

*This document provides management's discussion and analysis (MD&A) for our financial condition as at July 31, 2015, and results of operations for the quarter ended July 31, 2015. This MD&A should be read in conjunction with the Company's consolidated financial statements and notes for the year ended October 31, 2014. **This MD&A has been prepared as of September 18, 2015 and is current to that date unless otherwise stated.***

*This document contains forward-looking statements which by their nature involve risks and uncertainties, many of which are beyond the Company's control and which could cause actual results to differ materially from those expressed in such forward-looking statements. Readers are cautioned not to place undue reliance on these statements. The Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

*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](http://www.silverspruceresources.com) or through the SEDAR website at [www.sedar.com](http://www.sedar.com).*

### **Company Overview**

Silver Spruce Resources Inc. is a junior exploration company headquartered in Bridgewater, Nova Scotia. The Company's current focus is on exploration for precious metals and rare earth elements. Originally focused on uranium, mainly in the Central Mineral Belt (CMB) of Labrador, the Company continues to hold significant assets in the CMB, making the Company a significant landholder in one of the world's premier uranium districts. Projects include: the CMB joint venture (JV) with Jet Energy (formerly Crosshair), in which the Company holds a 2% production Net Smelter Return (NSR), and its 100% owned properties – Snegamook and Mount Benedict. The CMBJV includes a mineral resource on the Two Time zone of 2.3 M lbs indicated and 3.7 M lbs U<sub>3</sub>O<sub>8</sub> inferred, discovered by Silver Spruce, the first discovery in the CMB of Labrador since the 1980's. Drill-ready opportunities exist on the Snegamook and Mount Benedict properties.

Although the Company is optimistic about the long term outlook for uranium, development of these Labrador properties continues to be slow pending an increase in uranium prices.

As of July 31, 2015, cash reserves, totaled approximately \$14,398. In 2015, the Company adjusted its strategy to focusing on cash flow ready or near cash flow ready properties and in June 2015 announced a Letter of Intent with an option to fully acquire the Pina del Plata project in the State of Chiapis, Mexico. An initial 43-101 compliant assessment was conducted on the property and published on August 12, 2015. The general negative climate for raising capital affects all of the Company's projects.

The Company has established environmental and safety protocols which include written procedures and policies which are overseen by Board committees for environment/health and safety.

### Selected Quarterly Information

The table below outlines selected financial information related to the Company's most recent financial year and the previous two quarters, accompanied by the applicable comparative period information.

	<b>July 31, 2015</b>	<b>April 30, 2015</b>	<b>January 31, 2015</b>	<b>October 31, 2014</b>
	\$	\$	\$	\$
Income	-	-	-	588
Net (loss) gain	<b>(116,482)</b>	82,129	(149,716)	(784,358)
Net (loss) gain per share -basic and diluted	<b>(0.01)</b>	0.01	(0.01)	(0.09)
	<b>July 31, 2014</b>	<b>April 30, 2014</b>	<b>January 31, 2014</b>	<b>October 31, 2013</b>
Income	<b>(435)</b>	(34)	3,751	1,857
Net (loss)	<b>(60,091)</b>	(118,246)	(51,157)	(243,752)
Net (loss) per share -basic and diluted	<b>(0.00)</b>	(0.00)	(0.00)	(0.01)

For the three months ended July 31, 2015 the Company had a net loss of \$116,482 (July 31, 2014 - \$60,091) and a loss per share of \$0.01 (July 31, 2014 - \$0.00). The increased loss in current quarter is due to increased expenditures on property evaluation/due diligence.

### Expenditures on Mineral Properties

During the quarter ended July 31, 2015, and the quarters ended April 30, 2015, January 31, 2015, and October 31, 2014 and the comparative periods, the Company incurred the following expenditures on exploration:

	July 31, 2015	April 30, 2015	January 31, 2015	October 31, 2014
	\$	\$	\$	\$
<b>CMB</b>	-	-	-	-
<b>Straits</b>	-	-	-	-
<b>Mount Benedict</b>	-	-	-	-
<b>Snegamook</b>	-	-	-	-
<b>Rambler South</b>	-	-	-	-
<b>Big Easy</b>	-	(95,661)	191,057	32,661
<b>Pope's Hill</b>	-	-	-	-
<b>Pope's Hill JV</b>	-	-	(56,000)	-
<b>Fish Hawk Lake</b>	-	-	-	-

	July 31, 2014	April 30, 2014	January 31, 2014	October 31, 2013
	\$	\$	\$	\$
<b>CMB</b>	-	-	-	-
<b>Straits</b>	-	-	-	-
<b>Mount Benedict</b>	-	-	-	-
<b>Snegamook</b>	-	-	-	-
<b>Rambler South</b>	-	-	-	-
<b>Big Easy</b>	2,486	441	4,919	6,836
<b>Pope's Hill</b>	-	-	-	-
<b>Pope's Hill JV</b>	-	-	-	-
<b>Fish Hawk Lake</b>	-	-	-	187

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

Management's assessment of the properties' estimated current value is also based upon a review of other property transactions that have occurred in the same geographic area as that of the properties under review.

