Form 51-102F1

MANAGEMENT DISCUSSION AND ANALYSIS
For the Six Months Ended October 31, 2019

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, 2019. The MD&A of the operating results and financial condition of the Company for the period ended October 31, 2019 should be read in conjunction with the audited financial statements of the Company, including the notes thereto, for the year ended April 30, 2019 and April 30, 2018 which are prepared in accordance with International Financial Reporting Standards ("IFRS") for audited financial statements, and the annual MD&A for the period ended October 31, 2019. 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, 2019, 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 interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from April 30, 2019. At October 31, 2019, the Company has not generated any revenues from operations, has an accumulated deficit of $13,003,472 (April 30, 2019 - $12,825,242) and has working capital deficiency of $498,418 (April 30, 2019 - working capital deficiency $350,099). The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient funds and continue to obtain sufficient capital from investors to meet its current and future obligations. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt which constitutes a material uncertainty as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these audited financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

The Financial Statements were approved for issuance by the Company's Board of Directors on December 30, 2019.

DEVELOPMENTS DURING AND SUBSEQUENT TO PERIOD ENDED OCTOBER 31, 2019

On June 11, 2019 the Company announced the results of mineralogical studies on drill core samples from the Company's Crawford project near Timmins, Ontario (see Figure 1). The recent 1,818-metre, 4-hole drill program resulted in wide intersections of up to 558 metres of serpentinized peridotite and dunite with consistent concentrations of nickel, cobalt, palladium and platinum (see news release of March 1st, 2019).

Twelve samples of drill core were selected from 1.5-metre analyzed intervals, to cover a range of nickel, cobalt and palladium contents as well as differing degrees of serpentinization and a range of sulphur contents. Polished thin sections were made from the core samples and were examined under reflected-light microscope and a scanning electron microscope (SEM), which provided chemical analyses of individual mineral grains to aid in their identification.

The following minerals were identified as carrying most of the nickel and cobalt (in order of decreasing abundance): pentlandite (nickel-iron sulphide), heazlewoodite (nickel sulphide), awaruite (nickel-iron alloy) and minor godlevskite (nickel sulphide with minor iron). The pentlandite, which dominates the sulphide mineral assemblage, typically contains between 3% and 4% of cobalt by weight. Grain size varies from 5 to 100 microns, with most of the cobaltiferous pentlandite being in the coarsest fraction.

Also noted in small quantities, were an unknown cobalt-nickel-iron sulphide mineral and an unknown copper-iron-palladium-platinum oxide mineral with the approximate composition 40% Cu, 15% Pd and 1% Pt.

In addition to the mineralogical identification, additional analysis was performed on pulps of the 12 core intervals from which the mineralogy samples were taken. The original multi-element analysis was performed by ICP-OES on samples prepared by sodium peroxide fusion, which digests the entire rock to give total concentrations of the analyzed elements. The new analysis was also done by ICP-OES on samples digested in aqua regia, which will dissolve sulphides, oxides and metallic minerals but will not have an effect on silicate minerals like the olivine which originally contained most of the nickel and associated metals, or the serpentine that formed during low-temperature alteration of the rock. The aqua regia analyses give an estimate of the percentages of nickel and cobalt that were "liberated" during serpentinization. The following table gives the original peroxide fusion-ICP and the aqua regia-ICP analyses of nickel and cobalt, and the percent of "liberation". The reader is cautioned that not all the "liberated" metals would be recoverable because some of them are in very fine mineral grains.

DDH No.	From	To	Length (m)	Co fus ppm	Co AR ppm	Percent Liberated	Ni % FUS	Ni % AR-ICP	Percent Liberated	S % FUS
CR18-01	165.0	166.5	1.5	240	193	**80%**	**0.669**	**0.431**	**64%**	0.28
CR18-01	238.5	240.0	1.5	120	105	**88%**	**0.297**	**0.203**	**68%**	0.02
CR18-01	243.0	244.5	1.5	170	149	**88%**	**0.487**	**0.332**	**68%**	0.15
CR18-01	286.5	288.0	1.5	150	130	**87%**	**0.345**	**0.232**	**67%**	0.18
CR18-01	423.0	424.5	1.5	120	85	**71%**	**0.317**	**0.203**	**64%**	0.03
CR18-01	588.0	589.5	1.5	110	87	**79%**	**0.272**	**0.178**	**65%**	0.01
CR18-03	508.5	510.0	1.5	140	108	**77%**	**0.332**	**0.217**	**65%**	0.01
CR18-03	535.5	537.0	1.5	140	109	**78%**	**0.337**	**0.227**	**67%**	0.07
CR18-03	594.0	595.5	1.5	150	110	**73%**	**0.349**	**0.205**	**59%**	0.05
CR18-04	165.0	166.5	1.5	120	52	**43%**	**0.182**	**0.050**	**27%**	< 0.01
CR18-04	216.0	217.5	1.5	260	206	**79%**	**0.647**	**0.423**	**65%**	0.60
CR18-04	337.5	339.0	1.5	130	103	**79%**	**0.427**	**0.275**	**64%**	0.20
				Mean Co liberation		**77%**	**Mean Ni liberation**		**62%**	

Mr. Ryan stated "We are very encouraged by these preliminary results which suggest that a significant portion of the metals contained in this deposit may be recoverable by conventional metallurgical processes. We will continue to explore and evaluate the Crawford ultramafic complex, which is 3.8 kilometres long and 1.9 kilometres wide. So far, we have barely scratched the surface."

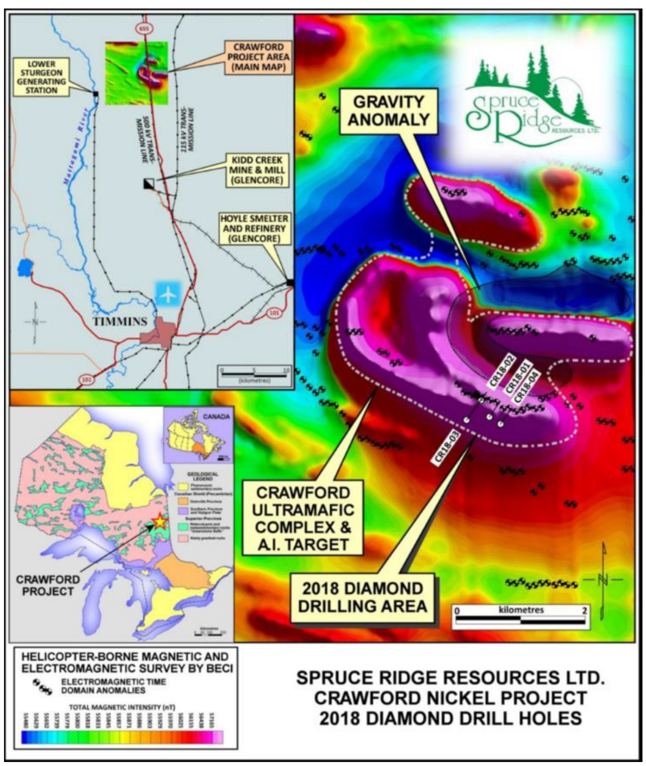


Figure 1

Future plans for the Crawford project include additional drilling to assess the dimensions of the mineralized zone, and additional metallurgical tests to determine how much of the nickel and associated metals are recoverable by standard methods.

