

This document provides management's discussion and analysis (MD&A) for the Company's financial condition as at July 31, 2016, and results of operations for the quarter ended July 31, 2016. This MD&A should be read in conjunction with the Company's consolidated financial statements and notes for the year ended October 31, 2015. This MD&A has been prepared as of September 22, 2016 and is current to that date unless otherwise stated.

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

In particular, forward looking comments regarding both the Company's plans and operations included in the "Company Overview" with respect to management's planned exploration and other activities, and in "Liquidity", and "Commitments" regarding management's estimated ability to fund its projected costs of exploration work and general corporate costs of operations, and its ability to raise additional funding through placement of the Company's common shares, are plans and estimates of management only and actual results and outcomes could be materially different.

Additional information regarding the Company, including copies of the Company's continuous disclosure materials is available on the Company's website at www.silverspruceresources.com or through the SEDAR website at www.sedar.com.

Company Overview

Silver Spruce Resources Inc. (Company) is a junior exploration company headquartered in Bridgewater, Nova Scotia. The Company's is focused on exploration for precious metals and rare earth elements.

In 2015 the Company focused business activities on developing near term properties to maximize benefit to shareholders. The Company was successful in identifying the prospective property called Pino de Plata. In 2015 the Company acquired an option for a 100% interest in Pino de Plata, a 397 hectare property in Chihuahua State, Mexico. The initial NI 43-101, published on 12 August 2015, showed very promising results therefore, the Company made the decision to focus on this property.

The Company also holds Rare Earth ("REE") properties however, this is an evolving international market therefore, the Company regards the REE properties as long term that do not correspond with the Company's current strategy. Various properties have been reduced and consolidated to allow the main prospects to be retained for the longer term of which the most promising, Popes Hill, is considered a Joint Venture opportunity for companies involved in REE exploration.

As of July 31, 2016, cash reserves, totaled approximately \$80,803.

The Company has environmental and safety protocols which include written procedures and policies.

Summary of Quarterly Results

Results of operations can vary significantly by quarter, as a result of a number of factors. The Company's level of activity and expenditures during a specific quarter are influenced by the level of working capital and the availability of external financing.

	July 31, 2016	April 30, 2016	January 31, 2016	October 31, 2015
	\$	\$	\$	\$
Income	-	-	-	-
Net (loss) gain	(193,686)	152,678	(297,593)	(2,079,337)
Net (loss) gain per share -basic and diluted	(0.01)	0.04	(0.01)	(0.13)
	July 31, 2015	April 30, 2015	January 31, 2015	October 31, 2014
Income	-	-	-	588
Net (loss) gain	(116,482)	82,129	(149,716)	31,332
Net (loss) per share -basic and diluted	(0.01)	0.01	(0.01)	(0.00)

For the three months ended July 31, 2016 the Company had a net loss of \$193,686 (July 31, 2015 - \$116,482) and a loss per share of \$0.01 (July 31, 2015 - \$0.01). The loss in current quarter is due to a foreign exchange loss and increased expenditures on the Company's Pino de Plata property.

Expenditures on Mineral Properties

During the quarter ended July 31, 2016, and the quarters ended April 30, 2016, January 31, 2016, and October 31, 2015 and the comparative periods, the Company incurred the following expenditures on exploration:

	July 31, 2016	April 30, 2016	January 31, 2016	October 31, 2015
	\$	\$	\$	\$
Big Easy	-	-	-	-
Pope's Hill JV	-	-	-	-
Pino de Plata	64,397	(79,224)	10,914	1,830,534

	July 31, 2015	April 30, 2015	January 31, 2015	October 31, 2014
	\$	\$	\$	\$
Big Easy	-	1,603	191,057	32,661
Pope's Hill JV	-	-	(56,000)	-
Pino de Plata	52,375	-	-	-

The credit balances represent reallocations/recovery of expenses between the properties in the quarters reporting period.

PROJECTS – SILVER

Pino de Plata

This is a 100% Company owned option for 397 hectares located approximately fifteen kilometres from Coeur Mining Inc.'s Palmerajo open pit and underground operations. This Property shows evidence of historical small scale surface mining of high grade silver (> 1,000 g/ton) dating back to approximately the 1600's and the entire

project sits on top of an intrusive system with widespread anomalous mineralization. This Property has been privately held by the same individual since 1984 and has never been drilled or fully explored.

