



Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS For the Six Months Ended October 31, 2018

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 27, 2018. The MD&A of the operating results and financial condition of the Company for the period ended October 31, 2018 should be read in conjunction with the audited financial statements of the Company, including the notes thereto, for the year ended April 30, 2018 and April 30, 2017 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, 2018. 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. Colin Bowdidge, 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 is 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.

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As at October 31, 2018, the directors and officers of the Company were:

John Ryan	President, CEO and Director
Zoran Popovic	CFO, and Director
Colin Bowdidge	Director
Marc Askenasi	Director
Michael Dehn	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, 2018. At October 31, 2018, the Company has not generated any revenues from operations, has an accumulated deficit of \$12,339,018 (April 30, 2018 - \$12,221,664) and has working capital deficiency of \$224,632 (April 30, 2018 - working capital deficiency \$607,186). 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 December 27, 2018.

DEVELOPMENTS DURING AND SUBSEQUENT TO PERIOD ENDED OCTOBER 31, 2018

On May 8, 2018 the Company announced it had signed an Option and Joint Venture Agreement with Noble Mineral Exploration Inc. (“Noble”) to earn a 75 percent interest in specific target areas having a size of up to 2000 hectares in Noble's 9,000-hectare Crawford Township property.

First Option:

To earn 51% undivided interest Spruce must make a payment of \$50,000 (Paid July 12, 2018) and make a second payment of \$50,000 not later than six (6) months after the date of the first payment of \$50,000.

Spruce will issue 3,000,000 (Issued) Class A common shares and an additional 3,000,000 common shares not later than one (1) year after the date for the first issue of common shares. Spruce will also issue 5,000,000 (Issued) exercisable warrants with each such warrant being exercisable at an exercise price of \$0.05 per common share and having a term expiring five (5) years after issuance; and will issue an additional 5,000,000 exercisable warrants not later than one (1) year after the date for the first issue of warrants. with each such warrant being exercisable at the lowest exercise price as may be permitted by the TSXVE and having a term expiring five (5) years after issuance.

Spruce will incur a minimum of \$300,000 of Expenditures in the first year following the Effective Date and an additional \$700,000 no later than the date that is eighteen (18) months following the Effective Date.

Second Option:

Effective after Spruce has earned 51% interest, Spruce can earn an additional 24% undivided interest by issuing 2,000,000 common shares, and by incurring a further \$1,000,000 of qualifying expenditures on or before the third anniversary of the execution of the option agreement.

Once 75% is earned (or 51% should Spruce Ridge elect not to acquire a 75% interest), the Crawford Property will be operated as a participating Joint Venture.

On May 23, 2018 the Company closed a first tranche for gross proceeds of \$221,000, consisting of 5,525,000 common shares and 5,525,000 warrants. A cash finder's fee of \$5,000 was paid in connection with proceeds raised by finders pursuant to the Offering.

On June 28, 2018 the Company closed a second tranche for gross proceeds of \$101,000, consisting of 2,525,000 common shares and 2,525,000 warrants.

On July 31, 2018 the Company closed a final tranche for gross proceeds of \$112,900, consisting of 2,822,500 common shares and 2,822,500 warrants. The total raised was \$434,900, 10,872,500 shares and 10,872,500 warrants at an exercise price of \$0.05 for a 36 month period.

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On **July 16, 2018** the Company announced that it received from Noble Mineral Exploration Inc., (TSX-V: NOB) the results of the Artificial Intelligence (AI) carried out by Albert Mining Inc. on Spruce Ridge's recently acquired Crawford Township property.

Albert Mining Inc. of Brossard, Quebec used their proprietary Computer Aided Resources Detection Software (CARDS) "Artificial Intelligence (AI)" Technology and Data Mining Techniques to further enhance and upgrade the target selection process within Project 81 and more specifically on the Crawford Township Property.

CARDS is a state of the art computer system that uses the latest artificial intelligence (AI) and pattern recognition algorithms to analyze large digital exploration data sets, and produce exploration targets. CARDS uses many layers of gridded data (variables) to learn the "signature" of known mineralized sites (positive cells) in a given area. The area is then scored and cells with a high similarity to the sought "signature" are identified.