Spruce Ridge and its joint-venture partner, a group of private investors, have the option to earn up to 75 percent interest in 2,000 hectares of the Crawford project from Noble Mineral Exploration Ltd.

On September 19, 2019 the Company announced that it had begun a second phase of diamond drilling on the Crawford nickel property, 40 kilometres north of Timmins, Ontario.

Full results from the first phase of drilling at Crawford was disclosed in a news release dated March 1, 2019. Highlights from the first phase of drilling:

- **Discovery Hole (18-01) Intersected 291 metres averaging 0.293% Ni, 118 ppm Co, 0.02 g/t Pd and 0.011 g/t Pt**
- **Drill Holes18- 03 and -04 Ended in Mineralization with Increasing Grade**

The phase 2 drilling program is planned to comprise approximately 4,000 metres of drilling in eight holes. Planned drill holes include infill drilling between the 2018 holes, as well as stepouts to the northwest and southeast.

Spruce Ridge and its joint-venture partner, have the option to earn up to 75 percent interest in 2,000 hectares of the Crawford project from Noble Mineral Exploration Ltd.

On October 1, 2019 the Company announced that it has agreed to sell its interest in the Crawford nickel-cobalt sulphide project to Canada Nickel Company which is being created by Noble Mineral Exploration Inc. ("Noble"). Spruce Ridge will retain its interest in various VMS targets located in Crawford Township.

Noble Mineral Exploration Inc. (TSX-V NOB) today announced its plan to:

- create the Canada Nickel Company ("Canada Nickel"), which will own a consolidated 100% interest in the Crawford nickel-cobalt sulphide project, and
- distribute a significant portion of Noble's interest in Canada Nickel to Noble shareholders and qualify Canada Nickel as a new publicly entity.

Canada Nickel will be led by Mark Selby, who will be appointed Chairman & CEO. The Company also announced the plan to complete a fully-subscribed $5 million private placement into Canada Nickel, subject to regulatory approval, to fund the cost of the Crawford project consolidation and continue exploration and mineralogical work to advance the project.

Mark Selby was most recently President & CEO of RNC Minerals, where he led the development of the Dumont nickel-cobalt project through to a fully permitted, construction ready project. Before RNC, he held senior management roles at Quadra and Inco and he is recognized as a leading authority on the nickel market.

"I am pleased to lead Canada Nickel and advance Crawford, which is an exciting project. Coupled with the close proximity to significant infrastructure near Timmins, I believe this will allow me to leverage all the experience and insights we learned in advancing Dumont," said Mr. Selby. "The timing of this discovery is excellent. We are in a robust nickel market increasingly driven by demand for nickel from the electric vehicle (EV) market which will require new nickel projects to be built over the coming decade. I am encouraged by the strong support we have received from a number of new and existing investors who have committed to $5 million in financing which will allow us to execute the next phase of drilling and metallurgical work for the project."

John Ryan, Spruce Ridge President and CEO commented: "What drew Spruce to this property originally was that it was underexplored, close to the Kidd Creek mine and had several priority targets from a recently flown EM/Mag survey. Our phase 1 drilling program in December 2018 was successful in that three of the four holes drilled intersected serpentinized dunite with persistent nickel values greater than 0.25% Ni over core lengths of up to 291 metres.

"We are pleased that Mark Selby will lead the project going forward. Mr. Selby has considerable experience in the global nickel industry, including development of the Dumont Nickel deposit."

Canada Nickel - $5 million Private Company Financing

A $5 million private placement of common shares and flow through common shares into Canada Nickel has been fully subscribed and is expected to close on or before October 15, 2019. Under this private company financing, it is expected that Canada Nickel will issue 13 million common shares at $0.25 per share and 5 million flow through shares at $0.35 per share. The proceeds of the private placement will be used to fund the joint venture consolidation described above, mineral exploration of the Crawford project, and working capital requirements ancillary thereto. This financing will be completed by way of a private placement to qualified investors.

100% Crawford Project Consolidation

The planned consolidation of the Crawford properties will be implemented under the terms of a binding letter of intent that has been entered by Noble, Mr. Selby, Spruce Ridge Resources Ltd. (TSX-V SHL) and certain private investors (the "Investors") under which, subject to certain specified conditions including required regulatory and shareholder approvals:

(Please note that for illustrative purposes consideration values below are based on Noble and Spruce Ridge closing prices as of September 27, 2019 of $0.09 and $0.065 respectively and a Canada Nickel value of $0.25 per share based on the private placement value.)

- Spruce Ridge will sell its joint venture interest in the Crawford project (the current joint venture arrangements regarding the Crawford JV Agreement are described below) on the following terms:
    - Noble will pay $1 million in cash to Spruce and cause Canada Nickel to issue 20 million common shares of Canada Nickel to Spruce for total consideration valued at $6 million;
    - Noble will issue 10 million units to Spruce, each unit valued at $0.09 to be comprised of one common share of Noble and one-half of a common share purchase warrant of Noble (exercisable for three years at $0.15 per share) for a total consideration valued at $900,000;
    - Spruce will issue 2 million common shares (each common share valued at $0.065) to Noble as part of the share consideration to be paid pursuant to the Crawford JV Agreement which is being terminated as part of the project consolidation for a total consideration valued at $130,000; and
    - As consideration for receiving the above 2 million common shares from Spruce, Noble will transfer certain assets to Spruce (unrelated to the Crawford project) subject to 25% earn-in rights.
- The Investors have agreed to relinquish their joint venture interest in the Crawford project (the current joint venture arrangements regarding the Investor Agreement are described below) on the following terms:
    - Spruce will transfer 10 million common shares of Canada Nickel (each common share of Canada Nickel valued at $0.25) received from Noble (representing a 20% interest in Canada Nickel post-financing) to the Investors for a total consideration valued at $2.5 million; Spruce will hold the remaining balance of 10 million shares of Canada Nickel (also representing a 20% interest post-financing); of which 5 million will be distributed to Spruce Ridge shareholders subject to shareholder approval; and
    - Spruce will issue 10 million units to the Investors for a total consideration valued at $650,000, each unit (valued at $0.065) to be comprised of one common share of Spruce and one-half of a common share purchase warrant of Spruce (exercisable for three years at $0.10 per share) as full and final settlement of obligations pursuant to the Investor Agreement.
- Noble will receive 12 million common shares of Canada Nickel for a total consideration valued at $3 million (representing a 24% interest in Canada Nickel post-financing) and $2 million in cash for an aggregate consideration valued at $5 million. Of the shares of Canada Nickel received by Noble, 10 million will be distributed to Noble shareholders.

