

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)

Condensed Interim Financial Statements

March 31, 2012

(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 Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

		March 31, 2012	December 31, 2011
Assets			
Current assets			
Cash and cash equivalents	\$	2,930,714	\$ 3,237,913
Other receivables		16,708	34,373
Prepaid		15,000	15,000
		2,962,422	3,287,286
Equipment	Note 3	35,723	38,620
Resource properties	Note 4	948,232	948,232
	\$	3,946,377	\$ 4,274,138
Liabilities			
Current liabilities			
Trade payable and accrued liabilities	\$	126,501	\$ 185,211
Shareholders' Equity			
Share capital	Note 5	42,620,478	42,620,478
Contributed surplus		2,887,238	2,868,863
Deficit		(41,687,840)	(41,400,414)
		3,819,876	4,088,927
	\$	3,946,377	\$ 4,274,138

Approved by the Board of Directors and authorized for issue on May 18, 2012

"John S. Brock" (signed)
John S. Brock

"Douglas Proctor" (signed)
Douglas Proctor

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

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

	Three months ended March 31,	
	2012	2011
Administration expenses		
Depreciation	\$ 2,897	\$ 4,138
Insurance	2,481	11,590
Professional fees	5,984	6,141
Management and administrative services	37,182	43,151
Office operations and facilities	26,804	28,074
Shareholder communications and investor relations	55,826	62,696
Transfer agent and regulatory fees	10,354	13,892
Share-based payments	18,375	120,974
	159,903	290,656
Other expenses (income)		
Exploration and evaluation costs	Note 4(g) 136,082	196,158
Interest	(8,559)	(4,208)
Government grant	-	(14,889)
	127,523	177,061
Comprehensive loss for the period	\$ (287,426)	\$ (467,717)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding	70,114,936	52,701,458

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

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

	Three months ended March 31,	
	2012	2011
Cash flows used in operating activities		
Loss for the period	\$ (287,426)	\$ (467,717)
Items not affecting cash		
Depreciation	2,897	4,138
Share-based payments	18,375	120,974
	(266,154)	(342,605)
Changes in non-cash working capital items		
Other receivables	17,665	18,662
Prepaid	-	17,375
Trade payable and accrued liabilities	(58,710)	(36,524)
	(41,045)	(487)
	(307,199)	(343,092)
Cash flows used in investing activities		
	-	-
Cash flows from financing activities		
Proceeds from share issuance	-	134,346
	-	134,346
(Decrease) increase in cash and cash equivalents	(307,199)	(208,746)
Cash and cash equivalents - beginning of period	3,237,913	4,830,077
Cash and cash equivalents - end of period	\$ 2,930,714	\$ 4,621,331

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

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

	Common Shares		Contributed Surplus	Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance at December 31, 2010	52,269,911	\$ 39,593,241	\$ 2,920,733	\$ (37,103,808)	\$ 5,410,166
Share purchase warrants exercised	895,643	185,398	(51,052)	-	134,346
Share-based payments	-	-	120,974	-	120,974
Net loss for the period	-	-	-	(467,717)	(467,717)
Balance at March 31, 2011	53,165,554	\$ 39,778,639	\$ 2,990,655	\$ (37,571,525)	\$ 5,197,769
Balance at December 31, 2011	70,114,936	\$ 42,620,478	\$ 2,868,863	\$ (41,400,414)	\$ 4,088,927
Share-based payments	-	-	18,375	-	18,375
Net loss for the period	-	-	-	(287,426)	(287,426)
Balance at March 31, 2012	70,114,936	\$ 42,620,478	\$ 2,887,238	\$ (41,687,840)	\$ 3,819,876

(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, 2012
(Unaudited - Expressed in Canadian dollars)

1. Nature of operations

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 950 – 1100 West Hastings Street, Vancouver, British Columbia.

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. Due to market fluctuations and the inherent risks in the exploration industry, there can be no assurance that management's future actions will be successful.

2. Basis of presentation and adoption of International Financial Reporting Standards ("IFRS")

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 annual financial statements for the year ended December 31, 2011 and the notes to the financial statements.

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, 2011.

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

The condensed financial statements were approved by the Board of Directors on May 18, 2012.

