Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS
For the Period Ended July 31, 2015

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 September 28, 2015. The MD&A of the operating results and financial condition of the Company for the period ended July 31, 2015 and should be read in conjunction with the audited financial statements of the Company, including the notes thereto, for the year ended April 30, 2015 and April 30, 2014 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, 2015. Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com.

The technical information of this MD&A has been reviewed and approved by Mr. Colin Bowdidge, Ph.D., P.Geo., a Director of the Company and 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 July 31, 2015, 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 July 31 2015. At July 31, 2015, the Company has not generated any revenues from operations, has an accumulated deficit of $11,562,160 (April 30, 2015 - $11,539,705) and has working capital deficiency of $511,105 (April 30, 2015 - working capital deficiency $492,488). 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 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 September 28, 2015.

DEVELOPMENTS DURING AND SUBSEQUENT TO PERIOD ENDED JULY 31, 2015

On September 4, 2015 Spruce Ridge announced further to our announcement dated February 27, 2015 that it has acquired 100% interest in the Great Burnt Copper Property in Central Newfoundland from Pavey Ark Minerals Inc. ("Pavey Ark"), subject to regulatory approval. The Great Burnt Copper Property consists of one mining lease and 5 mineral exploration licences (156 contiguous claim units) with a total area of 4,065 ha. The Property includes the Great Burnt Copper Deposit, a copper-rich volcanogenic massive sulphide (VMS) deposit, as well as the North Stringer Zone, and the South Pond Copper Deposit, and several exploration targets.

P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario completed a NI43-101 Technical Report and Resource Estimate on the Great Burnt Property for Pavey Ark which has been filed on www.sedar.com. The report dated January 12, 2015 and entitled, Technical Report and Resource Estimate on the Great Burnt Copper Property, Central Newfoundland, was prepared by Eugene Puritch, P.Eng., President of P&E, an independent "Qualified Person", for the purposes of NI43-101. P&E has estimated that the Property has Indicated Resources of 441,100 tonnes at 2.50% Cu (24.3 million lbs of Cu) plus Inferred Resources of 829,300 tonnes at 2.11% Cu (38.6 million lbs of Cu) at a 1.0% Cu cut-off. P&E considers that the Great Burnt Copper Property contains a significant copper resource and merits further evaluation. P&E's recommendations include an initial exploration program budgeted at $268,000 comprising re-assaying existing drill core for gold at the South Pond Copper Deposit, 600 m of diamond drilling to test priority targets, initial metallurgical testwork, and a preliminary economic analysis (PEA) to evaluate developing a surface starter pit and underground mining operation on the Property. P&E has identified several exploration targets on the 14-km-long favourable metavolcanic and metasedimentary stratigraphy. In addition to the VMS copper mineralization, the targets include the South Pond Gold Zone that, with the South Pond Copper Deposit, presents over 2 km strike length of near-surface gold-copper mineralization.

Spruce Ridge will pay $390,000.00 plus issue 200,000 common shares and 300,000 Warrants. Pavey Ark acknowledges the receipt of $25,000 deposit from Spruce Ridge, which Pavey Ark shall apply to payment on account of the purchase price with the balance of $365,000 as a non-convertible loan, with principal and interest at 8% (annually) amortized over 36 months with payments starting August 2015. Pavey Ark will retain a 0.5% Net Smelter Royalty on any production from Mining Lease ML211 and that part of Exploration Licence 21732M that was part of former Exploration Licence 10210M; and a 2% net smelter royalty on any production from the Mineral Exploration Licenses numbered 6682M, 6683M, 9881M, 20961M and that part of 21732M that was not part of former Exploration Licence 10210M. In the event that the loan is paid in full prior to December 31, 2015, the 2% net smelter royalty on and production from the Mineral Exploration Licenses numbered 6682M, 6683M, 9881M, 20961M and that part of 21732M that was not part of former Exploration Licence 10210M will be reduced to 1.5%.

The 200,000 common shares will have a deemed value of $10,000 or $0.05 per share and will be subject to a four month hold from the date of issue. The 300,000 warrants will have an exercise price of $0.10 per common share for a period of five years from the date of issue. The Warrants are subject to the right of the Company to accelerate the exercise period. If after four months and one day from the issuance of the Warrants, common shares of the Company trade at or above CDN $0.15 for a period of 20 consecutive trading days, the Company may notify the warrant holder to exercise the Warrants at a date no later than 30 calendar days after this notification date or forfeit any unexercised warrants at that time.