It is anticipated that neither of the transactions required to complete the planned consolidation of the Crawford properties will qualify as a "related party transaction" (as such term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transaction* which is incorporated by reference into the policies of the TSX Venture Exchange under Policy 5.9).

Noble and Spruce Ridge are parties to a joint venture agreement dated May 4, 2018 (the "Crawford JV Agreement") under which Spruce has the right, subject to the terms and conditions thereof, to earn up to a 75% undivided interest in the Crawford project. Spruce and the Investors entered into an agreement relating to the Crawford JV Agreement, dated September 9, 2018 (the "Investor Agreement") under which the Investors have the right to earn up to a 37.5% undivided interest in the Crawford project (with Spruce retaining a 37.5% undivided interest therein). For a description of the existing joint venture agreements between Noble, Spruce Ridge and the Investors, please refer to Noble news release dated May 8, 2018 and Spruce Ridge release dated September 27, 2018 (both available under the applicable corporate profiles on www.sedar.com). The Crawford JV Agreement and the Investor Agreement are being terminated pursuant to the consolidation of the Crawford properties as described above.

Special meeting - Distribution of Canada Nickel Shares

A special meeting of the shareholders of Noble is expected to be called to approve the distribution of the Canada Nickel common shares received as part of the transactions described and other matters relating thereto.

Timing - Property Consolidation, Share Distribution & Canada Nickel Qualification as Public Entity

Subject to the receipt of regulatory and shareholder approval, it is expected that the consolidation of the Crawford properties will be completed on or prior to October 31, 2019, and that the distribution of the Canada Nickel common shares to Noble shareholders and qualification of Canada Nickel as a public entity will be completed on or prior to December 31, 2019.

It is expected that Canada Nickel will have 50 million shares outstanding following the transactions and private placement described above which may be summarized as follows (after the distribution of Canada Nickel common shares to the shareholders of Noble and Spruce Ridge):

	Canada Nickel Common Shares
Noble	2,000,000 (4%)
Noble Shareholders	10,000,000 (20%)
Spruce Ridge	5,000,000 (10%)
Spruce Ridge Shareholders	5,000,000 (10%)
Investors	10,000,000 (20%)
Private Placement Group	18,000,000 (36%)
Total	**50,000,000 (100%)**

On October 29, 2019 the Company announced an Updated Mineral Resource Estimate at the Great Burnt Project in south-central Newfoundland. The estimates were made by P&E Mining Consultants Inc. The Mineral Resource Estimate includes the Great Burnt Copper Deposit and the South Pond "A" copper-gold zone. No Mineral Resource Estimate was calculated for the South Pond "B" Gold Zone. The Updated Mineral Resource Estimate represents substantial increases over a previous Mineral Resource Estimate made in 2015, also by P&E Mining Consultants Inc.

Great Burnt Underground Mineral Resource Estimate at 0.90% CuEq Cut-Off(1-5)

Classification	Tonnes (k)	Cu %	Au g/t	CuEq %	Cu Mlbs	Au koz	CuEq Mlbs
Great Burnt Deposit							
Indicated	550	2.66	Nil	2.66	32.3	Nil	32.3
Inferred	572	2.41	Nil	2.41	30.4	Nil	30.4
South Pond "A" Deposit							
Indicated	219	1.26	1.01	1.95	6.1	7.1	9.4
Inferred	203	1.09	0.98	1.76	4.9	6.4	7.9
Total							
Indicated	769	2.26	0.29	2.46	38.4	7.1	41.7
Inferred	775	2.06	0.26	2.24	35.3	6.4	38.3

1. *Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues, although Spruce Ridge is not aware of any such issues.*
2. *The Inferred Mineral Resource in this estimate has a lower level of confidence that that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.*
3. *The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines.*
4. *The 0.90% Cu cut-off grade was derived from the September 30/19 respective two year trailing average Cu and Au prices of US$2.90/lb and US$1,305/oz, two year trailing average US$ exchange rate of $0.77, 92% process recovery, underground mining C$40/t, processing C$15/t, G&A $5/t and smelting/refining C$10/t.*
5. *CuEq% = Cu% + (Au g/t x 0.68)*

RELATIVE CHANGES IN MINERAL RESOURCE ESTIMATES, 2019 OVER 2015			
DEPOSIT/RESOURCE	**TONNES**	**Cu GRADE**	**CONTAINED Cu**
Great Burnt Indicated	+39%	+1%	+40%
Great Burnt Inferred	-14%	+4%	-10%
South Pond Indicated	+366%	-9%	+336%
South Pond Inferred	+22%	-16%	+2%
Total Indicated	+74%	-10%	+57%
Total Inferred	-7%	-2%	-9%

At the Great Burnt Deposit, estimates of contained copper in the Indicated Mineral Resource classification increased by 40 percent over the 2015 estimate, while contained copper in the Inferred Mineral Resource classification decreased by only 10 percent. Copper grades showed slight increases of 1 percent in the Indicated classification and 4 percent in the Inferred classification, despite the reduction in cut-off grade from 1.0% to 0.9% copper. These changes reflect the incorporation of results from infill drilling carried out in 2016 and 2018.

John A. Ryan, CEO of Spruce Ridge, commented: “The increased Mineral Resource Estimate is very encouraging and confirm our opinion of the potential of the Great Burnt Project. The very substantial increase in the Mineral Resource Estimate for the Great Burnt copper deposit resulted mainly from including the results of the 2016 and 2018 diamond drill holes, which were infill holes and did not extend the Deposit at depth or on strike. Some of these recent drill holes reported grades and widths that were substantially greater than historical drill holes in the vicinity. Greater widths of the recent mineralized intersections probably reflect the irregular shape of the Deposit, but higher grades may also result from better core recoveries. Most of the historical drilling was in the 1960s, using standard drilling and recovering EX or AX core (25 or 30 mm diameter), while recent drilling used 46 mm diameter NQ wireline equipment. A case can be made that grinding of core in small-core standard drilling can lead to selective loss of sulphides. We are proposing to do more infill drilling, with the goal of firming up our knowledge of the size, shape and grade of this Deposit, as well as proceeding towards a Preliminary Economic Assessment (PEA).”

