

Consolidated Financial Statements

SILVER SPRUCE RESOURCES INC.

Unaudited – See Notice of No Auditor Review

January 31, 2008 and 2007

SILVER SPRUCE RESOURCES INC.

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SILVER SPRUCE RESOURCES INC.
Unaudited Consolidated Financial Statements
For the three months ended January 31, 2008 and 2007

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financials statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditor.

Halifax, Nova Scotia
March 28, 2008

SILVER SPRUCE RESOURCES INC.

Consolidated Balance Sheets

As at January 31, 2008 and 2007

	January 31 2008 (unaudited) \$	October 31 2007 \$
ASSETS		
Current		
Cash and cash equivalents	9,779,549	3,454,080
Short-term investments	3,013,118	-
Due from joint venture partner	1,309,293	1,479,362
HST and other receivables	644,142	899,532
Refundable staking deposits	239,550	290,650
Prepaid expenses	133,209	29,735
	15,118,861	6,153,359
Mineral properties (Notes 6 and 9)	6,835,270	5,503,068
Capital assets (Note 7)	199,012	179,071
Investments	85,000	155,250
	22,238,143	11,990,748
LIABILITIES		
Current		
Accounts payable and accrued liabilities	1,009,039	841,792
Current portion of long-term debt (Note 8)	8,964	8,964
	1,018,003	850,756
Long-term debt (Note 8)	21,664	23,905
	1,039,667	874,661
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	22,272,678	12,019,708
Warrants (Note 11)	1,647,849	1,551,799
Contributed surplus (Note 13)	2,999,725	2,858,556
Deficit	(5,721,776)	(5,313,976)
	21,198,476	11,116,087
	22,238,143	11,990,748

Nature of operations and going concern (Note 1)
Commitments and Contingencies (Notes 6, 9, 16)

APPROVED BY THE BOARD OF DIRECTORS

Director

" _____
Director

See accompanying notes to the consolidated financial statements

SILVER SPRUCE RESOURCES INC.

Consolidated Statements of Loss and Deficit

Three months ended January 31

(Unaudited)

	2008	2007
	\$	\$
Revenue		
Management fees	65,154	32,592
Interest income	134,989	35,876
	200,143	68,468
Expenses		
Abandonment of mineral properties (Note 6)	304,044	-
Accounting and audit	-	2,000
Amortization	11,338	4,796
Consulting fees	22,890	10,500
Corporate relations	4,902	9,791
Legal	41,643	18,770
Listing and filing fees	5,273	3,397
Management fees	22,675	24,900
Office and general	84,225	29,663
Stock-based compensation	-	140,974
Travel	10,176	13,165
Unrealized loss in market value of investments	70,250	-
Wages and benefits	30,527	4,263
	607,943	262,219
Loss before income taxes	(407,800)	(193,751)
Income taxes (recovery)	-	(180,200)
Loss for the year	(407,800)	(13,551)
Deficit, beginning of year	5,313,976	2,059,429
Deficit, end of year	5,721,776	2,072,980
Net loss per share - basic and diluted	(0.01)	-
Weighted average number of shares outstanding - basic and diluted	45,303,249	11,430,064

See accompanying notes to the consolidated financial statements

SILVER SPRUCE RESOURCES INC.

Consolidated Statements of Cash Flows

Three months ended January 31

(Unaudited)

	2008	2007
	\$	\$
OPERATING ACTIVITIES		
Net loss	(407,800)	(13,551)
Items not involving cash:		
Abandonment of mineral properties (Note 6)	304,044	-
Amortization	11,338	4,796
Non-cash interest on short-term investments	(13,118)	-
Recovery of future income taxes	-	(180,200)
Stock-based compensation	-	140,974
Unrealized loss in market value of investments	70,250	-
	<u>(35,286)</u>	<u>(47,981)</u>
Changes in non-cash working capital		
(Increase) in prepaid expenses	(103,474)	(80,123)
Decrease in HST and other receivables	255,390	160,537
Decrease (increase) in due from partner	170,069	(3,236)
Increase in accounts payable and accrued liabilities	167,248	34,217
	<u>489,233</u>	<u>111,395</u>
Change in non-cash operating working capital	<u>453,947</u>	<u>63,414</u>
FINANCING ACTIVITIES		
Proceeds from issuance of shares and warrants	6,325,000	500,500
Proceeds from exercise of warrants and options	4,585,117	76,875
Share issue costs	(419,928)	(16,880)
Repayments of long-term debt	(2,241)	(2,241)
	<u>10,487,948</u>	<u>558,254</u>
INVESTING ACTIVITIES		
Acquisition of short-term investments	(3,000,000)	-
Mineral properties expenditures - net	(1,636,248)	(49,948)
Purchase of capital assets	(31,278)	(74,069)
Refund of refundable staking deposits	78,300	-
Purchase of refundable staking deposit	(27,200)	-
	<u>(4,616,426)</u>	<u>(124,017)</u>
Increase in cash and cash equivalents	6,325,469	497,650
Cash and cash equivalents, beginning of period	3,454,080	3,564,064
	<u>9,779,549</u>	<u>4,061,714</u>

Supplemental cash flow information (See Note 15)

See accompanying notes to the consolidated financial statements

SILVER SPRUCE RESOURCES INC.
Notes to the Consolidated Financial Statements
For the three months ended January 31, 2008 and 2007
(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Silver Spruce Resources Inc. (the "Company") was incorporated in Alberta on May 8, 1996 under the name First Labrador Acquisitions Inc. The Company changed its name to Silver Spruce Resources Inc. on October 22, 2004. The Company's business is exploration for precious and base minerals.

There has been no determination whether the Company's interest in mineral properties held for exploration contains reserves which are economically recoverable. To date, the Company has earned no revenues and is considered to be in the development stage.

The Company has a mining asset located outside of Canada and is subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts and currency exchange fluctuations and restrictions.

Management has estimated that the Company will have adequate funds from existing working capital to meet its corporate, administrative and property obligations for the coming year. The financial statements were prepared using accounting principles applicable to a going concern, which assumes the Company will continue in operation for a reasonable period of time and will be able to realize its assets and discharge its liabilities in the normal course of operation.

The recoverability of the amounts shown for mineral properties and related deferred costs is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production. The amounts shown as mineral properties represent net costs to date and do not necessarily represent present or future values.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

2. SUMMARY OF ACCOUNTING POLICIES

The interim unaudited consolidated financial statements of Silver Spruce Resources Inc. have been prepared in accordance with the accounting principles and methods of application disclosed in the audited consolidated financial statements for the year ended October 31, 2007, except as disclosed in Note 3.

These unaudited consolidated financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation. These unaudited consolidated financial statements do not include all the disclosures required by Canadian generally accepted accounting principles for annual financial statements and, accordingly, the financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended October 31, 2007.

SILVER SPRUCE RESOURCES INC.
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(Unaudited)

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Financial instruments

Effective November 1, 2006, the Company adopted the recommendations of the following sections of the Canadian Institute of Chartered Accountants Handbook ("CICA Handbook"): Section 1530, Comprehensive Income, Section 3251, Equity, Section 3855, Financial Instruments - Recognition and Measurement, and Section 3861, Financial Instruments - Disclosure and Presentation. These new sections provide statements for classification and measurement of financial assets, financial liabilities and derivatives.

All financial instruments are classified into one of the following five categories: held-for-trading assets or liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in accumulated other comprehensive income until the instruments are derecognized or impaired. Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost using the effective interest method.

The Company has made the following classifications:

Cash and cash equivalents	Held-for-trading
Short-term investments	Held-for-trading
Due from joint venture partner	Loans and receivables
HST and other receivables	Loans and receivables
Refundable security deposits	Loans and receivables
Investments	Held-for-trading
Accounts payable and accrued liabilities	Other financial liabilities
Long-term debt	Other financial liabilities

Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are expensed on initial recognition.

The Company adopted the new standards retrospectively without restatement. There was no material effect as a result of this change in policy.

3. CHANGE IN ACCOUNTING POLICY

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862), and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on November 1, 2007.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such noncompliance. The Company has included disclosures recommended by the new Handbook section in Note 4 to these interim financial statements.

SILVER SPRUCE RESOURCES INC.
Notes to the Consolidated Financial Statements
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3. CHANGE IN ACCOUNTING POLICY (continued)

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in Note 5 to these interim financial statements.

4. CAPITAL MANAGEMENT

The capital structure of the Company currently consists of common shares, flow through common shares and warrants. The Company's objective when managing capital is to maintain adequate levels of funding to support the acquisition, exploration and development of mineral properties. The Company manages its capital structure in a manner that provides sufficient funding for operational activities.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Funds are primarily secured through equity capital raised by way of private placements. There can be no assurances that the Company will be able to continue raising equity capital in this manner. The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major Canadian financial institutions.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

5. FINANCIAL RISK FACTORS

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

(a) Credit risk

The Company's credit risk is primarily attributable to cash and cash equivalents, short-term investments, HST and other receivables, and due from joint venture partner. The Company's cash and cash equivalents are held with a highly rated Canadian financial institution. Short-term investments consist of short-term guaranteed investments, which have been invested with reputable financial institutions, from which management believes the risk of loss to be remote.

Financial instruments included in HST and other receivables consist of harmonized sales tax due from the Federal Government of Canada. The Company is exposed to credit risk with respect to uncertainties as to the timing and amount of collectibility of due from joint venture partner. The due from joint venture partner is subject to mutual audit and adjustment. The Company mitigates credit risk through the ability to dilute the payee's interest in a specific mineral property project from which the receivable arose.

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5. FINANCIAL RISK FACTORS (continued)

(b) Market risk

Interest rate risk

The Company had approximately \$9.8 million in cash and cash equivalents and \$3.0 million in short-term investments at the end of January 31, 2008 (October 31, 2007 - \$3,454,080 and nil) and does not have any interest-bearing debt. The Company invests cash surplus to its operational needs in investment-grade short-term deposit certificates issued by highly rated Canadian banks. At January 31, 2008 \$12.1 million bankers acceptances, discount notes and guaranteed investment certificates carried interest rates of 3.95% - 4.59% (October 31, 2007 – nil). The Company periodically assesses the quality of its investments and is satisfied with the credit rating of the bank and the investment grade of its short-term deposit certificates.

Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in Mexico on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

c) Fair Value

The carrying amounts for cash, due from joint venture partner, HST and other receivables, refundable staking deposits, prepaid expenses, and 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. The fair value of investments in entities listed on the TSX Venture Exchange (Bayswater Uranium Corporation and Forest Gate Resources Inc.) is based on quoted market prices. The fair value of the investment in a private entity (High Tide Resources Inc.) can not be reasonably determined at this time.

d) Sensitivity analysis

The majority of the Company's cash and cash equivalents and short term investments are at fixed interest rates within the next three to twelve months. Sensitivity to a plus or minus 1% change in rates would not have a significant effect on the Company's net loss.

The Company does not have any financial instrument balances denominated in foreign currencies to give rise to exposure to foreign exchange risk.

A plus or minus 10% change in the market price of the Bayswater and Forest Gate shares would affect the Company's net loss by \$8,500.

SILVER SPRUCE RESOURCES INC.
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(Unaudited)

6. MINERAL PROPERTIES

January 31, 2008

	Opening	Additions	Option payments received	Write-offs	Closing
	\$	\$	\$	\$	\$
Uranium					
Central Mineral Belt	1,607,761	574,916	-	-	2,182,677
Seal Lake	57,188	3,059	-	-	60,247
Double Mer	229,287	14,013	(50,000)	-	193,300
Straits	415,352	2,860	-	-	418,212
Snegamook	466,980	289,696	-	-	756,676
Mount Benedict	1,186,789	695,947	-	-	1,882,736
Makkovik	90,928	-	-	-	90,928
Tukialuk	-	1,000	-	-	1,000
Hudson Bay	621,271	24,789	-	-	646,060
Gold and Base Metals					
Mother Lode	302,745	1,299	-	(304,044)	-
Central Newfoundland	58,442	34,759	-	-	93,201
Centauro	455,029	39,131	-	-	494,160
General Exploration	11,296	4,777	-	-	16,073
	5,503,068	1,686,246	(50,000)	(304,044)	6,835,270

SILVER SPRUCE RESOURCES INC.
Notes to the Consolidated Financial Statements
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(Unaudited)

6. MINERAL PROPERTIES (continued)

October 31, 2007

	Opening	Additions	Option payments received	Write-offs	Closing
Uranium					
Central Mineral Belt	34,984	1,713,777	(141,000)	-	1,607,761
Seal Lake	50,847	6,341	-	-	57,188
Double Mer	164,463	64,824	-	-	229,287
Straits	135,578	279,774	-	-	415,352
Snegamook	13,689	453,291	-	-	466,980
Mount Benedict	245,830	940,959	-	-	1,186,789
Makkovik	2,000	88,928	-	-	90,928
Tukialuk	-	-	-	-	-
Hudson Bay	-	621,271	-	-	621,271
Gold and Base Metals					
Mother Lode	302,745	213,514	-	(213,514)	302,745
Central Newfoundland	-	58,442	-	-	58,442
Centauro	-	455,029	-	-	455,029
General Exploration	8,291	3,005	-	-	11,296
	958,427	4,899,155	(141,000)	(213,514)	5,503,068

Uranium

a) Central Mineral Belt ("CMB")/ Seal Lake Properties

The Company has certain claims that are located in the CMB and Seal Lake areas of Labrador. The Company's joint venture partner, Universal Uranium Ltd. ("UUL"), has earned a 60% interest in the CMB/Seal Lake joint venture, with the exception of the claims discussed in Note 9, by having spent \$2 million since the signing of the agreement in the spring of 2006.

b) Double Mer Property

On February 28, 2006, the Company entered into an option and royalty agreement on the Double Mer Property in the province of Newfoundland and Labrador. Terms of the agreement are as follows: \$12,000 upon execution of the agreement (paid) and \$12,000 on each of February 28, 2007 (paid) and February 28, 2008. In addition, a 1% Net Smelter Royalty ("NSR") is payable derived from commercial production from the property. At any time during the agreement if the Company terminates the agreement, the claims described will be transferred back to the optionee at no cost to the Company. Any unpaid monies will be forfeited. The Double Mer property is subject to an earn-in agreement as discussed in Note 9.