## **PROJECTS**

### **URANIUM - LABRADOR**

#### **General**

Silver Spruce owns a 100% interest in 480 claims (120 km<sup>2</sup>) in 3 uranium properties in Labrador. They include - Snegamook (86), 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 483 claims including the Two Time zone, Snegamook, and Mount Benedict properties are subject to NSR's as described in the property descriptions. The Company has slowed its pace of exploration/development considerably due to the price of uranium and the continuing challenge of raising capital for exploration. The Company will re-evaluate its uranium program if there is positive news on the price of uranium and more financial liquidity.

The Company's uranium projects are described below. For more detailed descriptions, the reader is requested to see earlier versions of the MD and A as filed on SEDAR.

#### **Impairment**

The property expenditures have either been written down or off due to the inability to raise funds for further exploration over the past few years.

### **SNEGAMOOK LAKE (SN)**

#### **Property Description**

The property, located to the southeast of Snegamook Lake in central Labrador, in the western part of the Central Mineral Belt (CMB), consists of 86 claims (21.5 km<sup>2</sup>), and is surrounded by the CMBNW JV property to the north. The Company has earned a 100-percent interest subject to a two-percent NSR. The property is located outside the Labrador Inuit Land Claim area.

Exploration from 2006 to 2008 included: an airborne radiometric / magnetic survey, prospecting, lake sediment sampling, line cutting, RadonEx radon gas surveys, prospecting and diamond drilling (53 holes, 13,765.3 m).

The property hosts the Snegamook zone, on strike to the south of the TT zone, and the Near Miss prospect. At the Snegamook zone, seventeen (17) drill holes intersected a 20-50 m wide zone of U bearing, brecciated/altered monzodiorite over a strike length of 300 m, to a vertical depth of 200 m, the same geological setting as the TT Zone. The zones are shallow dipping and vary in width from 5-53 m, with grades ranging from 225 to 771 ppm (0.023-0.077%) U<sub>3</sub>O<sub>8</sub>. The widest section in SN-08-8 averages 206 ppm U<sub>3</sub>O<sub>8</sub> (0.021% - 0.41 lb/ton) over 73 m, similar to values located in early drilling on the TT zone. The Near Miss zone gives erratic U mineralization in hematized, brecciated, granitic to monzodioritic units with one meter intervals giving values from 113-2,117 ppm (0.011-0.21%) U<sub>3</sub>O<sub>8</sub> with the widest intersection averaging 213 ppm U<sub>3</sub>O<sub>8</sub> (0.021%, 0.43 lb/ton) over 16 m, including 1 m at 0.21% (4.23 lb/ton) U<sub>3</sub>O<sub>8</sub>. Crosshair's drilling on the TT is approximately 50 m from the north boundary of the SN property, indicating the likelihood that the TT zone continues onto the SN property at depth. Further exploration is warranted along the TT-Snegamook trend and in other prospects such as the Near Miss.

No exploration has been carried out since 2008 however the property can be maintained without further work until 2017. No exploration is planned for 2015.

#### **Impairment**

The last of the exploration expenditures were written off in 2012.

## **MOUNT BENEDICT (MB)**

### **Property Description**

The property, totalling 247 claims (62 km<sup>2</sup>), is located in the Benedict Mountains area, near the Labrador coast, in the eastern part of the CMB, approximately 180 kilometres northeast of Happy Valley- Goose Bay (HVGB) and 50 km to the south of Makkovik. The claims are 100% owned by Silver Spruce, subject to a one percent NSR on the original staked property. It is located in part on Labrador Inuit Land (LIL), with the remaining part on Labrador Inuit Land Settlement Area (LISA) lands. The property covers uranium in lake sediment anomalies hosted in felsic plutonic rocks of the Benedict Mountains Intrusive Suite (BMIS), with some felsic supracrustal units of the Aillik Group, the host for the Michelin deposit which is located to the southwest of the property. The property remains in good standing until at least 2018 without further work required.

