on the continuing success of its exploration programs coupled with available funding through sale of its share capital, funding from option/joint venture parties or disposition of property interests.

Transactions with related parties:

The following transactions with related parties took place:

	Three months ended June 30		Six months ended June 30	
	2018	2017	**2018**	2017
	$	$	**$**	$
Management fees paid to a company controlled by the CEO of the Company	**24,000**	24,000	**48,000**	48,000
Management fees paid to a company controlled by the CFO of the Company	**9,500**	4,500	**15,700**	9,000
Stock-based compensation recorded for stock options granted to directors and officers of the Company (non-cash expense)	**-**	19,150	**10,028**	19,150
	33,500	47,650	**73,728**	76,150

In addition, the underlying vendors of the Spius property include KGE Management Ltd., a company controlled by Gerald Carlson, President and director of the Company, as to a 25% interest.

Management is of the opinion that these transactions have occurred in the normal course of operations and they are measured at the exchange amount, being the amount of consideration established and agreed to by the transacting parties.

Outstanding Share Data

As at July 17, 2018, the Company has

a) 31,329,009 common shares issued and outstanding;
b) 3,026,500 stock options outstanding and exercisable at a weighted exercise price of $0.06; and
c) 2,815,250 warrants outstanding exercisable at $0.14 until November 3, 2018.

Off-Balance Sheet Arrangements

None

Proposed Transactions

None

Changes in Accounting Policies

The Company has not made any changes to its significant accounting policies, as described within Note 2, of its annual audited financial statements for the year ended December 31, 2017, except as noted below. Certain requirements were issued by the IASB that are mandatory for annual years beginning on or after January 1, 2018, as follows:

Changes in Accounting Policies (continued)

IFRS 9, *Financial Instruments* has been adopted by the Company effective January 1, 2018, replacing the former standard, IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

Please refer to note 2(c) to the condensed interim financial statements for the six months ended June 30, 2018, for detailed information on the adoption of IFRS 9.

The Company will now classify its cash, other receivables and trade payable and accrued liabilities at amortized cost; its marketable securities (excluding warrants) as fair value through other comprehensive income ("FVTOCI") and its warrants as fair value through profit and loss ("FVTPL"). Fair value movements and gains or losses realized on the sale of financial assets at FVOCI will not be reclassified to the statement of income. IFRS 9 is not expected to have a material effect on the Company's financial statements.

IFRS 16, *Leases*, specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. The Company has no leases as at June 30, 2018, and therefore believes that IFRS 16 won't have a material effect on the Company's financial statements

Financial Instruments

With the adoption of IFRS 9, the Company has classified cash, other receivables, and trade payable and accrued liabilities at amortized cost; marketable securities as FVTOCI, and warrants as FVTPL.

Fair values

As at June 30, 2018, the recorded amounts for cash, other receivables and trade payable and accrued liabilities approximate their fair values due to their short maturity. The Company's marketable securities and warrants are measured subsequent to initial recognition at fair value on a recurring basis. These financial instruments are grouped into Level 1 to 3 based on the degree to which the significant inputs used to determine the fair value are observable. Marketable securities are classified within level 1 of the fair value hierarchy as their fair value measurement is derived from quoted prices in active markets for identical assets. Warrants are classified within level 2 of the fair value hierarchy as their fair value measurement is derived from inputs other than quoted prices included within level 1, that are observable either directly or indirectly. No financial instruments were considered level 3, which are fair value measurements derived from valuation techniques that include significant inputs that are not based on observable market data.

Financial Instruments (continued)

Interest rate risk

The Company's cash held in financial institutions earns interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a material impact on the expected cash flows.

Credit risk

The Company has its cash deposited with large, federally insured, commercial financial institutions, and therefore exposed to minimal credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. At June 30 2018, the Company had cash of $339,813 (December 31, 2017 - 2016- $598,401), and trade payable and accrued liabilities of $17,952 (December 31, 2017 - $36,705).

Currency risk

The Company keeps approximately 13% of its cash in US dollars. A change in the value of the US dollar by 10% relative to the Canadian dollar would affect the Company's working capital by approximately $4,000 and its net loss for the period by approximately $4,000.

Price risk

The Company is exposed to price risk on its marketable securities and warrants due to fluctuations in the current market prices and fluctuations in trading volumes of those securities. At June 30, 2018, the Company held marketable securities and warrants with a fair value of $36,630 (December 31, 2017 - $36,830). These investments are subject to market price fluctuations that can be significant.

Critical Accounting Estimates

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the areas of estimate and judgment applied by management that most significantly affects the Company's financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Resource properties: The carrying value of the Company's mineral properties are reviewed by management quarterly, or whenever events or circumstances indicate that their carrying amounts may not be recovered. Management considers potential impairment indicators including, but not limited to, changes in commodity prices, plans for the properties and the results of exploration to date.

Share-based payments: The Company follows accounting guidelines in determining the fair value of share-based compensations. The computed amount is not based on historical costs but is derived based on subjective assumptions input into a pricing model.

Risk Factors

Please refer to the Company's annual MD&A for the year ended December 31, 2018, and dated April 29, 2018, for a full description of the risk factors affecting the Company's activities.

Legal Proceedings

As at June 30, 2018, and at the date of this document, there were no legal proceedings against or by the Company.

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