

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

**Condensed Interim Financial Statements**

**September 30, 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	September 30, 2017	December 31, 2016
<b>Assets</b>		\$	\$
<b>Current assets</b>			
Cash		333,866	694,374
Other receivables		10,724	12,415
Marketable securities	3(d)	16,000	-
Prepaid		6,975	4,650
		<b>367,565</b>	<b>711,439</b>
<b>Resource properties</b>	3	<b>557,929</b>	<b>566,192</b>
<b>Reclamation bond</b>		<b>12,152</b>	<b>5,000</b>
		<b>937,646</b>	<b>1,282,631</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payable and accrued liabilities		94,184	190,867
<b>Shareholders' Equity</b>			
<b>Share capital</b>		<b>43,575,559</b>	<b>43,554,059</b>
<b>Contributed surplus</b>		<b>3,248,228</b>	<b>3,228,934</b>
<b>Deficit</b>		<b>(45,980,325)</b>	<b>(45,691,229)</b>
		<b>843,462</b>	<b>1,091,764</b>
		<b>937,646</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 October 25, 2017

/s/ "Gerald G. Carlson"

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 Director

/s/ "Blaine Monaghan"

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 Director

# Pacific Ridge Exploration Ltd.

## Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited - Expressed in Canadian dollars)

	Note	Three months September 30,		Nine months September 30,	
		2017	2016	2017	2016
<b>Administration expenses</b>		\$	\$	\$	\$
Professional and consulting		1,011	12,137	15,238	25,615
Management and administrative		20,055	11,500	66,520	38,150
Office operations and facilities		10,120	15,652	41,711	47,667
Shareholder communications		7,939	4,207	13,541	11,543
Share-based payments		-	15,840	19,294	15,840
Transfer agent and regulatory fees		1,410	9,515	18,870	22,308
		40,535	68,851	175,174	161,123
<b>Other expenses (income)</b>					
Exploration and evaluation costs		223,264	143,022	456,879	161,858
Fair value on marketable securities		-	43,220	-	75,424
Foreign exchange loss		3,324	-	3,324	-
Mining tax credit		(10,044)	-	(10,044)	-
Property option payments	3(f)	-	-	(350,000)	-
Impairment		-	-	13,763	-
		216,544	186,242	113,922	237,282
<b>Net loss and comprehensive loss for the period</b>		<b>(257,079)</b>	<b>(255,093)</b>	<b>(289,096)</b>	<b>(398,405)</b>
<b>Basic and diluted loss per common share</b>		\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
<b>Weighted average number of common shares outstanding</b>		<b>31,329,009</b>	<b>24,513,167</b>	<b>31,177,727</b>	<b>24,432,093</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 Surplus	Deficit	Total
	Shares	Amounts			
		\$	\$	\$	\$
Balance at December 31, 2015	24,390,884	43,066,428	3,152,125	(45,093,112)	1,125,441
Shares issued for property	250,000	25,000	-	-	25,000
Share-based payments	-	-	15,840	-	15,840
Net loss for the period	-	-	-	(398,405)	(398,405)
<b>Balance at September 30, 2016</b>	<b>24,640,884</b>	<b>43,091,428</b>	<b>3,167,965</b>	<b>(45,491,517)</b>	<b>767,876</b>
Balance at December 31, 2016	31,029,009	43,554,059	3,228,934	(45,691,229)	1,091,764
Shares issued for property	300,000	21,500	-	-	21,500
Share-based payments	-	-	19,294	-	19,294
Net loss for the period	-	-	-	(289,096)	(289,096)
<b>Balance at September 30, 2017</b>	<b>31,329,009</b>	<b>43,575,559</b>	<b>3,248,228</b>	<b>(45,980,325)</b>	<b>843,462</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)**