### **Exploration Summary**

Exploration has included: compilation, airborne radiometric/magnetics, prospecting, geological, geochemical, geophysical and radon gas surveys, stream sediment geochemistry, line cutting, environmental baseline and archeological studies, followed by diamond drilling. The property has two significant U prospects, in the northern part of the property, the **AT-649** and the **T Super 7** zones. At the **AT-649** - Five representative grab samples from outcrop, in a 10 m area, off scale on the scintillometer, averaged 0.497% U<sub>3</sub>O<sub>8</sub>, defining a high grade U zone at least 10 m wide, exposed in a small brook flowing into Stag Bay. Float boulders downstream from the showing give values from 0.06 to 3.37% U<sub>3</sub>O<sub>8</sub>, with three values >1%. The host rock is a moderately to strongly hematized felsic to mafic intrusive which has been fractured and veined with uraninite/pitchblende and magnetite. The high grade zone has not been tested directly due to environmental regulations which require a set back of a minimum of 50 m from the brook. Diamond drilling (1,263 m in nine holes) has defined a zone of low grade mineralization hosted in a sheared and altered monzonite to monzodiorite possibly related to the high grade mineralization. The zone varies from 4 to 16 m wide, giving U<sub>3</sub>O<sub>8</sub> values of up to 598 ppm (0.06%, 1.2 lb/ton) over 1 m and intersections of 4.3 m at 0.025% at a vertical depth of 40 m. The zone was tested over a strike length of 150 m and to a vertical depth of 75 m and remains open along strike and to depth.

**The T Super 7** is located 4.8 km to the southwest of AT-649. It carries U mineralization in bedrock with grab sample values from 500 ppm (0.05%) to over 1% (20 lb/ton) U<sub>3</sub>O<sub>8</sub>. Tested by seven holes totalling 968 m, the drilling indicates weak to moderate mineralization over good widths. Mineralization in DDH MBS7-08-5 is hosted in a northeast trending mylonite zone which carries two separate mineralized zones: 27 m (5-32 m) at 138 ppm (0.014%) U<sub>3</sub>O<sub>8</sub> and 22 m (44-66 m) at 278 ppm (0.028%) U<sub>3</sub>O<sub>8</sub> in a highly altered felsic intrusive or volcanic unit. An 8 m wide section, from 51 to 59 m grades 444 ppm (0.044%) U<sub>3</sub>O<sub>8</sub>. Geological mapping indicates a minimum strike length of 300 m, remaining open along strike to the northeast and southwest and radon gas surveys give strong anomalies over a minimum 750 m strike length coincident with the zone. The mineralization is similar to the AT-649, developed along a major northeast trending structure which trends through, and is associated with, the AT-649 mineralization. Further work, including diamond drilling, is warranted along the 649/Super 7 trend.

### **Planned Exploration**

No exploration is planned for 2015.

### **Impairment**

The last exploration expenditures were written off in 2012.

## **JV PROPERTIES - CENTRAL MINERAL BELT JV (CMBJV) – SSE – 2% NSR**

The CMBJV properties consist of 528 claims (132 km<sup>2</sup>) in the Central Mineral Belt (CMB) of Labrador. The properties are proximal to the Michelin, Moran Lake and other uranium showings and are located, to the west of and inland from, the coastal Postville-Makkovik area of Labrador, approximately 150 kilometres northeast of Happy Valley-Goose Bay. Licence 18131M (124 claims) in the CMBNW property was ceded to Lew Murphy, the vendor of the Moran Lake property, due to an area of influence, when Jet Energy dropped the option on the

Moran Lake property however under the CMBJV agreement, the 2% NSR to Silver Spruce continues on this property. The CMBJV claims were acquired by staking in 2005/06 to cover uranium in lake sediment anomalies, hosted in volcanic, sedimentary and plutonic rocks. Silver Spruce's original joint venture partner, Universal Uranium, earned a 60% interest in the CMBJV in March 2007 by spending \$2 million in an option agreement. UUL sold its 60% interest to Crosshair (now JET Metals) in May 2008, for 10 M Crosshair shares plus \$500,000, with UUL retaining a 2% NSR on the 60% purchased. Crosshair took over the operatorship of the JV when SSE reverted to a 2% NSR on the properties. SSE declined to participate in the exploration programs and was diluted to a 2% NSR according to the formula in the JV agreement (NR May 31/12).