SIGNIFICANT DRILL INTERCEPTS 2018 AND 2016 DRILLING IN THE MAIN ZONE, GREAT BURNT COPPER DEPOSIT							
Drill Hole Number	**From (metres)**	**To (metres)**	**Core Length**	**Average Cu (%)**	**Core Angle**	**TRUE Width**	**GTP (Cu × TW)**
GB18_01	5.33	14.54	9.21 m	1.28% Cu	45°	6.51 m	8.34
GB18_04	47.8	51.8	4.00 m	4.42% Cu	37°	2.41 m	10.64
GB18_05	95.76	114.02	18.26 m	7.01% Cu	18°	5.64 m	39.56
GB18_06	104.56	114.53	9.97 m	7.45% Cu	27°	4.53 m	33.72
GB16_08	60	67.5	7.50 m	9.45% Cu	48°	5.57 m	52.67
GB16_09	64.7	70.45	5.75 m	6.68% Cu	56°	4.77 m	31.84
GB16_10	60.5	68	7.50 m	2.12% Cu	49°	5.66 m	12
GB16_11	63.5	69.5	6.00 m	4.35% Cu	54°	4.85 m	21.12
Core angle is the angle between the axis of a drill hole and the plane of the Main Zone, at the pierce point, as measured on cross sections.							

The increases in Mineral Resource Estimate at the South Pond "A" Copper-Gold Deposit do not result from new drill holes, but from re-analysis of historical drill core for gold and copper. Previous gold analyses were inadequate for inclusion in a Mineral Resource. Inclusion of the gold data resulted in a 366 percent increase in tonnes in the Indicated Mineral Resource Estimate and a 22 percent increase in tonnes in the Inferred Mineral Resource Estimate. Copper grades were lower by 9 percent in the Indicated classification and 16 percent lower in the Inferred classification, however, inclusion of gold resulted in increases in copper equivalent grades (CuEq as defined in Table 1) of 41 percent and 35 percent respectively.

On the South Pond "A" Deposit, John Ryan commented further: "Spruce Ridge has not done any work on the South Pond "A" Copper-Gold Zone or the South Pond "B" Gold Zone since we acquired the Property in 2015. Partly, this was due to their being located 10 kilometres north of the Great Burnt Copper Deposit, without a useable access road. With this new Mineral Resource Estimate, we have enough encouragement to proceed with making an access trail to the South Pond area, that will allow us to do further drilling on both of these deposits. In particular, the South Pond "B" Gold Zone has only been tested by a single tier of drill holes along a length of 1,100 metres, is open at depth and wide open for gold. It averages about 4 metres in true width, and the grade averages around 1.5 grams per tonne. Also, an access trail will allow further work on untested exploration targets including the End Zone prospect, where grab samples of boulders over a 150 metre length were as high as 13% copper and 2.5% zinc."

On November 28, 2019 the Company announced that further to the letter of intent signed by the Company as announced on October 1, 2019, the Company has entered into the definitive agreement for that transaction on the same basis.

Transaction Summary

The planned consolidation of the Crawford Nickel-Sulphide Project ("**the Project**") will be put into effect under the terms of an implementation agreement dated as of November 14, 2019 (the "**Implementation Agreement**") that has been entered by Canada Nickel Company Inc. ("**Canada Nickel**"), Noble Mineral Exploration Inc. ("Noble"), Mark Selby (a principal of Canada Nickel), Spruce Ridge and certain private investors (the "**Investors**") based on the previous agreed terms in the binding letter of intent announced October 1, 2019.

The net result for Spruce Ridge of the proposed transactions under the Implementation Agreement (the "**Transactions**") is:

- Canada Nickel will issue 20 million common shares of Canada Nickel to Spruce Ridge, for total consideration valued at $5 million (applying $0.25 per share as the value of Canada Nickel Shares issued);
- Noble will issue a $1 million promissory note and issue to Spruce Ridge 10,000,000 common share units of Noble (each unit comprised of one common share and 1/2 common share purchase warrant, with each full warrant being exercisable at $0.15 per share for three years);
- Spruce Ridge will issue 2 million common shares to Noble (for a value of $90,000 applying a value of $0.045 per share);
- Promptly following the completion of the Arrangement, Noble shall pay Spruce $1 million in cash in repayment of the $1 million promissory note issued to Spruce upon termination of the Crawford JV Agreement.
- Noble will transfer the 907ha Crawford VMS assets to Spruce Ridge, subject to Noble retaining a back-in right to a 25% interest and to the right of Spruce Ridge to substitute other VMS properties in Crawford Township, Ontario of the same size; and
- Spruce Ridge will transfer 10 million common shares of Canada Nickel to the Investors (for a value of $2,500,000 applying a value of $0.25 per share); and
- Spruce Ridge will issue 10 million units of Spruce Ridge to the Investors, each unit to be comprised of one common share of Spruce Ridge and one-half of a common share purchase warrant of Spruce Ridge (exercisable for three years at $0.10 per share for a value of $450,000 applying $0.045 per Spruce Ridge Unit); and

- Under the Implementation Agreement, Spruce Ridge has also undertaken that it will seek to distribute to its shareholders 5 million of the Canada Nickel shares it will retain after the Crawford JV Agreement and Investor Agreement have been terminated.

Canada Nickel Update

As of November 28th, Canada Nickel has raised $2.9 million under the $5 million non-brokered private placement (the "**Private Placement**") described in Spruce Ridge news release of October 1, 2019. Additional closings are expected to occur on or before the closing of the Arrangement, with the balance of the Private Placement closing afterwards. Upon completion of the Private Placement and the other Transactions under the Implementation Agreement, Canada Nickel will have 50 million shares outstanding and retain $3 million in cash.

Property Consolidation, Share Distribution & Canada Nickel Qualification as Public Entity

Subject to the receipt of regulatory and shareholder approval, it is expected that the consolidation of the Crawford properties will be completed early in January 2020.

It is expected that Canada Nickel will have 50 million common shares outstanding following the Private Placement and other transactions under the Implementation Agreement.

