Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Months Ended October 31, 2020

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, 2020. The MD&A of the operating results and financial condition of the Company for the period ended October 31, 2020 should be read in conjunction with the audited financial statements of the Company, including the notes thereto, for the year ended April 30, 2020 and April 30, 2019 which are prepared in accordance with International Financial Reporting Standards ("IFRS") for audited financial statements, and the annual MD&A for the period ended April 30, 2020. 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.

As at October 31, 2020, 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 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, 2020. At October 31, 2020, the Company has not generated any revenues from operations, has retained earnings of $2,748,784 (April 30, 2020 - $4,211,378) and has working capital of $9,189,236 (April 30, 2020 - working capital deficiency $350,100). The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development.

The Financial Statements were approved for issuance by the Company's Board of Directors on December 30, 2020.

DEVELOPMENTS DURING AND SUBSEQUENT TO PERIOD ENDED OCTOBER 31, 2020

On June 23, 2020 the Company announced that its board of directors declared a dividend-in-kind (the "**Dividend**") of 2,500,000 of the 10,600,000 common shares of Canada Nickel Company Inc. (TSXV: CNC) ("**CNC Shares**") held by Spruce Ridge. The holders of record of Spruce Ridge shares at the close of business on July 6, 2020 (the "**Record Date**") will receive the stock dividend in September 2020.

The CNC Shares were acquired by Spruce Ridge in connection with the previously announced sale of its interest in the Crawford Nickel-Cobalt Sulphide project, details of which are contained in the Company's previous news releases issued on October 1, 2019 and February 19, 2020, and are subject to escrow in accordance with the rules and policies of the TSX Venture Exchange (the "**Exchange**").

The Dividend will be distributed on a pro rata basis. No fractional shares or cash in lieu thereof (or any other form of payment) will be payable under the Dividend. Any fractional interests in CNC Shares under the Dividend will be rounded up or down to the nearest whole number of shares. Based upon the number of common shares of Spruce Ridge ("**Spruce Ridge Shares**") currently outstanding, and ignoring the effect of rounding for fractional interests, one (1) CNC Share will be paid under the Dividend for every 45.36 Spruce Ridge Shares held on the Record Date. Spruce warrant-holders who deliver complete exercise packages of their warrants no later than 5:00 p.m. on July 6, 2020 will be entitled to participate in the distribution.

Shareholders should note that after the distribution of Canada Nickel shares to Spruce Ridge shareholders, **Spruce Ridge will continue to hold 8,100,000 Canada Nickel shares**.

On June 26, 2020 the Company announced an update on the Company's mineral exploration activities.

Additional Infill Drilling on the Great Burnt Copper Deposit: The Company is planning to immediately commence a 3,000 metre program of infill diamond drilling on the Great Burnt Copper Deposit in central Newfoundland. The program is intended to firm up the Indicated and Inferred Mineral Resource estimate on the deposit.

Previous infill drilling campaigns on the Great Burnt Copper Deposit in 2016 and 2018 resulted in an increase in the Inferred Mineral Resource from 382,000 tonnes of 2.68% Cu to 550,000 tonnes of 2.66% Cu **(a 41 percent increase in contained copper from 23.0 to 32.3 million pounds)**. The Inferred Mineral Resource decreased by 11 percent from 34.2 to 30.4 million pounds of contained copper with a modest increase in grade (from 663,000 tonnes of 2.31% Cu to 572,000 tonnes of 2.41% Cu).

The increase in tonnes and copper content of the Inferred Mineral Resource is due to (a) 91,000 tonnes having been upgraded from Indicated to Inferred Mineral Resource, (b) **infill drill holes intersecting greater widths and higher copper grades than nearby historical holes** and (c) reducing the cutoff grade from 1.0% Cu to 0.9% Cu without significant reduction in average grade, because of the higher grades in 2016-2018 drilling. It is conjectured that some of the 1960s-era drill holes at Great Burnt, which used mostly EX drill core (22 mm diameter) as well as "standard" (i.e. non-wireline) drilling may have failed to recover portions of the sulphide zone, which could have been susceptible to grinding and core loss. Management anticipates that additional infill drilling with NQ core (47 mm diameter) and wireline technology could result in a further increase in Mineral Resource estimates for the Great Burnt Copper Deposit, as well as moving more Mineral Resources from the Inferred to the Indicated category.

