



SPRUCE RIDGE RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED JULY 31, 2022

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)
As at July 31, 2022

	Notes	July 31, 2022 \$	April 30, 2022 \$
Assets			
Current			
Cash		488,245	713,701
Accounts receivable	3	238,019	309,856
Miscellaneous receivable	4	604,765	666,729
Marketable securities – short term	5	4,382,743	6,735,847
Prepaid expenses	6	1,849	17,669
		5,715,621	8,443,802
Marketable securities – long term	5	4,410,000	6,600,000
Exploration and evaluation assets	7	757,397	757,397
Property and equipment, net	10	397,558	371,136
Security deposits	9	663,156	663,156
Total Assets		11,943,732	16,835,491
Liabilities			
Current			
Accounts payable and accrued liabilities	11	323,346	319,411
CEBA loan	12	60,000	60,000
		383,346	379,411
Reclamation liability	13	238,634	232,814
Total Liabilities		621,980	612,225
Shareholders' Equity			
Share capital	12(a)	17,430,583	17,430,583
Warrants	12(b)	35,729	35,729
Contributed surplus	12(c)	3,268,797	3,268,797
Dividends Canada Nickel Shares		-	(11,314,369)
Retained earnings		(9,413,357)	6,802,526
Total Shareholders' Equity		11,321,752	16,223,266
Total Liabilities and Shareholders' Equity		11,943,732	16,835,491

SPRUCE RIDGE RESOURCES LTD.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in Canadian Dollars)

For the three months ended July 31, 2022 and 2021

	Notes	2022 \$	2021 (restated) \$
Oil and gas revenue		28,782	-
Oil Expenses			
Accretion	18	5,820	4,745
Amortization	18	11,873	6,596
Filing fees	18	4,220	770
Professional fees	18	-	5,155
Office and general	18	1,404	902
Operator expenses	18	75,087	67,501
Royalties	18	878	-
		99,282	85,669
Loss from oil and gas operations		(70,500)	(85,669)
Amortization		4,118	2,178
Exploration expenses	8	212,175	126,457
Filing fees		650	3,219
Investor and shareholder relations		9,048	17,336
Management fee		45,000	45,000
Office and general		3,288	5,578
Professional fees		13,291	6,250
Property expenses		3,240	4,726
		290,810	210,744
Net operating loss before other income		(361,310)	(296,413)
Dividend income		1,862	-
Rental income		2,900	5,250
Marketable securities – fair value adjustment	5	(4,544,966)	(1,431,071)
Net income before income tax		(4,901,514)	(1,722,234)
Net income (loss) and comprehensive income (loss)		(4,901,514)	(1,722,234)
Net income (loss) per share		(0.03)	(0.01)
Weighted average outstanding shares		180,207,202	160,060,362

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
As at July 31, 2022 and 2021

	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
Shares issued – warrants exercised	7,492,500	554,350	-	-	-	-	554,350
Transfer to contributed surplus on exercise of warrants	-	193,575	(193,575)	-	-	-	-
Common shares to be issued	-	345,798	-	-	-	-	345,798
Income and comprehensive income	-	-	-	-	-	(1,722,234)	(1,722,234)
Balance, July 31, 2021	162,307,264	15,858,986	674,341	3,271,088	(4,150,000)	15,739,678	31,384,093
Warrants exercised	15,649,938	728,194	-	-	-	-	728,194
Black Scholes on warrants exercised	-	633,437	(633,437)	-	-	-	-
Stock dividend Canada Nickel shares	-	-	-	-	(7,164,369)	-	(7,164,369)
Options exercised	250,000	12,500	-	-	-	-	12,500
Transfer of contributed surplus on exercise of options	-	7,466	-	(7,466)	-	-	-
Warrants expired	-	-	(5,175)	5,175	-	-	-
Shares issued - Foggy Pond Property	2,000,000	200,000	-	-	-	-	200,000
Net loss	-	-	-	-	-	(8,937,152)	(8,937,152)
Balance, April 30, 2022	180,207,202	17,430,583	35,729	3,268,797	(11,314,369)	6,802,526	16,223,266
Net loss	-	-	-	-	-	(4,901,514)	(4,901,514)
Balance, July 31, 2022	180,207,202	17,430,583	35,729	3,268,797	(11,314,369)	1,901,012	11,321,752

SPRUCE RIDGE RESOURCES LTD.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
As at July 31, 2022 and 2021

