Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS
For the Period Ended January 31, 2017

This management discussion and analysis ("MD&A") has been prepared based on information available to Spruce Ridge Resources Ltd. ("Spruce" or the "Company") as at December 30, 2016. The MD&A of the operating results and financial condition of the Company for the period ended January 31, 2017 should be read in conjunction with the audited financial statements of the Company, including the notes thereto, for the year ended April 30, 2016 and April 30, 2015 which are prepared in accordance with International Financial Reporting Standards ("IFRS") for audited financial statements, and the annual MD&A for the year ended April 30, 2016. Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com.

The technical information in this MD&A has been reviewed and approved by Mr. Tim Froude, P.Geo., a Qualified Person as defined by National Instrument 43-101.

Management's Assessment of Internal Control Over Financial Reporting ("ICFR")
Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109.

Forward-looking Statements
This MD&A may contain forward-looking statements that are based on the Company's expectations, estimates and projections regarding its business and the economic environment in which it operates. These statements speak only as of the date on which they are made, are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. Examples of some of the specific risks associated with the operations of the Company are set out below under "Risk Factors". Actual outcomes and results may differ materially from those expressed in these forward-looking statements and readers should not place undue reliance on such statements.

NATURE OF OPERATIONS AND GOING CONCERN

Spruce Ridge Resources Ltd. ("**Spruce**" or the "**Company**") is a public company listed on the TSX Venture Exchange (TSXV-SHL) and operating under the laws of the Province of Ontario. The Company is an exploration-stage company that is in the process of exploring its mineral properties located in Canada and the United States of America and has not yet determined whether these properties contain reserves that are economically recoverable. The Company's registered head office is located at 7735 Leslie Road West, Puslinch, ON N0B 2J0.

As at January 31, 2017, the directors and officers of the Company were:

John Ryan	President, CEO and Director
Zoran Popovic	CFO, and Director
Colin Bowdidge	Director
Pierre Gagnon	Director
Marc Askenasi	Director

These interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from April 30, 2016. At January 31, 2017, the Company has not generated any revenues from operations, has an accumulated deficit of $12,065,198 (April 30, 2016 - $11,893,317) and has working capital deficiency of $380,606 (April 30, 2016 - working capital deficiency $596,991). The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient funds and continue to obtain sufficient capital from investors to meet its current and future obligations. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt which constitutes a material uncertainty as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these audited financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

The Financial Statements were approved for issuance by the Company's Board of Directors on April 3, 2017.

DEVELOPMENTS DURING AND SUBSEQUENT TO PERIOD ENDED January 31, 2017

On April 20, 2016 the Company announced it had closed a private placement for 10,000,000 million units at $0.02 per share for gross proceeds of $200,000. Each Unit consists of one common share at two cents per common share and one full warrant to acquire one additional common share of the Company at $0.10 per share for a period of five years from the date of closing. One director of Spruce Ridge subscribed for 3,500,000 shares. All securities issued in connection with the offering are subject to a four-month hold period, in accordance with securities regulation.

As at April 30, 2016, the shares and warrants relating to the above noted $200,000 in gross proceeds had not been issued.

On May 24, 2016, the Company received approval from the TSX Venture Exchange to issue the 10,000,000 private placement units.

On May 9, 2016 the Company announced it had established an independent special strategic committee (the "SSC"). The SSC is mandated to evaluate strategic alternatives regarding the Company's Great Burnt Copper/Gold project located in central Newfoundland, Canada, to deliver recommendations to the Board, and to negotiate potential transactions which may materialize and which may be confirmed by the Board as being in the best interests of the Company.

The SSC has not established a definitive timeline for its strategic review process; however, it intends to assess all available alternatives and opportunities over the next few months. Details of potential developments, if any, will not be disclosed unless and until the Board has approved a specific transaction, or otherwise determines that disclosure is appropriate or required. There are no guarantees or certainties that the review process conducted by the SSC will result in any transaction.

The SSC consists of the Company's two independent directors — Messieurs Marc Askenasi and Pierre G. Gagnon.

The Company further announced it had entered into an agreement with IBK Capital Corp. ("IBK" or the "Agent"), under which IBK has agreed to act as the agent for the private placement by Spruce Ridge of up to 20,000,000 units at a price of $0.05 per Unit for gross proceeds to the Company of up to $1,00,000.