### **Exploration Summary**

Exploration consisted of a helicopter-borne radiometric/magnetic survey, a limited airborne gravity survey over part of the CMBNW property, prospecting using scintillometers, lake sediment, soil and radon gas geochemistry, ground scintillometer surveys, geological mapping, trenching and diamond drilling. Follow up on the airborne radiometric survey in late 2006 by SSE, led to the discovery of the Two Time zone on the CMBNW property, the only significant new uranium discovery in the CMB since the early days of exploration in the CMB by Brinex, Canico and Shell in the 1950's to 1980's. The global financial crisis in 2008 / early 2009 and the resulting budgetary restraints, the Nunatsiavut Government uranium moratorium and the price of uranium, has limited exploration to that required to keep the properties in good standing for the last few years. Crosshair (now Jet Energy), as operator, in consultation with Silver Spruce carried out exploration in 2009/10 aimed at consolidating, reducing and retaining those properties which showed the most potential. Three new uranium prospects were discovered on the CMB JL (2) and CMB NE (1) JV properties with values up to 0.46% , 0.28% and 0.1% U<sub>3</sub>O<sub>8</sub> in selected grab samples from the three showings (NR Feb. 8/11).

The Two Time (TT) U deposit, located on the CMBNW property has an NI 43-101 indicated resource of 2.33 M lb. (1.82 MT at 0.058% U<sub>3</sub>O<sub>8</sub>) and an additional inferred resource of 3.73 M lb. (3.16 MT at 0.053% U<sub>3</sub>O<sub>8</sub>). The zone remains open along strike and at depth and Jet has continued exploration drilling to the south towards our Snegamook property, with drill holes within 50 m of the north boundary of the SN property. In 2011 drilling at the Firestone Showing, located 7 km to the southeast of the TT Zone, gave 3.5 m at 0.084% U<sub>3</sub>O<sub>8</sub>, including 0.5 m of 0.519% U<sub>3</sub>O<sub>8</sub> (DDH FS-11-007). The 2% NSR on the CMBJV properties means that Silver Spruce will benefit from continued exploration on the TT zone and the other prospects in the JV area without any further expenditure.

Crosshair reported (NR August 22, 2012) that drilling on the Two Time deposit intersected mineralization over a significant interval giving 0.031% U<sub>3</sub>O<sub>8</sub> over 28.5 m including 4 m at 0.051% and 3 m at 0.074%, indicating the deposit is continuous to the south along strike and down dip. Drill hole CMB-12-49 is a 50 m step out to the south from previous holes that were drilled in 2011, lying approximately 50 m to the north of the north boundary of the Snegamook property, which is owned 100% by Silver Spruce. The drilling enhanced the prospectivity of our Snegamook property which lies along strike of the TT deposit to the southeast covering the extension of the TT geological units. No exploration has been carried out since and as far as known, none is planned for 2015.

### **Impairment Issues**

Since the Company has no further participating interest in the CMBJV properties the remainder of the exploration costs were written off in 2012. Silver Spruce retains a 2% NSR on any production from the properties however no value can be placed on this at this point as production is not imminent.

### **RARE EARTH ELEMENT (REE) PROPERTIES**

The Company holds two rare earth element (REE) properties totaling 71 claims (20 km<sup>2</sup>) in Labrador – the Pope's Hill (PH), and 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 3<sup>rd</sup> 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](http://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 a 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 2015. 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.

### **Impairment**

All exploration costs have been written off.

## **POPE'S HILL (PH) – 100 % OWNED**

### **Property Description**

The PH trend extends in a generally E-W to NE-SW direction from the Pope's Hill area, approximately 100 km from Happy Valley/Goose Bay on the Trans Labrador Highway (TLH), along and parallel to the Churchill River. The property totals 62 claims (15.5 km<sup>2</sup>) after regional properties, with limited potential, were dropped. The claims cover REE showings, and structural features defined by government mapping. REE mineralization, discovered by SSE, is associated with syenitic intrusive units in the gneisses at the MP trend and with pegmatites to the south of the MP trend on the original PH property. No previous REE or other exploration is documented for the area.

### **Exploration Summary**

Uranium, thorium and REE mineralization was located in 2006 while prospecting for uranium. No further work was carried out in 2006 due to the lack of interest in REE's and the property was not staked until spring 2010, when interest in REE's peaked. A prospecting / sampling program (31 samples) using scintillometers to locate radioactive mineralization in the fall of 2010 gave anomalous total rare earth element plus yttrium (TREE) values with 16 > 5%, and 5 > 10% with a high value of 24.1% (NR Oct. 28, 2010). TREE values varied from a low of 0.07% to a high of 24.07% averaging 5.73%, which included 7 "host rock" samples, with values 0.4% or lower. Samples are rich in light rare earth elements (LREE), but the more anomalous values give higher values in HREE up to 7.5% percent of the REE. Significant values in Nb, Zr, Th and U were also noted. The anomalous trend was traced over a 7 km strike length extending to the east, approximately 4 km, and to the west, approximately 3 km, from the MP showing in the bedrock pit by the TLH. The highest REE values were in a dark grey to black sub-metallic to glassy mineral, in segregations which are variably non-magnetic to moderately magnetic. All of the REE bearing samples are weakly to moderately radioactive with significant Th content (up to 0.7%) but generally 0.1-0.3 % and minor uranium values (up to 461 ppm but generally < 100 ppm). Overburden depths are 1-2 m maximum with scarce outcrop away from the road. The rock unit hosting the REE mineralization is a peralkaline, syenitic unit of late Paleoproterozoic age which hosts green pyroxene crystals. Magnetic, VLF-EM and radiometric (spectrometer) surveys were carried out with lithological/alteration trends noted striking in a 070 degree (ENE) direction and magnetics indicating crosscutting, probable fault or shear structures, trending at approximately 150/330 degrees, one of which passes through the area of the MP pit. Radiometric results were inconclusive due to the limited area covered and the inclement weather however radiometric anomalies were defined in the MP showing area.