	Notes	2022 \$	2021 (restated) \$
Operating activities			
Net income (loss) for the year		(4,901,514)	(1,722,234)
Add back / deduct non-cash expenses			
Accretion		5,820	4,745
Amortization		15,991	8,774
Stock dividend		(1,862)	-
Marketable securities - fair value adjustment		4,544,966	1,431,071
Total Non-cash (Income) Expenses		4,564,915	1,444,590
Changes in non-cash balances			
Accounts receivable		71,837	(13,940)
Security deposits		-	(554,630)
Miscellaneous receivable		51,964	3,463
Prepaid expenses		15,820	11,143
Accounts payable and accrued liabilities		3,935	11,670
Changes in Operating Activities		153,556	(542,294)
Total cash used in operating activities		(183,043)	(819,938)
Investing activities			
Purchase of fixed assets		(42,413)	(60,000)
Total cash provided (used) in investing activities		(42,413)	(60,000)
Financing activities			
Cash from warrants exercised		-	900,148
Total cash provided by financing activities		-	900,148
Change in cash		(225,456)	20,210
Cash (indebtedness) at the beginning of the year		713,701	2,177,837
Cash at the end of the year		488,245	2,198,047

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 July 31, 2022, the Company has retained deficit of \$9,413,357 (April 30, 2022 – deficit \$4,511,843) and has working capital of \$5,332,275 (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 of the Company for the period ended July 31, 2022, were authorized for issue in accordance with a resolution of the Board of Directors March 23, 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 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

2. Summary of Significant accounting policies (continued)

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 three months ended July 31, 2022, 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-July-22	30-Apr-22
	\$	\$
HST	220,863	188,221
HST – SRO&G	17,156	16,650
Accounts receivable	-	44,985
Grant receivable	-	60,000
Total	238,019	309,856

4. Miscellaneous Receivable

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

5. Marketable securities

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

31-July-22	Number of Shares	Cost	Short Term FV Adjustment	Long Term FV Adjustment	Fair Value
Cash					\$ 465
Canada Nickel Company - ST	2,767,495	1,125,000	2,943,217	-	4,068,217
Canada Nickel Company - LT	3,000,000	750,000	-	3,660,000	4,410,000
Noble Mineral Exploration	10,000,000	392,894	(100,000)	-	292,894
Magna Terra Minerals Inc.	261,312	48,611	(27,706)	-	20,905
Cerro Grande Mining Corp.	261,150	20,593	(20,331)	-	262
		2,337,098	2,795,180	3,660,000	\$8,792,743

SPRUCE RIDGE RESOURCES LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
As at July 31, 2022 and 2021

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.	261,312	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-July-22	30-Apr-22
	\$	\$
Prepaid expenses	1,849	4,019
Prepaid expenses - SRO&G	-	13,650

SPRUCE RIDGE RESOURCES LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
As at July 31, 2022 and 2021

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	-	-	-	-	-
Adjustment	-	-	-	-	-
Balance, July 31, 2021	7,500	797,500	404,992	-	1,209,992
Additions	-	12,500	8,400	211,505	232,405
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, July 31, 2022	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.

7. Exploration and evaluation assets (continued)

("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.

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 writedown 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.

7. Exploration and evaluation assets (continued)

- 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.

(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 period ended July 31, 2022 is as follows:

	Great Burnt	Foggy Pond	Pipestone	Totals
	\$	\$	\$	\$
Field Expenses	29,984	-	-	29,984
Assays	51,185	-	-	51,185
Geologists	9,000	-	-	9,000
Drilling	103,262	-	-	103,262
Wages	18,744	-	-	18,744
	212,175	-	-	212,175

9. Security deposits

The \$663,156 (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

SPRUCE RIDGE RESOURCES LTD.
Notes to the Consolidated Financial Statements
(Expressed in Canadian Dollars)
As at July 31, 2022 and 2021

9. Security deposits (continued)

Defects and Abandonment and Reclamation Obligations. An abandonment and reclamation security deposit of \$554,630 was paid to the Saskatchewan government.