Each Unit will consist of one common share of the Company (a "Share") and one common share purchase warrant of the Company (a "Warrant"). Each Warrant will be exercisable to acquire one common share of the Company at an exercise price of $0.05 for a period of 5 years from closing.

These proceeds will be used for exploration on the Company's 100% owned Great Burnt Copper / Gold property in central Newfoundland and for working capital.

The Agent will receive a cash commission equal to 9% of the aggregate gross proceeds from the placement, and broker warrants equal to 10% of the Units sold in the placement, each exercisable to acquire one Unit at a price of $0.05 for a period of 5 years from closing.

All securities issued under the placement will be subject to a four-month hold period from the date of closing. The placement is subject to the approval of the TSX Venture Exchange.

On June 20, 2016 the Company announced it had extended the expiry date of its previously announced private placement (see Press Release May 9th, 2016). The closing date will now be on or before October 20, 2016. The Private Placement is subject to TSX Venture Exchange approval.

On July 7, 2016 the Company announced an updated mineral resource estimate at the Great Burnt Project's South Pond "A" Zone that now includes a gold resource and an increased copper resource. The Great Burnt Project is located in Newfoundland, Canada and consists of four prospective copper and gold zones (The Great Burnt Zone, South Pond "A" Zone, South Pond "B" Zone and the End Zone Prospect).

In September, 2015, Spruce Ridge completed a program of re-sampling of archived core from South Pond for gold as well as base metals. The re-sampling focused on the historical assay intervals reported from drill programs by Asarco and BP, with additional sampling of previously un-sampled sulphide rich intervals. Where possible, the same historical intervals were sampled by quartering of the archived core. Spruce Ridge re-sampling included all previously sampled intervals, and also in-filled sections between sampled intervals that were not previously sampled. The program was successful in re-confirming the copper values reported historically as well as copper values reported by P&E during their due diligence sampling of the South Pond core, in addition to confirming significant gold mineralization throughout the South Pond "A" Zone.

Current South Pond "A" Zone Copper/Gold Mineral Resource at 1.0% Cu Cut-Off

Indicated	**47,000 t**	**1.77% Cu**	**1.8 million lbs Cu**	**1.61 g/t Au**	**2,400 oz Au**
Inferred	**191,000 t**	**1.55 % Cu**	**6.5 million lbs Cu**	**1.06 g/t Au**	**6,500 oz Au**

Previous South Pond "A Zone" Copper Mineral Resource at 1.0% Cu Cut-Off

Indicated	**46,900 t**	**1.38% Cu**	**1.4 million lbs Cu**	**-**	**-**
Inferred	**166,200 t**	**1.30% Cu**	**4.8 million lbs Cu**	**-**	**-**

The Great Burnt Project includes three distinct mineralized zones: (1) the Great Burnt Copper Deposit, with total updated NI 43-101 mineral resources including Indicated Resources of 442,000 tonnes at 2.54% Cu (24.8 million lbs of contained Cu) and Inferred Resources of 854,000 tonnes at 2.14% Cu (40.2 million lbs of contained Cu) at a 1.0% Cu cut-off; (2) the South Pond "A" Zone (subject of this news release) ; and (3) the South Pond "B" gold zone, where diamond drilling by BP Minerals in 1987 reported gold mineralization along a length of 1000 metres, including 1.16 g/t Au over a core length of 28 metres (see Figure 1). The 10-kilometre stretch between the Great Burnt Copper and South Pond "A" and "B" zones contain significant, untested exploration targets.

Spruce Ridge's plans for the Great Burnt Project include the following:

1. At the Great Burnt Copper Deposit, metallurgical testing of drill core obtained in the winter 2016 drill program with a view to generating a Preliminary Economic Assessment,

2. At the South Pond "A" copper-gold zone, additional diamond drilling to test the zone at depth and potentially increase the mineral resource,

3. At the South Pond "B" gold zone, additional diamond drilling to assess the continuity of the zone and evaluate its economic potential,

Exploration of priority targets, including the End Zone, where prospectors working for Celtic Minerals had located mineralized boulders with reported copper contents up to 13% Cu, whose source has not yet been found.