Planned Drilling on the South Pond Copper-Gold Deposits: The infill drilling at Great Burnt will be carried out under an existing exploration permit. The Company is applying for a new exploration permit to make an 11-kilometre access trail from the Great Burnt copper deposit (which is road-accessible) to the South Pond area, and to perform additional diamond drilling on the South Pond "A" copper-gold deposit (discovered in the 1950s and drilled in the 1960s by Asarco) and the South Pond "B" gold deposit, which was discovered by BP Minerals in 1988. The South Pond "B" gold deposit was also drilled by Celtic Minerals in 2001-2002. Both BP Minerals and Spruce Ridge have re-sampled core from the historic drilling of the South Pond "A" copper-gold deposit and assayed it for gold. This has allowed estimation of copper-gold Mineral Resources at South Pond "A". A table of the 2019 revised Mineral Resource estimates is given at the end of this news release.

Results of the Airborne EM and Mag survey of the Great Burnt–South Pond Area: The company has received preliminary results from a recent helicopter-borne electromagnetic and magnetic survey of the whole Great Burnt-South Pond property (see news release 2020-01, February 17th, 2020). The 2020 survey, using the Triumph AirTEM™ time-domain electromagnetic system has shown more low-conductive responses than a 2007 survey. This is an important development because the Great Burnt copper deposit gives a low-conductivity response, even though it is a massive sulphide deposit. The Company expects to receive final results from the survey shortly, and anticipates that they may give additional, previously unknown, exploration targets.

Future Plans for the Great Burnt-South Pond project: The Company intends to carry out preliminary metallurgical testing on archived drill core from the Great Burnt Copper Deposit (vacuum-packed and stored in a freezer to prevent oxidation of the sulphide minerals, which can suppress their flotation responses). This will lead to a Preliminary Economic Assessment (PEA) to determine the viability of mining the deposit.

Exploration in Northern Ontario: Following the completion of the acquisition of the Crawford Nickel property by Canada Nickel Company (TSX-V: CNC) from Spruce Ridge and Noble Mineral Exploration Ltd. (TSX-V: NOB) – see news releases February 19, 2020, Spruce Ridge retained ground which includes a number of geophysically defined targets with potential for volcanogenic massive sulphide (VMS) and gold mineralization. Proximity to Glencore's Kidd Creek zinc-copper-silver mine, one of the world's largest VMS deposits at 100 million tonnes plus enhances the prospectivity of the Crawford Township area. Management intends to embark on an aggressive exploration program at Crawford.

John A. Ryan, CEO of Spruce Ridge, stated that "the successful conclusion of our drilling at the Crawford Nickel Deposit, and disposition of the Crawford property to Canada Nickel, has given Spruce Ridge the funds to carry out an aggressive exploration program in Newfoundland and Northern Ontario."

On September 14, 2020 the Company has completed the distribution of 2,500,000 common shares of Canada Nickel Company to its shareholders as a direct deposit to their broker accounts or by Direct Registration Statement. Following completion of the share distribution, Spruce Ridge now owns 8,100,000 shares of CNC.