### **Exploration**

A total of 1120 m in 10 holes (PH-11-1-10) tested the MP showing in the bedrock pit and another close by target on the Trans Labrador Highway (TLH) (NR March 3, 2011) in February 2011. The drilling was designed to test TREE mineralized bedrock and float samples from the pit, VLF-EM anomalies thought to represent shear systems, and

magnetic anomalies which could reflect the variably magnetic TREE mineralization. The drilling tested an approximate 700 m long zone of the known 7 km mineralized trend, mainly in the MP pit area. All drill holes were at least partially sampled using radioactivity (Th content) as a guide, visual identification of prospective zones and magnetically anomalous areas. Wide zones, up to 140 m of > 0.1 % REE mineralization, were intersected with 4 holes giving widths in the 50 m range. Narrow (0.1-0.3 m) zones of higher grade TREE values in the 1 to 6 % range are also found throughout most of the drill holes. Strong Zr values generally >1,000 ppm (0.1%) were noted over wide intervals associated with the REE mineralization (NR March 29, 2011). The diamond drilling defined an area of anomalous REE mineralization hosted in syenitic units in the granitic gneisses; however the high grade REE segregations noted on surface in the pit were not intersected. Geological mapping indicates that the area is cut by numerous faults making structural control more difficult than expected and possibly disrupting the REE bearing units. High grade REE mineralization was located in exploration in 2011 along trend further to the east; however no drilling has tested these showings.

### **Mineralogy**

A REE mineralogical research study was carried out at Memorial University of Newfoundland (MUN), under the supervision of Dr. John Hanchar, the Head of the Department of Earth Sciences. It was partially supported through a GeoEXPLORE research grant from the Research Development Corporation (RDC) of Newfoundland and Labrador. REE rich rock samples representative of the mineralization were evaluated. Results indicate that the REE from the MP trend of the Pope's Hill prospect are primarily hosted in allanite, titanite, monazite and britholite, with trace amounts hosted in fergusonite, REE-carbonates and apatite. The total average rare earth oxide (REO) composition of the sample was 17.5 wt %, with the percentage contributed by each mineral: allanite - 47.6 %; high-REE titanite - 24.1 %; monazite - 16.7 %; both varieties of britholite (high-REE and low-REE) - 11.1 %; and the rest in fergusonite, REE carbonate and apatite. Disseminated allanite and monazite were also noted in the adjacent host rock units in the thin section analysis.

### **Prospecting/Geological Mapping**

Prospecting using scintillometers to locate radioactive mineralization on the MP trend traced the REE mineralization in outcrop over an approximate 2.8 km strike length (NR Aug. 9 and Aug. 30/11). The zone is laterally continuous, extending eastward from the MP showing in the pit on the TLH and to the north of the pit, through the T1 and T2 showings located 800 and 1,100 m, respectively, to the T5 and T6 showings located 2,000 and 2,200 m respectively, in the vicinity of the brook where a boulder running 24.1% TREE was found in 2010 (NR Oct. 28, 2010). Outcrops with massive segregations are located at the MP showing, and in all the "T" showings with other areas of mineralization noted between the showings but not fully exposed. The mineralized unit, a syenitic unit, conformable with the granitic gneisses, a minimum of 10 m wide, carries green pyroxene crystals, as phenocrysts or porphyroblasts, up to 5 cm long, and is open along strike to both the east and west. The massive, high grade, segregations, up to 30 cm wide, which typically run 10-25% TREE, are characterized by pinch and swell structures with at least two parallel massive segregations, separated by 5-6 m of host rock, noted in the T2, T5 and T6 exposures, with other parallel zones carrying narrow veins and disseminations in the host unit. Other massive segregations are exposed in hand dug pits up to 30 m across strike from the "T" showings. These may be part of the same system indicating the mineralized unit could be much wider than now exposed.