SILVER SPRUCE RESOURCES INC.
Notes to the Consolidated Financial Statements
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(Unaudited)

6. MINERAL PROPERTIES (continued)

c) Straits Property

On March 15, 2006, the Company entered into an option and royalty agreement on the Straits Property in the province of Newfoundland and Labrador. Terms of the agreement are as follows: \$12,000 upon execution of the agreement (paid) and \$12,000 on each of March 15, 2007 (paid) and March 15, 2008. In addition, a 1% NSR is payable derived from commercial production from the property. At any time during the agreement if the Company terminates the agreement, the claims described will be transferred back to the optionee at no cost to the Company. Any unpaid monies will be forfeited.

d) Snegamook Property

On June 27, 2006, the Company entered into an option and royalty agreement on the Snegamook Property in the province of Newfoundland and Labrador. Terms of the agreement are as follows: \$8,000 and 10,000 common shares of the Company on execution of the agreement (paid) and \$8,000 and 10,000 common shares on each of June 27, 2007 (paid) and June 27, 2008. In addition, a 2% NSR is payable derived from commercial production from the property. At any time during the agreement if the Company terminates the agreement, the claims described will be transferred back to the optionee at no cost to the Company. Any unpaid monies will be forfeited.

e) Mount Benedict Property

The Company owns certain claims in this area of the province of Newfoundland and Labrador. The claims are subject to a 1% NSR payable on any production on 532 of the claims.

f) Makkovik River Property

The Company owns certain claims in this area of the province of Newfoundland and Labrador.

g) Tukialuk Bay Property

The Company owns certain claims in this area of the province of Newfoundland and Labrador.

h) Hudson Bay Property

On April 2, 2007, the Company signed a binding letter of intent regarding the Hudson Bay property in the province of Quebec. The Company can acquire from Azimut Exploration Inc. ("Azimut") a 50% interest in the project over a five year period together with an additional 15% interest upon delivery of a bankable feasibility study. The Company can acquire a 50% interest in the project under the following conditions:

- Cash payments of \$50,000 on the later of signing and regulatory approval (paid) and \$50,000 on the four subsequent anniversaries for a total of \$250,000. The Company will also issue 200,000 common shares (issued), and an additional 100,000 common shares on the first anniversary.
- Minimum work expenditures of \$300,000 during the first year (firm commitment) and \$400,000, \$600,000, \$600,000 and \$700,000 during subsequent years for an aggregate total of \$2,600,000. The Company will be the operator.

SILVER SPRUCE RESOURCES INC.
Notes to the Consolidated Financial Statements
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6. MINERAL PROPERTIES (continued)

Upon the Company acquiring a 50% interest, Azimut will retain a 2% Yellow Cake Royalty. The Company will have the option of earning an additional 15% interest under the following conditions:

- The delivery of a bankable feasibility study; and
- The issue of 100,000 common shares in a one-time grant and cash payments of \$30,000 per year for five years for a total of \$150,000; and
- Minimum work expenditures of \$200,000 per year during the five year earn-in period.

If the Company decides not to exercise this additional option, the Company will provide Azimut with \$100,000 in cash as final payment.

Gold and Base Metals

a) Mother Lode Property

On January 13, 2006, the Company entered into an agreement to purchase certain gold claims on land called the Mother Lode Gold property located in the province of Newfoundland and Labrador, for \$55,000 cash and 200,000 common shares, as follows: year one \$25,000 cash (paid) and 150,000 common shares (issued), year two cash payment of \$15,000 and delivery of 25,000 common shares (issued) and year three cash payment of \$15,000 and delivery of 25,000 common shares. The Company has determined that further exploration is not warranted. The project has been abandoned and related expenditures of \$227,014 were written off as of October 31, 2007 based on an estimate of the best available information as at October 31, 2007. In January 2008, management decided to terminate the agreement and did not make the final payment of \$15,000 and 25,000 common shares. Management assesses the estimated current value of properties based upon current exploration and other transactions in the same general area. As a result, of the assessment, an additional \$304,044 was written off as of January 31, 2008.

b) Central Newfoundland Property

On May 31, 2007, the Company entered into an agreement with ASK Prospecting and Guiding to acquire certain claims in central Newfoundland to cover areas with potential for base and precious metals. The Company will issue 100,000 common shares if the property is retained for the second year. Under the agreement, ASK Prospecting and Guiding retains a 2% NSR with a 1% buyback by the Company for \$1,000,000. The property option can be terminated at any time at no cost to the Company.

c) Centauro Property

On June 5, 2007, the Company finalized an agreement for an option on the Centauro property in Mexico. The agreement provides the Company an option for a three year term to earn a 100% interest in the Property subject to a 3% NSR, with a 2% buyback for US\$2,000,000. The payment for the 100% interest in the Property by the Company is US\$375,000 and 1,325,000 common shares of the Company payable over four years as follows and a further payment starting in Year 6 (5th anniversary) of US\$50,000 per year as an advance against the NSR payable:

Year 1 (on signing - paid)	US\$50,000 and 125,000 common shares
Year 2 (1st anniversary)	US\$75,000 and 200,000 common shares
Year 3 (2nd anniversary)	US\$100,000 and 400,000 common shares
Year 4 (3rd anniversary)	US\$150,000 and 600,000 common shares

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6. MINERAL PROPERTIES (continued)

The Company shall pay a staged finder's fee of cash and common shares of the Company based on the Company's continued involvement with the Property as follows:

Year 1 (on signing - paid)	CDN\$9,600
Year 2 (1st anniversary)	31,595 common shares
Year 3 (2nd anniversary)	52,044 common shares
Year 4 (3rd anniversary)	81,831 common shares

7. CAPITAL ASSETS

	January 31 2008		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Equipment	139,672	48,516	91,156
Computer	45,831	9,444	36,387
Vehicles	107,819	36,350	71,469
	293,322	94,310	199,012

	October 31 2007		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Equipment	139,672	43,802	95,870
Computer	14,553	8,460	6,093
Vehicles	107,819	30,711	77,108
	262,044	82,973	179,071

8. LONG-TERM DEBT

	January 31 2008	October 31 2007
	\$	\$
Chattel loan payments	30,628	32,869
Less: due in 12 months	8,964	8,964
Long-term portion	21,664	23,905

Repayable at \$747 monthly, principle plus 0% interest, in 60 equal installments secured by 2006 GMC vehicle.

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8. LONG-TERM DEBT (continued)

Principal payments required in each of the next four years are as follows:

	\$
2009	8,964
2010	8,964
2011	8,964
2012	3,736
	<u>30,628</u>

9. MINERAL PROPERTY AGREEMENTS

On July 20, 2007, the Company jointly with Universal Uranium Ltd. signed an earn-in agreement ("the Agreement") with Bayswater Uranium Corporation ("Bayswater"), whereby Bayswater has been granted an option to acquire a 50% interest in 34 mineral claims located in the Central Mineral Belt region of Labrador, which is currently held 50% by the Company and 50% by Universal Uranium. Pursuant to the Agreement, Bayswater is obligated to issue to the Company and Universal Uranium an aggregate of 200,000 common shares (of which 100,000 shares will be issued to the Company and 100,000 shares will be issued to Universal Uranium) and expend \$100,000 upon the Property by July 31, 2008. Upon issuing the shares and making the required expenditures, Bayswater will be deemed to have exercised its option and acquired a 50% interest in the Property, with Universal Uranium and the Company each holding a 25% interest in the Property. A joint venture will then be formed between the parties with Bayswater acting as the operator. As at October 31, 2007, 100,000 (October 31, 2006 – Nil) Bayswater shares having a market value of \$141,000 at the time of their issuance have been received and recorded as a credit to mineral properties.

In the first quarter of 2008, the Company entered into an option agreement with High Tide Resources Inc. ("High Tide"), a private Nova Scotia-based company. The Double Mer property which consists of 766 claims in Labrador, was acquired by staking in 2006 in an arm's length deal with Alex Turpin, a local prospector. Mr. Turpin received consulting payments of \$12,000 per year for three years (year 1 and 2 paid) and retains 1% net smelter return (NSR) on the Property.

High Tide can earn a 50% interest in the property for the following consideration:

- 1) On signing: a cash payment of \$50,000 (paid); and the issuance of 500,000 common shares (received) of High Tide to the Company.
- 2) On the first anniversary: a cash payment of \$100,000; and the issuance of 750,000 common shares of High Tide to the Company
- 3) On the second anniversary: a cash payment of \$100,000; and the issuance of 1,000,000 common shares of High Tide to the Company.

In addition, High Tide will carry out a cumulative work commitment of \$1.0 million over the earn-in period: \$200,000 in the first year of the agreement (2008); \$300,000 in the second year of the agreement (2009); and \$500,000 in the third year of the agreement (2010). High Tide has also granted the Company the right to participate in any future financings so it may maintain an ownership interest of up to 10% of High Tide. High Tide has also agreed to assume the responsibility for the final payment \$12,000 due to Alex Turpin.

SILVER SPRUCE RESOURCES INC.
Notes to the Consolidated Financial Statements
For the three months ended January 31, 2008 and 2007
(Unaudited)

10. SHARE CAPITAL

The share capital is as follows:

Authorized

An unlimited number of non-voting preference shares

An unlimited number of common shares

Issued and outstanding:

47,897,368 common shares

\$
22,272,678

The following is a summary of share capital activity.

	January 31 2008		October 31 2007	
	Number	\$	Number	\$
Opening balance	34,291,971	12,019,708	23,049,313	5,927,603
Issued during the year:				
Private placement	5,620,000	5,314,000	2,366,050	1,785,520
Acquisition of property	-	-	360,000	555,500
Investor relations fees	-	-	100,000	189,000
Warrants exercised	7,785,175	5,501,023	7,612,648	4,279,426
Options exercised	200,222	158,175	803,960	641,897
Share issue costs	-	(720,228)	-	(243,673)
Tax amount of renounced expenditures	-	-	-	(1,115,565)
Closing balance	47,897,368	22,272,678	34,291,971	12,019,708

- (a) On November 14, 2007, the Company closed a brokered private placement of 5,620,000 flow-through units (including 120,000 commission units) at a price of \$1.15 unit consisting of one common share and one half of one common share purchase warrant entitling the holder to purchase common shares at a price of \$1.75 for 18 months following the closing. A commission of 60,000 warrants and 385,000 options was also paid having the same terms as the warrants described above. Of the \$6,325,000 proceeds, \$1,125,000 was allocated to warrants.
- (b) On July 6, 2007, the Company closed a non-brokered private placement of 1,542,150 units (including 52,150 units as finder's fees) at a price of \$1.20 per unit consisting of one common share on one half common share purchase warrant entitling the holder to purchase common shares at a price of \$1.75 for 24 months following the closing. A finder's fee of \$17,880 was also paid. Of the \$1,788,000 proceeds, \$476,800 was allocated to warrants.

SILVER SPRUCE RESOURCES INC.

Notes to the Consolidated Financial Statements

For the three months ended January 31, 2008 and 2007

(Unaudited)

10. SHARE CAPITAL (continued)

- (c) On December 28, 2006, the Company completed a non-brokered private placement of 823,900 units (including 53,900 units as finders fees) at a price of \$0.65 per unit consisting of one flow-through common share and one half common share purchase warrant entitling the holder to purchase common shares at a price of \$1.00 for 18 months following to closing. A finder's fee of 69,300 warrants was also paid with the warrants having the same terms as the warrants described above. Of the \$500,500 proceeds, \$100,100 was allocated to warrants.
- (d) During the year ended October 31, 2007, the Company issued 360,000 shares for the acquisition of property, 200,000 shares at \$1.80, 125,000 shares at \$1.32, 25,000 shares at \$0.54 and 10,000 shares at \$1.70 based on the quoted market value of the shares on the date of issue.

11. WARRANTS

The following is a summary of warrants activity.

	January 31 2008		October 31 2007	
	Number	Weighted average exercise price \$	Number	Weighted average exercise price \$
Balance, beginning of year	8,644,128	0.68	15,523,751	0.50
Granted in connection with private placements	2,810,000	1.75	1,183,025	1.49
Exercised during the year	(7,735,175)	(0.57)	(7,612,648)	(0.46)
Expired during the year	(125,000)	(0.30)	(450,000)	(0.46)
Balance, end of year	3,593,953	1.75	8,644,128	0.68

Summary of warrants outstanding at January 31, 2008.

