

Pacific Ridge Exploration Ltd.

Interim MD&A – Quarterly Highlights

For the six months ended June 30, 2016

This interim Management's Discussion and Analysis ("MD&A") of Pacific Ridge Exploration Ltd. ("**Pacific Ridge**" or the "**Company**"), dated July 20, 2016, provides a brief update on the Company's business activities, financial condition, financial performance and cash flows since December 31, 2015, 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.

The following information should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2015, condensed interim financial statements for the six months ended June 30, 2016 and the related notes thereto. 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 or on SEDAR at www.sedar.com

Forward Looking Statements and Risk Factors

This interim 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 2015 year-end MD&A.

Summary of Mineral Properties

The Company currently holds a 100% interest in three gold projects in the Klondike-White Gold District (Mariposa, Eureka Dome and Gold Cap), and one copper-rich massive sulphide deposit in the Finlayson District (Fyre Lake), Yukon Territory, Canada.

Mariposa

The 295 km² Mariposa property was acquired in September 2009 by way of an option agreement with the Tintina Syndicate and has been 100% owned by the Company since late 2014.

The Mariposa property is located 120 kilometres southeast of Dawson City, Yukon. It lies within a regional major northwest trending structural corridor, which hosts numerous gold and copper deposits. The Company has spent over \$6 million in exploration since 2010 including soil sampling, trenching and drilling, resulting in the discovery of a number of mineralized gold zones. In 2015, the Company completed a 12-hole, 655.3 m rotary air blast drill program.

A geological mapping and sampling program over the central part of the property is planned for the 2016 field season. The Company is seeking to option or joint venture the property.

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Eureka Dome

Eureka Dome is road accessible and is drained by several placer gold bearing creeks including Eureka Creek and Black Hills Creek. A preliminary evaluation of the property identified several areas anomalous in gold and pathfinder elements and hydrothermal alteration. Mapping, prospecting and soil geochemical surveys are planned for 2016 to refine targets for possible drill testing.

Gold Cap

This property, with yet-to-be drilled gold soil anomalies, adjoins the Kinross White Gold deposit on the east. No exploration is planned for 2016.

Fyre Lake

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 spent approximately \$6.0 million on an extensive program of diamond drilling in 1996 and 1997 that resulted in the definition of a NI 43-101 compliant mineral resource estimate that remains open for expansion.

The project is under option to MinQuest Limited ("**MinQuest**") who may earn an initial 51% interest by making payments in cash and shares valued at \$1.3 million (\$0.325 million paid) over three years and completing \$3.5 million in exploration.

MinQuest has announced that it is planning a change of business and that it will be divesting of its mineral property assets. On July 15, 2016, MinQuest informed the Company that it is terminating the option agreement, effective immediately.

No active exploration was carried out on any of the Company's projects during the period ended June 30, 2016 with minimum expenditures for 2016 exploration planning and maintenance of the mineral properties.

General Administration

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. Major expenses were incurred to maintain the Company's status of being a publicly traded company.

During the six months ended June 30, 2016, the Company recorded a net loss of \$143,312 as compared to a net income of \$380,967 in the same period of 2015 resulting from a US\$500,000 mineral royalty package sale in June 2015. Both periods are impacted by the non-cash loss on the fair value of the marketable securities in 2016 and stock-based compensation expenses recorded in 2015.

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Summary of Quarterly Results

The following table sets forth a comparison of information for the previous eight quarters ending with June 30, 2016:

	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
	\$	\$	\$	\$
Total revenue	-	-	-	-
General and administration	(53,747)	(38,525)	(42,232)	(72,630)
Exploration and evaluation costs	(8,100)	(10,736)	(45,916)	(114,813)
Loss on sale of marketable securities	-	-	(1,887)	-
Fair value of marketable securities	37,048	(69,252)	-	-
Impairments	-	-	(75,303)	-
Government grant	-	-	40,000	-
Property option payment	-	-	-	185,000
Share-based payments	-	-	-	-
Net income (loss) for the period	(24,799)	(118,513)	(125,338)	(2,443)
Basic and diluted income (loss) per share	-	-	(0.10)	-

	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014
	\$	\$	\$	\$
Total revenue	508,200	-	-	-
General and administration	(46,523)	(45,807)	(102,649)	(44,382)
Exploration and evaluation costs	(7,500)	(9,300)	14,104	(51,400)
Gain (loss) on sale of marketable securities	-	-	(916)	2,120
Impairment	-	-	(135,712)	-
Government grant	-	-	50,000	-
Property option payment	-	-	(20,591)	50,000
Share-based payments	-	(18,103)	-	-
Write-off and loss on sale of equipment	-	-	(11,665)	-
Net loss for the period	454,177	(73,210)	(207,429)	(43,662)
Basic and diluted income (loss) per share	-	-	(0.01)	-

Quarterly Information Trends

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

- The gain or loss on disposal of mineral properties is dependent on the negotiated sales proceeds and can vary significantly from property to property.
- General exploration expenditures can vary from quarter to quarter depending on 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.

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Liquidity and Capital Resources

The Company is dependent on raising funds by the issuance of shares or disposition of interests in resource properties to finance further acquisitions, undertake exploration and meet general and administrative expenses. As at July 20, 2016, the Company has cash on hand of approximately \$410,000 and 3.7 million shares of MinQuest worth approximately \$40,000.

Cash used in the operating activities were approximately \$88,015 during six months ended June 30, 2016 (2015 - \$106,676). The Company believes it has sufficient cash to sustain its operations in the next 12 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 a joint venture partner or disposition of property interests.

Outstanding Share Data

As at July 20, 2016, the Company has 24,390,884 common shares issued and outstanding; 2,103,500 stock options outstanding and exercisable at a weighted exercise price of \$0.16; and 2,000,000 and 1,063,750 warrants outstanding exercisable at \$0.075 which expire on November 18 and December 23, 2016, respectively.

Off-Balance Sheet Arrangements

None

Proposed Transactions

None

Disclosure Controls and Procedures

Current securities policies in Canada require that management of the Company certifies that it has assessed the effectiveness of the Company's disclosure controls and procedures at period ends. Management has concluded that the disclosure controls as at June 30, 2016 were effective in ensuring that all material information required to be filed had been effected in a timely manner, and that the information was recorded, processed and reported within the time period necessary to prepare the filings.

The Company continues to review and assess its internal control over financial reporting. There were no significant changes made to internal controls over financial reporting during the period ended June 30, 2016.

Changes in Accounting Policies

The Company has not made any changes to its significant accounting policies, as described within Note 2, during the year ended December 31, 2015. Certain requirements were issued by the IASB that are mandatory for annual years beginning on or after January 1, 2016. These changes have not yet been early adopted and have been evaluated to have no major impact on the Company.