The 136 samples taken from the moderately to highly radioactive, massive segregations and adjacent host rock along the MP trend give HREE percentages ranging from 1.1% to 47.6%, averaging 8.4%, including 45 values > 10% HREE (NR Aug. 30/11). Average values for REEs are: 1.00% La, 2.14% Ce, 0.26% Pr, 0.84% Nd, 0.14% Sm, 44 ppm Eu, 0.10% Gd, 149 ppm Tb, 750 ppm (0.075%) Dy, 130 ppm Ho, 314 ppm Er, 37 ppm Tm, 191 ppm Yb, 25 ppm Lu and 0.28% Y. Thirty (30) samples gave P<sub>2</sub>O<sub>5</sub> values > 2% with a high of 11.6% and preliminary mineralogy studies have shown that REE mineralization, with higher HREE content, is present in apatite (calcium phosphate) and apatite content should be reflected by P<sub>2</sub>O<sub>5</sub> values. Thorium values for the radioactive, higher grade, REE samples, are generally in the 0.2% to 0.4% range.

In the T1 / T2 area, over an approximate 600 m strike length, 28 outcrop/sub crop grab samples gave an average of 8.6% TREE including 6 host rock samples with values <1% (0.1 to 0.9%) (NR Aug. 30/11). HREE values ranged from 2.7% to 47.6%, averaging 12.7%, with 16 > 10% HREE. The average values for the REE's are: 1.67% La, 3.64% Ce, 0.41% Pr, 1.54% Nd, 0.26% Sm, 62 ppm Eu, 0.2% Gd, 287 ppm Tb, 0.15% Dy, 261 ppm Ho, 633 ppm



Er, 74 ppm Tm, 379 ppm Yb, 49 ppm Lu, and 0.57% Y. These are selected grab samples and as such they are not representative of the overall values in the zone.

A trenching program along the MP trend carried out in 2011 (NR Aug. 31, Sept. 27, Oct. 20 and Nov. 3/11) to exposed the favorable, REE anomalous, syenitic unit which carries the high grade segregations. A series of 14 trenches from 100 to 500 m apart were dug to give grade / width information on the zone over a 2.5 km long trend. Radioactivity, representing Th bearing minerals associated with the REE mineralization, was used to guide the trenching and sampling. Ten of 14 trenches were washed, mapped and channel sampled with approximately 290 samples taken over widths varying from 10 cm to 2m. Trenches 9, 10, 13 and 14 were not sampled due to low radioactivity and the lateness of the season, with snow and ice conditions making exploration difficult.

Total Rare Earth Oxide plus yttrium oxide (TREO) results give wide (up to 30 m) low grade zones grading 0.2% to 0.75% TREO, narrower (>3 m) medium grade zones >0.75% TREO and narrow zones (<1 m) of high grade values >3% TREO (NR February 9, 2012). The highest values were found in the T1 to T5 area in trenches 3, 4, 5, 6, 7 and 11. Some trenches gave anomalous values over the entire exposed zone, including: Tr 7 - 0.71% TREO / 22.6 m; Tr 5 - 0.74% TREO / 9.5 m; and Tr 11b - 1.29% TREO / 5.7 m, indicating that the zones could be much wider. The highest individual value was 16.88% TREO / 0.3 m in Tr 11b, located near the 24% TREE boulder found in 2010. Heavy rare earth oxide (HREO) percentages of the TREO range from 3.6 to 20.3 %, generally 5-13 %, with dysprosium oxide being one of the higher HREO, in the syenitic units. Narrow high grade zones, related to the massive segregations, "carry" the mineralized zones in most instances; however, significant background values in the 0.1 to 0.5 % range are noted through the syenite that hosts the mineralization. Values of 0.84 % TREO / 9 m, including 1.24 % / 1.6 m, were found in Trench 15, in the pegmatitic material near the TLH. HREO was 2.8-4.9 % of the TREO. Zirconium (Zr) values in the REE mineralized zones along the MP trend are mainly in the 500-1500 ppm range, with a high value of 2.32 % noted in trench seven. Trench 15, in the pegmatites, has generally much higher Zr values, in the 1000-9000 ppm (0.1-0.9 %) range. Thorium (Th) values are generally 2-500 ppm in the REE mineralized areas, with a high of 0.31 % (3100 ppm) noted in trench 11b. The host syenite units strike at approximately 70 degrees and dip to the south (toward the TLH) at approximately 30-40 degrees, parallel to the gneissosity of the geological units. True width of the zones is estimated at 70-90%, depending upon the steepness of the hill where the mineralization occurs.