John Ryan, president and CEO of Spruce Ridge stated that, "*in the present mining market where so many junior resource companies are unable to raise capital, Spruce Ridge has determined that, in order to attract future investment, it needs projects that show potential for cash flow in the near-to medium-term without requiring massive investment in infrastructure. The Great Burnt property offers near-surface indicated and inferred mineral resources that appear to meet these criteria. Spruce Ridge intends to aggressively advance the project along the path recommended in P&E's 43-101 report, with the objective of working towards a possible production situation, subject to financing*."

Shares for Debt

Subject to TSX Venture Exchange approval, the Company will undertake an exchange of existing debt in the amount of $200,000 for 4,000,000 common shares at a deemed price of $0.05 per share to a "non-arm's length" individual, John Ryan, President and Chief Executive Officer of the Company. Mr. Ryan has loaned the Company a total of $424,392 as at the date of this press release pursuant to a non-interest bearing loan which has no set terms of repayment. Pursuant to this debt settlement, the outstanding amount of this loan will be reduced to $224,392, and John Ryan will hold a total of 8,229,722 shares inclusive of the debt settlement shares representing ownership of 15.3% of the 53,716,122 shares of the Company which will be outstanding upon completion of the debt settlement. John Ryan currently owns 4,229,722 shares of the Company and the Company currently has 49,716,122 shares issued and outstanding.

The disinterested directors of the Company have approved this debt settlement and it is subject to Exchange approval. The securities to be issued will be subject to a hold period of four months and one day.

The participation in the debt settlement by a "related party" of the Company, namely, John Ryan, President and Chief Executive Officer, who is an insider of the Company, constitutes a "related party transaction" as such term is defined by Multilateral Instrument 61-101- Protection of Minority Security Holders in Special Transactions ("MI 61-101"), requiring the Company, in the absence of exemptions, to obtain a formal valuation for, and minority shareholder approval of, the "related party transaction". The Company is relying on the exemptions from the formal valuation and minority approval requirements of MI 61-101 pursuant to which a formal valuation and minority approval are not required in the event that at the time the transaction is agreed to, neither the fair market value of the subject matter of, nor the fair market value of the consideration for, the transaction, insofar as it involves interested parties, exceeds 25 per cent of the Company's market capitalization.

For the purposes of National Instrument 62-103 early warning reporting, the address of Mr. John Ryan is 7735 Leslie Road West, Puslinch, ON N0B 2J0. Prior to the debt settlement, John Ryan held 4,229,722 shares and 500,000 management incentive options. Upon completion of the debt settlement, John Ryan will own 8,229,722 Common Shares representing approximately 15.3% of the 53,716,122 common shares issued and outstanding after the debt settlement, and approximately 16.1% of the issued and outstanding common shares if John Ryan exercises the 500,000 management incentive options held by him. Mr. Ryan acquired the common shares for investment purposes, and has no current intention to increase the beneficial ownership of, or control or direction over, securities of the Company.

SELECTED ANNUAL INFORMATION

The following table sets forth a summary of the financial results for the years ended April 30, 2015, 2014 and 2013:

Years ended April 30 (CDN $)	**2015**	**2014**	**2013**
Interest income	Nil	Nil	Nil
Net Loss and Comprehensive Loss	$95,241	$826,984	$1,434,784
Basic Income (Loss) per share	($0.002)	($0.018)	($0.039)
Total assets	$1,330,972	$1,360,040	$1,613,246

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 July 31, 2015, Spruce had rental income of $1,650 and a loss of $22,456 respectively (2014 – rental income was $5,550 and a loss of $15,141). Exploration expenses were $2,500 (2014 - $1,575).

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 July 31, 2015, Spruce reported total general and administrative expenses (“G&A”) of $20,128 (2014 - $20,340).

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

Period ended July 31	2015	2014
	$	$
Management fee	9,000	9,000
Amortization	3,837	4,602
Professional fees	5,250	4,500
Filing fees	-	-
Office and general	46	809
Property expenses	1,337	481
Travel	45	64
Investor and shareholder relations	613	884
	20,128	20,340

Overall general and administrative expenses decreased slightly from the prior period.