Number of Warrants	Exercise price \$	Fair value of warrants \$	Expiry date
771,075	1.75	494,956	July 9, 2007
12,878	1.00	3,348	June 22, 2008
2,810,000	1.75	1,149,545	May 14, 2009
3,593,953		1,647,849	

The grant date fair value of the warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate at 3.7% (2007 - 4 to 4.6%), expected life of 1.5 years (2007 - 1.5 to 2 years), expected dividend rate at 0% (2007 - 0%) and expected volatility of 125% (2007 - 150% to 160%). The weighted average fair value of warrants granted was \$0.41 (2007 - \$0.49).

SILVER SPRUCE RESOURCES INC.
Notes to the Consolidated Financial Statements
For the three months ended January 31, 2008 and 2007
(Unaudited)

12. STOCK OPTIONS

The Board of Directors of the Company has adopted a stock option plan for the Company. Pursuant to the plan, the Board of Directors of the Company may allocate common shares to its directors, officers and certain consultants. The aggregate number of stock options to be granted under the plan should not exceed 20% of the issued and outstanding capital of the Company and the aggregate number of shares reserved for issuance to anyone person shall not exceed 5% of the issued and outstanding common shares. The options are non-transferable and non-assignable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the Board of Directors of the Company at the time of grant, subject to all applicable regulatory requirements. The vesting period for options is set by the Company at the time the options are granted.

The following is a summary of stock option activity.

	2008		2007	
	Number	Weighted average exercise price	Number	Weighted average exercise price
		\$		\$
Balance, beginning of year	3,736,290	0.99	2,048,800	0.58
Granted	385,000	1.75	2,776,450	1.56
Forfeited	-	-	(285,000)	(0.08)
Expired	(536,000)	(0.70)	-	-
Exercised	(200,222)	(0.65)	(803,960)	(0.25)
Balance, end of year	3,385,068	1.15	3,736,290	0.99

SILVER SPRUCE RESOURCES INC.
Notes to the Consolidated Financial Statements
For the three months ended January 31, 2008 and 2007
(Unaudited)

12. STOCK OPTIONS (continued)

At January 31, 2008, outstanding options to acquire common shares of the Company were as follows:

Exercise Price \$	Number of Outstanding Options	Weighted Average Remaining Contractual Life of Outstanding Options (years)	Weighted Average Fair Value per Option \$	Number of Exercisable Options
0.30	370,000	2.66	0.16	370,000
0.50	400,000	3.81	0.48	400,000
0.65	60,000	3.88	0.53	60,000
0.65	125,000	4.01	0.53	125,000
0.65	50,000	4.08	0.56	50,000
1.00	32,918	0.39	0.26	32,918
1.00	52,150	1.43	1.27	52,150
1.08	160,000	4.21	1.06	100,000
1.40	1,650,000	2.64	1.09	1,650,000
1.75	385,000	1.28	0.42	385,000
1.78	100,000	4.49	1.75	100,000
	3,385,068	2.81	0.81	3,325,068

The weighted average fair value per option of options outstanding as at January 31, 2008 is \$0.81 (October 31, 2007 - \$0.77).

The fair value of options that were granted was estimated on the dates of the grants using the Black Scholes option-pricing model and the follow assumptions:

	<u>2008</u>	<u>2007</u>
Risk-free interest rate	3.70%	3.83% - 4.63%
Expected life	1.5 years	3 - 5 years
Expected volatility	125%	150% - 215%
Expected dividend yield	nil	nil

SILVER SPRUCE RESOURCES INC.
Notes to the Consolidated Financial Statements
For the three months ended January 31, 2008 and 2007
(Unaudited)

13. CONTRIBUTED SURPLUS

The following is a summary of contributed surplus activity:

	January 31	October 31
	2008	2007
	<u>\$</u>	<u>\$</u>
Balance, beginning of year	2,858,556	534,781
Employee stock - based compensation	-	2,309,047
Exercise of options	(28,031)	(139,520)
Expiry of warrants	7,500	42,000
Options issued as commission	161,700	112,248
	<hr/>	<hr/>
Balance, end of year	2,999,725	2,858,556
	<hr/>	<hr/>

14. RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities as at January 31, 2008 is \$131,453 (October 31, 2007 - \$93,248) owing to directors and companies owned by directors of the Company.

Related parties were also reimbursed for out of pocket expenses.

These transactions are in the normal course of operations and are measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

15. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents consist of:

	January 31	October 31
	2008	2007
	<u>\$</u>	<u>\$</u>
Deposits with banks	734,506	3,454,080
Short-term investments	9,045,043	-
	<hr/>	<hr/>
	9,779,549	3,454,080
	<hr/>	<hr/>

SILVER SPRUCE RESOURCES INC.
Notes to the Consolidated Financial Statements
For the three months ended January 31, 2008 and 2007
(Unaudited)

15. **SUPPLEMENTAL CASH FLOW INFORMATION (continued)**

	<u>2008</u>	<u>2007</u>
	\$	\$
<u>Interest paid in the year</u>	-	-
<u>Income taxes paid in the year</u>	-	-
Non-cash investing and financing activities:		
Acquisition of mineral properties for share consideration	-	555,500
Receipt of shares as consideration for deferred option payment	50,000	141,000
Value of share, warrants and options included in share issue costs	300,300	181,864
Effect of future income taxes on share capital upon renouncement of expenditures	-	1,115,565
Fair value of warrants exercised	1,046,050	793,772
Fair value of options exercised	28,031	139,520

16. **COMMITMENTS**

The Company has acquired various properties from third party license holders. The terms of these agreements provide for initial cash payments by the Company and the initial issuance of shares in the Company. To retain the interest in these properties the Company is obligated to make additional cash payments and to issue additional shares. The agreements also provide for the payment of a NSR to the third parties in the event that a property reaches the commercial production stage.

A summary of the additional cash and additional shares to be issued by the Company, assuming that an interest in all of the properties is to be maintained, is as follows:

	Cash (CAD)	Cash (USD)	Shares
2008	\$70,000	\$75,000	410,000
2009	\$50,000	\$100,000	400,000
2010	\$50,000	\$150,000	600,000
2011	\$50,000	-	-

Silver Spruce Resources Inc.

Management Discussion & Analysis

For the First Quarter Ended January 31, 2008

*The Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Company's unaudited consolidated interim financial statements and notes for the three months ended January 31, 2008 and 2007. **This MD&A has been prepared as of March 25, 2008.***

Management's discussion and analysis of financial condition and results of operations contains forward-looking statements. By their nature, these statements involve risk and uncertainties, many of which are beyond the Company's control, 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 or 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 or through the SEDAR website at www.sedar.com.

COMPANY OVERVIEW

Silver Spruce Resources Inc. is a junior exploration company headquartered in Bridgewater, Nova Scotia with a strategic focus on uranium, mainly in the Central Mineral Belt (CMB) of Labrador, Canada. With more than 12,500 claims (3,125 square kilometres), of which 4,737 are located in the CMB JV, Silver Spruce is one of the largest land holders in one of the world's premier emerging uranium districts. Uranium projects include: in Labrador – the CMB / Seal Lake joint venture with Universal Uranium; and 100 % owned properties - Snegamook, Mount Benedict, Makkovik River, Tukialuk Bay, Double Mer and Straits and in Quebec – the Hudson Bay property. In addition, the company has a gold silver project in Mexico, Centauro and a base metal project in central Newfoundland – CNL.

The company is carrying out a large scale exploration program for uranium that includes drill-ready projects, a resource calculation on the Two Time zone and grassroots follow up, with a 2008 budget in the range of \$10 million. Strong financial backing, an excellent property portfolio with good drill targets and a uranium discovery in the resource calculation stage, make Silver Spruce a leading uranium explorer in Canada.

RESULTS OF OPERATIONS

For the three-months ended January 31, 2008 and 2007

For the three-months ended January 31, 2008, the Company incurred a net loss of \$407,800 (loss per share \$0.01) compared to a net loss of \$13,551 (loss per share – nil) for the three-months ended January 31, 2007.

The Company recognized total revenue of \$200,143 for the three months ended January 31, 2008 (2007 – 68,468). Management fee income increased from \$32,592 in 2007 to \$65,154 in the current year as a result of increased exploration activity on the CMB/Seal Lake joint venture with UUL in the current year. The Company is the manager of the project and therefore receives a management fee based on UUL's portion of expenditures on the CMB/Seal Lake project. Interest income increased from \$35,876 in 2007 to \$134,989 in the current year as the Company's cash and cash equivalents balance was higher in the current year.

Silver Spruce Resources Inc.
Management Discussion & Analysis
For the First Quarter Ended January 31, 2008

RESULTS OF OPERATIONS (continued)

Abandonment of mineral properties expense was \$304,044 in the current year as compared to nil in the prior year. The Company wrote-off the remaining capitalized expense related to the Mother Lode project in the current year as it was decided further exploration was not warranted. The Company decided to terminate the option agreement in the current quarter and did not make the final option payment.

Stock-based compensation expense decreased to nil in the current year (2007 - \$140,974). In the current quarter, there were 385,000 option granted as commission for the private placement while in the first quarter of 2007, there were 585,000 options granted to employees and directors of the Company.

Amortization expense increased to \$22,890 (2007 - \$10,500) as a result of the timing of capital additions. Unrealized loss in market value of investments was \$70,250 (2007 – nil) due to the decrease in market value of investments held by the Company.

Other general and administrative expense increased to \$351,259 in the current quarter (2007 - \$110,745). For the three months ended January 31, 2008 as compared to the same period in the prior year, the Company increased its exploration, administration and financing activities by hiring new consultant and contractors. Additional administration, legal and management time was required as the Company became more active.

During the three months ended January 31, 2008, the Company spent \$1,636,248 (net of recoveries) on its exploration properties compared to \$49,948 for the same period in 2007.

SELECTED QUARTERLY INFORMATION

	January 31, 2008	October 31, 2007	July 31, 2007	April 30, 2007
	\$	\$	\$	\$
Revenue	200,143	159,125	161,360	84,341
Net income (loss)	(407,800)	(1,019,406)	(1,967,296)	(254,294)
Net income (loss) per share				
- basic and diluted	(0.01)	(0.04)	(0.07)	(0.01)

	January 31, 2007	October 31, 2006	July 31, 2006	April 30, 2006
	\$	\$	\$	\$
Revenue	68,468	94,066	44,063	15,067
Net income (loss)	(13,551)	(51,740)	458,020	(361,121)
Net income (loss) per share				
- basic and diluted	-	-	0.02	(0.03)

Silver Spruce Resources Inc.
Management Discussion & Analysis
For the First Quarter Ended January 31, 2008

EXPENDITURES ON MINERAL PROPERTIES

	January 31, 2008	October 31, 2007	July 31, 2007	April 30, 2007
CMB	574,916	478,483	876,818	208,080
Seal Lake	3,059	5,783	120	256
Double Mer	(35,987)	6,442	21,731	35,087
Straits	2,860	14,355	221,121	43,534
Mount Benedict	695,947	583,130	339,679	9,709
Snegamook	289,696	379,138	57,136	2,913
Makkovik River	-	88,878	50	-
Tukiialuk	1,000	-	-	-
Hudson Bay	24,789	139,745	427,679	53,847
Reid Lot 50	-	-	-	-
Mother Lode	(302,745)	(213,409)	187,854	6,600
Centaurus Mexico	39,131	251,439	146,442	47,568
Central NL	34,759	5,110	31,768	20,738
Genex	4,777	20,035	1,048	68
	January 31, 2007	October 31, 2006	July 31, 2006	April 30, 2006
CMB	436	3,000	-	1,094
Seal Lake	388	-	-	763
Double Mer	1,564	71,228	35,328	50,153
Straits	763	39,711	35,787	52,080
Mount Benedict	6,700	185,470	28,448	26,992
Snegamook	403	2,164	11,525	-
Makkovik	-	2,000	-	-
Hudson Bay	-	-	-	-
Reid Lot 50	-	-	-	(6,500)
Mother Lode	18,955	39,709	103,522	103,083
Centaurus Mexico	8,801	-	-	-
Central NL	825	-	-	-
Genex	6,831	4,310	3,280	701

Silver Spruce Resources Inc.

Management Discussion & Analysis

For the First Quarter Ended January 31, 2008

THE CENTRAL MINERAL BELT (CMB)

History

The CMB is the most active uranium exploration area in Canada, after the Athabasca Basin in SK / AB. The first discovery of uranium in the CMB was made in 1951, and this was followed by extensive exploration through the 1960s and 1970s. The British Newfoundland Exploration Company Limited (Brinex) carried out exploration in the area in the 1950's resulting in the discovery of the Kitt's deposit in 1957. A joint venture between Brinex and Urangesellschaft Canada Ltd. and an airborne gamma ray spectrometer survey by Barringer Research in 1967 resulted in the discovery of the Michelin deposit in 1968 and the Gear, Inda and Nash prospects in 1968 and 1969 in the eastern part of the CMB. These properties, except Kitts, which is in an area of Exempt Mineral Land, are held by Aurora Energy. A mining plan for the Kitts and Michelin deposits was completed by Brinex in the mid 1970s, but a significant drop in uranium prices caused the project to be shelved, the abandonment of exploration in Labrador and the surrender of their mineral concessions in 1983 and 1985.

