



SPRUCE RIDGE RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED JANUARY 31, 2023

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)
As at January 31, 2023

	Notes	January 31, 2023 \$	April 30, 2022 \$
Assets			
Current			
Cash		532,736	713,701
Accounts receivable	3	368,656	309,856
Miscellaneous receivable	4	631,030	666,729
Marketable securities – short term	5	7,564,835	6,735,847
Prepaid expenses	6	38,765	17,669
		9,136,022	8,443,802
Marketable securities – long term	5	2,460,000	6,600,000
Exploration and evaluation assets	7	757,397	757,397
Property and equipment, net	10	153,746	371,136
Security deposits	9	108,526	663,156
Total Assets		12,615,691	16,835,491
Liabilities			
Current			
Accounts payable and accrued liabilities	11	160,606	319,411
CEBA loan	12	60,000	60,000
		220,606	379,411
Reclamation liability	13	-	232,814
Total Liabilities		220,606	612,225
Shareholders' Equity			
Share capital	12(a)	17,430,583	17,430,583
Warrants	12(b)	10,479	35,729
Contributed surplus	12(c)	3,267,169	3,268,797
Dividends Canada Nickel Shares		-	(11,314,369)
Retained earnings		(8,313,146)	6,802,526
Total Shareholders' Equity		12,395,085	16,223,266
Total Liabilities and Shareholders' Equity		12,615,691	16,835,491

Nature of operations and going concern

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars)
For the nine months ended January 31, 2023 and 2022

	Notes	Three months ended		Nine months ended	
		January 31, 2023	January 31, 2022 (restated)	January 31, 2023	January 31, 2022 (restated)
		\$	\$	\$	\$
Oil and gas revenue	18	-	42,688	59,688	42,688
Oil Expenses					
Accretion	18	2,038	4,745	13,679	14,236
Amortization	18	4,516	6,596	28,262	19,788
Filing fees	18	2,494	3,300	6,914	5,670
Professional fees	18	-	-	-	5,323
Office and general	18	21,225	19	27,197	945
Operator expenses	18	69,210	70,197	214,876	400,237
Royalties	18	-	854	878	854
		99,483	85,711	291,806	447,053
Loss from oil and gas operations		(99,483)	(43,023)	(232,118)	(404,365)
Amortization		4,118	1,420	12,353	5,776
Exploration expenses	8	6,697	625,445	247,495	1,129,300
Filing fees		14,385	1,279	22,813	23,346
Investor and shareholder relations		1,104	7,862	12,452	38,804
Management fee		42,000	45,000	118,000	135,000
Office and general		(218)	534	3,712	821
Professional fees		41,007	7,500	124,835	26,957
Property expenses		11,257	1,947	18,623	10,513
		120,350	690,987	560,282	1,370,517
Net operating loss before other income		(219,833)	(734,010)	(792,400)	(1,774,882)
Gain on foreign exchange		-	-	325	-
Gain on sale of marketable securities		-	6,650,000	-	6,650,000
Gain on sale of Oil & Gas assets		340,706	-	340,706	-
Disposition fee		(75,000)	-	(75,000)	-
Dividend income		-	-	1,862	-
Rental income		3,750	2,550	9,200	13,050
Marketable securities – fair value adjustment		1,217,576	(281,459)	(3,312,873)	(5,491,072)
Net income before income tax		1,267,199	5,637,081	(3,828,181)	(602,904)
Net income (loss) and comprehensive income (loss)		1,267,199	5,637,081	(3,828,181)	(602,904)
Net income (loss) per share		0.01	0.03	(0.02)	(0.00)
Weighted average outstanding shares		180,207,202	179,522,419	180,207,202	172,725,077

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
As at January 31, 2023 and 2022