On September 15, 2020 the Company announced that effective September 8, 2020 it has entered into Amended Option Agreements (the "Agreements") with Magna Terra Minerals Inc. ("Magna Terra") for both the Viking and Kramer Properties ("Viking", "Kramer" or the "Properties") situated near the communities of Pollard's Point and Sop's Arm in White Bay, Newfoundland. The original Option Agreements for the Properties were entered into on February 5, 2016 between Spruce Ridge and Anaconda Mining Inc. ("Anaconda") (See Spruce Ridge News Release dated February 10, 2016). On December 5, 2019 Anaconda assigned its interest in and to the Agreements to a wholly owned subsidiary company – 2647102 Ontario Inc. On August 12, 2020, Magna Terra completed the acquisition of 2647102 Ontario Inc. from Anaconda, and thus took over ownership of the Agreements.

The Viking and Kramer Properties form part of the larger Viking and Great Northern Projects. Magna Terra has recently initiated a systematic exploration program at Viking and Great Northern focussed on expanding zones of known gold mineralization.

Option Details

Magna Terra can earn a 100% interest in the Viking and Kramer Projects by paying Spruce Ridge a total of $300,000 over 4 payment periods ending February 15, 2023. At Magna Terra's election up to half (50%) of the payments can be made via the issuance of Common Share Units (the "Units"). Pricing of the units will be calculated using the 20 day volume weighted average price ("VWAP") of Magna Terra's common shares on the TSX Venture Exchange immediately prior to the payment date. Each Unit will consist of one Common Share and ½ Common Share Purchase Warrant. Each whole warrant will be exercisable at a 50% premium to the Common Share VWAP, for a period of 2 years from the payment date. The warrant exercise price will not be less than the market price of the common shares at the time of issuance. The maximum number of Units issuable by Magna Terra is 740,742. Further, Spruce Ridge is entitled to a 0.5% uncapped NSR on all minerals sales from the Viking Property, and a 2.0% NSR on all mineral sales from the Kramer Property, which is capped at $2,500,000, after which the NSR will be reduced to 1.0%. The Agreements and any securities issuable per the agreements, are subject to TSX Venture Exchange approval.

On September 18, 2020 the Company announced that diamond drilling will begin next week on its 100% owned Great Burnt copper-gold Volcanogenic Massive Sulphide (VMS) property in South Central Newfoundland. The drill program will comprise approximately 3,500 metres.

Highlights from the 2018 infill drilling on the Great Burnt Main Zone include 20.94 metres of 6.21% copper (Cu), including 6.98 metres of 10.71% Cu in dill hole GB18-05 and 9.97 metres of 7.45% (Cu), including a 5.03 metre section grading 11.42% Cu in drill hole GB18-06. Much of the historical drilling was carried out on sections with a regular 61- metre (200 feet) spacing. GB18-05 and GB19-06 was drilled to test the zone between two sections where there had been no previous infill drilling.

The 2020 drilling program will focus on additional drilling, both on and between the original section lines. The1960s-era historical drilling used mostly EX drill core (22 mm diameter) as well as "standard" (i.e. non-wireline) drilling which may have failed to recover portions of the sulphide zone, potentially leading to grinding and core loss. Management anticipates that additional infill drilling with NQ core (47 mm diameter) and wireline technology could result in a further increase in Mineral Resource estimates for the Great Burnt Copper Deposit, as well as moving more Mineral Resources from the Inferred to the Indicated category.

Acknowledgments

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

On December 21, 2020 the Company announced the completion of a 22-hole, 3100-metre program of infill diamond drilling on its wholly-owned Great Burnt copper deposit in central Newfoundland. Core from drill hole **GB20-05** was selected for assaying on a priority basis because it included sections of unusually high grade copper mineralization. The hole intersected **27.2 metres averaging 8.02% Cu, including 7.75 metres of 16.88% Cu, which in turn included 2.0 metres of 21.25% Cu**.

Core from drill hole GB20-20 was also selected for assaying on a priority basis because it includes sections of high grade copper mineralization over 20.65 metres.