	Nine months ended September 30,	
	2017	2016
<b>Operating activities</b>	<b>\$</b>	<b>\$</b>
Loss for the period	(289,096)	(398,405)
Property option payments	(350,000)	-
Mining tax credit	(10,044)	-
Items not affecting cash		
Impairment	13,763	-
Fair value on marketable securities	-	75,424
Share-based payments	19,294	15,840
	<b>(616,083)</b>	<b>(307,141)</b>
Changes in non-cash working capital items		
Other receivables	1,691	(3,356)
Prepaid	(2,325)	-
Trade payable and accrued liabilities	(96,683)	51,705
	<b>(97,317)</b>	<b>48,349</b>
Cash used in operating activities	<b>(713,400)</b>	<b>(258,792)</b>
<b>Investing activities</b>		
Resource property acquisition costs	(20,000)	(33,763)
Proceeds on property option payments	370,000	10,000
Proceeds from sale of marketable securities	-	38,681
Mining tax credit	10,044	-
Reclamation bond	(7,152)	-
Cash provided by investing activities	<b>352,892</b>	<b>14,918</b>
<b>Decrease in cash</b>	<b>(360,508)</b>	<b>(243,874)</b>
<b>Cash - beginning of period</b>	<b>694,374</b>	<b>489,304</b>
<b>Cash - end of period</b>	<b>333,866</b>	<b>245,430</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 September 30, 2017

(Unaudited - Expressed in Canadian dollars)

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### 1. Nature of operations and going concern

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. 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. As at September 30, 2017 the Company had a working capital of \$273,381. Completion of the acquisition, exploration and development of the Company’s resource properties is dependent on the ability to obtain the necessary on going financing.

The Company intends to fund its plan of operations from existing working capital and the proceeds of future financings, but lacks sufficient committed funding for the next 12 months. Future financings are expected to be obtained through joint ventures, equity financing, and/or other means. While the Company has been successful in raising sufficient funding in the past, there can be no assurance it will be able to do so in the future. These conditions give rise to a material uncertainty which casts significant doubt on the Company’s ability to continue as a going concern and, therefore, its ability to realize its assets and discharge its liabilities in the normal course of business.

These financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. Such adjustments could be material.

### 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.

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

# Pacific Ridge Exploration Ltd.

## Notes to the Condensed Interim Financial Statements September 30, 2017

(Unaudited - Expressed in Canadian dollars)

### 3. Resource properties

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

	Mariposa	TL Zinc	Poker Brown	Eureka Dome	RC Gold	OGI Zinc	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, December 31, 2016	496,139	45,000	13,763	11,290	-	-	566,192
Changes during the period	(36,000)	-	(13,763)	-	23,000	18,500	(8,263)
<b>Balance, September 30, 2017</b>	<b>460,139</b>	<b>45,000</b>	<b>-</b>	<b>11,290</b>	<b>23,000</b>	<b>18,500</b>	<b>557,929</b>

#### a) OGI Zinc property, Yukon

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), issue 1,000,000 common shares (100,000 issued) and complete \$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

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

As agreed to on August 11, 2016 and as amended on May 16, 2017, the Company has a right to acquire a 100% interest in the TL Zinc property located 80 km 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 (\$249,806 incurred) over six 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, 2018
- \$50,000 and 250,000 shares due on Aug 11, 2019
- \$75,000 and 250,000 shares due on Aug 11, 2020
- \$75,000 and 250,000 shares due on Aug 11, 2021
- \$100,000 and 250,000 shares due on Aug 11, 2022

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 September 30, 2017

(Unaudited - Expressed in Canadian dollars)

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c) RC Gold project, Yukon

On June 9, 2017, the Company entered into two option agreements to acquire a 100% interest in contiguous groups of mineral claims situated in the Dawson and Mayo Mining Districts, Yukon, known the RC and Bee properties by paying aggregate \$400,000 and issuing 2,000,000 common shares as below:

- \$10,000 and 200,000 shares on initial date (paid & issued) and \$10,000 by December 31, 2017
- \$20,000 and 200,000 shares due on December 31, 2018
- \$40,000 and 200,000 shares due on December 31, 2019
- \$60,000 and 200,000 shares due on December 31, 2020
- \$100,000 and 500,000 shares due on December 31, 2021 and
- \$160,000 and 700,000 shares due on December 31, 2022

In addition, the Company is required to spend \$2,500,000 in exploration by December 31, 2022, of which \$90,000 (incurred) is a firm commitment to be spent by December 31, 2017.