	Shares Issued	Share Capital \$	Warrants \$	Contributed Surplus \$	Dividend \$	Retained Earnings (restated) \$	Total (restated) \$
Balance, April 30, 2021	154,814,764	14,765,263	867,916	3,271,088	(4,150,000)	17,461,912	33,750,079
Warrants exercised	23,142,438	1,618,342	-	-	-	-	1,618,342
Transfer to contributed surplus on exercise of warrants	-	827,012	(827,012)	-	-	-	-
Warrants expired	-	-	(5,175)	5,175	-	-	-
Options exercised	250,000	12,500	-	-	-	-	12,500
Transfer of contributed surplus on exercise of options	-	7,466	-	(7,466)	-	-	-
Shares issued - Foggy Pond Property	2,000,000	200,000	-	-	-	-	200,000
Income and comprehensive income	-	-	-	-	-	5,637,081	5,637,081
Balance, January 31, 2022	180,207,202	17,430,583	35,729	3,268,797	(4,150,000)	21,376,759	37,961,868
Stock dividend Canada Nickel shares	-	-	-	-	(7,164,369)	-	(7,164,369)
Net loss	-	-	-	-	-	(14,574,233)	(14,574,233)
Balance, April 30, 2022	180,207,202	17,430,583	35,729	3,268,797	(11,314,369)	6,802,526	16,223,266
Warrants expired	-	-	(25,250)	25,250	-	-	-
Options expired	-	-	-	(26,878)	-	26,878	-
Net loss	-	-	-	-	-	(3,828,181)	(3,828,181)
Balance, January 31, 2023	180,207,202	17,430,583	35,729	3,268,797	(11,314,369)	3,001,223	12,395,085

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
As at January 31, 2023 and 2022

	Notes	2023 \$	2022 (restated) (Note 18) \$
Operating activities			
Net income (loss) for the year		(3,828,181)	(602,903)
Add back / deduct non-cash expenses			
Accretion		13,679	14,236
Amortization		40,615	25,564
Stock dividend		(1,862)	-
Marketable securities - fair value adjustment		3,312,874	5,491,072
Gain on sale of marketable securities		-	(6,650,000)
Gain on sale of Oil & Gas assets		(340,706)	-
Total Non-cash (Income) Expenses		3,024,600	1,119,128
Changes in non-cash balances			
Accounts receivable		(58,800)	(9,955)
Security deposits		554,630	(604,485)
Miscellaneous receivable		35,699	(652,812)
Prepaid expenses		(21,096)	13,878
Accounts payable and accrued liabilities		(158,805)	(227,108)
Changes in Operating Activities		351,628	(1,480,482)
Total cash used in operating activities		(451,953)	(3,202,513)
Investing activities			
Purchase of fixed assets		(42,413)	(64,500)
Purchase of exploration and evaluation assets		-	(12,500)
Proceeds from sale of Oil & Gas assets		313,401	-
Total cash provided (used) in investing activities		270,988	(77,000)
Financing activities			
Cash from warrants exercised		-	1,618,342
Cash from options exercised		-	12,500
Total cash provided by financing activities		-	1,630,842
Change in cash		(180,965)	(1,648,671)
Cash (indebtedness) at the beginning of the period		713,701	2,177,837
Cash at the end of the period		532,736	529,166

1. 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 has not yet determined whether these properties contain reserves that are economically recoverable. The Company also has producing oil wells in Unity, Saskatchewan from its wholly owned subsidiary Spruce Ridge Oil & Gas Inc. The Company’s registered head office is located at 18 King Street E, Suite 902, Toronto, ON M5C 1C4

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, 2022. At January 31, 2023, the Company has retained deficit of \$8,313,146 (April 30, 2022 – deficit \$4,511,843) and has working capital of \$8,915,416 (April 30, 2022 - \$8,064,391). 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.

The condensed interim consolidated financial statements of the Company for the period ended January 31, 2023, were authorized for issue in accordance with a resolution of the Board of Directors March 30, 2023.

2. Summary of Significant accounting policies

(a) Basis of presentation and statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB, have been omitted or condensed.

The condensed interim consolidated financial statements of the Company include the accounts of its wholly owned subsidiary Spruce Ridge Oil & Gas Inc. and have been prepared on a historical cost basis. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for the investments which have been measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The condensed interim consolidated financial statements have been prepared on a going concern basis and are presented in Canadian dollars, which is the Company’s functional currency.

The condensed interim consolidated financial statements should be read in conjunction with the most recently annual financial statements of Spruce, which includes information necessary or

2. Summary of Significant accounting policies (continued)

useful to understanding the Company's financial statement presentation. In particular, the Company's significant accounting policies were presented in Note 2 to the consolidated financial statements for the year ended April 30, 2022 and have been consistently applied in the preparation of these condensed interim consolidated financial statements except as described herein.