The current AI study covered the entire Crawford Township and the target objectives were Copper-Zinc and Nickel targets. Spruce Ridge is very pleased with the results of the study which generated eleven Cu-Zn targets that show 80%+ similarity prediction using the AGEO Cu-Zn Model (Figure 1), and nine Ni targets that show 80%+ similarity prediction using the AGEO Ni model (Figure 2). AGEO (Aggregation of GEO-referenced model) is one of two (2) algorithms used to determine and validate the accuracy of prediction of the model. The other being the C-Cluster algorithm which is used to compare and validate predictions generated by the AGEO algorithm.

The Study incorporated a total of 2,632 training points that were subjected to evaluation using merged helicopter-borne Time Domain Electromagnetic (HTEM) and Magnetic surveys completed by Triumph Geophysics in 2017 for Noble Minerals Exploration Inc., at 25 metre grid spacing, together with historical diamond drill hole database compiled by Orix Geoscience of Toronto, to construct the Cu-Zn and Ni "Predictive Models".

On **July 24, 2018** the Company announced that it received a preliminary review and assessment of historical airborne EM and magnetic surveys flown over the Great Burnt Lake Copper Property in south central Newfoundland. The re-interpretation was carried out by Steve Balch, P. Geo., President and founder of BECI, a geophysical services and development company. The review incorporated a 2007 helicopter-borne AeroTEM airborne electromagnetic survey flown for Celtic Minerals Inc.

The re-interpretation of the historical airborne data revealed that the geology in the vicinity of the main target areas may not be as published maps show, and in fact outlines several areas where bedrock inferred as being granitic, may now be underlain by an assemblage of volcanic and ultramafic rocks, more in line with the package of rocks hosting the Great Burnt Main Zone. These areas also have a number of untested EM anomalies which may have been ignored in the past due to the understanding that the areas were underlain by granitic rocks.

The company plans to assemble a list of priority targets and conduct field work to verify the interpretation of the geophysics. A drill program will follow the field work.

On **September 27, 2018** the Company announced that it had signed an LOI with a private group of knowledgeable mining investors to acquire up to 50% of its Option and Joint Venture agreement with Noble Mineral Exploration Ltd on its Crawford Township property

Option Terms

Optionees will become the Operator for all Exploration Programs and for the First Exploration Program will fund \$150,000 along with the Optionor funding \$150,000 under the First Option, with such funding by the Optionees earning the Optionees an equivalent overall interest of 10% in the Crawford Property. Optionees will also contribute \$25,000 to the Optionor so that Optionor can make the second required \$50,000 payment to Noble.

Optionees can earn an additional equivalent overall interest of 15.5% in the Crawford Property by funding a second round of Exploration with \$400,000 and the Optionor with \$300,000.

Optionees, to earn an additional equivalent overall interest of 12% will fund \$500,000 and the Optionor will fund \$500,000 for the Second Round of Exploration to complete the Second Option.

At the completion of the Second Option, if all the parties have contributed and made all the payments as required, the interests in the Crawford Property would be Noble – 25%, Spruce Ridge – 37.5% and SRS – 37.5%.

On **November 8, 2018** the Company announced that it had closed a non-brokered private placement for gross proceeds of \$400,000 consisting of 7,100,000 non flow-through units ("NFT") for \$355,000 and 900,000 flow-through units ("FT") for \$45,000.

Each NFT unit will be issued at \$0.05 and will consist of one (1) common share and one (1) common share purchase warrant, each warrant exercisable at \$0.05 cents for three years.

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Each FT unit will be issued at \$0.05 and will consist of one (1) FT common share and one half (1/2) common share purchase warrant, each full common share purchase warrant being exercisable at \$0.05 cents for three years.

The proceeds of the financing will be used to advance the Company's Crawford Nickel, VMS property with a Phase 1 drill program and for general working capital. The Company intends to use the net proceeds received from the sale of FT Units to incur Canadian Exploration Expenses (CEE) on its property.