The properties are subject to a 2% NSR, half of which can be purchased for \$2,000,000.

d) Mariposa property, Yukon

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

In September 2016, the Company optioned its Mariposa property to Four Nines Gold Inc. (“**Four Nines**”), formerly Eureka Dome Gold Inc. Pursuant to the terms of the agreement and subsequent amendments, Four Nines can earn a 51% interest in the property by making cash payments of \$200,000, 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. As of September 30, 2017, Four Nines had paid \$30,000 in cash, issued 100,000 each common shares and share purchase warrants to the Company, and incurred \$50,000 in exploration expenditures. The 100,000 common shares of Four Nines were recorded as marketable securities at its fair value at each reporting date; any gain or loss is recognized in the comprehensive income or loss for the period.

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 is listed on the Canadian Securities Exchange since August 24, 2017.

e) Poker Brown property, 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.

After a review of the results of the 2017 drilling program, the Company decided to terminate its option to earn an interest in the Poker Brown property. As a result, a \$13,763 impairment has been recorded.

# Pacific Ridge Exploration Ltd.

## Notes to the Condensed Interim Financial Statements September 30, 2017

(Unaudited - Expressed in Canadian dollars)

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f) 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 in two-years by paying \$300,000 in January 2018 and \$2,420,000 two years after closing. 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).

g) During the nine months ended September 30, 2017, the Company incurred exploration expenditures of \$32,114 on TL Zinc, \$106,736 on RC Gold, \$124,458 on Poker Brown, \$73,941 on OGI Zinc, \$73,140 on Eureka Dome, and \$46,490 in general exploration.

#### 4. Share capital

a) Common Shares

Authorized - unlimited common shares without par value.

During the nine months ended September 30, 2017, the Company issued 300,000 common shares to acquire the OGI Zinc and RC Gold properties.

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 completed the remaining balance of \$271,113 during the period ended September 30, 2017.

b) Share Purchase Warrants

On September 30, 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 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.

# Pacific Ridge Exploration Ltd.

## Notes to the Condensed Interim Financial Statements September 30, 2017

(Unaudited - Expressed in Canadian dollars)

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

	September 30, 2017		December 31, 2016	
	Number of Options	Average Exercise Price	Number of Options	Average Exercise Price
Balance, beginning of period	2,791,500	\$ 0.10	2,281,500	\$ 0.20
Granted	383,000	\$ 0.06	728,000	\$ 0.08
Expired	(148,000)	\$ (0.50)	(106,000)	\$ (2.08)
Forfeited	-	\$ -	(112,000)	\$ (0.12)
Balance, end of period	3,026,500	\$ 0.07	2,791,500	\$ 0.10
Exercisable, end of period	3,026,500	\$ 0.07	2,791,500	\$ 0.10

Stock options outstanding and exercisable are listed below:

Expiry date	Exercise price (\$)	Exercise	
		September 30, 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
June 15, 2022	0.06	383,000	-
		3,026,500	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 September 30,		Nine months September 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Salary	28,500	19,000	85,500	44,500
Share-based payments, non-cash	19,150	-	19,150	-
	47,650	19,000	104,650	44,500

# Pacific Ridge Exploration Ltd.

## Notes to the Condensed Interim Financial Statements September 30, 2017

(Unaudited - Expressed in Canadian dollars)

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### 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 September 30, 2017, \$577,929 of the Company's non-current assets was held in Canada and \$7,152 in the United States.