The operating results for the nine months ended January 31, 2023, are not necessarily indicative of results that may be expected for the full year ended April 30, 2023, due to variation in property expenses and other factors.

3. Accounts Receivable

	31-January-23	30-Apr-22
	\$	\$
HST	59,749	188,221
HST – SRO&G	20,506	16,650
Accounts receivable	288,401	44,985
Grant receivable	-	60,000
Total	368,656	309,856

4. Miscellaneous Receivable

The Company's miscellaneous receivable is due from a former officer and director. This amount is non-interest bearing with no set terms of repayment. At April 30, 2022, an amount of \$416,185 was secured by a pledge of shares held by the former officer and director in another publicly listed corporation.

5. Marketable securities

At January 31, 2023 and April 30, 2022, the Company held marketable securities as follows:

31-January-23	Number of Shares	Cost	Short Term FV Adjustment	Long Term FV Adjustment	Fair Value
Cash					\$ 465
Canada Nickel Company - ST	4,267,495	1,125,000	5,873,692	-	6,998,692
Canada Nickel Company - LT	1,500,000	751,862	-	1,708,138	2,460,000
Noble Mineral Exploration	10,000,000	392,894	157,106	-	550,000
Magna Terra Minerals Inc.	261,312	48,611	(34,239)	-	14,372
Cerro Grande Mining Corp.	261,150	20,593	(19,287)	-	1,306
		2,338,960	5,977,272	1,708,138	\$10,024,835

SPRUCE RIDGE RESOURCES LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
As at January 31, 2023 and 2022

5. Marketable securities (continued)

30-Apr-22	Number of Shares	Cost	Short Term FV Adjustment	Long Term FV Adjustment	Fair Value
Cash					\$465
Canada Nickel Company - ST	2,594,995	1,125,000	4,583,989	-	5,708,989
Canada Nickel Company - LT	3,000,000	750,000	-	5,850,000	6,600,000
Noble Mineral Exploration	10,000,000	800,000	200,000	-	1,000,000
Magna Terra Minerals Inc.	76,126	48,611	(22,480)	-	26,131
Cerro Grande Mining Corp.	261,150	20,593	(20,331)	-	262
		2,744,204	4,741,178	5,850,000	\$13,335,847

The shares of Canada Nickel Company classified as long-term are held in an Escrow account. The shares are released in 6-month intervals.

6. Prepaid expenses

The prepaid expenses and security deposits for the Company are as follows:

	31-January-23	30-Apr-22
	\$	\$
Prepaid expenses	38,765	4,019
Prepaid expenses - SRO&G	-	13,650

SPRUCE RIDGE RESOURCES LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
As at January 31, 2023 and 2022

7. Exploration and evaluation assets

	Nora Lake	Viking/Kramer	Great Burnt Copper/Gold	Foggy Pond	Total
	\$	\$	\$	\$	\$
Balance, April 30, 2021	7,500	797,500	404,992	-	1,209,992
Additions	-	-	-	211,505	211,505
Adjustment	-	-	-	-	-
Balance, January 31, 2022	7,500	797,500	404,992	-	1,421,497
Additions	-	12,500	8,400	-	20,900
Adjustment	-	(75,000)	-	-	(75,000)
Write-downs	-	(610,000)	-	-	(610,000)
Balance, April 30, 2022	7,500	125,000	413,392	211,505	757,397
Additions	-	-	-	-	-
Adjustment	-	-	-	-	-
Write-downs	-	-	-	-	-
Balance, January 31, 2023	7,500	125,000	413,392	211,505	757,397

(a) Crooked Green Property, Pifher Township, Ontario

1% net smelter - The company sold its interest in mining claim units in Pifher Township in 1999 but retained a royalty equal to 1% of the net smelter returns should the property commence commercial production. As at April 30, 2022, commercial production had not commenced.

(b) Nora Lake Property, Ontario

On May 18, 2005, the Company acquired an option to purchase an eighty nine percent (89%) interest in the Nora Lake area, Ontario for consideration of:

- i) 50,000 shares (issued)
- ii) 50,000 shares on the first anniversary (issued)

(c) Viking/Kramer Gold Property, Western Newfoundland

On September 8, 2020 the company entered into an 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.

