

Spruce Ridge Resources Ltd.

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

PRESS RELEASE 2022-01

February 23, 2022

Spruce Ridge Receives Positive PEA at Great Burnt Copper-Gold Property

Spruce Ridge Resources Ltd. (TSX-V: SHL) (“Spruce Ridge” or the “Company”) is pleased to announce that it has received the results of a Preliminary Economic Assessment (“PEA”) on the Company’s wholly-owned Great Burnt Copper-Gold Project in Central Newfoundland. The PEA is incorporated in a Technical Report, with an updated Mineral Resource Estimate that has an Effective Date of January 17th, 2022, prepared by P&E Mining Consultants Inc. (the “Technical Report”).

John Ryan, CEO of Spruce Ridge, stated “We are very encouraged to have received this PEA, which illustrates the robust economics of a copper-gold mine at Great Burnt. Although the Mineral Resource is just over a million tonnes, the high copper grade provides a strong revenue stream, and we look forward to proceeding towards possible mine development and production in the near term. The PEA uses a copper price of US\$4.00 per pound, and the spot price of copper has been higher than that since last April. The sensitivity analysis in the PEA indicates a base-case IRR of 23.3%, and if the financial model were to use the current NYMEX spot price of US\$4.55 a pound, the IRR would rise to 81.5%. With industrialized countries moving towards near-total electrification of their economies in response to climate change, we envisage an increasingly strong demand for copper to continue for the foreseeable future”.

The PEA is based on an underground mine, with 20-metre deep “starter pits” to provide rapid cash flow, on both the Great Burnt Copper Deposit and the South Pond “A” Copper-Gold Zone. Following are some highlights of the PEA:

Mine Life	4.0 years
Production rate	1,000 tonnes per day
Mining methods	“Starter” open pits and underground mining with ramp access
Average grades over life-of-mine (LOM)	2.13% Cu, 0.08 g/t Au after estimated dilution and losses (blended average of open pit & underground, Great Burnt & South Pond)
Processing	Custom (toll) processing is contemplated
Projected process plant recoveries	Copper 96% (25% Cu concentrate), gold 55% overall LOM average
Total tonnage mined & processed	1,068,300 tonnes

Following are some of the salient points of the cash flow analysis and financial model included in the PEA (all figures are in Canadian dollars unless indicated otherwise):

Commodity prices used	Copper US\$4.00/pound, gold US\$1,675/ounce, Cdn\$ = US\$0.77
IRR after tax	23.3%
Payout	2.9 years
After tax cash flow over LOM	\$14.7 million
After tax NPV @ 6%	\$9.3 million
Revenue over LOM	\$215.7 million
Cash operating cost	\$125.71 per tonne processed
Cash cost of product	US\$2.18 per pound of copper (net of by-product credits)
AISC	US\$3.15 per pound of copper (net of by-product credits)
Total CAPEX	\$59.0 million

Table 1 shows the results of sensitivity analysis included in the PEA, using the price of copper as the dependent variable. The line using a current NYMEX spot price has been added for illustration purposes.

Cu Price US\$/lb	After-tax NPV at 6% \$millions	After-tax IRR Percent
\$3.20	-\$26.3	-31.6%
\$3.60	-\$8.5	-7.7%
Base case \$4.00	\$9.3	23.3%
\$4.40	\$27.2	64.9%
<i>\$4.55*</i>	<i>\$32.9</i>	<i>81.5%</i>
\$4.80	\$42.6	114.2%
* - NYMEX spot price Feb 18th, 2022		

Access: The PEA assumes that a new all-weather road will be constructed to link with existing forestry roads at Atlantic Lake, 27 km from the Great Burnt Copper Deposit and 17.5 km northeast of the South Pond “A” Copper-Gold Zone. This would reduce road distance from Great Burnt to Grand Falls-Windsor, the commercial hub of Central Newfoundland, from its current 250 km to less than 90 km.

Mining Methods: The PEA envisages initial mining to take place in open pits to a depth of 20 metres at the Great Burnt and South Pond “A” Zone, which will partially finance the underground development phase. Underground access will be by decline ramp, with trackless transport of mineralized material and waste rock. Mining will be by longitudinal-retreat longhole stoping. The Great Burnt Lower Zone, which has a relatively low dip, will be mined by a combination of cut-and-fill and drift-and-fill methods.