In May 2015, Silver Spruce completed an initial National Instrument 43-101 exploration assessment report which identified three areas for follow-on exploration and drilling. The 43-101 involved on-site field examination which systematically sampled areas of known small scale historical production. But the areas sampled for the 43-101 only represent approximately one quarter of the total Project area. Approximately ninety-two samples were taken during the field examination and show widespread intrusive epithermal mineralization at surface with silver values, on average, of greater than 50 grams per tonne (g/t), that is 1.6 ounces per tonne (opt), over an area of more than 1 square km (>100 Ha). Within the area examined, specific targets were sampled with silver (Ag) assays of up to 557 g/t or 17.9 opt. The following are the three target areas identified in the 43-101.

The Terrero - target, was identified as has having an area of over 20,000 square metres (>2 Ha), where “the replacement epithermal mineralization in igneous rocks contains good silver grades at surface in un-oxidized rock. Seven out of nine samples, taken at surface, contained > 1 opt Ag to as much as 17.9 opt Ag with an average silver grade of 250 g/t (8 opt) Ag. Little additional work in the way of mapping and sampling is required prior to drilling this prospect.

The Santa Elena – is a Gossan target area presents a viable target for replacement Ag-Pb-Zn-Cu deposits. Unoxidized replacement mineralization from the Santa Elena Mine approaches 200 g/t (6.4 opt) Ag. This area has the potential for relatively shallow replacement mineralization over an area of > 20 Ha.” The sampling in the Santa Elena – Gossan target area also revealed elevated values of >2-3% Zn and anomalous Au, Cu and Pb.

Vein Targets - “The Sierpe and Theodora veins are open on strike and visible at surface with indications of ore grade Ag (>250 g/t or 8 opt Ag) and reasonably minable widths (>= 1 m). Newly exposed, Ag mineralized quartz veins in road cuts to the west along with favorable alteration west of the Sierpe and Theodora mines make these attractive vein targets.” The sampling in the Sierpe I, Sierpe II and Theodora vein target areas also revealed elevated values of up to 5% Pb and up to 7% Zn, with anomalous Au values up to 0.461 g/t.

Only approximately 50% of the Project surface was examined during the NI 43-101 assessment.

The Company plans an efficient and effective Phase I exploration program to quickly define a significant maiden resource with open pit mining potential to exploit in the near to medium future with minimal capex requirements.

RARE EARTH ELEMENT (REE) PROPERTIES

The Company holds two rare earth element (REE) properties totaling 71 claims (20 km²) in Labrador – the Pope’s Hill (PH), and the Straits. The properties are 100% owned by Silver Spruce, subject to net smelter returns (NSR’s) on the Straits property as described in the property descriptions. A 50/50 joint venture with Great Western Minerals Group, the Popes Hill JV, covered part of the 100 km long PH trend however the claims in this agreement were cancelled in the 3rd quarter and the agreement is now terminated.

Compilation maps showing the property locations, the geophysical and geochemical results, a diamond drill plan map plus a summary of the drill hole and trench data on the Popes Hill property and data and pictures from the Company’s REE projects can be viewed on the company website at www.silverspruceresources.com. The Company’s REE projects are described following although the descriptions have been shortened considerably from earlier versions of the MD and A to save money on printing since no exploration has been carried out for several few years. For more detailed descriptions, the reader is requested to see earlier versions of the MD and A as filed on our website and SEDAR.

Planned Exploration

No exploration is planned in 2016. The properties have been reduced / consolidated to allow the main prospects to be retained for the longer term. The main Popes Hill property is considered a JV opportunity for companies involved in REE exploration.

URANIUM - LABRADOR

General

The Company retains historical interests Uranium concessions. The depressed prices for Uranium have, however, resulted in the Company strategically choosing not to expend resources in the near to mid-term on these properties. The Company owns a 100% interest in 256 claims (120 km²) in 2 uranium properties in Labrador. They include - Straits (9) and Mount Benedict (247). The company also retains a 2% net smelter return (NSR) on the Central Mineral Belt Joint Venture (CMBJV) properties. A total of 397 claims including the Two Time zone and Mount Benedict properties are subject to NSR's.

For more detailed descriptions, the reader is requested to see earlier versions of the MD and A as filed on SEDAR.

Planned Exploration

No exploration is planned in 2016.

MANAGEMENT

Stephan Jedynak – President/CEO, Director

He is a General Counsel, called before the legal bars of New Zealand and Nova Scotia and has over 15 years of corporate experience, compiling a track record of regulatory compliance, by creating, implementing and managing regulatory compliance regimes for a top 100 company. He earned an undergraduate degree from the University of Ottawa and a Bachelor of Laws from Dalhousie University and the University of Auckland.

Gordon Barnhill - VP Corporate Affairs, Director, CFO

Prior to joining Silver Spruce Resources, Mr. Barnhill was the President of a company providing management consulting, capital research, business evaluations, deal structuring and investment strategies. From 1973 to 1997 Mr. Barnhill had an extensive career in banking with Canada's largest banking institution as a senior commercial lending officer.

LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

Operating Activities

The Company had a net cash outflow from operating activities of \$87,112 for the three months ended July 31, 2016 (July 31, 2015 - \$38,156 outflow).

Financing Activities

The Company had a net cash inflow from financing activities of \$135,224 for the three months ended July 31, 2016 (July 31, 2015 - \$46,900 inflow).

Investing Activities

The Company had \$nil cash transactions from investing activities for the three months ended July 31, 2016 (July 31, 2015 - \$nil).

Liquidity

The Company had cash and cash equivalents of \$80,803 as at July 31, 2016 (July 31, 2015 - \$14,398). The change in non-cash operating working capital as at July 31, 2016 was a cash outflow of \$24,000 (July 31, 2015 - \$146,500 inflow).

Capital Resources

The Company's authorized capital consists of an unlimited number of common and preference shares without par value. At July 31, 2016, the Company had 30,913,047 issued and outstanding common shares (July 31, 2015 - 19,835,781).

RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities as at July 31, 2016 is \$121,824 (October 31, 2015 - \$222,137) owing to directors and companies controlled by directors of the Company for consulting related services rendered. These amounts are unsecured, non-interest bearing with no fixed terms of repayment.

As at July 31, 2016 the total loans payable to a former director is \$90,286 (October 31, 2015 - \$88,973). The loans are unsecured and bear interest at rates from 0% - 5% per year. During the period ended July 31, 2016, the loans incurred interest expense of \$1,313 which is outstanding at period end and is due on demand.

During the period ended July 31, 2016, no stock options were granted to directors, officers and employees of the Company (October 31, 2015 – Nil).

During the period ended July 31, 2016 key management personnel compensation consisted of services provided by companies owned by directors of \$30,800 (October 31, 2015 - \$24,000) which are classified as consulting fees on the consolidated statement of operations.

COMMITMENTS

The Company's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company has indemnified the subscribers of current and past flow-through share subscriptions from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

FINANCIAL INSTRUMENTS

Fair Value

IFRS requires that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying amounts for cash, amounts receivable, deposits, prepaid expenses, accounts payable and accrued liabilities on the balance sheets approximate fair value due to their short-term maturity. The fair value of long term debt approximates its carrying value based on current borrowing rates. The fair value of investments is based on quoted market prices.

RISKS AND UNCERTAINTIES

The Company's financial success is dependent upon the extent to which it can discover mineralization or acquire mineral properties and the economic viability of developing its properties. The market price of minerals and/or metals is volatile and cannot be controlled. There is no assurance that the Company's mineral exploration and development activities will be successful. The development of mineral resources involves many risks in which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company has no source of financing other than those identified in the section on liquidity, financings and capital resources.

CURRENT MARKET CONDITIONS

The fundamentals for gold and silver improved in late 2015 and are expected to remain strong for the rest of 2016. The prices for Ag have increased approximately 40% since December 2015. The Company is excited about the Pino de Plata silver/gold prospect for this reason. No emphasis is being placed on U, REE or base metal exploration at this time although both the U and REE properties offer JV opportunities should prices increase.

OUTLOOK

The Company is currently focusing on mineral projects that can be cash positive in the short to medium term. The Company feels strongly that the Pino de Plata project has potential to meet this objective.

SUBSEQUENT EVENTS

On August 12, 2016 the Company closed a non-brokered private placement raising gross proceeds of \$549,755 (the "Offering"). The Offering consisted of 8,457,769 units offered at \$0.065 cents consisting of one common share in the capital of the Company and a one share purchase warrant. Each full warrant entitles the holder to purchase an additional common share of the Company (a "Warrant Share") for \$0.10 at any time prior to the expiry date of August 12, 2018.

Prior to the period end, a sum of \$201,959 (net of issuance costs) was advanced to the Corporation as part of the aforementioned private placement.

GOING CONCERN

The company has enough capital to maintain itself as a going concern for the next few months, however the Company's ability to continue as a going concern for the rest of 2016 and beyond, is dependent on its ability to raise money in the form of a private or public placement, loans, grants and/or a joint venture on our properties with a partner who would provide the financing for the exploration or a change of business associated with new funding. There is no certainty the Company will be successful in accessing such funding.

FUTURE CHANGES IN ACCOUNTING POLICIES

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after November 1, 2015 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39").

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

IAS 1 Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality considerations apply to all parts of the financial statements and that even when a standard requires a

specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. Earlier adoption permitted.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 – Revenue from Contracts with Customers has also been applied.