The following table gives the intervals for the copper grade averages, plus the zinc and gold values associated with the copper intersections. True widths are estimated to be about 60 percent of the core lengths:

AVERAGE ASSAYS, DRILL HOLE GB20-05					
From (m)	**To (m)**	**Core Length**	**Cu (%)**	**Zn (%)**	**Au (g/t)**
161.9	**189.1**	**27.2 m**	**8.02% Cu**	**0.32% Zn**	**0.07 g/t Au**
171.85	**179.60**	**7.75 m**	**16.88% Cu**	**0.74% Zn**	**0.12 g/t Au**
174.85	**176.85**	**2.00 m**	**21.25% Cu**	**0.91% Zn**	**0.19 g/t Au**

Assays were performed at Eastern Analytical Ltd. in Springdale, NL. Eastern Analytical is a Canadian-owned assay laboratory with ISO 17025 accreditation.

On December 24, 2020 the Company announced assay results of a second hole - GB20-20 - of the recently completed 3,100-metre infill drilling program of the Great Burnt Main Zone copper deposit on the wholly-owned Great Burnt project in central Newfoundland. Hole GB20-20, like hole GB20-05 (see news release of December 21st), was selected for rush assaying because of the presence of massive to semi-massive chalcopyrite. The averages for GB20-20 are: **22.75 metres of 6.89% Cu, 0.79% Zn and 0.05 g/t Au, including 12.55 metres of 10.59% Cu, 1.27% Zn and 0.07 g/t Au, which in turn included 1.50 metres of 18.15% Cu, 1.98% Zn and 0.04 g/t Au.** The GB20-20 intercept is 187 metres north and 108 metres higher than the previously reported intercept in hole GB20-05.

The zinc assays from GB20-20, although on the low side for VMS mineralization, are also unusually high for this deposit. Most of the 1960s-vintage drill holes were not assayed for zinc, and there are insufficient recent (post-2001) drill holes to estimate an overall zinc grade distribution. True widths for this drill hole are estimated at between 50% and 60% of the core lengths.

The following table gives the intervals for the copper grade averages, plus the zinc and gold values associated with the copper intersections in GB20-20:

Hole No.	**From (m)**	**Io (m)**	**Length (m)**	**Cu (%)**	**Zn (%)**	**Au (g/t)**
GB20-20	**64.20**	**86.95**	**22.75**	**6.89% Cu**	**0.79% Zn**	**0.05 g/t Au**
includes	**73.40**	**85.95**	**12.55**	**10.59% Cu**	**1.27% Zn**	**0.07 g/t Au**
includes	**84.45**	**85.85**	**1.50**	**18.15% Cu**	**1.98% Zn**	**0.04 g/t Au**

SELECTED ANNUAL INFORMATION

The following table sets forth a summary of the financial results for the years ended April 30, 2020, 2019 and 2018:

Years ended April 30 (CDN $)	**2020**	**2019**	**2019**
Interest income	Nil	Nil	Nil
Net Income (Loss) and Comprehensive Income (Loss)	$8,613,864	($603,577)	($209,089)
Basic Income (Loss) per share	$0.088	($0.007)	($0.003)
Total assets	$11,845,117	$1,915,651	$1,486,626

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. For the period ended October 31, 2020, Spruce had a fair value adjustment of $13,152,188 on marketable securities, $49,099 on gain on sale of marketable securities and rental income of $9,600. Spruce had net income of $14,993,694. Owning 8,100,000 shares of Canada Nickel accounted for this net income. The value of Canada Nickel shares as at October 31, 2020 was $2.03 per share. For the same period as at October 31, 2019 Spruce had a loss of $178,230.

The Company incurred $211,975 in exploration expenses (2019 – $77,700).

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, 2020, Spruce reported total general and administrative expenses (“G&A”) of $151,570 (2019 - $73,237).

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

Period ended October 31	2020 $	2019 $
Management fee	60,000	35,000
Amortization	2,840	3,469
Professional fees	21,723	12,000
Filing fees	9,232	11,323
Office and general	331	1,585
Property expenses	5,320	5,581
Investor and shareholder relations	44,046	4,279
	143,492	73,237

Overall general and administrative expenses increased $70,255. Management fees, professional fees and investor and shareholder accounted for most of this increase.