Metallurgical Testwork: The Technical Report presents the results of preliminary metallurgical testwork carried out by SGS Lakefield. A composite sample was made up of quartered drill core from the 2020 drilling program on the Great Burnt Main Zone, with an average grade of 2.82% Cu and 0.03 g/t Au, to approximate the run-of-mine grade. It responded well to preliminary flotation tests. A locked-cycle test run on material ground to 80% minus 55µm produced a concentrate grading 25.1% Cu and 0.23 g/t Au, with copper recovery of 98.5% and gold recovery of 58.6%. The PEA used a grind to 80% minus 50µm, a copper recovery of 96%, a concentrate grade of 25% Cu and a gold recovery of 55%.

Preliminary tests were run on sorting using X-Ray atomic density, with a view to upgrading the run-of-mine material to reduce shipping and processing costs. Copper recovery was 80%, and the grade was increased to 5.35% Cu. It was considered that the loss was excessive, and the PEA was completed on the assumption that run-of-mine would be trucked to a toll process plant. Further tests, possibly using different sensing equipment, are being considered for the future.

The Technical Report includes an updated Mineral Resource Estimate that incorporated the results of the 2020 diamond drilling program on the Great Burnt Main Zone, which was summarized in news release 2021-12 on July 8th, 2021. It is repeated in Table 2 below.

Classification	Tonnes (k)	Cu %	Au g/t	CuEq %	Cu Mlbs	Au koz	CuEq Mlbs
Great Burnt Main Zone							
Indicated	667	3.21	Nil	3.21	47.2	Nil	47.2
Inferred	482	2.35	Nil	2.35	25.0	Nil	25.0
South Pond “A” Deposit							
Indicated	214	1.26	1.21	2.10	6.0	8.3	9.9
Inferred	145	1.07	1.02	1.78	3.4	4.8	5.7
Total							
Indicated	881	2.74	0.29	2.94	53.2	8.3	57.1
Inferred	627	2.05	0.24	2.22	28.4	4.8	30.7

John Ryan, CEO, added "We are awaiting assay results from last fall's 3,000 metre drill program on the South Pond "B" Gold Zone, and anticipating that this may give us a possible addition to the Mineral Resource. Furthermore, we will be doing infill and step-out drilling at the South Pond "A" Copper-Gold Zone, which will firm up - and possibly add to - that Mineral Resource. We will also be following the recommendations of the Technical Report to do additional drilling on the Great Burnt Copper Deposit, with a view to converting some of the Inferred Mineral Resource into the Indicated classification."

Colin Bowdidge, Ph.D., P.Geo. and Eugene Puritch, P.Eng., Fec, CET, Qualified Persons as defined in NI43-101, have reviewed and approved the technical information in this news release. Mr. Bowdidge is a director and VP Exploration of Spruce Ridge and Mr. Puritch is independent of Spruce Ridge.

About Spruce Ridge Resources Ltd.

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

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

In addition to its mineral assets, Spruce Ridge acquired leases with petroleum and natural gas rights, plus shut-in oil and gas wells, pipelines, and facilities, in the Unity area of southwestern Saskatchewan and is in the process of putting these assets back into production.

Spruce Ridge currently holds 5,594,955 shares of Canada Nickel Company Inc. and 10,000,000 shares of Noble Mineral Exploration Inc.

For further information please contact:

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

Forward-Looking Statements

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release. This News Release includes certain "forward-looking statements" which are not comprised of historical facts. Forward-looking statements include estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Forward-looking statements may be identified by such terms as "believes", "anticipates", "expects", "estimates", "may", "could", "would", "will", or "plan". Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Although these statements are based on information currently available to the Company, the Company provides no assurance that actual results will meet management's expectations. Risks, uncertainties and other factors involved with forward-looking information could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this news release includes, but is not limited to, the intention to complete the transactions, and the Company's objectives, goals or future plans. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to an inability to complete the transactions, failure to identify mineral resources, failure to convert estimated mineral resources to reserves, delays in obtaining or failures to obtain required regulatory, governmental, environmental or other project approvals, political risks, inability to fulfill the duty to accommodate First Nations and other indigenous peoples, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, capital and operating costs varying significantly from estimates and the other risks involved in the mineral exploration and development industry, and those risks set out in the Company's public documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.

This news release does not constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of any of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, including any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws and may not be offered or sold within the United States or to, or for account or benefit of, U.S. Persons (as defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration requirements is available.