Recent Work in the CMB

In 2003, the Fronteer/Altius joint venture (now Aurora Energy) was formed to evaluate the iron oxide copper gold (IOCG) potential of the CMB area. In the course of this work, shear zone hosted uranium potential was noted at the Michelin deposit and with the increase in the price of uranium, emphasis was then placed on uranium. The widespread hematite/chlorite/epidote /actinolite alteration noted in the Aillik and Post Hill groups resulted in blanket staking by Aurora of areas covering the known Brinex showings. Airborne radiometric/magnetic surveys in 2004 / 2005 resulted in definition of the known showings plus the generation of new targets in the Michelin, Otter Lake and Jacques's Lake areas, which are being explored at present. A 43-101 compliant, resource estimate released by Aurora for the Michelin and Jacques Lake deposits on February 20, 2008 shows a significant increase in resources to 67.4 M lbs indicated and 35.5 M lbs inferred U_3O_8 at a grade of approximately 0.12 % for the underground and 0.07 % for the open pit resources, with the zones remaining open to depth and along strike. Aurora announced in late August, 2007 that they are proceeding with a pre feasibility study on the Michelin deposit with the intention of moving toward production in 2010.

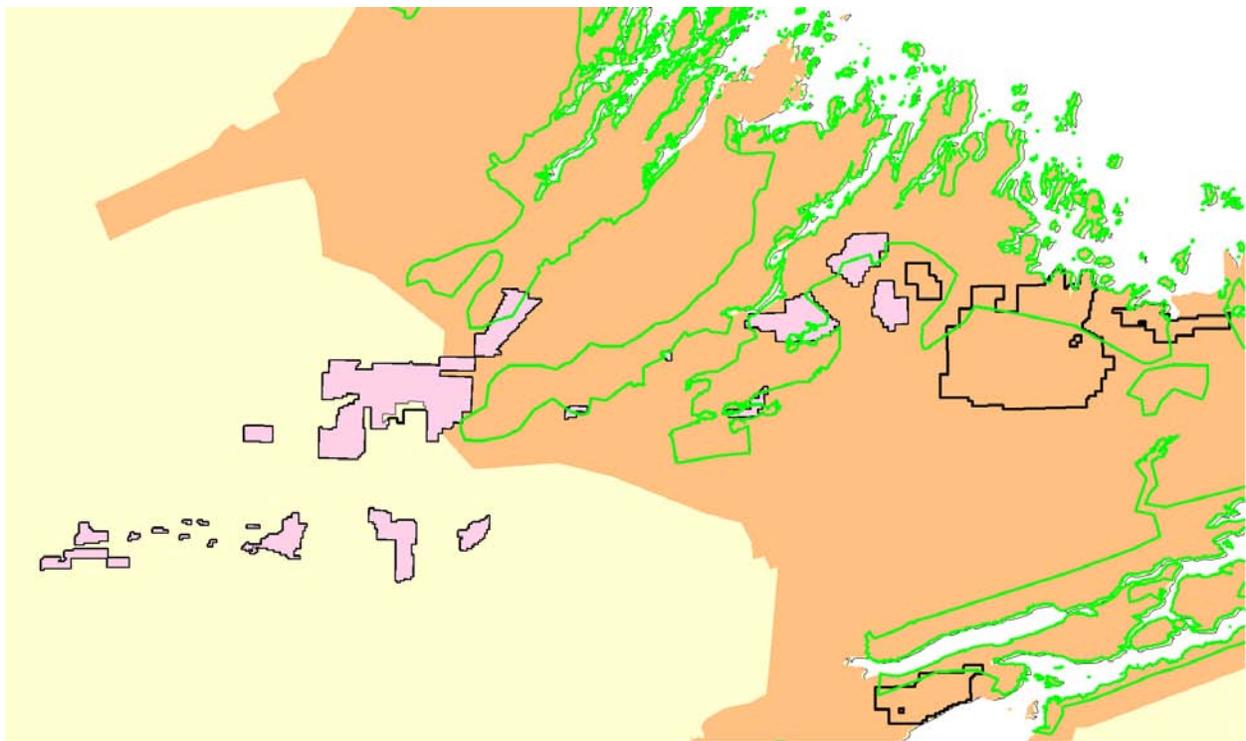
Crosshair Exploration and Mining (Crosshair) optioned the Moran Lake property in the winter of 2005 and flew an airborne survey the following summer. Crosshair's main target is the copper/uranium/magnetite/hematite mineralized zones of the Moran Lake A, B and C deposits, discovered and drilled by Shell Canada in the 1970s, which are peripheral to large gravity anomaly possibly representative of an Olympic Dam type target. A 43-101 compliant resource of approximately 3 million lbs indicated and 5 million lbs inferred U_3O_8 was announced in mid August 2007. Drilling has been continued since that time with at least three diamond drills.

Santoy Exploration and Mega Uranium (formerly Monster Copper) are also carrying out exploration in the CMB in the vicinity of Crosshair's Moran Lake property and in other parts of the area, with work based mainly on old Brinex showings, with some success especially in the Fishhawk Lake and Mustang Lake areas. **Bayswater Uranium** and **Capella / Tripple Uranium** are other companies with significant landholdings in the CMB and vicinity. All of these companies have completed airborne radiometric / magnetic surveys over their properties. Bayswater has reported significant uranium results in a number of areas.

**Silver Spruce Resources Inc.
Management Discussion & Analysis
For the First Quarter Ended January 31, 2008**

Proposed Moratorium

The Nunatsiavut Government has proposed a three year moratorium on uranium development in their territories in Labrador. The proposal comes before the assembly for second and final reading on April 11, 2008. Exploration will still be allowed, however, development would be in question and it is unlikely that exploration would continue at the present pace. Labrador Inuit Lands (LIL lands), controlled by the Nunatsiavut Government comprise approximately 16 % and Labrador Inuit Settlement area Lands (LISA lands) comprise 42 %, for a total of 58 % of Silver Spruce's properties in Labrador and a total of 44 % as 18 % LIL and 26 % LISA of the CMB / SL JV property. The Two Time zone and the western portion of the CMBNW and the Snegamook properties lie outside of the LIL / LISA lands on lands claimed by the Innu people of Labrador. The Straits property in southern Labrador is outside of all of the land claim areas.



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Management Discussion & Analysis

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SILVER SPRUCE PROPERTIES

URANIUM

LABRADOR

CENTRAL MINERAL BELT JV

Description

The CMB JV properties consist of 4087 claims (approx. 1022 sq km), in 10 separate blocks, in the Central Mineral Belt (CMB) of Labrador, making Silver Spruce / Universal Uranium the second-largest claimholder in this region. Silver Spruce's joint venture partner, Universal Uranium, has earned a 60 percent interest in the CMB / Seal Lake JV by spending \$2 million under an option agreement signed in the spring of 2006. The properties are proximal to the Michelin, Moran Lake and other uranium showings under exploration / development by Aurora, Crosshair, Santoy and Mega Uranium 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. They were acquired by staking to cover uranium in lake sediment anomalies located by the Newfoundland and Labrador government with anomalous values ranging from eight to 98 ppm, with many in the 20 to 70 ppm range, against a background of less than five ppm hosted in volcanic, sedimentary and plutonic rocks, with potential for unconformity style deposits similar to those in the Athabasca Basin, iron oxide copper gold deposits such as the Olympic Dam, shear hosted style uranium deposits such as the Michelin and granite hosted deposits such as the Rossing Mine in Namibia.

Acquisitions / Joint Ventures

In July 2007, Silver Spruce and Universal Uranium Ltd. announced a joint (50/50) agreement with Bayswater Uranium Corporation, whereby Bayswater has been granted an option to acquire a 50 percent interest (leaving SSE / UUL with 25 % each) in 34 mineral claims (8.5 sq km) on the Carr Lake property, located in the central CMB on claims covering a portion of the Stipek River uranium trend of Bayswater. Pursuant to the Agreement, Bayswater has issued 100,000 shares each to Silver Spruce and Universal and has to expend \$100,000 on the Property by July 31, 2008. Bayswater reports that 2006 grab samples along this trend "commonly gave values assaying from 0.1 to 0.4 % U₃O₈" (BAY news release July 12, 2007). Exploration work, including drilling, is planned. No results have been released to date however approximately \$28,000 was expended on the property by BAY in 2007 (BAY internal report to the JV).

Exploration

In the summer of 2006, Fugro Airborne Surveys of Toronto, completed a helicopter-borne radiometric survey on all properties in the CMB / SL JV. Seventeen high priority targets were selected for follow up. These included four on Jacques' Lake, two on CMB NW, four on CMB SE, one on CMB E and six on the CMB NE properties. A block of 300 claims, tied on to the north of the original CMB NW block, were staked as a result of the discovery of the Two Time Zone. These claims were flown by a Fugro Airborne radiometric/magnetic survey in the fall of 2006. Another block of 356 claims was acquired to the north of Snegamook Lake, tied on to the CMBNW block. McPhar Geosurveys Ltd. flew a radiometric / magnetic survey over this area in the fall of 2007.

Limited ground follow up, consisting of prospecting using hand-held scintillometers, and a helicopter supported, five man crew, was carried out from late August to late September, 2006, on the CMB JV

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properties, with the only significant results found on the CMBNW property, where the Two Time showing was located at the location of the CMBNW#2 anomaly and anomalous values to 3-400 ppm U were located in pegmatites at the CMBNW#1 anomaly. Continued prospecting on the CMB NW property was carried out in conjunction with stream sediment sampling utilizing helicopter support in October 2007. Forty Six (46) stream sediment samples were taken on the CMB NW block and the Snegamook Property, on streams draining into the Kanairiktok River and Snegamook Lake. Thirteen (13) of these, mostly on the CMBNW block, were considered to be anomalous (> 20 ppm uranium) with sample values varying from 1.4 to 117 ppm uranium.

The CMB NW, and the adjoining Snegamook property, owned 100 % by SSE, were covered by a detailed lake bottom survey in the late winter / early spring of 2007, utilizing helicopter support and augering through the ice to acquire the samples from the lake bottoms. Most accessible lakes were sampled. Values ranging from background (< 17 ppm) to 374 ppm were located, with the anomalous values located mainly on the CMBNW block. Two significant anomalous areas were defined: 1) an area to the south of the Kanairiktok River, extending from the Near Miss showing area on the Snegamook property, encompassing the Two Time zone and the HF occurrence and continuing to the northeast to an unexplored area where the highest values were located. Values in the most anomalous area ranged from 6.5 to 374 ppm with 6 values greater than 100 ppm. In comparison, lake sediment values in the Two Time area, an extensive U mineralized zone, range from 9.8 to 44.9 ppm; 2) An area to the north of Snegamook Lake, in the northwest portion of the property, with values from 5.4 to 258 ppm and 3 values greater than 60 ppm. An additional 56 claims were added to protect the anomalous area as it was located near the boundary of existing CMBNW property. Historic exploration by Brinex shows radiometric anomalies in this area.

The 2007 field exploration program included line cutting, prospecting, geological mapping, geochemical (soil) and geophysical (RadonEx) surveys plus airborne radiometric / magnetic and air gravity surveys on the CMB NW block. Regional exploration in the late summer / early fall of 2007, consisted of prospecting, RadonEx and soil geochemical surveys, with follow up by trenching / stripping. Line cutting consisted of a series of control lines across both the CMBNW and Snegamook properties at 1 km intervals. These lines provide access and control for the RadonEx, soil geochemistry, geological mapping and prospecting. No detailed grids have been cut to date.

Silver Spruce Resources Inc.

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RadonEx, radon gas, surveys were utilized to trace uranium mineralization on the CMBNW, and the 100 % owned Snegamook property, as a guide for exploration starting in the early summer. The non-invasive RadonEx technique uses a computer chip based, radon detector which is buried in the earth in the morning, recovered in the late evening and then read in the night to give results immediately. The technique, which relies on Radon gas escaping from buried uranium mineralization, was tried on the Two Time and Near Miss showings in the early summer for orientation. Both surveys detected and traced the mineralization giving confidence in the technique. The survey has been successful in defining a trend of radon anomalies, thought to represent uranium mineralization, along the Two Time trend area and these anomalies are being tested by drilling in the fall of 2007. The surveys have also shown a number of other mineralized structural trends with significant anomalies, some much larger and stronger than the anomaly over the TT zone, particularly an east-northeast (ENE) trending zone, to the south of the Two Time on the Snegamook property, which remain to be tested by drilling. These surveys continued in the fall until winter conditions curtailed them, mainly over favourable geology to the east and southeast of the Two Time Zone. Approximately 2600 stations were read and anomalies, some much larger and stronger than the one over the Two Time zone were defined along structural lineaments. The intention was to trench / strip these prior to the onset of winter conditions however this wasn't done and this work has been deferred to the summer of 2008.

Soil geochemical surveys were centered on radon gas anomalies and/or radioactive showings. A total of 2,120 B horizon soil samples were collect over selected areas to the east and north of the Two Time Zone. The samples were analyzed at Activation Laboratories in Ancaster ON., for U (DNC) and 30 element ICP.

Values in uranium range from 0.1 to 130 ppm, with a mean value of 2 ppm. No other elements gave significant anomalous values. The results highlight four uranium anomalous areas as follows:

- 1) A 1.2-kilometer long anomaly with coincident radon gas anomalies, to the north of the Two Time Showing.
- 2) An area approximately 2.5 km to the east of the Two Time Showing, associated with radon gas anomalies and/or near areas of untested uranium mineralization in bedrock.
- 3) An area 4.5 km to the east-northeast of the Two Time zone where uranium values ranging from 6.9 to 116 ppm were located over a 700-meter long zone which remains open to the north and east. Mineralized outcrop/boulders of hematite breccia giving values ranging from 0.07 to 0.30 % U_3O_8 have been located in the area.
- 4) Sporadic values up to 32 ppm on a small grid in the southeastern part of the property, covering the extension of a structural lineament carrying uranium mineralization on an adjoining property.

