

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

**Condensed Interim Financial Statements**

**March 31, 2015**

(Unaudited – Expressed in Canadian Dollars)

**Notice to Reader**

The accompanying unaudited 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.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statement of Financial Position**  
**(Unaudited - Expressed in Canadian Dollars)**

	Note	March 31, 2015	December 31, 2014
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 73,660	\$ 127,897
Other receivables		513	8,643
Marketable security	3	28,950	32,015
Prepaid		2,000	2,000
		105,123	170,555
<b>Equipment</b>		-	-
<b>Resource properties</b>	4	682,964	682,964
		\$ 788,087	\$ 853,519
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payable and accrued liabilities		\$ 10,092	\$ 17,352
<b>Shareholders' Equity</b>			
Share capital		43,066,428	43,066,428
Contributed surplus		3,152,125	3,134,022
Other comprehensive loss		(21,050)	(17,985)
Deficit		(45,419,508)	(45,346,298)
		777,995	836,167
		\$ 788,087	\$ 853,519

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

**Approved by the Board of Directors and authorized for issue on May 28, 2015**

"Gerald G. Carlson" (signed)  
Gerald G. Carlson

"Douglas Proctor" (signed)  
Douglas Proctor

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Comprehensive Loss**  
**(Unaudited - Expressed in Canadian Dollars)**

		<b>Three months ended March 31,</b>	
	Note	2015	2014
<b>Administration expenses</b>			
Depreciation		\$ -	\$ 1,419
Insurance		-	-
Professional and consulting fees		7,707	968
Management and administrative services		11,839	20,247
Office operations and facilities		15,093	13,047
Shareholder communications and investor relations		2,788	9,084
Share-based payments		18,103	-
Transfer agent and regulatory fees		8,380	9,523
		<b>63,910</b>	<b>54,288</b>
<b>Other expenses (income)</b>			
Exploration and evaluation costs	4 (e)	9,300	25,702
Interest		-	(232)
		<b>9,300</b>	<b>25,470</b>
<b>Net loss for the period<sup>1</sup></b>		<b>(73,210)</b>	<b>(79,758)</b>
<b>Other comprehensive loss for the period</b>			
Net change in fair value of available-for-sale financial asset		(3,065)	21,000
<b>Comprehensive loss for the period</b>		<b>(76,275)</b>	<b>(58,758)</b>
<b>Basic and diluted loss and comprehensive loss per common share</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
<b>Weighted average number of common shares outstanding</b>		<b>24,390,884</b>	<b>20,942,551</b>

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

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Cash Flows**  
**(Unaudited - Expressed in Canadian Dollars)**

	<b>Three months ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>Operating activities</b>		
Loss for the period	\$ (73,210)	\$ (79,758)
Items not affecting cash		
Depreciation	-	1,419
Share-based payments	18,103	-
	(55,107)	(78,339)
Changes in non-cash working capital items		
Other receivables	8,130	(2,583)
Trade payable and accrued liabilities	(7,260)	(1,592)
	870	(4,175)
	(54,237)	(82,514)
<b>Investing activities</b>		
Resource property acquisition costs	-	(10,000)
	-	(10,000)
<b>Financing activities</b>		
Proceeds from share issuance	-	-
Proceeds from share issuance, net of share issue costs	-	-
<b>Decrease in cash and cash equivalents</b>	<b>(54,237)</b>	<b>(92,514)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>127,897</b>	<b>151,606</b>
<b>Cash and cash equivalents - end of period</b>	<b>\$ 73,660</b>	<b>\$ 59,092</b>
Cash and cash equivalents comprises		
Cash and cash equivalents comprises	\$ 73,660	\$ 34,175
Term deposits	-	24,917
	\$ 73,660	\$ 59,092

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

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**  
**Condensed Interim Statements of Changes in Shareholders' Equity**  
**(Unaudited - Expressed in Canadian dollars)**

	Common Shares		Contributed Surplus	Other Comprehensive Loss		Deficit	Total Shareholders' Equity
	Shares	Amount					
Balance at December 31, 2013	20,800,884	\$ 42,963,593	\$ 3,073,379	\$ (6,000)	\$ (44,929,256)	\$ 1,101,716	
Equity offering, net of issuance costs				-	-	-	
Shares issued for property	150,000	7,500				7,500	
Other comprehensive loss for the period				21,000	-	21,000	
Net loss for the period					(79,758)	(79,758)	
Balance at March 31, 2014	20,950,884	\$ 42,971,093	\$ 3,073,379	\$ 15,000	\$ (45,009,014)	\$ 1,050,458	
Balance at December 31, 2014	24,390,884	\$ 43,066,428	\$ 3,134,022	\$ (17,985)	\$ (45,346,298)	\$ 836,167	
Share-based payment			18,103			18,103	
Other comprehensive loss for the period				(3,065)		(3,065)	
Net loss for the period					(73,210)	(73,210)	
Balance at March 31, 2015	24,390,884	\$ 43,066,428	\$ 3,152,125	\$ (21,050)	\$ (45,419,508)	\$ 777,995	

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

**Pacific Ridge Exploration Ltd.**  
**(An Exploration Stage Company)**  
**Notes to Condensed Interim Financial Statements March 31, 2015**  
**(Unaudited - Expressed in Canadian Dollars)**

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**1. Nature of operations and going concern**

Pacific Ridge Exploration Ltd. (the "Company" or "Pacific Ridge") is 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, the ability of the Company to obtain necessary capital to finance the operations and contribution from future joint venture partners.