On December 3, 2019 the Company announced the completion of the transfer of the Crawford NickelSulphide property ("Crawford" or the "Project") to Canada Nickel Company Inc. ("Canada Nickel"). The transfer was completed pursuant to an implementation agreement dated as of November 14, 2019 (the "Implementation Agreement") that was previously announced by Spruce Ridge in its news release of November 28, 2019.

Canada Nickel Update – Financing Increased to $6.5 million and Board appointed

Spruce Ridge has also been advised by Canada Nickel that it has raised $2.9 million under the nonbrokered private placement (the "Private Placement") described in Spruce Ridge's news release dated October 1, 2019. Due to investor demand, the fully subscribed financing has been increased to $6.5 million. Upon completion of the Private Placement and the other transactions described in the Implementation Agreement, Canada Nickel will have 55 million shares outstanding and $4.5 million available to fund ongoing mineral exploration of the Crawford project and related working capital. The following table updates the expected holdings of those 55 million shares of Canada Nickel after the Crawford project consolidation under the Implementation Agreement:

	Canada Nickel Common Shares	Percentage
Spruce Ridge	5,000,000	9%
Spruce Ridge Shareholders	5,000,000	9%
Noble	2,000,000	4%
Noble Shareholders	10,000,000	18%
Investors	10,000,000	18%
Private Placement Group	23,000,000	42%
Total	**55,000,000**	**100%**

Canada Nickel has also advised that David Smith, John Leddy, Mike Cox, and Russell Starr have been appointed to that company's Board of Directors, joining Mr. Mark Selby as Chairman.

David Smith, Director, is Senior Vice-President, Finance and Chief Financial Officer of Agnico Eagle Mines Limited, a position he has held since October 24, 2012. Prior to that, he was Senior Vice-President, Strategic Planning and Investor Relations, a position he held since January 1, 2011, prior to that he was Senior Vice-President, Investor Relations and prior to that he was Vice-President, Investor Relations. He started work in investor relations at Agnico Eagle in February 2005. Prior to that, Mr. Smith was a mining analyst for more than five years and held a variety of mining engineering positions, both in Canada and abroad. Mr. Smith is a Chartered Director and an alternate Director of the World Gold Council. Mr. Smith is a director of eCobalt Solutions Inc. (a mining exploration company) traded on the Toronto Stock Exchange. He is a graduate of Queen's University (B.Sc.) and the University of Arizona (M.Sc.). Mr. Smith is a Professional Engineer.

John Leddy, Director, is Senior Advisor, Legal and Strategic Matters at Royal Nickel Corporation. Mr. Leddy has over 20 years' experience as a business lawyer and in private equity, specializing in M&A, capital raising & structuring and other strategic transactions. He is a former Partner in the Business Law Group (M&A) at Osler, a leading Canadian corporate law firm. Mr. Leddy is a member of the Law Society of Upper Canada, a director of Salt Lake Mining Pty. Ltd and Orford Mining Corporation, and a member of the Audit Committee of Magneto Investments Limited Partnership.

Mike Cox, Director, has over thirty years of experience in Base Metal operations with Inco Ltd and Vale SA. He has held a number of senior leadership positions in Europe, Canada and Asia. Most recently, Mr. Cox was Head of UK and Asian Refineries at Vale with responsibility for a portfolio of precious metal and nickel refineries. He is now a Managing Partner at CoDa Associates, a consultancy that provides a range of advisory services to the corporate and public sectors in Europe and Asia. Mr. Cox holds a BSc (Hons) in Chemistry and an MBA, both from the University of Glamorgan.

Russell Starr, Director, is an entrepreneur and financial professional focused on private and public mining/exploration and corporate advisory with over 19 years of corporate finance, investment and business development experience. Mr. Starr held senior positions and advisory roles with financial institutions including RBC Capital Markets, Scotia Capital, Orion Securities, and Blackmont. After leaving Bay Street, Russell held an executive position and board appointment with Cayden Resources, acquired by Agnico Eagle Mines Limited in 2014. As a SVP with Cayden Resources and board member, Mr. Starr was integral in the marketing, financing, development and ultimate sale of Cayden for CAD$205 million to Agnico Eagle Mines. Mr. Starr holds a MBA from the Richard Ivey School of Business, a Master of Arts degree in Economics from the University of Victoria and a Bachelor of Arts degree in Economics from Queens University. Mr. Starr was also a PhD candidate at McGill University in Econometrics.

On December 10, 2019 the Company announced that it has been advised by Canada Nickel Company Inc. ("**Canada Nickel**" or the "**Company**") of the assay results from the first nine diamond drill holes (5,267m) from the Company's 2019 exploration campaign at the Crawford nickel-cobalt project located just north of Timmins, Ontario.

- All 9 holes drilled as part of its inaugural 2019 drill campaign have intersected nickel-cobalt-PGM mineralization in excess of 330 metres
    - 4 holes are continuously mineralized in excess of 500 metres and 4 of 9 holes ended in mineralization
- Mineralization now defined over 1.4 kilometres by 350 to 600 metres wide to a depth of 500 metres – Remains open along strike, at depth and to the north
- Higher grade area (>0.3% nickel) defined on northern side of structure across a 1 kilometre strike length with intersections of 126 to 260 metres containing an incrementally higher-grade zone (>0.35% nickel) with intersections of 35 to 134 metres. Remains open to the north, west, and at depth.
    - Hole CR19-11 intersected 390 m of 0.271% nickel, 0.014% cobalt, including 134 m of 0.357% nickel, 0.015% cobalt, and 0.09 g/t Pd+Pt
- Second drill mobilized to accelerate drilling for initial resource and begin drilling additional targets. Mineralogy and metallurgical testing to be accelerated.

Mark Selby, Chairman and CEO of Canada Nickel, stated, “This year’s drilling highlights the potential of the Crawford nickel-cobalt project as a new, large scale nickel-cobalt sulphide discovery with mineralization now defined over an area 1.4 kilometres long by 350 to 600 metres wide and up to 500 metres deep and remaining open in multiple directions. Unlike many other deposits of its type, this drilling has also highlighted at surface a wide, higher grade (>0.35%) area over a kilometre of strike length. With its potential scale, the project’s excellent location and infrastructure, our team’s significant experience and insights from advancing other large scale ultramafic projects, and a robust nickel market increasingly driven by demand from the electric vehicle segment, we are well positioned to unlock Crawford’s potential as a strategic, geopolitically low risk source of nickel and cobalt.”