Prospecting, guided by the RadonEx, soil and lake sediment surveys, has located significant mineralization along a number of linear trends primarily in the northeastern and southeastern portions of the property. Geological mapping indicates a structural association of the mineralized areas with northwest and northeast trending structures. Uranium bearing hematite breccia zones have been identified along these structures, some of which are in excess of 6.5 kilometers long.

A total of 170 radioactive samples were sent for analyses in 2007. Samples were taken from float and outcrop which gave scintillometer readings from a few hundred to > 10,000 cps. Partial results released in August (News Release Aug. 30, 2007), showed five samples with values > 0.5% U_3O_8 (10 lbs/ton) and 31 with values > 0.1% U_3O_8 (2 lbs/ton). Most of the anomalous samples are associated with major east-northeast (ENE) or north-northwesterly (NNW) trending structures, the most significant of which is a 12 km long east-northeast trending suture which extends from the Near Miss showing, across the Snegamook property, approximately 2.5 km south of the Two Time zone, to the area of the highly anomalous lake sediment values noted in the news release of June 26, 2007. The uranium is hosted in hematite bearing

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breccia zones close to the trace of the structure and in pegmatitic zones to the north of it. Another area, trending ENE and giving values up to 0.93% U_3O_8 (18.6 lbs/ton) in float boulders and 0.4% U_3O_8 (8 lbs/ton) in outcrop is located in the south eastern portion of the group. These samples are generally hematite breccias and are related to alteration (carbonatization, chloritization) in the host units. Preliminary follow up in the fall over a zone of uranium bearing outcrop / angular boulders, located approximately 8 km to the southeast of the Two Time Showing, resulted in a new discovery - **The Firestone Showing**. This showing covers an area of 250 by 600 m of strong, pervasively hematitized / brecciated, monzondiorite / granite, giving highly anomalous to off scale ($> 10,000$ cps) scintillometer readings, along a strong northwest - southeast trending structure. Two float samples gave values of 0.08 and 0.11% U_3O_8 and proximal and down ice from the zone, boulders with values over 1.0% U_3O_8 were located.

Trenching on showings outside of the Two Time area was curtailed due to thick overburden and the onset of winter conditions in late October, 2007. Three channel samples were taken at one meter intervals from poorly exposed outcrop in the western part of the Firestone showing. The samples are pervasively hematitized/oxidized breccia which gave values of 60,160 and 300 ppm U_3O_8 . As at the Two Time Zone, uranium mineralization at the Firestone prospect has undergone surface leaching as shown by uranophane on fractures.

An airborne radiometric / magnetic survey was completed on the CMBNW claims to the north of Snegamook Lake in the fall of 2007. The survey, totalling 885 line km, was carried out by McPhar Geosurveys Ltd. at a line spacing of 100 m. The results of the survey were released on February 21, 2008. Four high priority, 16 moderate priority and a number of lower priority targets were "picked" by consultant, Ted Urquhart of NewSense Geophysics (Santiago, Chile). They were selected on the basis of U/Th ratios, using the 95th percentile with a minimum of 14 cps uranium; total uranium; total field magnetics; and geology. The higher priority targets are mainly located in the northern and southern portions of the area flown. They are associated with anomalous lake sediment geochemistry (values up to 258 ppm U) in the north and areas shown to be radiometrically anomalous by Brinex in the 1970s in the south. The lake sediment results were published in a news release dated June 26, 2007. The uranium map, with the targets shown, can be viewed on the Silver Spruce and Universal Uranium websites.

The air gravity survey was carried out by Bell Aerospace of Houston, Texas in the late summer of 2007. It was flown at a one kilometer line spacing for 10 kilometers in an east-west direction, covering the Kanairiktok River area of the CMBNW property including the Two Time Zone area and extending to the south of the river over the 100%-owned Snegamook Property. This survey showed a number of gravity features, both positive and negative, some of which appear to be associated with the Two Time mineralization, and possible extensions to the north and south. Positive gravity areas away from the zone to the west and northeast appear to reflect intrusive bodies as shown on the magnetic and geological maps. Coincidence of positive gravity anomalies with mineralized occurrences is also shown in the northeastern portion of the property. No geophysical/geological interpretation by a geophysical consultant has been carried out on this data to date.

The radiometric picks for the Snegamook North airborne survey, the air gravity results and a compilation map showing the RadonEx, soil, geochemical and rock sample results are shown on the Silver Spruce website at www.silverspruceresources.com.

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Two Time Zone

On September 12, 2006, Silver Spruce announced the discovery of an anomalous radioactive showing, the Two Time Zone, to the south of the Kanairiktok River. It was discovered during ground follow-up exploration of the airborne survey data, on the CMB NW2 target, with the discovery of a radioactive outcrop along the cliff above the river. Scintillometer values along the 300-metre length of the zone, which trends approximately north-south, ranged from > 10,000 to 2,700 cps (total counts per second gamma radiation). Rock samples with values up to 0.26 % U_3O_8 were also located. The host is a felsic to mafic, feldspar rich, intrusive which has been brecciated and fractured.

A two-month follow up program of hand trenching, channel/chip sampling, soil and stream sediment sampling over the Two Time Zone was completed in October 2006. The channel / chip sampling gave anomalous values in all trenches with the highest grades located in Trench 5, which gave 0.032% U_3O_8 over five metres, including 0.051% U_3O_8 over one metre.

A first phase diamond drilling program, consisting of 812 m in 5 holes, CMB-06-1 to 5, was completed in December 2006. The program defined a wide zone of low-grade uranium mineralization in three of five holes with the best mineralization located in DDH CMB-06-3, which gave 82.4 m of 0.021% U_3O_8 from 83.5 m to 165.9 m, including two higher grade zones of 0.13% U_3O_8 over 1.6 m from 100.8 m to 102.4 m and 0.13% U_3O_8 over 1.4 m from 106.1 m to 107.5 m. The zone was traced over a 175 m strike length from Line 1+25 N to Line 0+50 S, remaining open to the south and to the north.

A second phase drill program, carried out from late January to March 16, 2007, totalled 2442 m in 7 holes, CMB-07-6 to 12. Wide zones of uranium mineralization were intersected in all holes except CMB-07-7. DDH CMB-07-6, which was drilled under DDH CMB-06-5 at a 50 degree dip, and which intersected the zone between 150 and 200 m deep gave 107 m of 0.052% U_3O_8 (uranium oxide) from 172 m to 279 m, including higher grade zones: 0.11% U_3O_8 over 30 m from 172 m to 302 m and including 0.312% U_3O_8 over 3.0 m from 172 m to 175 m. CMB-07-12, drilled under CMB-07-6, gave 147 m of 0.041% (0.82 lbs/ton) U_3O_8 , including higher grade intersections of 11 m at 0.11 % (2.2 lbs/ton) and 6 m of 0.13 % (2.6 lbs/ton) U_3O_8 . In the southern part of the zone, DDH CMB-07-7 did not intersect the mineralized zone, although it did encounter values of five metres of 0.061% U_3O_8 in a fault/shear structure.

Two drills completed the Phase 3, resource definition infill drilling program, at the Two Time Zone on December 15, 2007. The drilling was carried out for an NI 43-101 compliant resource estimate being carried out by Scott Wilson Roscoe Postle Associates Inc. (SWRPA). As of December 31, 2007, a total of 11,190.6 meters in DDHs 1 to 41, has been drilled on the CMBNW property. Forty of these holes (1-23 and 25-41), for a total of 10,922.6 meters, tested the Two Time Zone and one hole, CMB-07-24, tested a RadonEx soil gas anomaly to the north of the zone.

Trenching/sampling was carried out on the Two Time Zone as part of the exploration required for the resource estimate. Deep overburden prevented complete coverage; however, a total of 113 bedrock channel samples were sawed from the bedrock at one meter intervals from five trenches. Weakly to moderately radioactive hematitized / brecciated monozodiorite was exposed over lengths of 10 to 35 meters in the trenches with U_3O_8 assays as follows: Trench 1 – 5 meters at 166 ppm; Trench 2 – 4 meters at 285 ppm; Trench 3 – 6 meters of 166 ppm; Trench 4 – 13 meters of 266 ppm; and Trench 5 – 10 meters of 161 ppm. The highest grade located was six meters of 395 ppm U_3O_8 from Trench 4. The trenching confirmed and expanded the previous trenching, carried out in 2006, exposing weakly to moderately radioactive sections of brecciated monozodiorite. Results are comparable to the previous sampling, and

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with extensive uranophane noted in near surface drill holes, suggest near surface leaching of uranium in the upper portion of the Two Time Zone.

The best mineralization located in the third phase drilling to date is in DDH CMB-07-14 drilled on section 0+00. It gave 109.2 m of 0.042% uranium oxide (U_3O_8) (0.84 lbs / ton) from 213.9 to 323.1 m, including 32 m at 0.103% U_3O_8 (2.06 lbs / ton) from 264.6 to 296.6 m. Section 0+00 is 50 m to the north of Section 0+50 S, which gave significant intersections in CMB-07-6 (see news release dated March 1, 2007) of 107 m of 0.052% (U_3O_8) (1.04 lbs/ton) from 172 to 279 m, including higher grade zones: 0.11% U_3O_8 (2.2 lbs / ton) over 30 m from 172 to 302 m including 0.312% U_3O_8 (6.24 lbs / ton) over 3.0 m from 172 to 175 m. Other strong mineralized intersections were found in: CMB-07-16 – 192 m from 256 to 448 m, assaying 0.022% U_3O_8 (0.44 lbs / ton) including 9 m from 286 m to 295 m at 0.127 (2.54 lbs/ton); CMB-07-18 – 17 m from 211 m to 228 m at 0.109% U_3O_8 (2.18 lbs / ton); and CMB-07-19 – 199 m at 0.026% U_3O_8 (0.52 lbs / ton) including 4 m from 299 m to 303 m at 0.129% U_3O_8 (2.58 lbs / ton). The higher grade intersections in CMB-07-14 are at a depth of approximately 200 m. As on Section 0+50 S, the zone appears to increase in grade to depth as at CMB-07-13, approximately 50 m ahead of CMB-07-14, which intersected the zone at approximately 150 m depth, gave 0.042% (0.84 lbs / ton) over 96.5 m from 136.2 to 232.7, including 0.11% U_3O_8 (2.2 lbs / ton) over 7 m from 161.2 to 168.2 m. Mafic dikes disrupted the mineralized zone in hole 15, which tested the zone at a vertical depth of 250 m under hole 14 on Section 0+00 however the hole was stopped in the mineralized zone due to bad ground conditions. Hole 16 tested under hole 12 on Section 0+75 S, at a depth of approximately 250 m. It intersected a wide, lower grade section with narrow higher grade zones and included mafic dike from 311 m to 329 m. Holes 17-19 were drilled as a fence on Section 1+25 S, 50 m to the south of drill holes 5, 6, 12 and 16, on Section 0+75 S, to test the southern extension of the zone from approximately 150 m to 250 m vertical depth. All of these holes intersected wide zones (90 m plus) of lower grade mineralization in the 0.02% to 0.03% U_3O_8 range with higher grade intersections including 17 m of 0.109% U_3O_8 in Hole 18. Hole 19 which gave the widest zone of mineralization to date, 199 m of 0.026% U_3O_8 was stopped while in mineralization due to mechanical difficulties. Hole 20 was drilled to the west to test for a possible western offset to the Two Time Zone mineralization. It did not intersect any significant radioactivity and no samples were taken. Drill holes CMB-07-21 to 24 were targeted to test the Two Time zone at depth to the south (CMB-07-21, 22), in the central part of the zone (CMB-07-23) and a RadonEx anomaly on strike to north (CMB-07-24). CMB-07-21 was drilled at Azimuth 070, dip -45, 50 m to the west of CMB-07-20, to a total depth of 482 m. The hole “scissored” back to the east, under CMB-07-20 which had failed to intersect mineralization. A mineralized zone assaying 269 ppm U_3O_8 , was located from 299 to 347 m (48 m), between 175 to 210 metres vertical. Best value within the zone was 894 ppm U_3O_8 / 2m. CMB-07-22 was drilled at azimuth 070, dip -58, collared from same setup as 21 to a total depth of 448 m. A low grade intersection from 314 to 357 (43 m) averaging 112 ppm U_3O_8 was encountered at approximately 225 to 275 metres vertical. Best values were 541 ppm / 2 m, including 824 / 1 m U_3O_8 . CMB-07-23, drilled at azimuth 070, dip -63, to total depth of 468 m, tested the north central portion of the Two Time zone and was drilled from the same set up as CMB-07-11 targeting the down dip extension of mineralization encountered in holes CMB-07-10 and CMB-07-11. Weak mineralization was encountered from 288 to 312 m and 435 to 459 m, interrupted by a 77 m wide mafic dike from 341 to 418 m.

CMB-07-24 was drilled at azimuth 070 and dip -45, to a total depth of 225m, 600 m to the northwest along the general trend of the Two Time zone, to test coincident Radon Gas and stream sediment anomalies. No significant mineralization was encountered however the favourable, brecciated /hematitized felsic host rocks were intersected over the entire length of the hole.