On **November 15, 2018** the Company announced that drilling had begun on their optioned property in Crawford Township, Ontario. The diamond drill program will be approximately 2,000 metres.

The first drill hole is planned to be 600 metres deep and will test the strongest portion of a 3,000 metre long magnetic anomaly within an interpreted ultramafic and mafic intrusive complex covering an area of approximately 3.5 by 2.0 kilometres, estimated from recently completed airborne geophysical surveys. An airborne gravity survey using the Falcon system was recently carried out by Noble Minerals Inc., the Optionor of the Crawford property. A helicopter-borne electromagnetic and magnetic survey also covered the area.

The presence of ultramafic and mafic intrusive rocks is confirmed by limited diamond drilling performed in the 1960s. Ultramafic-mafic complexes are favourable sites for nickel \pm copper \pm cobalt \pm platinum-group elements (PGEs). The primary target of the upcoming drill program is a magnetic anomaly peak and closely associated 1400-metre long EM conductor. An artificial intelligence (AI) assessment of combined geological and geophysical data confirmed the favourable interpretation of the ultramafic-mafic intrusive complex as a target for nickel mineralization, as well as highlighting VMS-type targets elsewhere on the Crawford property (see news release of July 16th, 2018).

The Crawford property is crossed from south to north by provincial highway 655. The target area is 42 kilometres by road from the centre of Timmins, and it is 17 kilometres north of the Kidd Creek zinc-copper-silver mine, which has been in continuous operation for 50 years, producing in excess of 100 million tonnes of ore, making it one of the largest VMS mines in Canada and in the world. The Timmins mining camp has produced more gold than any other mining district in Canada, over 70 million ounces to date. Gold mining commenced in 1909 and continues today, with new discoveries being made in response to new exploration programs. The target area for the present drilling program is within 1,500 metres of highway 655.

Despite being so close to a major mining camp, the Crawford property has seen relatively little historical exploration. It is in the Abitibi Clay Belt; outcrops are essentially non-existent, making conventional prospecting impossible. The clay and till cover is up to 60 metres thick, and the clay interfered with early electromagnetic survey systems, creating false anomalies and distorting bedrock conductive responses so that anomalies often appeared in the wrong place. Modern electromagnetic methods have largely overcome the clay effects and enable definition of drill targets under thick overburden. Magnetic and gravity surveys are also unaffected by clay and have played a major role in defining the current exploration targets.

On **November 20, 2018** the Company announced that drilling had begun on its 100% owned Great Burnt copper-gold Volcanogenic Massive Sulphide (VMS) property in South Central Newfoundland. The diamond drill program will comprise approximately 1,500 metres.

The current drill program will focus on two newly identified, previously untested EM anomalies with similar characteristics to the Great Burnt copper-gold deposit, as well as filling in gaps in the historical drilling patterns on the Great Burnt deposit itself. John Ryan, Spruce Ridge's President and CEO commented: *"We look forward to the results of drill testing previously overlooked anomalies on this exceptionally well mineralized property. Also, infill drill holes on the Great Burnt Main Zone will help to firm up mineral resource estimates, provide additional data on gold grades and provide material for metallurgical testing that will support a planned Preliminary Economic Assessment (PEA) on the Great Burnt deposit."*

The newly identified anomalies come from a re-assessment of a 2007 helicopter-borne AeroTEM survey flown for a previous operator over the Great Burnt property, by Steve Balch, P. Geo., President and founder of BECI, a geophysical services and development company. Re-interpretation of the historical airborne data revealed a number of untested EM anomalies with similar characteristics to the EM response of the Great Burnt copper-gold deposit. It also identified areas that had been previously mapped as granite, which may be underlain by volcanic and sedimentary rocks similar to those hosting known mineralized zones.