### **Regional Exploration**

Airborne magnetic/radiometric/VLF-EM surveys, stream sediment geochemical sampling and concurrent prospecting were completed over prospective areas to the north and west of the Churchill River over the former 100% owned SSE properties (NR Aug. 30/11). A number of radioactive zones were noted in the scintillometer prospecting surveys and areas of anomalous stream sediments some with contiguous anomalous rock samples were located. No follow up has been carried out.

### **Planned Exploration**

No exploration is planned for 2015, due to lack of funding for REE projects. The area has JV potential due to its location along the TLH.

### **Impairment**

The remaining balance of exploration expenditures were written off in Q4, 2013.

### **STRAITS (ST)**

#### **Property Description**

The project, located in the Straits of Belle Isle area of southern coastal Labrador, between Mary's Harbour and Red Bay, consists of 17 claims (4 km<sup>2</sup>) in three small licences. It was acquired for its uranium potential however REE potential has been noted and the property is considered a U/REE property.

#### **Exploration Summary**

The area was staked in 2006 to cover uranium in lake sediment anomalies associated with a north-northwest trending fault structure in Proterozoic, metamorphosed, felsic volcanics, now orthogneiss. The vendor retains a 1 %

NSR on the original staking plus an AOI around the original property. Exploration has included lake, stream sediment and soil geochemistry, ground scintillometer surveys, prospecting, and geological mapping. Significant uranium showings were located in the south central part of the property near the coast. Data from the project was re-evaluated for REE potential in 2010, using La as a guide, since significant Th values were located during the uranium exploration. A geochemical release by the Government of Newfoundland in June 2010, showed anomalous values in REE with TREE values in the 400 to 650 ppm range on the claims, some of the highest located in the survey. Background is less than 100 ppm TREE. Values up to 2.48 % TREE, 2.2 % Zr, and 636 ppm Nb were located in rocks from the area (NR July 26/11).

Thirteen samples gave values >0.1 % TREE, including five (5) >0.4 %. Samples were generally LREEs with percentages in the 85-90 % range. Most high values are located in outcrop in the north central and north-eastern ends of the property, however, one sample in the southwestern part gave a value of 0.5 % TREE.

Helicopter supported prospecting, in 2011, evaluated areas of thorium (Th) radioactivity in the airborne surveys as well as other areas anomalous in lanthanum (La), Th and REE from previous ground surveys (NR Nov. 18/11, May 27, 2010) and favorable geologic units. Scintillometer readings in anomalous areas averaged 500 to 9000 counts per second (cps) against a background of 150 cps. Eleven (11) samples gave total rare earth oxide (TREO) values > 0.1 % and 13 gave U<sub>3</sub>O<sub>8</sub> values >100 ppm (NR Jan. 19/12). The most significant mineralized area was located on Licence 17761M, to the north of Temple Bay, where five outcrop samples of mafic to felsic gneisses cut by pegmatites, associated with a structural lineament, gave TREO >1% with a high of 4.76 %, including 3.42 % TREO with 58% heavy rare earth oxides (HREO) including 0.19 % dysprosium oxide (Dy<sub>2</sub>O<sub>3</sub>). The average HREO for the five samples was 23.4 %, with all having associated U<sub>3</sub>O<sub>8</sub> values ranging from 400 to 1130 ppm, with low Th<sub>2</sub>O<sub>3</sub> values, except for one sample at 1016 ppm. The samples were also anomalous in Zr, Nb and Ta. The samples were taken from narrow veins < 30 cm wide associated with the pegmatites. While the mineralization located is narrow, the REO / uranium association, the HREO content and the apparent structural control in this relatively unexplored area are all positive indications of significant potential for both REE and uranium.

### **Planned Exploration**

No exploration is planned in 2015 due to lack of funding for REE or U projects. The properties are being reduced, or dropped as they come due, to allow maintenance of some of the properties for the longer term.

### **Impairment**

The property expenditures were written off in 2012.

## **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 \$38,156 for the three months ended July 31, 2015 (July 31, 2014 - \$56,430 outflow).

### **Financing Activities**

The Company had a net cash inflow from financing activities of \$46,900 for the three months ended July 31, 2015 (July 31, 2014 - \$3,000 inflow).

### **Investing Activities**

The Company had nil cash transactions from investing activities for the three months ended July 31, 2015 (July 31, 2014 - \$5,572 net inflow).

### **Liquidity**

The Company had cash and cash equivalents of \$14,398 as at July 31, 2015 (July 31, 2014 - \$6,283). The change in non-cash operating working capital as at July 31, 2015 was a cash inflow of \$146,500 (July 31, 2014 - \$144,681).