On July 19, 2016 the Company announced it had extended the expiry date of its previously announced private placement (see Press Release May 9th, 2016). The closing date will now be on or before August 19, 2016. The Private Placement is subject to TSX Venture Exchange approval.

On August 19, 2016 the Company announced it had extended the expiry date of its previously announced private placement (see Press Release May 9th, 2016). The closing date will now be on or before September 19, 2016. The Private Placement is subject to TSX Venture Exchange approval.

On September 13, 2016 the Company announced a private placement of up to 26 million Units at a price of five cents per Unit for gross proceeds to the Company of up to $1,300,000. Each Unit will consist of one common share of the company and one common share purchase warrant of the Company. Each warrant will be exercisable to acquire one common share of the Company at an exercise price of five cents for a period of five years from closing.

Up to 16 million Units ($800,000) will be offered on a brokered basis by IBK Capital Corp. as the agent. The agent will receive a cash commission equal to 9 per cent of the aggregate gross proceeds from the placement and broker warrants equal to 10 per cent of the Units sold in the placement, each exercisable to acquire one Unit at a price of five cents for a period of five years from closing.

Up to 10 million Units ($500,000) will be offered on a non-brokered basis.

On May 9, 2016, Spruce Ridge announced a brokered financing on the same terms for up to $1,000,000 of which $200,000 was closed on June 2, 2016, with the closing of additional financing extended to various dates ending on September 19, 2016 by press releases dated June 20, 2016, July 19, 2016 and August 19, 2016. The current financing of up to $1,300,000 replaces the former financing which will not continue.

On September 15, 2016 The Company announced that Palisade Global Investments Ltd. is investing $188,500 as the lead order in the $500,000 Non-Brokered private placement announced September 13, 2016. Palisade is acquiring 3,770,000 units at a price of five cents per Unit. Each Unit will consist of one common share of the company and one common share purchase warrant of the Company. Each warrant will be exercisable to acquire one common share of the Company at an exercise price of five cents for a period of five years from closing.

On September 29, 2016 the Company announced that is had closed the lead order private placement of $188,500 from Palisade Global Investments Ltd. as announced on September 15, 2016. A total of 3,777,000 Units were acquired at $0.05 per Unit. Each Unit will consist of one common share of the company and one common share purchase warrant. Each warrant will be exercisable to acquire one common share of the Company at an exercise price of five cents for a period of five years

On October 26, 2016 The Company announced it had closed the first tranche of its previously announced brokered private placement dated September 13, 2016 for aggregate proceeds of $87,500 and issued 1,750,000 units ("Units") priced at $0.05 per Unit with each Unit consisting of one common share in the capital of the Company and one common share purchase warrant. Each whole warrant entitles its holder to purchase one common share in the capital of the Company at an exercise price of $0.05 per share for a period of 60 months from the date of issuance.

In connection with the first tranche closing of the private placement, the Company paid IBK Capital Corp., the agent of the Company in connection with the private placement, and its subagents agent's fees consisting of $7,875 (plus applicable taxes and disbursements) in cash and issued 175,000 non-transferable agent's compensation warrants. Each compensation warrant entitles its holder to purchase one Unit of the private placement at an exercise price of $0.05 per Unit for a period of 60 months after the date of issuance

SELECTED ANNUAL INFORMATION

The following table sets forth a summary of the financial results for the years ended April 30, 2016, 2015 and 2014:

Years ended April 30 (CDN $)	2016	2015	2014
Interest income	Nil	Nil	Nil
Net Loss and Comprehensive Loss	$353,612	$95,241	$826,984
Basic Income (Loss) per share	($0.007)	($0.002)	($0.018)
Total assets	$1,420,373	$1,330,972	$1,360,040

The Company has been and is still in the stages of identifying, acquiring and exploring mineral interests. To date, the Company has not been in a position to derive any revenues from its projects. Revenues reported by the Company relate to property rentals.

Acquisition costs of mineral rights and option payments are capitalized until the properties are abandoned or the rights expired. Exploration expenditures, however, are expensed and charged to operations until such time proven reserves are determined. To date, the Company has not discovered any such reserves.