The Great Burnt Property is host to the road accessible Great Burnt copper-gold deposit. A 2015 NI 43-101 technical report by P&E Mining Consultants identified Indicated Mineral Resources in the Great Burnt Main and Lower Zones of 382,000 tonnes with an average grade of 2.68% copper, plus Inferred Mineral Resources of 663,000 tonnes averaging 2.31% copper. A "starter pit" identified by P&E includes an Indicated Mineral Resource of 237,000 tonnes at 2.51% copper. Historical drilling provides insufficient gold assay data to allow estimates of the gold content of the Great Burnt deposit.

Subsequent to the 2015 resource estimates, drilling on the Great Burnt Main Zone by Spruce Ridge has resulted in intersections up to 9.45% Cu, 0.36 g/t Au, 0.73% Zn and 8.5 g/t Ag over a core length of 7.50 metres, including 3.00 metres of 19.30% Cu, 0.29 g/t Au, 1.60 % Zn and 16.7 g/t Ag in hole GB-16-8. The property is also host to locally significant gold mineralization that is often closely associated with known zones of copper mineralization including the Great Burnt Main Zone. The property covers a 19-kilometre strike length of favourable stratigraphy containing numerous copper and gold occurrences, many of which have not been evaluated.

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Acknowledgments

Spruce Ridge acknowledges the financial support of the junior exploration assistance program, department of natural resources, government of Newfoundland and Labrador.

SELECTED ANNUAL INFORMATION

The following table sets forth a summary of the financial results for the years ended April 30, 2018, 2017 and 2016:

Years ended April 30 (CDN \$)	2018	2017	2016
Interest income	Nil	Nil	Nil
Net Loss and Comprehensive Loss	\$209,089	\$119,259	\$353,612
Basic Income (Loss) per share	(\$0.003)	(\$0.002)	(\$0.007)
Total assets	\$1,486,626	\$1,473,233	\$1,420,373

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 October 31, 2018, Spruce had rental income of \$8,150 and a loss of \$117,353 respectively (2018 – rental income was \$4,700 and a loss of \$138,861). The Company incurred \$39,086 in exploration expenses (2017 – (\$32,558)).

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 October 31, 2018, Spruce reported total general and administrative expenses (“G&A”) of \$195,365 (2017 - \$55,226).

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

Period ended October 31	2018	2017
	\$	\$
Management fee	30,000	30,000
Amortization	3,887	4,950
Professional fees	10,000	10,000
Filing fees	3,673	5,044
Interest expense – note payable	570	4,456
Office and general	243	406
Property expenses	7,176	10,226
Investor and shareholder relations	8,590	46,909
	64,139	111,991

Overall general and administrative expenses decreased \$47,852. Interest expense, investor and shareholder expenses and property expenses account for most of this decrease.

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As at October 31, 2018 investments in securities available for sale was composed of:

October 31, 2018	Number of Shares	Cost	Fair Value
Cash			\$23
Cerro Grande Mining Corp.	26,150	\$20,593	131
		\$20,593	\$154

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 October 31, 2018 the Company recorded unrealized loss on marketable securities of Nil compared to an unrealized gain of \$988 for the period ended October 31, 2017. This unrealized gain is included in other income.

EXPENDITURES ON RESOURCE PROPERTIES

Exploration expenditures incurred for the period ended October 31, 2018 were \$39,086, \$19,800 lease payment, \$6,950 geophysics and \$12,223 prospecting expenses on the Great Burnt Copper/Gold.

SELECTED QUARTERLY INFORMATION

	QUARTER ENDED			
	31-Oct	31-Jul	30-Apr	31-Jan
	2018	2018	2018	2018
Total assets	1,924,785	1,882,805	1,486,626	1,493,260
Mineral properties	1,662,627	1,654,020	1,352,862	1,341,961
Working capital (deficiency)	(224,632)	(310,739)	(607,186)	(559,799)
Shareholders' equity	1,535,897	1,443,127	847,466	886,199
Comprehensive income (loss)	(42,231)	(75,123)	(38,734)	(31,494)
Income (Loss) per share	(0.000)	(0.001)	(0.001)	(0.000)
	QUARTER ENDED			
	31-Oct	31-Jul	30-Apr	31-Jan
	2017	2017	2017	2017
Total assets	1,455,603	1,449,382	1,473,233	1,416,782
Mineral properties	1,317,479	1,293,479	1,269,953	1,261,892
Working capital	(506,068)	(429,570)	(332,832)	(380,606)
Shareholders' equity	917,694	980,638	1,056,554	1,003,932
Comprehensive Income (Loss)	(62,945)	(75,916)	52,622	(60,949)
Income (Loss) per share	(0.001)	(0.001)	0.001	(0.001)