3. Equipment

Equipment is carried at cost less accumulated depreciation with details listed below:

Field equipment	Cost	Accumulated depreciation	Carrying value
Balance, December 31, 2010	\$ 89,991	\$ (34,819)	\$ 55,172
Additions	-	(16,552)	(16,552)
Balance, December 31, 2011	89,991	(51,371)	38,620
Additions		(2,897)	(2,897)
Balance, March 31, 2012	\$ 89,991	\$ (54,268)	\$ 35,723

Pacific Ridge Exploration Ltd.
(An Exploration Stage Company)
Notes to Condensed Interim Financial Statements March 31, 2012
(Unaudited - Expressed in Canadian dollars)

4. Resource properties

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

	Mariposa	Gold Cap	Polur Stewart	Eureka Dome	Fyre Lake	Baker Uranium	Other (PTL)	Total
Balance, December 31, 2010	\$ 220,192	\$ 10,300	\$ 215,000	\$ 27,300	\$ 35,701	\$ 96,000	\$ -	\$ 604,493
Additions during the year	246,869	-	132,500	14,490	16,380	-	29,500	439,739
Impairment	-	-	-	-	-	(96,000)	-	(96,000)
Balance, December 31, 2011	467,061	10,300	347,500	41,790	52,081	-	29,500	948,232
Balance, March 31, 2012	\$ 467,061	\$ 10,300	\$ 347,500	\$ 41,790	\$ 52,081	\$ -	\$ 29,500	\$ 948,232

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 in cash, issue 4,000,000 common shares and incur \$600,000 (incurred) exploration expenditures over five years as follows:

	Cash	Shares	Cumulative work expenditures
On initial date (paid and issued)	\$ 20,000	250,000	\$ 100,000
On or before October 1, 2010 (paid and issued)	20,000	200,000	\$ 200,000
On or before October 1, 2011 (paid and issued)	20,000	300,000	\$ 300,000
On or before October 1, 2012	20,000	400,000	\$ 400,000
On or before October 1, 2013	20,000	400,000	\$ 600,000
On or before October 1, 2014	20,000	450,000	
Upon production notice being given		1,000,000	
Upon commencement of commercial production		1,000,000	
	\$ 120,000	4,000,000	\$ 600,000

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.

b) PTL property, Yukon

On May 27, 2011, the Company entered into an option agreement with a private vendor to earn a 100% interest in 39 mineral claims located in the Dawson Mining District, Yukon, north-western area of the Mariposa property, known as the PTL property. In consideration the Company will pay a total of \$85,000 and issue a total of 200,000 of common shares as follows:

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4. Resource properties (Cont'd)

b) PTL property, Yukon, continued

	Cash	Common Shares
On or before June 30, 2011 (paid and issued)	\$ 15,000	50,000
On or before June 30, 2012	20,000	50,000
On or before June 30, 2013	20,000	50,000
On or before June 30, 2014	30,000	50,000
	\$ 85,000	200,000

The property is subject to a 2% NSR that may be purchased in amounts of \$1,000,000 for each 1% of NSR.

c) Polar Stewart property, Yukon

In July 2009, the Company entered into an option agreement with Ryanwood Exploration Inc. ("Ryanwood") to acquire a 100% interest in 149 mineral claims located in Dawson City, Yukon, known as the Polar Stewart property. In consideration the Company will pay \$300,000, issue 1,250,000 common shares and undertake exploration expenditures totalling \$1,500,000 (\$96,946 incurred) over a five year period as follows:

	Cash	Common Shares	Cumulative work expenditures
On initial date (paid and issued)	\$ 75,000	250,000	Nil
On or before June 30, 2010 (paid and issued)	65,000	250,000	\$ 50,000
On or before June 30, 2011 (paid and issued)	60,000	250,000	\$ 300,000
On or before June 30, 2012	50,000	250,000	\$ 800,000
On or before June 30, 2013	50,000	250,000	\$ 1,500,000
	\$ 300,000	1,250,000	\$ 1,500,000

The property is subject to 2% NSR and a \$25,000 advance minimum royalty from 2014 onwards. 1% of the NSR may be purchased at any time for \$2,000,000. The Company is in the process of renegotiation the required cumulative expenditures with Ryanwood.

d) Fyre Lake massive sulphide project, Yukon

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

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4. Resource properties (Cont'd)

g) The tables below summarize the cumulative balance and exploration costs for the three months ended March 31, 2012 and 2011:

	Mariposa	Other Properties	General Exploration	Total
Balance, December 31, 2010	1,352,956	396,974	142,324	1,892,254
Additions during the period				
Analytical and data report	2,110	-	260	2,370
Drilling	40,560	-	-	40,560
Field support	25,907	-	-	25,907
Fuel and transport	11,992	-	-	11,992
Geological services	43,750	-	5,110	48,860
Personnel	52,417	115	3,520	56,052
Travel and other	8,889	-	1,528	10,417
	185,625	115	10,418	196,158
Balance, March 31, 2011	\$ 1,538,581	\$ 397,089	\$ 152,742	\$ 2,088,412
Balance, December 31, 2011	\$ 4,586,752	\$ 542,743	\$ 191,106	\$ 5,320,601
Additions during the period				
Analytical and data report	11,792	5,060	-	16,852
Drilling	-	-	-	-
Field support	5,007	-	-	5,007
Fuel and transport	-	-	-	-
Geological services	33,920	2,618	-	36,538
Personnel	59,304	2,419	-	61,723
Travel and other	8,559	-	7,403	15,962
	118,582	10,097	7,403	136,082
Balance, March 31, 2012	\$ 4,705,334	\$ 552,840	\$ 198,509	\$ 5,456,683

5. Share capital

a) Common Share

Authorized - unlimited common shares without par value.

Flow-through shares

Pursuant to a non-brokered private placement closed on December 28, 2011, the Company issued 10,442,858 flow-through shares for gross proceeds of \$1,462,000. The Company filed its renunciation forms in January 2012 for the entire amount received. As at March 31, 2012, the Company had incurred \$128,686 qualifying resource expenditures and must incur the balance of \$1,333,314 by January 31, 2013.

The Company is committed to fulfill its flow-through obligation within the given time frame.

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5. Share capital (Cont'd)

b) Share Purchase Warrants

A summary of the warrants outstanding as of periods ended March 31 is as follows:

	March 31, 2012		March 31, 2011	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	456,247	\$ 0.14	10,432,851	\$ 0.27
Exercised	-	\$ -	(895,643)	\$ 0.15
Outstanding, end of period	456,247	\$ 0.14	9,537,208	\$ 0.27

As of March 31, 2012, 456,247 warrants were outstanding with an expiry date of December 28, 2012.

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

	March 31, 2012		March 31, 2011	
	Number of Options	Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	2,610,000	\$ 0.27	1,530,000	\$ 0.20
Granted	-	\$ -	1,080,000	\$ 0.30
Outstanding, end of period	2,610,000	\$ 0.27	2,610,000	\$ 0.24
Exercisable, end of period	2,577,500	\$ 0.25	2,070,000	\$ 0.23

As of March 31, 2012, the weighted average remaining life for stock option outstanding was 3.35 years (December 31, 2011 – 3.6 years) and exercisable 3.19 years (December 31, 2011 – 3.44 years). The vesting average period for stock options is 50% on grant and 50% one year after the grant.

Stock options outstanding and exercisable at March 31, 2012 and December 31, 2011 are listed below:

Expiry date	Exercise price	March 31, 2012		December 31, 2011	
		Options Outstanding	Options Exercisable	Options Outstanding	Options Exercisable
January 29, 2015	\$ 0.20	1,310,000	1,310,000	1,310,000	1,310,000
January 6, 2016	0.30	1,015,000	1,015,000	1,015,000	570,000
May 12, 2016	0.30	45,000	22,500	45,000	22,500
June 2, 2016	0.35	40,000	20,000	40,000	20,000
July 29, 2016	0.61	200,000	100,000	200,000	100,000
		2,610,000	2,467,500	2,610,000	2,022,500

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5. Share capital (Cont'd)

c) Stock Options (Cont'd)

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:

	March 31, 2012	March 31, 2011
Risk-free interest rate	1.93%	1.95%
Expected share price volatility	106.82%	107.46%
Expected option life in years	3.5	3.5
Expected dividend yield	Nil	Nil

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 benefit, 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 is listed below:

	Three months ended March 31,	
	2012	2011
Salary	\$ 64,500	\$ 55,100
Share-based payments, non-cash	5,881	112,500
	\$ 70,381	\$ 167,600

7. Segmented information

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