These 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 March 31, 2015, the Company had an accumulated deficit of \$45,419,508 (December 31, 2014 - \$45,346,298) and working capital of \$95,031 (December 31, 2014 - \$153,203). 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. Basis of presentation and changes to accounting policies**

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed interim financial statements do not include all of the information required for full annual financial statements and they should be read in conjunction with the audited annual financial statements for the year ended December 31, 2014 and the notes thereto.

The significant accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the preparation of the Company's annual financial statements ended December 31, 2014.

Except for available for sale investments, which are recorded at fair value, these 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 28, 2015.

**Pacific Ridge Exploration Ltd.**  
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**Notes to Condensed Interim Financial Statements March 31, 2015**  
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**3. Marketable securities**

Date	<u>Kivaliq Energy</u>		<u>MinQuest Limited</u>		Total Fair Value
	No. of shares	Fair Value	No. of shares	Fair Value	
December 31, 2013	600,000	126,000	-	-	126,000
Additions	-	-	1,608,338	50,000	50,000
Revaluation	-	7,204	-	(17,985)	(10,781)
Disposals	(600,000)	(133,204)	-	-	(133,204)
December 31, 2014	-	-	1,608,338	32,015	32,015
Revaluation	-	-	-	(3,065)	(3,065)
March 31, 2015	-	\$ -	1,608,338	\$ 28,950	\$ 28,950

**4. Resource properties**

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

	Mariposa	Gold Cap	Polar Stewart	Eureka Dome	Fyre Lake Straw	King Solomon	Sophie Property	Total
Balance, December 31, 2013	544,439	10,300	-	41,790	93,091	123,212	20,735	833,567
Additions during the year	22,700	-	-	-	17,500	12,500	3,000	55,700
Option payment received	-	-	-	-	(70,591)	-	-	(70,591)
Impairments	-	-	-	-	-	(135,712)	-	(135,712)
Balance, December 31, 2014	567,139	10,300	-	41,790	40,000	-	23,735	682,964
Balance, March 31, 2015	\$ 567,139	\$ 10,300	\$ -	\$ 41,790	\$ 40,000	\$ -	\$ 23,735	\$ 682,964

a) Mariposa property, Yukon

In October 2009, the Company entered into an option agreement to acquire a 100% interest in 203 claims, located in Dawson Mining District, Yukon, known as the Mariposa property. The principal terms of the option agreement require the Company to pay \$120,000 (paid) in cash, issue 400,000 (400,000 issued) common shares and incur \$600,000 (incurred) exploration expenditures over five years. An additional 400,000 shares will be due upon a production decision.

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

The property is subject to a 2% net smelter return ("NSR") that may be purchased, at any time after a production notice has been given in amounts of \$1,000,000 for each 1% of NSR.

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**4. Resource properties (continued)**

b) King Solomon property, Yukon

On May 8, 2014, the Company entered into an option agreement with Shawn Ryan and Wildwood Exploration Inc. ("Wildwood") to acquire a 100% interest in 331 mineral claims located in the Klondike Gold District, Yukon Territory, known as the King Solomon property. To earn a 100% interest, the Company was required to make \$500,000 (\$100,000 paid) in cash payments, issue 2,000,000 (500,000 issued) common shares in annual tranches of 250,000 on or before May 15<sup>th</sup> of each year and incur cumulative exploration expenditures of \$2,500,000 (\$500,000 incurred) over four years starting in 2013.

The Company has not made the latest cash payment and share issuance as required by the King Solomon agreement and is therefore in default. In the interim, it is attempting to re-negotiate the terms of this agreement. Since the Company may not be successful in this negotiation, the total \$135,712 capitalized acquisition costs were written off in 2014.

c) Sophie property, Yukon

On July 10, 2013, the Company announced an option agreement with 39242 Yukon Inc. to acquire the Sophie mineral property adjacent to the King Solomon property. To earn a 100% interest, the Company is required to make \$100,000 in cash payments (\$20,000 paid) and issue 1,000,000 (300,000 issued) common shares over four years as below:

	Cash	Common Shares
On initial date (paid and issued)	\$ 5,000	100,000
On or before December 1, 2013 (paid and issued)	5,000	100,000
On or before December 1, 2014 (paid and issued)	10,000	100,000
On or before December 1, 2015	15,000	200,000
On or before December 1, 2016	25,000	200,000
On or before December 1, 2017	40,000	300,000
	<u>\$ 100,000</u>	<u>1,000,000</u>

The property is subject to a 2.5% NSR half of which can be purchased for \$750,000.



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**4. Resource properties (continued)**

- d) Fyre lake massive sulphide property, Yukon

The Company owns a 100% interest in the Fyre Lake property which was acquired by claim staking.