LIQUIDITY & FINANCING

The Company had a working capital deficiency of \$224,632 as at October 31, 2018 (April 30, 2018 - working capital deficiency was \$607,186). 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 is owed \$319,256.

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,

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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 October 31, 2018, the Company has incurred \$39,086 on exploration expenses.

SHARE CAPITAL

Issued and outstanding: October 31, 2018 – 87,308,622

Issued and outstanding: December 27, 2018 (date of this report) – 87,308,622

Warrants outstanding: October 31, 2018 – 36,267,500

Warrants outstanding: December 27, 2018 – 36,267,500

Options outstanding: October 31, 2018 – 3,500,000

Options outstanding: December 27, 2018 – 3,500,000

RELATED PARTY TRANSACTIONS

No director fees have been paid to directors.

As at October 31, 2018, \$30,000 (April 30, 2018 - \$60,000) was accrued or paid to a company controlled by the President of the Company for management and accounting services, with \$Nil (April 30, 2018 - Nil) remaining in accounts payable and \$180,000 (April 30, 2018 – \$160,000) remaining in accrued expenses as at October 31, 2018.

Included in accounts payable is an amount of \$38,198 (April 30, 2018 – 109,182) owing to the President of the Company. These amounts relate to expenses incurred by the President on behalf of the Company.

As at October 31, 2018, \$4,550 (April 30, 2018 - Nil) was accrued or paid to the Vice President of Exploration for geological services, with \$Nil (April 30, 2018 - Nil) remaining in accounts payable.

The amount due to director as at October 31, 2018 is \$101,057 (April 30, 2018 - \$290,858). The loan is non-interest bearing and has no set terms of repayment.

OFF-BALANCE SHEET TRANSACTIONS

As at October 31, 2018, the Company 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 Company'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 the Company and its business or prospects.

Metal Prices

The development and success of any project of the Company 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 the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuation in the value of

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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 the Company'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 the Company 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 the Company'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 the Company's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting the Company'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

The Company'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 the Company 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 the Company 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; the Company 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 the Company 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 the Company 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 the Company 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. The Company 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 Ridge Resources Ltd.. 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.

The Company 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

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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. The 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

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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 waiting on assay results for the Great Burnt Copper/Gold property in central Newfoundland and the Crawford property which lies approximately 13 kilometres north of Glencore Canada's world class Kidd Creek zinc-copper-silver mine.

In mid-December 2018, exploratory drilling programs were completed on the Company's Great Burnt and Crawford projects, both of which are referenced above. As of the date hereof, no drill core assays have been received from either project.

The Company anticipates that, subject to encouraging assay results, the next phase of work on the Great Burnt copper-gold deposit will comprise metallurgical testing of drill core material to assess the extent to which the copper and gold are recoverable. The deposit has simple mineralogy and coarse grain size; no metallurgical problems are anticipated. Again, subject to satisfactory results, the next phase of work will comprise a Preliminary Economic Assessment (PEA) to assess the viability of working towards commercial production.

On the Crawford project, if assay results indicate the presence of a mineralized zone with nickel at similar levels to those reported in the 1960s, the next phase of work will comprise mineralogical tests with a scanning electron microscope. This will give an indication of what minerals host the nickel (and possibly associated cobalt), and whether the metals are potentially recoverable. Further assaying of drill core from the 2018 program will also be carried out, using a suitable leach to assess the extent and grade of potentially recoverable metals. Again, contingent on satisfactory results, further drill testing will be required to determine the size of the mineralized zone.

John Ryan, CPA, CGA
Chief Executive Officer
December 27, 2018