John Ryan, President and CEO of Spruce Ridge, stated, "The second round of drilling by Canada Nickel (first round of drilling by Spruce Ridge in 2018) was successful in expanding the length and width of the nickel-cobalt mineralization. Subject to shareholder and regulatory approval, investors who own Spruce Ridge shares will be entitled to receive their pro rata share of 5,000,000 shares (~9% of Canada Nickel). Distribution is expected to occur during the first quarter 2020.”

Subject to shareholder and regulatory approval, it is expected that the consolidation of the Crawford Nickel-Sulphide Project will be completed in January 2020, and Canada Nickel has applied to trade on the TSX Venture Exchange ("TSXV") under the symbol "CNC".

Crawford Nickel-Cobalt Sulphide Project – 2019 Drilling

Drilling in 2019 began in September to follow up on the initial four-hole, 1,818-metres drilling campaign reported in early 2019 which intersected multi-hundred metre intervals of serpentinized dunite with two of the four holes ending in mineralization. (See Spruce Ridge (TSX-V SHL) news release dated March 1, 2019.) The focus of this initial phase of drilling in 2019 was to extend the mineralization along strike and begin testing the northern and southern extent of the mineralization. The 9 holes which have been completed to date have successfully extended the structure to 1.4 kilometre strike length by 350 to 600 metres wide by up to 500 metres deep. (See Figure 1 below.) The mineralization remains open along strike, both north and south, and at depth. The nearly kilometre deep anomaly is only partially tested at depth (see Figure 2). The results of this drilling are summarized in Tables 1a and 1b below.

Figure 1 – Crawford Nickel-Cobalt Project - Plan View of 2018 and 2019 Drilling

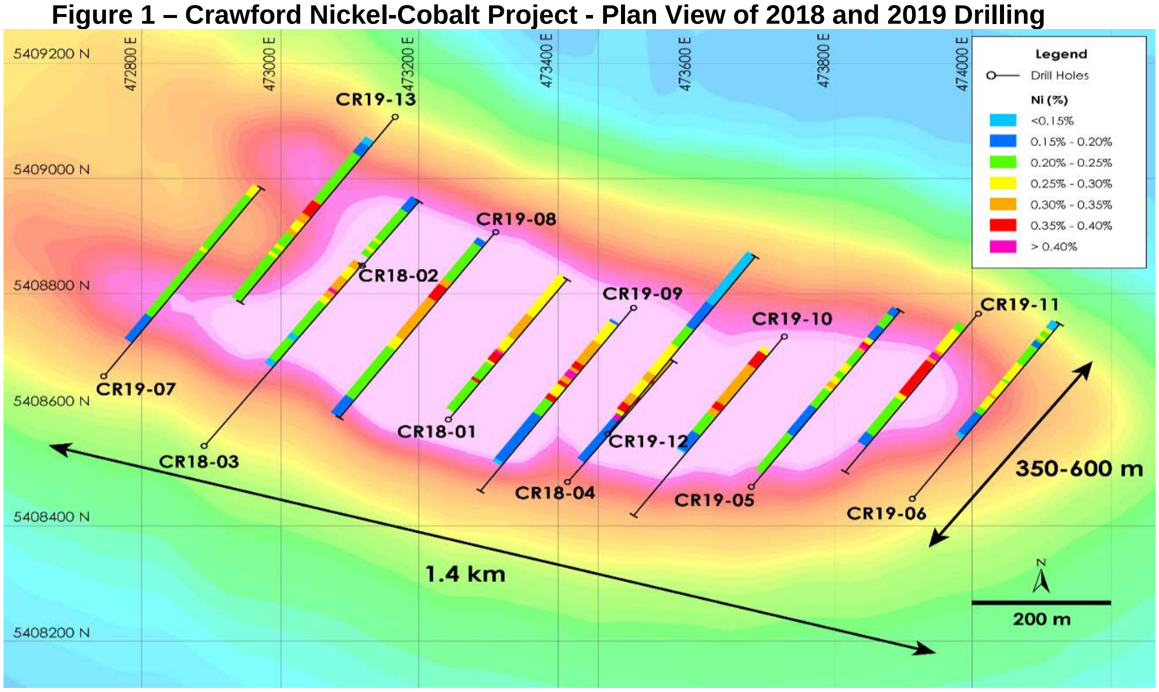
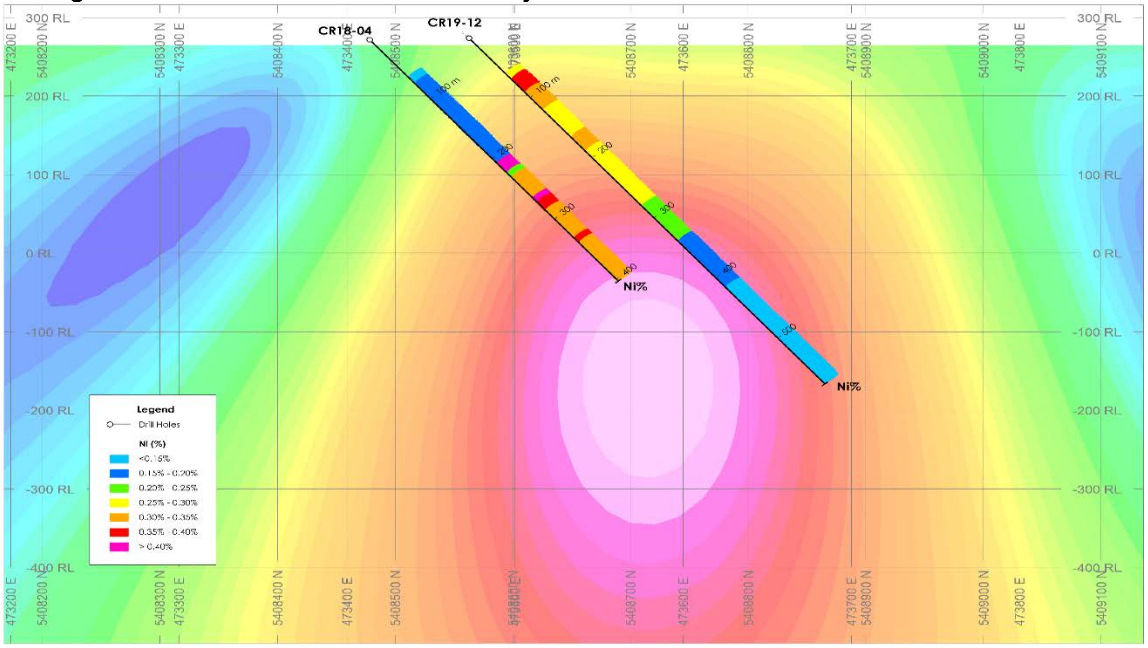