As at October 31, 2020 investments in securities available for sale was composed of:

31-Oct-20	**Number of Shares**	**Cost**	**Short Term FV Adjustment**	**Long Term FV Adjustment**	**Fair Value**
Cash					$154
Canada Nickel Company	3,000,000	750,000	5,340,000		6,090,000
Canada Nickel Company	4,500,000	1,125,000	-	8,010,000	9,135,000
Canada Nickel Company	600,000	264,000	954,000	-	1,218,000
Noble Mineral Exploration	10,000,000	800,000	50,000	-	850,000
Magna Terra Minerals Inc.	76,126	25,000	(7.491)	-	17,509
Cerro Grande Mining Corp.	26,150	20,593	(20,520)	-	523
		2,984,593	6,315,989	8,010,000	**$17,311,186**

30-Apr-20	Number of Shares	Cost	FV Adjustment	FV Adjustment	Fair Value
Cash	-	-	-	-	$23
Canada Nickel Company	4,000,000	1,000,000	2,400,000		3,400,000
Canada Nickel Company	6,000,000	1,500,000	-	3,600,000	5,100,000
Canada Nickel Company	674,774	296,901	276,657	-	573,558
Noble Mineral Exploration	10,000,000	800,000	(100,000)	-	700,000
Cerro Grande Mining Corp.	26,150	20,593	-	-	131
		3,617,494	2,576,657	3,600,000	**9,773,712**

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.

EXPENDITURES ON RESOURCE PROPERTIES

A summary of exploration expenditures incurred for the period ended October 31, 2020 are as follows:

As at October 31, 2020	Acquisition costs			
	Opening May 1, 2020	Additions (Write downs)	Adjustment	Closing October 31, 2020
	$	$	$	$
Nora Lake	7,500	-	-	7,500
Viking/Kramer	922,500	-	(50,000)	872,500
Great Burnt Copper / Gold	376,297	20,295	-	396,592
	1,306,297	20,295	(50,000)	1,276,592

SELECTED QUARTERLY INFORMATION

	QUARTER ENDED			
	31-Oct 2020	31-Jul 2020	30-Apr 2020	31-Jan 2020
Total assets	19,872,574	27,961,031	11,845,117	2,068,872
Mineral properties	1,276,592	1,326,592	1,306,297	1,870,587
Working capital (deficiency)	9,189,236	12,803,848	10,065,186	(602,768)
Shareholders' equity	19,685,065	27,716,097	11,458,560	1,356,630
Comprehensive Income (loss)	12,842,300	14,993,694	8,898,179	(106,085)
Income (loss) per share	(0.002)	0.126	0.091	(0.001)

	QUARTER ENDED			
	31-Oct 2019	31-Jul 2019	30-Apr 2019	31-Jan 2019
Total assets	2,057,194	2,055,564	1,915,651	2,020,075
Mineral properties	1,870,587	1,870,587	1,630,606	1,687,627
Working capital (deficiency)	(498,418)	(398,684)	(350,100)	(397,060)
Shareholders' equity	1,462,715	1,564,184	1,374,521	1,386,526
Comprehensive Loss	(101,469)	(76,761)	(73,853)	(412,371)
Loss per share	(0.001)	(0.001)	(0.001)	(0.004)

LIQUIDITY & FINANCING

The Company had working capital of $9,189,236 as at October 31, 2020 (April 30, 2020 - working capital was $10,065,186). Expenses will be paid either from the sale of company assets and or non-interest bearing loans by the President.

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, 2020, the Company has incurred $211,975 on exploration expenses.

