

# Spruce Ridge Resources Ltd.

7735 Leslie Road West, Puslinch, ON N0B 2J0  
Telephone (519) 822-5904

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## **Spruce Ridge Oil & Gas Partners with Local Operator to Upgrade Saskatchewan Oil Production**

Spruce Ridge Resources Ltd. (TSX-V: SHL) (“Spruce Ridge” or the “Company”) is pleased to announce that Spruce Ridge Oil & Gas Inc. a 100% owned subsidiary has signed a Letter of Intent with Original Oil Inc. (“OOI”), under which OOI will acquire 50% of the 4-section (≈ 1,036 hectares) lease near Unity, Saskatchewan, and 10 oil wells (of which 8 are now shut in) held by Spruce Ridge Oil & Gas Inc. (“SRO&G”). OOI is a Lloydminster-based, seasoned, successful oilfield operator in the area. OOI will become the operator and, at its own expense, will repair and rehabilitate all of the shut-in Unity wells with a view to reducing the high level of water incursion that has been an ongoing problem for SRO&G. Highlights of the agreement are:

- As part of the agreement, OOI will assume liability for closure, and SRO&G will be able to claim a refund of the \$554,630 security deposit that it paid under the Saskatchewan LLR program when it originally acquired the Unity leases;
- OOI will use its experience, local expertise and local connections to service, repair and rehabilitate all 8 of the shut-in wells at its own expense. These expenses will be paid back from Monthly Net Revenue (MNR) generated from these wells;
- OOI will pay SRO&G \$250,000, to be paid by dividing Monthly Net Revenue (MNR) 75% to SRO&G and 25% to OOI, until SRO&G is paid out, after which MNR will be divided 50/50.

John Ryan, CEO of Spruce Ridge, stated “by partnering with Original Oil we will benefit from its experience in low-cost, efficient oil production. We fully expect that the partnership will turn an underperforming asset into a source of significant cash flow for years to come.”

Dustin Newman, P.Eng., President of Original Oil Inc., stated “The Spruce Ridge oil play at Unity Saskatchewan is an oil play that shows upside for oil production with low operating costs. The oil play in the Upper McLaren formation watered out prematurely and with its years of experience solving problems in heavy oil, Original Oil is confident that the water problem can be economically solved and higher oil production resumed. With the oil wells flowlined into a central disposal well, a main cost driver in oil production, water hauling and disposal is eliminated. Another main cost driver, propane costs, are also eliminated with the play since gas wells are tied into the oil wells, providing the fuel necessary to run the play.”

The Unity operation also includes a water disposal well and ten shut-in gas wells. The gas wells have no access to market as are lined into Repsol’s compressor, currently idle and awaiting higher gas prices. However, OOI’s plan is to use our own gas to fuel the oil production, keeping our energy cost to a minimum. OOI will pay SRO&G \$1.00 per cubic metre to dispose of water from its other operations.

### **About Original Oil Inc.**

Original Oil is a private junior oil producer in the Lloydminster, Saskatchewan Area. Using local expertise in heavy oil production, Original Oil was founded in 2015, acquired land positions for future drilling and suspended oil wells. Original Oil reactivated and increased oil production from the shut in wells to a high of 180 bbls/day in 2017. Original Oil survived the low and negative oil prices in 2018 – 2020, through low cost production and maintaining strong relationships in the heavy oil service industry. Original Oil has emerged from the low price environment with wells and land to reactivate and grow the company further.

## **About Spruce Ridge Resources Ltd.**

Spruce Ridge holds a 100% interest in 26,640 hectares in Central Newfoundland, including:

- the 2,890-hectare Great Burnt VMS copper-gold property;
- the 4,575-hectare Pipestone nickel prospect and;
- the 19,175-hectare Foggy Pond property

Spruce Ridge currently holds 5,767,495 shares of Canada Nickel Company Inc. and 10,000,000 shares of Noble Mineral Exploration Inc.

For further information please contact:

John Ryan, President and CEO  
Spruce Ridge Resources Ltd.  
Phone: 519-822-5904  
Email: [spruceridgeresources@gmail.com](mailto:spruceridgeresources@gmail.com)

## **Forward-Looking Statements**

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