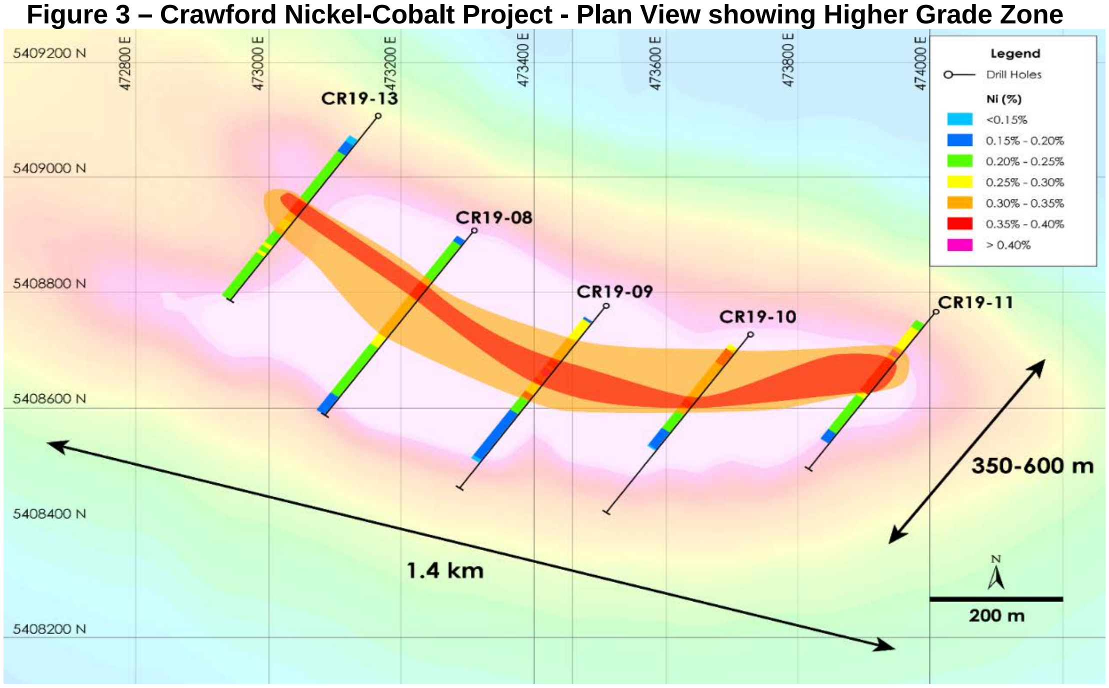
Figure 2 – Crawford Nickel Cobalt Project - Section View of CR18-04 and CR19-12



Higher Grade Zone

The 2019 drilling has also highlighted a higher-grade area (>0.3% nickel) on the northern side of the structure across a 1 kilometre strike length with intersections of 126 to 260 metres containing an incrementally higher grade zone (>0.35% nickel) with intersections of 35 to 134 metres. This higher-grade zone remains open to the north, west and at depth.

Figure 3 – Crawford Nickel-Cobalt Project - Plan View showing Higher Grade Zone



Next Steps

A second drill has been mobilized to accelerate the drilling required for the initial resource and allow additional targets to be tested. Samples to begin comprehensive mineralogical and metallurgical work are being selected and initial results are expected during Q1-2020.

Table 1a – 2019 Crawford Nickel-Cobalt Project (Drilling from North Side from East to West)

Intersections from North Wall								
DDH ID	From	To	Length	Ni	Co	Pd	Pt	S
	(m)	(m)	(m)	(%)	(%)	(ppb)	(ppb)	(%)
CR19-11	**48.0**	438.0	390.0	0.271	0.014	28.1	11.4	0.19
includes	**69.0**	292.5	223.5	0.324	0.015	43.8	16.8	0.27
includes	144.0	277.5	133.5	0.357	0.015	61.9	23.4	0.32
CR19-10	55.5	388.5	333.0	0.277	0.013	25.5	10.3	0.34
includes	61.5	271.5	210.0	0.320	0.013	30.5	11.1	0.49
includes	208.5	243.0	34.5	0.355	0.015	37.0	13.2	1.18
CR19-09	55.5	513.0	457.5	0.254	0.013	19.7	10.0	0.08
includes	70.5	309.0	238.5	0.310	0.013	26.9	13.2	0.11
includes	192.0	265.5	73.5	0.365	0.014	47.0	10.5	0.17
CR19-08	**36.0**	**592.5**	556.5	0.251	0.013	20.2	11.0	0.06
includes	70.5	468.0	397.5	0.271	0.013	18.2	11.2	0.06
includes	165.0	348.0	183.0	0.319	0.012	33.4	14.6	0.11
includes	183.0	223.5	40.5	0.351	0.013	26.3	12.8	0.18
CR19-13	102.0	**609.0**	507.0	0.237	0.013	10.1	8.1	0.03
includes	300.0	528.0	228.0	0.276	0.013	19.4	13.0	0.04
includes	300.0	405.0	105.0	0.325	0.012	37.3	13.7	0.07
includes	304.5	343.5	39.0	0.351	0.012	26.3	9.5	0.10

Table 1b – 2019 Crawford Nickel-Cobalt Project (Drilling from South Side from East to West)

Intersections from South Wall								
DDH ID	From	To	Length	Ni	Co	Pd	Pt	S
	(m)	(m)	(m)	(%)	(%)	(ppb)	(ppb)	(%)
CR19-06	207.0	**576.0**	369.0	0.229	0.011	5.3	3.5	0.04
includes	297.0	463.5	166.5	0.272	0.012	2.9	1.2	0.03
CR19-05	**51.6**	**582.0**	530.4	0.227	0.013	18.0	7.9	0.13
includes	432.0	481.5	49.5	0.310	0.015	36.7	10.4	0.53
includes	445.5	472.5	27.0	0.359	0.018	50.8	14.8	0.78
CR19-12	**57.0**	571.5	514.5	0.210	0.013	17.1	17.3	0.06
includes	**57.0**	279.0	222.0	0.293	0.012	13.4	3.8	0.09
includes	61.5	157.5	96.0	0.310	0.013	17.0	4.8	0.16
includes	72.0	88.5	16.5	0.365	0.014	18.7	4.1	0.24
CR19-07	204.0	619.5	415.5	0.221	0.013	7.2	7.5	0.01
includes	591.0	619.5	28.5	0.265	0.013	91.8	34.2	0.04

Note that the intersections are referenced to depth downhole and do not necessarily represent a true width. Canada Nickel has insufficient information to determine the attitude, either of the ultramafic body or of mineralized zones within it at this point in the exploration program. True widths will be less than the core lengths by unknown factors but based on the orientation of the drill holes are estimated to be 65% of the length of the mineral intersections.