RESULTS OF OPERATIONS

The Company has no operating revenues other than rental income and relies on external financings to generate capital. Because of its activities, Spruce generally incurs net losses. For the period ended January 31, 2017, Spruce had rental income of $9,125 and a loss of $171,881 respectively (2016 – rental income was $5,175 and a loss of $124,446). Exploration expenses were $35,694 (2015 - $44,106).

The Company routinely monitors its operations and costs associated with those operations, in order to better plan and implement its activities, taking into consideration the current economic climate and industry outlook. For the period ended January 31, 2017, Spruce reported total general and administrative expenses ("G&A") of $147,405 (2016 - $79,381).

The following schedule describes the main components of G&A for the year:

Period ended January 31	2017	2016
	$	$
Management fee	43,000	27,000
Amortization	9,639	11,511
Professional fees	18,000	15,750
Filing fees	7,955	5,349
Interest expense	13,585	11,562
Office and general	370	934
Property expenses	4,586	4,555
Travel	-	154
Investor and shareholder relations	50,270	2,566
	147,405	79,381

Overall general and administrative expenses increased $68,024. Filing fees for private placement, website design, news releases, marketing and interest expense to acquire the Great Burnt Copper-Gold property account for most of this increase.

As at January 31, 2017 investments in securities available for sale was composed of:

January 31, 2017	Number of Shares	Cost	Fair Value
Cash			$94
Anaconda Mining	250,000	$15,000	17,500
Cerro Grande Mining Corp.	26,150	20,593	653
		$35,593	**$18,247**

The Company is exposed to unrealized gains or losses on its available for sale securities due to the price volatility and other market factors common to these types of investments. For the period ended January 31, 2017 the Company recorded unrealized gain on marketable securities of $2,500 compared to an unrealized loss of $6,134 for the period ended January 31, 2016. This unrealized gain is included in other income.

EXPENDITURES ON RESOURCE PROPERTIES

A summary of exploration expenditures incurred for the period ended January 31, 2017 is as follows:

	Great Burnt	Total
	$	$
Field Expenses	6,667	6,667
Mining Consultant	8,981	8,981
Assays	246	246
Mining lease payment	19,800	19,800
	35,694	35,694

SELECTED QUARTERLY INFORMATION

	QUARTER ENDED			
	31-Jan 2017	31-Oct 2016	31-Jul 2016	30-Apr 2016
Total assets	1,416,782	1,444,178	1,407,760	1,420,373
Mineral properties	1,261,892	1,239,285	1,219,692	1,191,014
Working capital (deficiency)	(380,606)	(300,263)	(500,209)	(596,991)
Shareholders' equity	1,003,932	1,064,881	848,555	726,308
Comprehensive income (loss)	(60,949)	(51,179)	(59,753)	(229,166)
Income (Loss) per share	(0.001)	(0.001)	(0.001)	(0.005)

	QUARTER ENDED			
	31-Jan 2016	31-Oct 2015	31-Jul 2015	30-Apr 2015
Total assets	1,710,808	1,714,604	1,347,919	1,330,972
Mineral properties	1,534,775	1,534,775	1,129,550	1,129,550
Working capital	(588,154)	(523,779)	(511,105)	(492,488)
Shareholders' equity	875,475	916,129	762,240	784,695
Comprehensive Income (Loss)	(40,655)	(61,335)	(22,456)	(29,678)
Income (Loss) per share	(0.001)	(0.001)	(0.000)	(0.001)

LIQUIDITY & FINANCING

The Company had a working capital deficiency of $380,606 as at January 31, 2017 (April 30, 2016 - working capital deficiency was $596,991). Expenses will be paid either from the sale of company assets and or non-interest bearing loans by the President. The President will continue to loan the Company funds required to advance its exploration properties and to pay administration costs. Currently the President and or companies he controls are owed $235,839.

The ability of the Company to successfully acquire additional mineral projects and to develop its existing properties is conditional on its ability to secure financing when required. The Company proposes to meet additional financing requirements through equity financing. In light of the continually changing financial markets, there is no assurance that new funding will be available at the times required or desired by the Company.

The Company will require additional funds to meet current liabilities, acquire additional mineral projects and to develop its existing properties. The Company proposes to meet additional financing requirements through equity financing. In light of the continually changing financial markets, there is no assurance that new funding will be available at the times required or desired by the Company. Accordingly, the Company's financial statements have been prepared on a going concern basis. Material adjustments could be required if the Company cannot obtain adequate financing. See "Risks Factors" below.