The Two Time zone has been traced over a strike length of approximately 475 metres, from 2+75 N to 2+00 S, and remains open to the north and south along strike and to depth. It is apparent from the soil

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geochemical results and the presence of uranophane in surface samples that extensive oxidation has taken place in the near surface portion of the Two Time Zone.

The host for the mineralization is an altered, brecciated and fractured intrusive, monzodiorite to diorite, with extensive chlorite, carbonate and hematite alteration. The orientation of the mineralization appears to be near vertical to steeply dipping; however, an estimate of true widths cannot be established at this time. Modelling of the drill data with Surpac Xplorpac shows the zone has good strike and depth continuity and it remains open along strike and to depth indicating that it should continue to the southwest, plunging at 30 to 50 degrees, approximately 70 metres below the trace of CMB-07-22.

Up to March 25, 2008, the company has reported results up to CMB-07-24 and the resource calculation and the remainder of the results remain pending. The drill results will be reported in conjunction with the resource calculation in the second quarter of 2008.

All uranium analyses are performed by Activation Laboratories in Ancaster, Ontario, an approved, accredited laboratory, using the delayed neutron activation technique (DNC), which gives accurate results for samples carrying up to 1.0% uranium. In addition, samples are analysed using an ICP technique that gives good results for most other elements, including Thorium. A quality assurance/quality control (QA/QC) program, described on the companies' websites, has been implemented by the Silver Spruce/Universal Uranium joint venture to increase confidence in the results generated.

Selected analytical values for the drilling to date are shown in Table 1.

Plan maps and sections for the drilling on the Two Time Zone are shown on the Silver Spruce website at www.silverspruceresources.com.

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TABLE 1 - ANALYTICAL RESULTS

Diamond Drilling – CMBNW Property – Two Time Showing - DDH's CMB-07-13 to 23

DDH #	From	To	Length m	% U ₃ O ₈	lbs / ton U ₃ O ₈
CMB-07-13	136.2	232.7	96.5	0.042	0.84
incl.	152.2	155.2	3.0	0.12	2.4
and	161.2	168.2	7.0	0.11	2.2
incl.	163.2	167.2	4.0	0.15	3.0
and	222.5	225.5	3.0	0.167	3.34
incl.	223.5	224.5	1.0	0.316	6.32
CMB-07-14	213.9	323.1	109.2	0.042	0.84
incl.	264.6	296.6	32.0	0.103	2.06
incl.	280.6	290.6	10.0	0.176	3.52
incl.	285.6	287.6	2.0	0.221	4.42
and	289.6	290.6	1.0	0.222	4.44
CMB-07-15	241	289	48	.011	0.22
“ incl.	259	270	11	0.029	0.58
“	447	499	52	0.014	0.28
CMB-07-16	256	448	192	0.022	0.44
“ incl.	267	311	44	0.045	0.9
“ incl.	286	295	9	0.127	2.54
“ incl.	349	354	5	0.10	2.0
CMB-07-17	173	263	90	0.022	0.44
“ incl.	236	263	27	0.043	0.86
“ incl.	249	262	13	0.063	1.26
“ incl.	249	253	4	0.095	1.9
“ and	255	262	7	0.057	1.14
CMB-07-18	198	326	128	0.028	0.56
“ incl.	205	228	23	0.089	1.78
“ incl.	211	228	17	0.109	2.18
“ incl.	216	228	12	0.134	2.68
“ incl.	305	310	7	0.08	1.6
CMB-07-19	251	450	199	0.026	0.52
“ incl.	286	443	157	0.029	0.58
“ incl.	287	303	16	0.071	1.42
“ incl.	299	303	4	0.129	2.58
CMB-07-20	No	samples	taken		
CMB-07-21	299	347	48	0.027	0.052
incl.	304	338	34	0.03	0.06
CMB-07-22	314	357	43	0.011	0.022
incl.	175	178	3	0.04	0.08
CMB-07-23			cut off	by mafic	dike

All core showing significant total count scintillometer values was cut and analyzed. Core samples were halved by sawing on site, with one half sent for analysis and the other half retained for further study.

CMB E

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Description

The CMB E property, located in the central – eastern portion of the CMB, consists of 247 claims in one licence. It was acquired by staking in 2006. It is located on LISA lands, jointly managed by the Nunatsiavut and Newfoundland and Labrador governments, 25-35 km to the southeast of Postville.

Exploration

An airborne radiometric / magnetic survey was flown by Fugro Airborne Surveys in the summer of 2006. One high priority target was noted on the CMB E property. Limited prospecting follow up was carried out in the fall of 2006 with no significant mineralization located. Further prospecting in August 2007 resulted in the discovery of two significant mineralized areas: a subcrop of siliceous, hematitized, microgranite which gave 1.0 % U_3O_8 , from a single sample within a wide area of high scintillometer values and an outcrop of hematitized granite which gave 0.28 % U_3O_8 , 0.6 % Mo, and >100 ppm Ag. No follow up has been carried out.

Exploration in the summer of 2008 will include RadonEx or other Radon gas surveys, soil geochemistry, prospecting and geological mapping followed by trenching and drilling if warranted.

CMB-JL – JACQUES LAKE

Description

The Jacques Lake property, part of the CMBJV was acquired by staking in the spring of 2006. The property which consists of 528 claims in 7 licences, lies in the central part of the CMB on LIL lands, 15 to 25 km to the south of Postville.

Exploration

An airborne radiometric / magnetic survey was flown by Fugro Airborne Surveys in the summer of 2006. Four high priority targets were selected for follow up on the Jacques' Lake property. Limited follow up prospecting was carried out in the fall of 2006, with no significant values or mineralization located.

A detailed lake bottom survey, utilizing helicopter support and augering through the ice to acquire the samples from the lake bottoms was carried out in the late winter / early spring of 2007. Most accessible lakes were sampled. Values ranged from high background (30 ppm or less) to 217 ppm. Two anomalous areas were defined: 1) to the north of Jacques Lake in the central / northeast portion of the property with values ranging from 14 to 217 ppm and 17 values greater than 50 ppm; and 2) in the northwest corner of the property with values from 27 to 217 ppm and 2 values greater than 100 ppm. No follow up has been carried out.

Plans for 2008 include: RadonEx or other soil gas surveys, soil geochemistry, prospecting and geological mapping followed by trenching and / or drilling if warranted.

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SEAL LAKE / SEAL LAKE NORTH

Description

The Seal Lake / Seal Lake North properties are also included in the Universal Uranium joint venture, and consist of 650 map-staked claims of 25 hectares each (162.5 km²), located in the Naskaupi River / Seal Lake area approximately 150 kilometres to the northwest of Happy Valley-Goose Bay. They are outside of the Inuit land claims on land within the Innu aboriginal land claim.

Previous Work

The claims cover extensive copper mineralization in mafic volcanic units which was evaluated in the period from 1950 to the 1980's by companies such as Brinex and Noranda. Uranium in lake sediment anomalies were located by the Newfoundland and Labrador government with anomalous uranium values ranging from 10 to 213 ppm against a background of < 5 ppm in the 1980's. No significant uranium exploration had covered this area prior to the SSE / UUL work.

Exploration

The claims were flown by radiometrics / magnetics at 200 m line spacing in the late summer of 2006 as part of the Fugro CMB contract. Only limited follow up prospecting and stream sediment geochemistry was carried out in 2007 with no significant results noted. The property was reduced from approximately 2700 claims to the present size to protect the highest potential areas for uranium mineralization.

Limited exploration, consisting of prospecting and geochemistry, is planned for the summer of 2008.

OTHER CMB JV PROPERTIES

Description

Other properties included in the CMB JV include: Otter Lake – 119 claims in 1 block; Portage Lake – 351 claims in 1 block; Kanairiktok River – 400 claims in 1 block; Northeast – 392 claims in 1 block; Southeast – 82 claims in 1 block; South Brook Pond – 14 claims in 1 block; Carr Lake – 34 claims in 1 block.

Exploration

The properties were flown by radiometrics / magnetics at 100 m line spacing in the late summer of 2006 as part of the Fugro CMB contract. Seventeen high priority targets were selected for follow up on the CMB properties. These included four on Jacques' Lake, two on CMB NW, four on CMB SE, one on the CMB E and six on the CMB NE property.

Limited prospecting follow up on the properties, other than the CMBNW, in the fall of 2006 did not locate any significant mineralization. Further exploration will be carried out in 2008.

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OTHER LABRADOR PROJECTS

Silver Spruce (SSE) owns a 100 % interest in 7,911 claims in Labrador (1,978 km²) outside of the CMB / SL JV. These are 100 % owned by SSE and include the following six properties - Snegamook Lake (86 claims), Double Mer (766 claims), Straits (2346 claims), Mount Benedict (4057 claims), Makkovik River (200 claims) and Tukialuk Bay (456 claims).

The Snegamook Lake property was optioned from a Newfoundland prospecting group for payments totalling \$24,000 and 60,000 shares over a three-year period (first two years paid) and retention of a two percent Net Smelter Return (NSR). The Double Mer and Straits properties were acquired in an arm's-length deal with a local prospector, for a consulting fee of \$12,000 per year for three years (first two years paid) and retention of a one-percent Net Smelter Return (NSR). The Mount Benedict property was acquired by staking and option. A 1 % NSR is payable on 592 claims of the originally staked ground.

The Double Mer property has recently been optioned to High Tide Resources (News release January 31, 2008). High Tide can earn a 50% interest in the Property for the following consideration: On signing: cash payment of \$50,000 and issuing 500,000 common shares to SSE (paid); On the first anniversary: cash payment of \$100,000 and issuing 750,000 common shares to SSE; On the second anniversary: cash payment of \$100,000 and issuing 1,000,000 common shares to SSE. In addition, High Tide will carry out a cumulative work commitment of \$1.0 million over the earn-in period: \$200,000 - first year (2008); \$300,000 - second year (2009); and \$500,000 - third year (2010). High Tide has also granted Silver Spruce the right to participate in any future financings so it may maintain an ownership interest of up to 10% of High Tide and has assumed the responsibility for the final payment due to Alex Turpin. High Tide has assembled a qualified exploration team and expects to be able to begin follow up the high and moderate priority airborne targets in the late second quarter of 2008, after the spring melt.

SNEGAMOOK LAKE

Description

The Snegamook property, consisting of 86 claims (21.5 square kilometers), is surrounded by the CMBNW JV property to the north, west and east and the Santoy "Fishhawk Lake" property to the south. It is subject to an option agreement, made in July 2006, with the Turpin-Crocker Group, a group of Newfoundland-based prospectors. Silver Spruce can earn a 100-percent interest in the property by making payments totalling \$24,000 and 60,000 shares over a three-year period (first two years paid) to earn a 100 percent interest, subject to a two-percent Net Smelter Return (NSR). It was acquired on the basis of government lake bottom surveys which showed anomalous uranium lake bottom values from 7.6 to 49.2 parts per million (ppm) against a background of approximately 5 ppm. The property is located outside of lands owned by the Nunatsiavut government, on lands subject to the Innu Land Claim, is optioned to Silver Spruce only and is therefore not subject to the Silver Spruce /Universal Uranium JV agreement.

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Exploration

In 2006, the property was covered with an airborne radiometric / magnetic survey in conjunction with the surveys over the CMB JV properties. Limited prospecting was carried out in the fall of 2006, with the Near-Miss Showing discovered – the zone did not appear as an airborne radiometric anomaly. 2007 work included lake sediment sampling, linecutting, RadonEx radon gas surveys, prospecting and diamond drilling which totalled 1,375 meters in six holes. 2008 work to date has included diamond drilling – a total of 7 holes for 1414 m.

Line cutting consisted of a series of control lines across both the CMBNW and Snegamook properties at 1 km intervals. These lines provide access and control for the RadonEx, soil geochemistry, geological mapping and prospecting. No detailed grids have been cut to date. RadonEx surveys showed a discontinuous trend of radon anomalies along the southern extension of the Two Time trend, anomalies in the Near Miss area and areas to the north of the Near Miss and an extensive area of anomalous values along a northeast trend from the Near Miss, across the property to the northeastern corner of the claims.

Prospecting was concentrated on RadonEx anomalies with most of the anomalous samples associated with major east-northeast (ENE) or north-northwesterly (NNW) trending structures, the most significant of which is a 12 km long east-northeast trending suture which extends from the Near Miss showing across the property, approximately 2.5 km south of the Two Time zone, to the area of the highly anomalous lake sediment values on the CMBNW property. The uranium values are hosted in hematite bearing breccia zones close to the trace of the structure and in pegmatitic zones to the north of it. Mineralization with values up to greater than 0.1 % U_3O_8 was located. The Near Miss Showing, located in the southwestern portion of the Snegamook property, gives values from 78 to 5000 ppm (0.008% to 0.5%) U_3O_8 in rock samples from outcrop and also shows good coincidence with RadonEx radon gas anomalies.

The diamond drilling in the fall of 2007, tested RadonEx anomalies and the Near Miss showing. Four holes, totalling 985 meters, tested the Two Time Trend over a two-kilometer strike length, approximately 1.5 kilometers to the south of the Two Time Zone, located on the CMBNW property to the north. The drilling intersected intrusive and older gneissic rocks with sections of structurally controlled, brecciated monzodiorite, similar in style to the Two Time mineralization, which carried moderate to strong chlorite, hematite and carbonate alteration and uranium mineralization in holes SN-07-02 and SN-07-03. Values ranged from 50 to 1,034 ppm U_3O_8 with the best section averaging 189 ppm U_3O_8 (0.378 lbs/ton) over 24 meters, similar to values located in the Phase 1 drill program on the Two Time Zone itself. The other two holes missed their targets.