7. Exploration and evaluation assets (continued)

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%.

Subsequent to April 30, 2022 the agreement was amended such that Magna Terra would issue 2,500,000 common shares to complete their 100% acquisition of the Viking and Kramer projects including the cancellation of the NSR's. As a result of the amended agreement, a \$610,000 write down to the estimated recoverable amount of \$125,000 of the asset was recorded.

(d) Great Burnt Copper/Gold Property, Central Newfoundland

On September 4, 2015 the Company entered into an option agreement to acquire a 100%-undivided interest in the Great Burnt Copper/Gold Property in Central Newfoundland from Pavey Ark Minerals Inc. for \$390,000 and 200,000 common shares and 300,000 warrants. To acquire the 100%-undivided interest the Company is required to,

- i) Make cash payments of \$25,000 (paid);
- ii) Issue 200,000 common shares (issued);
- iii) Issue 300,000 purchase warrants (issued);
- iv)
 - a. 13 monthly principal and interest (8% annual interest) payments of \$11,437.77 (13 payments made);
 - b. 23 monthly principal and interest (8% annual interest) payments of \$8,663.68 (23 payments made);
 - During the 2017 fiscal year, the Company allocated refundable government deposits in the amount of \$58,971 to Pavey Ark. These amounts were refunded directly to Pavey Ark during the 2017 fiscal year;
 - As a result of these amounts refunded, the terms of the commitment were revised from the originally agreed to 36 monthly payments of \$11,437.77.
 - The terms of the agreement were revised reducing the monthly payment amount to \$8,663.68, with no changes to the number of payments.

The Company now owns 100% of the property as all payments have been made.

7. Exploration and evaluation assets (continued)

(d) Foggy Pond Property

On September 14, 2021 the Company acquired 767 claims covering 19,175 hectares of land which are contiguous to the Company's Great Burnt Copper-Gold Property.

Spruce Ridge will pay the vendors staking fees of \$49,855 and will issue 2 million Spruce Ridge shares with the first million shares to be issued upon approval and the second million shares will be issued after receiving the results of a Magnetic Gradiometer survey over the property.

At April 30, 2022, the Company had paid \$49,855 in staking costs and issued 2,000,000 shares valued at \$200,000 to the vendors.

8. Exploration expenses

A summary of exploration expenditures incurred for the nine months ended January 31, 2023 is as follows:

	Great Burnt	Foggy Pond	Pipestone	Totals
	\$	\$	\$	\$
Assays	51,461	-	-	51,461
Drilling	103,262	-	-	103,262
Field Expenses	58,629	-	-	58,629
Geologists	9,000	-	-	9,000
Geoscience	6,400	-	-	6,400
Wages	18,744	-	-	18,744
	<u>247,495</u>	<u>-</u>	<u>-</u>	<u>247,495</u>

9. Security deposits

The \$108,526 (April 30, 2022 - \$663,156) of security deposits are on hand with provincial governments in connection with various mineral rights claims.

The Company acquired certain mineral leases with petroleum and natural gas rights, plus oil and gas wells, pipelines and facilities in the Unity area of southwestern Saskatchewan from Repsol Canada Energy Partnership. Included in the purchase are 793 ha of petroleum and natural gas rights from surface to the base of the Mannville Group with an average working interest of 84%. The purchase includes 5 active oil wells, 10 suspended oil and gas wells, heavy oil facilities, pipelines, and an active water disposal well.

The purchase price is \$50,000 plus \$10,000 paid to the Orphan Fund. The purchase price considers the Company's responsibility for the Environmental Liabilities, including Environmental Defects and Abandonment and Reclamation Obligations. An abandonment and reclamation security deposit of \$554,630 was paid to the Saskatchewan government.