CAPITAL RESOURCES

The Company's primary capital assets are exploration and evaluation assets. The Company expenses all costs related to the mineral properties until the properties are put into production and amortized or abandoned and written off, or written down. As of January 31, 2017, the Company has incurred $35,694 on exploration expenses.

SHARE CAPITAL

Issued and outstanding: January 31, 2017 – 73,436,122;
Issued and outstanding: April 3, 2017 (date of this report) – 73,436,122

Warrants outstanding: January 31, 2017 – 20,395,000
Warrants outstanding: April 3, 2017 – 20,395,000

Options outstanding: January 31, 2017 – 1,300,000
Options outstanding: April 3, 2017 – 1,300,000

RELATED PARTY TRANSACTIONS

No director fees have been paid to directors (2015 - $nil).

As at January 31, 2017, $43,000 (2015 - $27,000) was paid and or charged to a company controlled by the President of the Company for management and accounting services, with $Nil (2016 - $33,900) remaining in accounts payable and $85,000 (2016 – $63,000) remaining in accrued expenses as at January 31, 2017.

The amount due to director as at January 31, 2017 is $235,839 (2016 - $384,579). The loan is non-interest bearing and has no set terms of repayment.

OFF-BALANCE SHEET TRANSACTIONS

As at January 31, 2017, Spruce had no off balance sheet arrangements such as guaranteed contracts, contingent interests in assets transferred to an entity, derivative instrument obligations or any instruments that could trigger financing, market or credit risk to Spruce.

RISK FACTORS

Spruce's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future.

Capital Requirements

The Company will require significant capital in order to fund its operating costs and to explore and develop any project. Spruce has no revenues and is wholly reliant upon external financing to fund all of its capital requirements. Spruce will require additional financing from external sources to meet such requirements. There can be no assurance that such financing will be available to Spruce or, if it is, that it will be offered on acceptable terms. If additional financing is raised through the issuance of equity or convertible debt securities of Spruce, the interests of shareholders in the net assets of Spruce may be diluted. Any failure of Spruce to obtain financing on acceptable terms could have a material adverse effect on Spruce's financial condition, prospects, results of operations and liquidity and require Spruce to cancel or postpone planned capital investments.

Dependence on Mineral Exploration Projects

Any adverse development affecting the progress of Spruce's exploration projects such as, but not limited to, obtaining financing on commercially suitable terms, hiring suitable personnel and contractors, or securing supply agreements on commercially suitable terms, may have a material adverse effect on Spruce and its business or prospects.

Metal Prices

The development and success of any project of Spruce will be primarily dependent on the future price of gold and other metals. Gold and base metal prices are subject to significant fluctuation and are affected by a number of factors, which are beyond the control of Spruce. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold-producing countries throughout the world. The price of gold and other precious and base metals has fluctuated widely in recent years, and future serious price declines could cause any future development of and commercial production from Spruce's properties to be impracticable. Depending on the price of gold and other metals, projected cash flow from planned mining operations may not be sufficient and Spruce could be forced to discontinue any development and may lose its interest in, or may be forced to sell, some of its properties. Future production from Spruce's mining properties is dependent on gold and base metal prices that are adequate to make these properties economic.

Furthermore, reserve calculations and life-of-mine plans using significantly lower gold and other metal prices could result in material write-downs of Spruce's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting Spruce's possible future reserve estimates and its financial condition, declining commodity prices may impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Government Regulation, Permits and Licences

Spruce's mineral exploration and potential development activities are subject to various laws governing prospecting, mining, development, production, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. No assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail exploration, development or production. Many of the mineral rights and interests of Spruce are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that Spruce will be successful in maintaining any or all of the various approvals, licenses and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained; Spruce may be curtailed or prohibited from continuing or proceeding with planned exploration or development of mineral properties.