In July 2014, the Company entered into an option agreement with MinQuest Limited for the Fyre Lake property. Pursuant to the terms of the agreement, MinQuest can earn an initial 51% interest in the property by paying \$650,000 (\$50,000 paid), issuing shares with a value of \$650,000 to the Company (\$50,000 issued), and completing a minimum of \$3,500,000 in exploration over three years. Upon earning a 51% interest in the property, MinQuest will then have the option to increase its interest to 70% by completing an additional \$3,000,000 in exploration expenditures by January 10, 2018. Should MinQuest earn a 70% interest, the Company will have the option of retaining a 30% participating joint venture interest or reducing to a 20% interest, carried through to a feasibility study.

The initial \$100,000 option payment, consisting of \$50,000 cash and \$50,000 of MinQuest shares, was credited against the \$70,591 carrying amount of Fyre Lake with the excess of \$29,409 recorded in loss for the year ended December 31, 2014.

- e) The tables below summarize the cumulative balance and exploration costs for the three month ended March 31, 2015 and 2014:

	Mariposa	Other Properties	General Exploration	Total
Balance, December 31, 2014	\$ 6,673,610	\$ 764,295	\$ 223,069	\$ 7,660,974
Personnel	-	-	7,500	7,500
Other	-	-	1,800	1,800
	-	-	9,300	9,300
Balance, March 31, 2015	\$ 6,673,610	\$ 764,295	\$ 232,369	\$ 7,670,274

	Mariposa	Other Properties	General Exploration	Total
Balance, December 31, 2013	\$ 6,656,163	\$ 739,224	\$ 182,059	\$ 7,577,446
Additions during the period				
Field support	1,200			1,200
Fuel and transport				-
Geological services	2,954			2,954
Personnel	2,988	7,571	4,583	15,142
Travel and other	1,050		5,356	6,406
	8,192	7,571	9,939	25,702
Balance, March 31, 2014	\$ 6,664,355	\$ 746,795	\$ 191,998	\$ 7,603,148

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**5 Share capital**

a) Common shares

Authorized - unlimited common shares without par value.

On November 18 and December 23, 2014, the Company closed a non-brokered private placement in tranches by issuing a total of 3,000,000 units at \$0.05 per unit for gross proceeds of \$150,000. Each unit comprises one common share and one transferable share purchase warrant exercisable at \$0.06 for the first year and \$0.075 for the second year.

The Company paid \$3,188 in finder's fees and issued 63,750 finder's warrants with the same terms as those issued in the private placement.

b) Share purchase warrants

On March 31, 2015 and December 31, 2014, the warrants outstanding were both 3,063,750 at a weighted exercise price of \$0.07. Of these, 2,000,000 warrants expire November 18, 2016 and 1,063,750 expire on December 23, 2016.

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 based on 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 are summarized below:

	March 31, 2015		December 31, 2014	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,653,500	\$ 0.39	1,834,000	\$ 0.40
Granted	868,000	\$ 0.05	-	\$ -
Expired	(230,000)	\$ (1.02)	(180,500)	\$ (0.44)
Outstanding, end of period	2,291,500	\$ 0.20	1,653,500	\$ 0.39
Exercisable, end of period	2,291,500	\$ 0.20	1,653,500	\$ 0.39

As of March 31, 2015, the weighted average remaining life for stock option outstanding and exercisable was 3.85 years (December 31, 2014 – 3.05 years).

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**Notes to Condensed Interim Financial Statements March 31, 2015**  
**(Unaudited - Expressed in Canadian Dollars)**

**5. Share capital (continued)**

c) Stock options (continued)

The table below lists the expiry date and exercise prices for the stock options outstanding:

Expiry date	Exercise price	Exercise	
		March 31, 2015	December 31, 2014
January 29, 2015	\$ 1.00	-	222,000
January 6, 2016	1.50	60,000	65,000
May 12, 2016	1.50	6,000	9,000
July 29, 2016	3.05	40,000	40,000
May 24, 2017	0.50	176,000	176,000
December 5, 2017	0.50	100,000	100,000
December 24, 2018	0.05	1,041,500	1,041,500
February 2, 2020	0.05	868,000	-
		2,291,500	1,653,500

The Company applies the fair value method of accounting for stock options. Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate.

The fair value of options granted was estimated at the grant date based on the Black-Scholes option-pricing model, using the following assumptions (no options were granted in March 31, 2014):

	March 31, 2015	March 31, 2014
Risk-free interest rate	1.07%	N/A
Expected share price volatility	138%	N/A
Expected option life in years	5.0	N/A
Expected dividend yield	Nil	N/A

**Pacific Ridge Exploration Ltd.**  
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**Notes to Condensed Interim Financial Statements March 31, 2015**  
**(Unaudited - Expressed in Canadian Dollars)**

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**6. 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 the key management and board of directors is listed below:

	<b>Three months ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
Salary	\$ 18,500	\$ 29,167
Share-based payments, non-cash	18,103	-
	<b>\$ 36,603</b>	<b>\$ 206,636</b>

**7. Segmented information**

The Company has one business segment, the exploration of mineral properties. All of the Company's assets and operations are located in Canada.