SELECTED ANNUAL INFORMATION

The following table sets forth a summary of the financial results for the years ended April 30, 2019, 2018 and 2017:

Years ended April 30 (CDN $)	2019	2018	2017
Interest income	Nil	Nil	Nil
Net Loss and Comprehensive Loss	$603,577	$209,089	$119,259
2Basic Income (Loss) per share	($0.007)	($0.003)	($0.002)
Total assets	$1,915,651	$1,486,626	$1,473,233

The Company has been and is still in the stages of identifying, acquiring and exploring mineral interests. To date, the Company has not been in a position to derive any revenues from its projects. Revenues reported by the Company relate to property rentals.

Acquisition costs of mineral rights and option payments are capitalized until the properties are abandoned or the rights expired. Exploration expenditures, however, are expensed and charged to operations until such time proven reserves are determined. To date, the Company has not discovered any such reserves.

RESULTS OF OPERATIONS

The Company has no operating revenues other than rental income and relies on external financings to generate capital. Because of its activities, Spruce generally incurs net losses. For the period ended October 31, 2019, Spruce had rental income of $7,550 and a loss of $178,230 respectively (2018 – rental income was $8,150 and a loss of $117,353). The Company incurred $77,700 in exploration expenses (2018 – $39,086).

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, 2019, Spruce reported total general and administrative expenses ("G&A") of $73,237 (2018 - $64,139).

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

Period ended October 31	2019 $	2018 $
Management fee	35,000	30,000
Amortization	3,469	3,887
Professional fees	12,000	10,000
Filing fees	11,323	3,673
Interest expense – note payable	-	570
Office and general	1,585	243
Property expenses	5,581	7,176
Investor and shareholder relations	4,279	8,590
	73,237	64,139

Overall general and administrative expenses increased $9,098. Filing fees and management fees increased while investor and shareholder relation expenses decreased.

As at October 31, 2019 investments in securities available for sale was composed of:

October 31, 2019	Number of Shares	Cost	Fair Value
Cash			$23
Cerro Grande Mining Corp.	26,150	$20,593	131
		$20,593	**$154**

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, 2019 is as follows:

	Great Burnt	**Crawford**	**Total**
	$	**$**	**$**
Field Expenses	6,829	-	6,829
Geo's	9,748	9,599	19,347
Resource update	30,456	-	30,456
Assays	-	1,268	1,268
Mining lease payment	19,800	-	19,800
	66,833	10,867	77,700

SELECTED QUARTERLY INFORMATION

	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)	(350,099)	(407,533)
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)

	QUARTER ENDED			
	31-Oct 2018	31-Jul 2018	30-Apr 2018	31-Jan 2018
Total assets	1,924,785	1,882,805	1,486,626	1,493,260
Mineral properties	1,662,627	1,654,020	1,352,862	1,341,961
Working capital	(224,632)	(310,739)	(607,186)	(559,799)
Shareholders' equity	1,535,897	1,443,127	847,466	886,199
Comprehensive Loss	(42,231)	(75,123)	(38,734)	(31,494)
Loss per share	(0.001)	(0.001)	(0.001)	(0.000)

LIQUIDITY & FINANCING

The Company had a working capital deficiency of $498,418 as at October 31, 2019 (April 30, 2019 - working capital deficiency was $350,099). Expenses will be paid either from the sale of company assets and or non-interest bearing loans by the President. The President will continue to loan the Company funds required to advance its exploration properties and to pay administration costs. Currently the President and or companies he controls is owed $446,988.

The ability of the Company to successfully acquire additional mineral projects and to develop its existing properties is conditional on its ability to secure financing when required. The Company proposes to meet additional financing requirements through equity financing. In light of the continually changing financial markets, there is no assurance that new funding will be available at the times required or desired by the Company.

The Company will require additional funds to meet current liabilities, acquire additional mineral projects and to develop its existing properties. The Company proposes to meet additional financing requirements through equity financing. In light of the continually changing financial markets, there is no assurance that new funding will be available at the times required or desired by the Company. Accordingly, the Company's financial statements have been prepared on a going concern basis. Material adjustments could be required if the Company cannot obtain adequate financing. See "Risks Factors" below.

CAPITAL RESOURCES

The Company's primary capital assets are exploration and evaluation assets. The Company expenses all costs related to the mineral properties until the properties are put into production and amortized or abandoned and written off, or written down. As of October 31, 2019, the Company has incurred $77,700 on exploration expenses.

SHARE CAPITAL

Issued and outstanding: October 31, 2019 – 98,708,622
Issued and outstanding: December 30, 2019 (date of this report)

Warrants outstanding: October 31, 2019 – 48,417,500
Warrants outstanding: December 30, 2019 – 48,417,500

Options outstanding: October 31, 2019 – 3,500,000
Options outstanding: December 30, 2019 – 3,500,000

RELATED PARTY TRANSACTIONS

No director fees have been paid to directors.

As at October 31, 2019, $35,000 (April 30, 2019 - $60,000) was accrued or paid to a company controlled by the President of the Company for management and accounting services, with $Nil (April 30, 2018 - Nil) remaining in accounts payable and $175,000 (April 30, 2019 – $210,000) remaining in accrued expenses as at October 31, 2019.

Included in accounts payable is an amount of $230,988 (April 30, 2019 – 126,108) owing to the President of the Company. These amounts relate to expenses incurred by the President on behalf of the Company.

As at October 31, 2019, $5,000 (April 30, 2019 - $10,518) was accrued or paid to the Vice President of Exploration for geological services, with $Nil (April 30, 2019 - Nil) remaining in accounts payable.

The amount due to director as at October 31, 2019 is $41,000 (April 30, 2019 - $74,857). The loan is non-interest bearing and has no set terms of repayment.

OFF-BALANCE SHEET TRANSACTIONS

As at October 31, 2019, 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:

- Further diamond drilling is expected to begin in January to test obvious gaps in the existing drill hole pattern. 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 archived drill core from the 2016 and 2018 programs. 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.

Crawford Nickel Property – Northern Ontario

The sale of the Crawford nickel property is expected to be finalized in January 2020.

Crawford VMS Property – Northern Ontario

The Company will be reviewing the data to determine drill targets.

John Ryan, CPA, CGA
Chief Executive Officer
December 30, 2019