In 2008, continued drilling is testing uranium mineralization located in the 2007 first pass drilling, mineralized areas discovered by prospecting and untested radon gas anomalies, including high-priority targets south and east of the Two Time Zone and to the north of the Near Miss showing. Drilling IN 2008, totalling 1414 m in 7 holes, has tested the Near Miss showing with four drill holes – SNNM-08-3 to 7 for a total of 807 m and anomalies along the southerly trend of the Two Time zone with three holes – SN-08-5 to 7 for 607 m. All of these holes have intersected zones of radioactivity as defined by total count scintillometer.

Core samples have been sent for analysis and results are pending. A third drill, a smaller portable drill, has also been mobilized to the property and will test anomalies away from the known mineralized trends. Results will be reported periodically as they become available.

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Near Miss Showing

On December 19, 2006, the company announced the discovery of a new mineralized zone, on the Snegamook property, the Near Miss showing. The showing, which lies approximately four kilometres southwest of the Two Time showing, gives total count values greater than 10,000 cps in sub-angular boulders and outcrop covering an area approximately 100 metres by 30 metres. In 2006, a total of 12 grab samples taken from the area gave five samples with values greater than 0.1% and four other samples giving values greater than 0.02%, ranging from 0.0007% to 0.14% U_3O_8 . The host rock, fractured / brecciated felsic to mafic intrusive units, is similar to the Two Time Zone and carries uranophane. Follow up work in 2007, which included, line cutting, RadonEx surveys and prospecting, has noted a significant RadonEx anomaly associated with the zone and has given rock sample values from 78 to 5000 ppm (0.008% to 0.5%) U_3O_8 .

Two holes totalling 390 meters, SNNM-07-01 and SNNM-0702, spaced 80 meters apart, targeted the Near Miss showing in the fall of 2007. Both holes intersected one-meter intervals of uranium mineralization grading 235 and 1,534 ppm U_3O_8 . The mineralization is developed proximal to, or along the contact with, older Archean Gneiss.

Drilling in 2008, which is continuing, has tested the showing with four drill holes – SNNM-08-3 to 7 for a total of 807 m. All holes to date have intersected zones of radioactivity as defined by total count scintillometer. Core samples have been sent for analysis and results are pending.

DOUBLE MER

Description

The Double Mer property consists of 766 claims (approximately 190 km²) in one block, located in the Double Mer-Lake Melville area of Labrador, approximately 110 kilometres east of Happy Valley-Goose Bay. It was acquired by staking in 2006 in an arm's length deal with Alex Turpin, a local prospector who will receive consulting payments of \$12,000 per year for three years (two years paid) and also retains 1% net smelter return (NSR) on the property. The property lies mainly within LISA lands with a small area in the northern extremities, lying within LIL lands, both part of the Inuit aboriginal land claim in Labrador. The LIL lands are administered by the Nunatsiavut government while the LISA lands are managed jointly by the Nunatsiavut and Newfoundland and Labrador governments. The property has recently been optioned to a Nova Scotia based private company, High Tide Resources, who can earn a 50 % interest in the property. The terms of the agreement are given at the start of this section.

Previous Work

The property covers strong uranium in lake sediment anomalies located by the Newfoundland and Labrador government with anomalous values ranging from 10 to 470 ppm (Open File 408) against a background of approximately five ppm hosted in leucogranites of Helikian age. Four values greater than 100 ppm uranium, with two greater than 400 ppm, are noted in this survey and are covered by the SSE claims.

Newfoundland government work, which included a 1 km spaced line radiometric survey and ground follow up, located uranium mineralization in float/outcrop with three values over 0.1% U_3O_8 , including a value of 0.29% U_3O_8 , from eight samples (Open File 408) in 1978. Work by Northgate/Whim Creek Consolidated in 1979-1980, which included ground scintillometer surveys, trenching and diamond drilling, located a number of uranium showings with bulk assays in four trenches ranging from 0.44 to 2.09 lbs uranium per short ton. These values have not been independently verified.

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Exploration

Fugro Airborne Surveys flew a combined radiometric / magnetic survey, using a helicopter borne system, over the property in late summer of 2006. Surveys were flown in a north-south direction at 100 m intervals with a total of 2113 line kilometres flown. A total of 40 strong to moderate strength targets were selected by consultant Ted Urquhart of NuSense Geophysics, with many other lower priority targets also noted. They are located in all lithologies and are in both magnetically low and high areas. The known mineralization located by the government and Northgate / WCC in the 1970's was further defined by the surveys and a linear zone apparently not tested by this work was located to the south of the known mineralization. 2006 exploration by SSE consisted of data compilation, airborne radiometrics and magnetics at 100 m spaced lines, plus limited prospecting, geological mapping and ground geophysics (scintillometer). The airborne survey identified 40 high to moderate priority targets. Limited follow up in the fall of 2006, prospecting using scintillometers and soil geochemistry, located the old Northgate/WCC showings and found other areas of radioactivity in the area. In the WCC Zone A, 10 rock samples giving values greater than 100 ppm U_3O_8 , with a high value of 2,640 ppm uranium (0.33% U_3O_8) were located. High spectrometer readings to greater than 10 K counts per second (cps) were also noted, especially in the area of the mineralization in the trenches. In the soil / humus geochemistry, 12 samples giving greater than 50 ppm uranium were located with high values of 200 ppm for the H horizon and 142 ppm for the B horizon. These values were in two areas, one generally coincident with the WCC Zone A area and one area outside the known mineralization. The old WCC trenches and ddh's were relocated and noted to be located to the north of the east-west trending magnetic high associated with a radioactive trend on the SSE radiometric maps. The drilling targeted zones to the north of this area. Scintillometer surveys by Northgate / WCC also noted high scintillometer readings to the south of the drilled area.

STRAITS

Description

The Straits property originally consisted of 896 claims (224 km²) in one block, located in the Barge Bay-Henley Harbour area, on the Straits of Belle Isle, approximately 300 kilometres southeast of Happy Valley-Goose Bay. The original claims were acquired by staking in 2006, in an arm's length deal with Alex Turpin, a local prospector. He will receive consulting payments of \$12,000 per year for three years (two years paid) and retains 1% net smelter return (NSR). Staking in May 2007, based on compilation and remote sensing work, increased the property position to 2346 claims (586.5 km²). The property lies outside of the aboriginal land claims of both the Inuit and Innu of Labrador.

Previous Work

The property covers uranium in lake sediment anomalies located by the Geological Survey of Canada with anomalous values ranging from 10 to 239 ppm against a background of approximately 5 ppm (97 percentile - 28 ppm) associated with copper values over 75 ppm (99 percentile) against a background of <20 ppm, associated with a north-northwest trending fault structure. The area has never been explored for uranium prior to the SSE work.

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Exploration

An airborne radiometric / magnetic survey was carried out in the fall of 2006 by Fugro Airborne Surveys, at 100 m line spacing. A total of 21 significant airborne radiometric targets were selected by consultant Ted Urquhart, of NuSense Geophysics, on the basis of the 95th percentile of U/Th ratios (U minimum 14 cps). Compilation, in conjunction with remote sensing studies, carried out over the winter of 2007, showed significant structural complexity in the area and led to the staking of additional claims contiguous to the south, east and northeast of the existing claims for “protection” as it showed increased potential for uranium mineralization, especially along the northeast trending unconformity contact in the southern part of the group. Field work, including prospecting, detailed lake sediment sampling, soil sampling, geological mapping and rock sampling, was carried out in June 2007. A total of 219 lake sediment samples, 81 soil samples and 78 rock samples were taken and a number of uranium mineralized areas were located.

Prospecting covered the original 896 claim block in follow up of the airborne survey. Three areas of mineralization were defined giving 36 values greater than 100 ppm (0.01 %) U₃O₈ including 9 values > 500 ppm (0.05 % or 1 lb/ton) and 4 values > 0.1 % (2 lbs/ton), with a high value of 0.26 % U₃O₈. Uranium / thorium ratios were good (minimum of 3 to 1) in most areas although some areas of high thorium values, with low U/Th ratios were located.

Three areas of anomalous lake sediments were defined. The strongest, with values from 42 to 266 ppm U and a number > 100 ppm, is located in the central portion of the claim group, developed along a northeast trending structure with offsetting northwest trending structures, over a 7 km strike length. A total of 16 rock samples were taken from this area with 9 giving values > 100 ppm and 2 with values > 0.1 % U₃O₈ and a high value of 0.16 % U₃O₈. The **WD showing** is located within this anomaly. It is a cluster of large boulders of orthogneiss / paragneiss showing strong uranophane staining within a 600-800 m long radiometric anomaly which gave values from 92 to 1391 ppm (0.14 %, 2.8 lbs/ton) U₃O₈, with three of four samples > 400 ppm. A northeast trending zone in the northeastern part of the group gives values from 15.5 to 639 ppm U. This area includes the **Henley Harbour** area where an 800-1100 m radiometric anomaly gave values of 439 ppm and 384 ppm U₃O₈ from two rock samples. Host rocks are aplites, mafic intrusives (gabbros), gneisses and pegmatites; In the western portion of the group, a linear, north-south trending zone gives values from 10.6 to 125 ppm. The **LP showing**, a large, irregular, pegmatite dike system which can be traced for a few hundred metres and which gives erratic values (10 samples), varying from 38 ppm to 2650 ppm (0.26 %, 5.2 lbs/ton) U₃O₈, with 6 samples > 100 ppm and 2 > 0.2 % U₃O₈ is located in the northern portion of this area.

Exploration planned for 2008 includes gridding, soil and stream geochemistry, Radon gas surveys, prospecting and geological mapping followed by trenching / drilling if warranted.

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MOUNT BENEDICT

Description

The property is a large contiguous block of 4,057 claims (approximately 1014 km²), located in the Benedict Mountains area, approximately 180 kilometres northeast of Happy Valley-Goose Bay and 30 to 70 km to the south of Makkovik. The claims are 100 % owned by Silver Spruce, subject to a one percent Net Smelter Return (NSR) payable to the optionor on any production from 532 of the original claims acquired in 2006. It is located in part, (15 percent), on Labrador Inuit Land (LIL), which is controlled by the Nunatsiavut Government. The remaining 85 percent is on Labrador Inuit Settlement Area (LISA) lands, which are jointly controlled by the Nunatsiavut and the Newfoundland Government.

Staking

As a result of the 649 discovery (described below), in the late summer of 2007, the company acquired all of the available crown land in the immediate area of the original 1048 claims, bringing the property position to 3,695 claims (approx. 924 km²). Continued staking, as work continues, has brought the property position to the 4,057 claims now held.

Previous Work

The property covers uranium in lake sediment anomalies located by the Newfoundland and Labrador government with anomalous values ranging from 10 ppm to 87 ppm against a background of less than five ppm hosted mainly in felsic plutonic rocks of the Benedict Mountains Suite, with some felsic supracrustal units noted. Parts of the area were covered by regional uranium exploration carried out by Brinex in the period from the 1950's to the 1970's. No uranium showings were known from the area.

Exploration

Exploration has included: compilation, airborne radiometric / magnetics, prospecting, stream sediment geochemistry, linecutting, environmental baseline and archeological studies. A 3,012 line kilometre airborne radiometric / magnetic survey was carried out in 2006 on the original Mount Benedict Properties. No follow up was carried out in 2006. Compilation work was carried out in the winter of 2007 and ground follow up, consisting of prospecting and stream sediment geochemistry, began in early July 2007, utilizing ground crews and a helicopter based in Postville, NL. Linecutting, stream sediment geochemistry, prospecting, geological mapping and an environmental baseline study covered the northeastern portion of the Mount Benedict property in the summer of 2007. Prospecting in the summer of 2007 led to the discovery of two significant high-grade uranium prospects, the T-649, where five grab samples averaged 0.5% (10 lbs/ton) U₃O₈ and boulders downstream of the showing gave values over 3% (60 lbs/ton) U₃O₈; and the Super 7, with values to over 1.0% (20 lbs/ton) U₃O₈. The T-649 is described further following. A regional stream sediment geochemical survey covered the northern portion of the property, on LISA (Labrador Inuit Settlement Area) lands, using the town of Makkovik as a base in September / October 2007. Approximately 500 stream sediment samples were taken. A number of areas gave first order, coincident U/Cu/Pb/Mo anomalies with uranium values greater than 60 ppm (against a background of <10 ppm). Uranium mineralization was also located in bedrock, with one value of 0.35% U₃O₈; and in float boulders, with values from 0.026% to 0.25% U₃O₈. Analytical results for stream sediment samples collected from drainages proximal to the T-649 and Super 7 showings are similarly anomalous in U/Cu/Pb/Mo. No follow up has been carried out.

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Minaskuat Limited Partnership, an environmental consulting firm based in Happy Valley – Goose Bay, Labrador, has completed a baseline environmental survey in the general area of the 649 / Super 7 discoveries, in the northeastern portion of the property. An archeological assessment was carried out over the same area in preparation for a winter drilling program in the late fall of 2007. No significant archeological sites were noted in the vicinity of the planned work. A work proposal to drill test both the T-649 and Super 7 prospects in the first quarter of 2008 was submitted to both the Nunatsiavut and Newfoundland and Labrador governments. It is pending.