SPRUCE RIDGE RESOURCES LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
As at January 31, 2023 and 2022

9. Security deposits (continued)

On December 5th, 2022, the Company sold its Saskatchewan oil & gas interests to Original Oil Inc., an Alberta-based oil & gas producer. The Company will receive a total of \$500,000 based on an initial \$25,000 cash payment (which has been received) and ongoing gross-over-riding royalty payments of 5.0% on production. The Company also applied to the Saskatchewan Government for return of its security bond in the amount of \$554,629.64. The Ministry of Energy and Resources received Spruce's application and agreed there is no longer a security requirement as the Company no longer holds well or facility licenses in Saskatchewan. On January 10th, 2023, the Company received the refund. As of January 10th, 2023 Spruce had no financial obligations for these assets other than any outstanding previous obligations that the Company believes are limited to under \$12,000.

10. Property and equipment

Cost	Land	Buildings	Equipment	Office Equipment	Trucks	Oil & Gas Assets	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, April 30, 2022	40,000	159,000	241,756	9,200	36,000	273,833	759,789
Additions	-	-	-	-	42,413	-	42,413
Disposals	-	-	-	-	-	(273,833)	(273,833)
Balance, January 31, 2023	40,000	159,000	241,756	9,200	78,413	-	528,369
Accumulated Amortization							
Balance, April 30, 2022	-	128,460	215,142	8,836	9,832	26,383	388,653
Amortization	-	2,545	3,865	55	5,888	28,262	40,615
Disposals	-	-	-	-	-	(54,645)	(54,645)
Balance, January 31, 2023	-	131,005	219,007	8,891	15,720	-	374,623
Net Book Value							
Balance, April 30, 2022	40,000	30,540	26,614	364	26,168	247,450	371,136
Balance, January 31, 2023	40,000	27,995	22,749	27,995	62,693	-	153,746

11. Accounts payable and accrued liabilities

Payables and accrued liabilities for the Company are as follows:

	31-January-23	30-Apr-22
	\$	\$
Trade payables	68,575	10,981
Trade payables – SRO&G	16,500	141,288
Accrued liabilities	75,531	115,485
Total	160,606	267,754

12. CEBA loan

The Company received a \$60,000 interest free loan due December 31, 2023 supported by the Government of Canada through the Canada Emergency Business Account (CEBA) program. For qualifying entities, the loan is unsecured and non-interest bearing up until December 31, 2023 and will then bear interest of 5% up to December 31, 2025 at which point the balance is due in full. The Company did not qualify for the CEBA loan and therefore the loan is due on demand.

13. Reclamation liability

During the year ended April 30, 2022 the Company assumed a reclamation liability of \$232,814 as part of the acquisition of the oil and gas assets in Saskatchewan. The reclamation liability is estimated based on the Company's net ownership interest in the oil and gas assets, estimated costs to abandon and reclaim the facilities, and the estimated timing of costs to be incurred in future periods. It is estimated that the oil and gas assets have an estimated useful life of 10 years and a 10% discount rate was used in calculating the net present value of the reclamation liability.

During the nine months ended January 31, 2023 the company sold its oil and gas assets in Saskatchewan. The purchaser assumed the reclamation liability and resulting in a \$nil liability as of January 31, 2023.

14. Shareholders' Equity

(a) Share capital

There is an unlimited number of common shares without par value. As at January 31, 2023 180,207,202 (April 30, 2022 – 180,207,202) common shares have been issued.

(b) Warrants

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Broker compensation units entitle the holders thereof the right to purchase one common share and one common share purchase warrant for each unit.

14. Shareholders' Equity (continued)

(b) Warrants (continued)

Warrants transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price \$
Balance, as at April 30, 2021	23,464,960	0.07
Warrants exercised	(3,500,000)	0.10
Warrants exercised	(3,992,500)	0.05
Warrants exercised	(5,000,000)	0.10
Warrants exercised	(9,607,500)	0.05
Warrants expired	(175,000)	0.05
Broker Compensation warrants issued	227,470	0.14
Broker Compensation warrants exercised	(640,000)	0.05
Broker Compensation warrants exercised	(402,440)	0.14
Balance, as at January 31, 2022	374,990	0.14
Balance, as at April 30, 2022	374,990	0.14
Warrants expired	(111,990)	0.14
Balance, as at January 31, 2023	263,000	0.14

Number of Warrants	Fair value at grant date	Exercise Price \$	Expiry Date
263,000	\$10,479	0.14	31-Dec-23
263,000	\$10,479		

(c) Stock Options

A summary of the status of outstanding stock options as of January 31, 2023 is presented below.