As at July 31, 2015 investments in securities available for sale was composed of:

July 31, 2015	Number of Shares	Cost	Fair Value
Cash			$79
Cerro Grande Mining Corp	26,150	20,593	392
Delta Uranium	400,000	19,000	-
Firstgold Corp	260,000	72,650	-
Poet Technologies	2,120	1,908	2,629
Scorpio Mining Inc.	33,600	63,763	6,216
		$177,914	**$9,317**

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 July 31, 2015 the Company recorded unrealized loss on securities of $1,478 compared to an unrealized gain of $1,224 for the period ended July 31, 2014. This unrealized gain is included in other income.

EXPENDITURES ON RESOURCE PROPERTIES

The company paid $2,500 to assess the high grade gold resource on the Viking gold property, specifically the Thor high grade vein.

SELECTED QUARTERLY INFORMATION

	QUARTER ENDED			
	31-Jul 2015	30-Apr 2015	31-Jan 2015	31-Oct 2014
Total assets	1,347,919	1,330,972	1,302,255	1,306,831
Mineral properties	1,129,550	1,129,550	1,129,550	1,129,550
Working capital (deficiency)	(511,105)	(492,488)	(467,412)	(449,847)
Shareholders' equity	762,240	784,695	814,373	836,540
Comprehensive income (loss)	(22,456)	(29,678)	(22,166)	(28,256)
Income (Loss) per share	(0.000)	(0.001)	(0.000)	(0.001)

	QUARTER ENDED			
	31-Jul 2014	30-Apr 2014	31-Jan 2014	31-Oct 2013
Total assets	1,317,395	1,360,040	1,784,480	1,467,322
Mineral properties	1,129,550	1,129,550	1,532,513	1,182,513
Working capital	(426,193)	(415,654)	(577,111)	(301,798)
Shareholders' equity	864,796	879,936	1,127,402	1,058,676
Comprehensive Income (Loss)	(15,141)	(322,945)	(231,027)	(161,634)
Income (Loss) per share	(0.000)	(0.007)	(0.005)	(0.004)

LIQUIDITY & FINANCING

The Company had a working capital deficiency of $511,105 as at July 31, 2015 (April 30, 2015 - working capital deficiency was $492,488). 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 $493,174.

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 July 31, 2015, the Company has incurred $2,500 on exploration expenses.

SHARE CAPITAL

Issued and outstanding: July 31, 2015 – 49,716,122;
Issued and outstanding: September 28, 2015 (date of this report) – 49,716,122

Warrants outstanding: July 31, 2015 – Nil
Warrants outstanding: September 28, 2015 – Nil

Options outstanding: July 31, 2015 – 1,650,000
Options outstanding: September 28, 2015 – 1,650,000

RELATED PARTY TRANSACTIONS

No director fees have been paid to directors.

As at July 31, 2015, $9,000 (April 30, 2015 - $36,000) was accrued and or charged to a company controlled by the President of the Company for management and accounting services, with $33,900 (April 30, 2015 - $33,900) remaining in accounts payable and $45,000 (April 30, 2015 - $36,000) remaining in accrued expenses as at July 31, 2015.

The amount due to director as at July 31, 2015 is $384,579 (April 30, 2015 - $397,989). The loan is non-interest bearing and has no set terms of repayment.

OFF-BALANCE SHEET TRANSACTIONS

As at July 31, 2015, 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.

Future Accounting Changes

The following has not yet been adopted and is being evaluated to determine its impact on the Company.

(i) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing the impact of this pronouncement.

(ii) IFRS 11 – Joint Arrangements ("IFRS 11") was amended in May 2014 to require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

(iii) IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.

OUTLOOK

A final agreement on the acquisition of the Great Burnt Copper Property in Central Newfoundland is expected on or before September 30, 2015. The Company plans an extensive exploration program which will include re-assaying existing drill core for gold at the South Pond Copper Deposit, 600 m of diamond drilling to test priority targets, initial metallurgical test work, and a preliminary economic analysis (PEA) to evaluate developing a surface starter pit and underground mining operation on the Property.

The company is also considering optioning or selling the Viking/Kramer gold property in Western Newfoundland.

John Ryan, CGA
Chief Executive Officer
September 28, 2015