SHARE CAPITAL

Issued and outstanding: October 31, 2020 – 134,348,622
Issued and outstanding: December 30, 2020 – 134,348,622

Warrants outstanding: October 31, 2020 – 31,077,500
Warrants outstanding: December 30, 2020 – 31,427,500 (50,000 broker warrants were exercised)

Options outstanding: October 31, 2020 – 1,900,000
Options outstanding: December 30, 2020 – 1,900,000

RELATED PARTY TRANSACTIONS

No director fees have been paid to directors.

As at October 31, 2020, $30,000 (April 30, 2020 - $60,000) was paid to a company controlled by the President of the Company for management and accounting services. Balance in accounts payable is $Nil (April 30, 2020 – $Nil).

As at October 31, 2020, $23,405 (April 30, 2020 - $10,518) was paid to the Vice President of Exploration for geological services, with $Nil (April 30, 2020 - Nil) remaining in accounts payable.

OFF-BALANCE SHEET TRANSACTIONS

As at October 31, 2020, 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 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 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.

Application of new International Financial Reporting Standards ("IFRS")

The following standards were adopted on May 1, 2018:

IFRS 9 Financial Instruments ("IFRS 9"): This standard replaced IAS 39 Financial Instruments: Recognition and Measurement. This standard sets out revised guidance for classifying and measuring financial assets and liabilities and introduces a new expected credit loss model for calculating impairment of financial assets and includes a reformed approach to hedge accounting. The standard also requires that when financial liabilities measured at amortized cost are modified or exchanged, and where such modification or exchange does not result in derecognition, that the adjustment to the amortized cost of the financial liability be recognized in profit or loss.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which the assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 contains two principal classification categories for financial liabilities: amortized cost and fair value through profit or loss (FVTPL).

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies for financial instruments. There were no financial assets or financial liabilities that were subject to reclassification, or to which the company elected to reclassify, upon adoption of IFRS 9.

IFRS 15 Revenue from Contracts with Customers ("IFRS 15"): Under the standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods and services. In addition, the standard requires disclosure of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Since the company has no revenues, the application of this new standard had no impact on the reported results. There was no impact on the cash flows from operating activities as a result of adopting this standard.

OUTLOOK

Great Burnt Copper/Gold Property – Central Newfoundland

Plans for the advancement of the Great Burnt project are two-fold:

- The Company has a large and underexplored land position. The MAG/EM survey that was done this year has identified a number of targets for copper and gold. Additional diamond drilling is planned in 2021 to test these targets. The Great Burnt deposit has an Indicated Mineral Resource of 550,000 tonnes grading 2.66% Cu, plus an Inferred Mineral Resource of 572,000 tonnes grading 2.41% Cu.

- Metallurgical testing, using quartered core from the 2020 drill program. The mineralogy of the Great Burnt copper deposit is simple, and no major obstacles to the development of a satisfactory metallurgical process are anticipated. This work will be followed by a Preliminary Economic Analysis (PEA) of a potential mining operation.

Additionally, the Company plans further exploration on the 12-kilometre long Great Burnt property, which includes the South Pond “A” Zone with an Indicated Mineral Resource of 219,000 tonnes grading 1.26% Cu and 1.01 g/t Au, plus an Inferred Mineral Resource of 203,000 tonnes of 1.09% Cu and 0.98 g/t Au. The 1,100-metre long South Pond “B” zone comprises only gold mineralization with drill intercepts of up to 4.75 g/t Au over 4.33 metres (true width 3.0 metres) and 1.16 g/t Au over 28 metres (true width approximately 25 metres). Both zones are open at depth.

A prime target area for future exploration is the “End Zone” which lies midway between the Great Burnt copper deposit and the South Pond “B” zone. Previous work at the End Zone located a cluster of mineralized boulders assaying up to 13% Cu, whose source has not been identified.

At present there is no overland access route to the South Pond area and the End Zone. The company has a permit to make an access trail from the Great Burnt copper deposit to South Pond. Approximately 4.0 kilometres of this trail have already been constructed during the 2020 drill program.

John Ryan, CPA, CGA
Chief Executive Officer
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