	Stock Options	Weighted Average Exercise Price
Balance, as at April 30, 2022	1,350,000	\$0.05
Options expired	(900,000)	\$0.05
Balance, as at January 31, 2023	450,000	\$0.05

15. Related Party Transactions

No director fees have been paid to directors.

During the nine months ended January 31, 2023, \$45,000 (January 31, 2022 - \$145,000) of expenses were incurred to a company controlled by the former President of the Company for management and accounting services.

During the nine months ended January 31, 2023, \$60,000 (January 31, 2022 - \$nil) of expenses were incurred to a company controlled by the interim CEO for management services.

During the nine months ended January 31, 2023, \$10,000 (January 31, 2022 - \$nil) of expenses were incurred to a company controlled by the CFO for accounting services.

During the nine months ended January 31, 2023, \$46,486 (January 31, 2022 - \$165,200) of expenses were incurred to the former Vice President of Exploration for geological services.

16. Commitments

In connection with the flow-through share financings in December 2020 and January 2021, the Company was committed to incur qualifying Canadian Exploration Expenditures (as such term is defined in the Income Tax Act (Canada)) of a total of \$610,000 by December 31, 2021 and \$1,006,460 by December 31, 2022. As of January 31, 2022, the Company has incurred the qualifying exploration expenditures.

17. Capital and financial risk management

The Company manages capital, based on its cash and equivalents and ongoing working capital, with an objective of safeguarding the Company's ability to continue as a going concern, maximizing the funds invested into exploration and development activities, exploring and developing gold resources, and considering additional financings which minimize shareholder dilution. There were no changes in the Company's approach to capital management during the period ended January 31, 2023.

The Company's capital structure reflects a company focused on mineral exploration and financing both internal and external growth opportunities. The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate.

The Company manages capital in proportion to risk and manages the exploration and evaluation assets and capital structure based on economic conditions and prevailing gold commodity pricing and trends. The Company relies on equity financings to

maintain adequate liquidity to support its ongoing exploration and development activities and ongoing working capital commitments.

17. Capital and Financial Risk Management (Continued)

Fair Value

The carrying values for primary financial instruments, including cash, note receivable, security deposit, marketable securities, accounts payable and accrued liabilities and due to director approximate fair values due to their short-term maturities. The Company's exposure to potential loss from financial instruments relates primarily to its cash held with Canadian financial institutions.

The fair value of financial instruments that are measured subsequent to initial recognition at their fair value, is measured within a 'fair value hierarchy' which has the following levels:

- i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- ii) Level 2: valuation techniques using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- iii) Level 3: valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of the CEBA loan and shareholders' equity comprised of issued share capital and warrants.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2022.

SPRUCE RIDGE RESOURCES LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
As at January 31, 2023 and 2022

18. Restated comparative information

During the nine months ended January 31, 2023, management noted that amounts related to Spruce Ridge Oil & Gas Inc. were incorrectly allocated in the financial statements for the nine months ended January 31, 2022. As a result, a prior period adjustment has been made to these consolidated financial statements as follows:

	As previously reported	Adjustment	Restated
Accretion	\$ -	\$ 14,236	\$ 14,236
Amortization	\$ -	\$ 19,788	\$ 19,788
Filing fees	\$ -	\$ 5,670	\$ 5,670
Office and general	\$ 3,338	\$ (2,393)	\$ 945
Operator expenses	\$ 256,919	\$ 143,318	\$ 400,237
Royalties	\$ 3,985	\$ (3,131)	\$ 854

In addition, management noted that amounts related to Cash and Miscellaneous receivable were not accurately disclosed on the January 31, 2022 financial statements. The following adjustments were made which affect the statement of cash flows:

	As previously reported	Adjustment	Restated
Cash	\$ 1,201,769	\$ (672,605)	\$ 529,164
Accounts receivable	\$ 178,259	\$ (9,985)	\$ 168,274
Miscellaneous receivable	\$ -	\$ 652,946	\$ 652,946
Prepaid expenses	\$ 499,544	\$ (89,610)	\$ 409,934
Accounts payable	\$ 68,830	\$ (73,587)	\$ (4,757)