Where required, obtaining necessary permits and licenses can be a complex, time consuming process and Spruce cannot assure that required permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict Spruce from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of such mining activities, and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws and regulations governing operations or more stringent implementation thereof could have a substantial adverse impact on Spruce and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Competition
The mining industry is competitive in all of its phases. Spruce faces strong competition from other exploration and mining companies in connection with the acquisition of properties producing or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Spruce. As a result of this competition, Spruce may be unable to maintain or acquire attractive mining properties on terms it considers acceptable or at all. Consequently, the financial condition and any future revenues and operations of Spruce could be materially adversely affected.

Exploration, Development and Operational Risk
The exploration for, and development of, mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties, which are explored, are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices which are highly cyclical, and government regulations including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Spruce not receiving an adequate return on invested capital.

Spruce does not currently operate a mine on any of its properties. There is no certainty that the expenditures made by Spruce towards the search for, and evaluation of, mineral deposits will result in discoveries of commercial quantities of ore. Mining operations generally involve a high degree of risk. Such operations are subject to all the hazards and risks normally encountered in the exploration for, and development and production of gold and other precious or base metals. Such hazards and risks include unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

Joint Venture Strategy
Spruce's business strategy includes continuing to seek new joint venture opportunities. In pursuit of such opportunities, Spruce may fail to select appropriate joint venture partners or negotiate acceptable arrangements, including arrangements to finance such opportunities or, where necessary, integrate the acquired businesses and their personnel into Spruce's operations. Spruce cannot assure that it can complete any business arrangement that it pursues on favorable terms, or that any business arrangements completed will ultimately benefit Spruce's business.

Reliance on Management and Key Employees
The success of the operations and activities of Spruce is dependent to a significant extent on the efforts and abilities of its management, a relatively small number of key employees, outside contractors, experts and other advisors. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of its key employees, outside contractors, experts and other advisors. Spruce does not have in place formal programs for succession of management and training of management nor does it have key person insurance on its key employees. The loss of one or more of these persons, if not replaced, could adversely affect Spruce's operations and financial performance.

No Assurance of Titles, Boundaries or Approvals

Titles to Spruce's properties may be challenged or impugned, and title insurance is generally not available. Spruce's mineral properties may be subject to prior unregistered agreements, transfers or claims, and title may be affected by, among other things, undetected defects. In addition, Spruce may be unable to operate its properties as permitted or to enforce its rights with respect to its properties. Spruce cannot assure that it will receive the necessary approval or permits to exploit any or all of its mineral projects in the future. T he failure to obtain such permits could adversely affect Spruce's operations.

Environmental Risks and Hazards

All phases of Spruce's operations are subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Spruce's operations. Environmental hazards may exist on the properties in which Spruce holds interests which are unknown to Spruce at present and which have been caused by previous or existing owners or operators of the properties.

Uninsured Risks

Spruce's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labor disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Spruce's properties or the properties of others, delays in development or mining, monetary losses and possible legal liability.

Although Spruce maintains insurance to protect against certain risks in such amounts as it considers commercially reasonable, its insurance will not cover all of the potential risks associated with its operations. Spruce may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to Spruce on affordable and acceptable terms. Spruce might also become subject to liability for pollution or other hazards which may not be insured against or which Spruce may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Spruce to incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

Recent Accounting Pronouncements

At the date of authorization of the audited Financial Statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods:

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB on October 24, 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is 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 in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9; fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative host contracts not within the scope of this standard. The effective date for this standard is for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this pronouncement.

(ii) IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") was issued in May 2014 when the IASB and the Financial Accounting Standards Board ("FASB") completed its joint project to clarify the principles for recognizing revenue and to develop a common revenue standard for IFRS and US GAAP. As a result of the joint project, the IASB issued IFRS15 to establish principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this pronouncement.

(iii) IFRS 16 - Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company is currently assessing the impact of this pronouncement.

OUTLOOK

The Company is currently waiting for metallurgical test results on the Great Burnt copper deposit. With positive test results the Company will begin a preliminary economic analysis (PEA) to evaluate developing an open pit mining operation on the Great Burnt Copper-Gold Property. The Company also plans additional drilling on copper anomalies and drill the South Pond "B" gold zone, which was drilled by BP Minerals in 1987 and 1989 over a length of 1100 metres. Results of the BP drilling include 28 metres @ 1.16 g/t gold and 4.33 metres @ 4.75 g/t gold.

John Ryan, CPA, CGA
Chief Executive Officer
April 3, 2017