10. Property and equipment

Cost	Land \$	Buildings \$	Equipment \$	Office	Trucks \$	Oil & Gas	Total \$
				Equipment \$		Assets \$	
Balance, April 30, 2022	40,000	159,000	241,756	9,200	36,000	273,833	759,789
Additions	-	-	-	-	42,413	-	42,413
Balance, July 31, 2022	40,000	159,000	241,756	9,200	78,413	273,833	802,202
Accumulated Amortization							
Balance, April 30, 2022	-	128,460	215,142	8,836	9,832	26,383	388,653
Amortization	-	849	1,288	18	1,963	11,873	15,991
Balance, July 31, 2022	-	129,309	216,430	8,854	11,795	38,256	404,644
Net Book Value							
Balance, April 30, 2022	40,000	30,540	26,614	364	26,168	247,450	371,136
Balance, July 31, 2022	40,000	29,691	25,326	346	66,618	256,960	397,558

11. Accounts payable and accrued liabilities

Payables and accrued liabilities for the Company are as follows:

	31-July-22 \$	30-Apr-22 \$
Trade payables	138,289	10,981
Trade payables – SRO&G	54,279	141,288
Accrued liabilities	130,778	115,485
Total	323,346	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.

Accretion expense of \$5,820 was recorded during the quarter ended July 31, 2022 resulting in a \$238,634 liability as of July 31, 2022.

14. Shareholders' Equity

(a) Share capital

There is an unlimited common shares without par value. As at July 31, 2022 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.

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
Balance, as at July 31, 2021	15,972,460	0.07
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 April 30, 2022	374,990	0.14
	-	
Balance, as at July 31, 2022	374,990	0.14

14. Shareholders' Equity (continued)

Number of Warrants	Fair value at grant date	Exercise Price \$	Expiry Date
263,000	\$10,479	0.14	31-Dec-23
111,990	25,250	0.14	19-Jan-23
374,990	\$35,729		

(c) Stock Options

A summary of the status of outstanding stock options as of July 31, 2022 is presented below.

	Stock Options	Weighted Average Exercise Price
Balance, as at April 30, 2022	1,350,000	\$0.05
	-	
Balance, as at July 31, 2022	1,350,000	\$0.05

15. Related Party Transactions

No director fees have been paid to directors.

During the three months ended July 31, 2022, \$45,000 (July 31, 2021 - \$45,000) of expenses were incurred to a company controlled by the former President of the Company for management and accounting services.

During the three months ended July 31, 2022, \$15,055 (July 31, 2021 - \$140,092) 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 July 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 July 31, 2022.

17. Capital and Financial Risk Management (Continued)

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.

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.

18. Restated comparative information

During the three months ended July 31, 2022, management noted that amounts related to Spruce Ridge Oil & Gas Inc. were incorrectly allocated in the financial statements for the three months ended July 31, 2021. As a result, a prior period adjustment has been made to these consolidated financial statements as follows:

	As previously reported	Adjustment	Restated at July 31, 2021
Due from Spruce Ridge Oil & Gas Inc.	\$ 670,543	\$ (670,543)	\$ -
Accounts receivable	\$ 170,818	\$ 1,441	\$ 172,259
Miscellaneous receivable	\$ -	\$ (3,463)	\$ (3,463)
Prepaid expenses	\$ 408,494	\$ 4,175	\$ 412,669
Security deposit	\$ 70,176	\$ 554,630	\$ 624,806
Property, plant and equipment (net)	\$ 98,218	\$ 267,238	\$ 365,456
Accounts payable	\$ 213,058	\$ 20,962	\$ 234,020
Reclamation liability	\$ -	\$ 218,578	\$ 218,578
Accretion	\$ -	\$ 4,745	\$ 4,745
Amortization	\$ 2,178	\$ 6,596	\$ 8,774
Filing fees	\$ 3,219	\$ 770	\$ 3,989
Professional fees	\$ 6,250	\$ 5,155	\$ 11,405
Office and general	\$ 5,578	\$ 902	\$ 6,480
Operator expenses	\$ -	\$ 67,501	\$ 67,501

19. Subsequent Events

On August 17, 2022, three mineral claims lapsed and were subsequently cancelled by the Newfoundland Ministry of Energy, Mines and Resources. On January 20th, 2023 the Minister recommended the cancelled licenses be re-instated provided Spruce Ridge provide supporting documentation that exploration work was done to the required amount and within the required time period.

On September 2, 2022, a Cease Trade Order (“CTO”) was issued by the Ontario Securities Commission due to delays in filing the audited financial statements, CEO and CFO certifications, and management discussion and analysis (the “Annual Filings”) for the year ended April 30, 2022 by the filing deadline of August 29, 2022. The CTO prohibits all trading in the Company’s shares until all filing requirements are completed.

On December 5, 2022, the Company sold its oil & gas assets to Original Oil Inc. for \$500,000 with \$25,000 to be paid on closing and the balance to be paid by way of a 5% royalty on production.

On January 19, 2023, 111,990 warrants expired unexercised.