### **Capital Resources**

The Company's authorized capital consists of an unlimited number of common and preference shares without par value. At July 31, 2015, the Company had 19,835,781 issued and outstanding common shares (July 31, 2014 - 11,195,781).

## **RELATED PARTY TRANSACTIONS**

Included in accounts payable and accrued liabilities as at July 31, 2015 is \$199,496 (October 31, 2014 - \$226,201) 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.

In December 2014, the Company received an additional loan of \$50,000 from a former director of the Company for a total outstanding balance of \$115,000 (October 31, 2014 - \$65,000). The loan is unsecured and non-interest bearing. In April 2015 the Company decided not to make the annual advanced royalty payment on the Big Easy property. As a result, \$30,000 of the loans payable to a former director was settled. As at July 31, 2015 the total outstanding balance is \$35,000 and is past due. During the nine month period ended July 31, 2015, the loans incurred interest expense of \$1,313 which is outstanding at period end.

During March 2015, the Company arranged loans by way of promissory notes ("Notes") for total proceeds of \$30,000. The Notes mature on March 31, 2016 and bear interest of 8% per annum. In connection with these loans, the Company has agreed to issue a bonus to the lenders equal to 20% of the principal balance. A total of \$12,500 was provided by the directors and officers of the Company. On June 9, 2015 the promissory notes' principal balance plus a total of \$5,500 of bonus and interest payments were repaid by issuance of shares in the private placement at the terms described in Note 9.

During the period ended July 31, 2015, no stock options were granted to directors, officers and employees of the Company (October 31, 2014 - \$Nil).

During the nine month period ended July 31, 2015 and 2014 key management personnel compensation consisted of services provided by companies owned by directors \$48,000 (\$25,216 - 2014).

## **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.

## **SUBSEQUENT EVENTS**

On August 7, 2015 the TSX Venture Exchange accepted the Company's proposal to issue up to 1.2 million common shares at a deemed price of five cents per share to independent directors of the Company in settlement for outstanding debt totaling \$60,000.

## **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, accounts 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, acquire mineral properties and economically advance their development and value. 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 that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company has no sources 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 2014 / early 2015 and are expected to remain strong for the rest of 2015. Prices dropped significantly in 2013 and were volatile in 2014 although still at reasonable levels historically. The Company is excited about the Pino de Plata silver/gold prospect for this reason. Although the fundamentals for uranium are strong in the long term, short term demand remains low, negatively impacting the ability to finance development of these assets. 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 and demand firm up. The main claims with uranium potential in the CMB and Mount Benedict properties can be maintained for the next few years without requiring significant exploration expenditures. SSE stands to benefit from its land position in Labrador as Paladin Energy advances development of its the "world class" Michelin and Jacques Lake deposits which host approximately 135 M lbs of uranium and as Jet Energy (formerly Crosshair) develops its significant global resource in the CMB at the TT zone. We expect that this will bring renewed attention and investor interest to the area and any Company with assets in this area. The most significant properties can be maintained until prices, and the global economic climate, returns to normal.

## OUTLOOK

The company has a property portfolio with a carried interest in a uranium deposit with defined resources (Two Time), and other significant uranium projects and REE properties with significant discoveries in Labrador, for the longer term. It is felt that uranium and REE prices should increase over the next few years thereby allowing financing for these projects. The Company is currently focusing on mineral projects that can be cash positive in the short to medium term. The Company feels the Pino de Plata project has potential to meet this objective.

## 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 2015 and beyond, is dependent on its ability to raise money for further exploration and development through private or public placements, loans, grants and/or a joint ventures.. There is no certainty the Company will be successful in accessing such funding.

## FUTURE CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") has issued several new standards, pronouncements and interpretations that are not effective for the current year, and although early adoption is permitted, they have not been applied in preparing these condensed consolidated interim financial statements.

The Company is currently evaluating the impact, if any, the following new standards and amendments will have on its financial statements.

IFRS 9 *Classification and Measurement* ("IFRS 9") introduces new requirements for the classification, measurement and de-recognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is currently assessing the impact of this new standard on the Company's financial assets and financial liabilities.

During the year ended October 31, 2014, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements to existing standards. These included IFRS 10, IFRS 11, IFRS 12, IFRS 13, IAS 32, IAS 36, and IAS 39. These new standards and changes did not have any material impact on the Company's financial statements.

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.

IAS 24 *Related Party Disclosures* ("IAS 24") was amended to clarify that an entity providing key management services to the reporting entity or the parent of the reporting entity is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred for key management personnel services provided by a separate management entity. The amendments to IAS 24 are effective for annual periods beginning on or after July 1, 2014.