In January / February 2008, a fully winterized camp was established on a small lake approximately 50 kilometers to the south of Makkovik on Labrador Inuit Settlement Area (LISA) lands. The camp will support the planned winter drilling program on the T-649 and Super 7 showings and summer exploration on the remainder of the Mount Benedict property.

T-649 Showing

Preliminary prospecting results announced on July 26, 2007, noted the discovery of the T-649 zone, which is a high grade, uranium bearing zone at least 10 metres wide. It is located on a small brook, which flows into Stag Bay on the coast of Labrador, approximately 50 kilometres to the south of the town of Makkovik. It consists of outcrop in the brook with intense radioactivity giving total count values > 10,000 cps over a minimum width of 10 metres. The zone strikes across the brook, disappearing under the overburden on both sides and remaining open to the east and west along the apparent strike. Seven representative grab samples were taken from bedrock, with samples one to five from the zone and samples six and seven taken from six metres downstream and 20 metres upstream respectively. Results averaged 0.497% U_3O_8 with values of 0.186%, 0.997%, 0.046%, 0.463%, and 0.796% U_3O_8 in samples one through five from the zone and background values of 27 and 12 ppm U_3O_8 from samples six and seven, taken outside the zone. On August 2, 2007, further results from twelve rock samples taken from outcrop (2) and from float in the stream, downstream of the T-649 showing (10) were announced.

Values ranged from 0.06 to 3.37 % U_3O_8 with three values > 1 %, all in the float boulders downstream from the showing. Uranophane is noted on both the outcrop and on the float boulders. The float boulders in the stream appear to have been derived directly from the T-649 zone outcrop.

The host rock appears to be an altered (potassic ?), fine grained, feldspar rich (plagioclase), felsic to mafic intrusive of the Benedict Mountains Intrusive Suite (BMIS) which has been fractured and veined with uraninite/pitchblende and magnetite and which shows extensive uranophane staining. Extensive iron oxides (magnetite) and minor sulphides (pyrite / pyrrhotite) are associated with the uranium mineralization.

Exploration planned for 2008 includes diamond drilling on the T-649 and Super 7 showings, stream and lake sediment geochemistry, radon gas surveys, prospecting, geological mapping and trenching / further diamond drilling if warranted. The permit for the pre-drilling work and diamond drilling for the T-649 and Super Seven showings, and the summer work program, was received on February 22. The permit required a public information session to be held in Makkovik at least two weeks prior to the start of the program and this was held on February 29. A fully winterized camp has been established on a small lake approximately 50 kilometers to the south of Makkovik on Labrador Inuit Settlement Area (LISA) lands. The drilling, which is helicopter supported, is planned to start around mid March once all gear has been mobilized to the area, and all requirements under the permit, including the hiring of environmental monitors, have been met.

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Results of the 2007 exploration, including a schematic plan map of the original sampling, a plan map and spreadsheet showing the new results, the airborne targets and the recent staking by the company in the Mount Benedict area, along with photos of the discovery area are shown on the company's website (www.silverspruceresources.com)

MAKKOVIK RIVER

Description

The Makkovik River property consists of 200 claims (50 km²) in the Makkovik River area of east central Labrador, 15 to 25 km to the east-southeast of the town of Postville. The claims were acquired by staking in a rush situation, in the fall of 2006 when Exempt Mineral Lands were released for staking. The property lies within LISA lands which are jointly administered by the Nunatsiavut and Newfoundland and Labrador governments. It is owned 100% by Silver Spruce.

Exploration

Exploration in 2007 consisted of limited first pass prospecting in the late summer and an airborne radiometric / magnetic survey by McPhar Airborne Surveys in the fall of 2007.

The prospecting located uranium-bearing boulders along a northeast trending zone, approximately 1,500 to 2,000 meters in length. The mineralization is hosted in sheared /hematitized extrusive and intrusive rocks with float samples giving values from 0.049% to 0.733% U₃O₈. Scintillometer readings were also taken along traverse lines where bedrock was exposed or in areas where mineralized boulders were located. No follow up has taken place.

A 560.5 line kilometer airborne radiometric/magnetic survey was flown in a north-south direction at 100-meter line spacing by McPhar Geosurveys Ltd. in September 2007. Three high-priority, eight moderate-priority and a number of lower priority targets were "picked" by consultant, Ted Urquhart of NewSense Geophysics (Santiago, Chile). They were selected on the basis of U/Th ratios, using the 95th percentile with a minimum of 14 cps uranium, total uranium and total field magnetics. No follow up has been carried out.

Detailed follow up work, consisting of prospecting, geochemical, geophysical and geological ground surveys, followed by trenching and drilling, if warranted, will be carried out in the summer of 2008.

Results for the 2007 prospecting surveys and the uranium airborne picks on the property are on the company's website (www.silverspruceresources.com).

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TUKIALUK BAY

Description

The property, totalling 456 claims (114 km²) in one block, is located along the Labrador coast in the Tukialuk Bay area, to the southeast of the Mount Benedict property and approximately 60 km to the south of Makkovik. The claims were acquired by staking as a result of the T-649 discovery on the Mount Benedict property, in similar geology to the northwest. They are 100 percent owned by Silver Spruce and are located in LIL lands, which are administered by the Nunatsiavut Government. They are contiguous to the east and west with claims held by Mega Uranium.

Exploration

No exploration has been carried out to date. Exploration planned for 2008 includes: an airborne radiometric / magnetic survey, prospecting and lake / stream sediment geochemistry and geological mapping.

QUEBEC

HUDSON BAY

Description

The Hudson Bay property is located near the Hudson Bay coast line in Northern Quebec, approximately 15 to 40 kilometres from Umiujaq's village and airport. It consists of three claim blocks totaling 529 claims (250 km²). The company has signed a letter of intent with Azimut Exploration Inc. ("Azimut"), whereby SSE can acquire a 50 percent interest over a five-year period and may acquire an additional 15 percent interest upon delivery of a bankable feasibility study. Upon SSE acquiring a 50 percent interest, Azimut will retain a two percent Yellow Cake Royalty.

Previous Work

The property covers a strong regional scale lake-bottom sediment anomaly in uranium and other geochemical pathfinders, including a peak value of 750 ppm U, located in Quebec government surveys. It covers a major structural boundary, the transition zone between the Minto and the Bienville geological sub-provinces. The area is underlain by felsic to mafic to ultramafic, Archean intrusive rocks. Approximately 20 kilometres to the south, in a comparable geological context, uranium values up to 1.31% U₃O₈, were reported by previous explorers in an area where exploration is now pre-empted. The target is a large, open-pit, intrusion-related, uranium deposit.

Exploration

2007 field work consisted of detailed lake sediment sampling in July using a helicopter and an airborne radiometric / magnetic / electromagnetic survey at 150 m spacing which was completed by McPhar Geosurveys Ltd. in the fall of 2007. All results remain pending. Planned exploration for 2008 includes prospecting, and geochemical follow up of the lake sediment and airborne survey results planned for early summer.

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PROJECTS – GOLD / BASE METAL

The company's precious / base metal properties consist of two precious metal properties and one base metal / gold exploration project. The two precious metal projects are: the Centauro gold / silver property in Chihuahua state, Mexico, optioned from its Mexican owners where exploration work has begun, leading to a planned drilling program in the first half of 2008; and the Motherlode property, which consists of 138 claims (35 sq km), located on the Burin Peninsula, on the island of Newfoundland, where drilling was carried out in 2007. In early 2007, a total of 511 claims were acquired in central Newfoundland in an agreement with ASK Prospecting and Guiding, to cover areas with potential for base and precious metals. The projects are described below.

NEWFOUNDLAND

MOTHER LODGE

Description

The Mother Lode property consists of 138 claims (35 km²) in one contiguous block, located in the eastern part of the southern Burin Peninsula to the west of Placentia Bay, near the abandoned community of Corbin. The property was acquired by option from a local prospector in December, 2005. The terms of the option include the payment of \$55,000 and 200,000 shares and a work commitment of \$800,000 on exploration over three years to earn a 100 percent interest subject to a two percent Net Smelter Return (NSR). The second year payment of \$15,000 and 25,000 shares was made to the optionor in January 2007.

Exploration

In 2006, exploration consisted of lake sediment sampling, line cutting, soil geochemistry, a magnetic survey, trenching, sampling and geological mapping of the mineralized area. In 2007, exploration included prospecting, reconnaissance soil surveys over structures in the area of the lake sediment anomalies and diamond drilling in the mineralized area.

In June 2006, SSE announced significant results for gold in both lake-bottom and soil sampling completed on the Mother Lode property. A total of 465 soil samples were taken at 25 metre intervals over the altered / mineralized zone. Of these, 29 samples were found to be anomalous in gold with values from 20 ppb to 3,931 ppb and eleven samples were strongly anomalous with values greater than 100 ppb gold. The two highest values were unexplained single-site samples with values of 1,062 ppb and 3,931 ppb. The magnetic survey showed strongly magnetic areas to the northwest, related to an ultramafic unit, and to the southeast related to mafic intrusives. No strong magnetic values were found in the mineralized area indicating that the iron formation, noted in some places, is most likely highly boudinaged and attenuated. In the mineralized area, prospecting, geological mapping and grab and float sampling of mineralized, altered units have given sporadic gold assays with values varying from non detectable (ND) to 25 grams per tonne. Hand-trenching in 2004-2005 and excavator trenching of altered outcrop and soil anomalies in 2006 resulted in the discovery of altered zones within the volcanic units carrying gold values in disseminated sulphide mineralization. The trenching confirmed earlier grab sample assays and resulted in the extension of known mineralized zones. Mineralization grading from anomalous (a few hundred ppb) in the sheared, mineralized units to 6.39 g/t over 2.4 m in boudinaged, interflow iron formation was located. Assays were generally in the hundred ppb to 1-2 grams per tonne gold over widths from one to two metres maximum. Gold is associated with fine to very fine disseminated pyrite mineralization (up to 15%) in sheared and altered, chloritized, sericitized and silicified volcanic units. One hundred thirty two

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(132) lake sediment samples were taken to the north and south of the mineralized area and grid. Thirteen were found to be anomalous in gold with three > 10 ppb and the highest at 29 ppb. Follow up prospecting was unsuccessful in locating any mineralization in these areas.

Trenching, mapping and sampling were carried out over the anomalous soil values and the mineralized zone. Grab sampling of mineralized, altered units has given sporadic gold assays with values varying from non detectable to 25 g/t. Excavator trenching of altered outcrops and soil anomalies in 2006, resulted in the discovery of altered (sericitized, silicified) zones in the volcanic units, up to 8 m wide, carrying gold values associated with disseminated sulphide, mainly pyrite, mineralization. The trenching confirmed earlier assays, resulted in the extension of known mineralized zones and the location of mineralization grading 2 g/t gold over 2 metres in three trenches through channel and chip sampling.

A diamond drilling program of eight drill holes totaling 901.6 metres, was carried out in the spring of 2007, to test the Turpin zone located to the southeast of the Corbin – Little St. Lawrence trail. The program was designed to evaluate the mineralized zones utilizing short holes to test the down dip / plunge extent of mineralization. Longer, 250 m holes, also tested the possibility of structurally repeated intervals at greater depth in the main area of the grid on the Turpin Zone. Results have been received and are being compiled.

Prospecting and reconnaissance soil geochemical surveys were carried out over structures thought to be associated with the anomalous lake sediments located on the claims to the north and south of the mineralized area. No significant values were located.

Data is being compiled and will be filed for assessment purposes prior to a decision on the continuation of the option.

CNL - CENTRAL NEWFOUNDLAND

Description

The property, located in central Newfoundland, to the south west of Grand Falls-Windsor, consists of 511 claims in one block acquired by staking in early 2007. The property covers areas with good potential for base and precious metals, based on geochemistry, geology and prospecting. The claims were staked by Silver Spruce under the terms of an option agreement with ASK Prospecting and Guiding, which gives them a two percent Net Smelter Return (NSR), with a one percent buyback for \$1 million, and a stock payment of 100,000 shares, if the property is retained for the second year. The property option can be terminated at any time at no cost to the company. There are no aboriginal land claims in the area.

Previous Work

Companies such as Asarco, Noranda, Corona Corporation, Fortune Bay Minerals and others have worked through the central Newfoundland area with regional surveys consisting of airborne electromagnetic / magnetic / VLF-EM followed by ground follow up including drilling. No significant mineralized areas have been located in the course of this work although disseminated base metal mineralization has been located at Clipper Brook, Crippleback Lake and Coronation Lake.

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Exploration

Exploration, consisting of basal till sampling, and prospecting, utilizing skidoos for access, was carried out under contract by ASK Prospecting in the winter of 2007, with work beginning in early February and completed in April. Targets were airborne VLF-EM anomalies on airborne surveys flown by Noranda and Fortune Bay Minerals, which were evaluated by basal till samples at 25-50 m intervals across the anomalies.

The till samples were submitted to Overburden Drilling Management (ODM) in Nepean, ON. for sample preparation and then panning for Au using their proprietary techniques. A split of the sample was acquired and sent to ActLabs in Ancaster, ON. for ICP analysis, which gives good results for base metals and gold indicator elements. Results have been received and are being compiled.

A limited trenching program based on the till sample and prospecting results was carried out in the fall of 2007 with a total of 7 trenches dug utilizing an excavator. Rock and till samples were acquired from the bottom of the trenches and sent for analysis by ICP. Larger samples from the till were also panned. All results are being compiled. Rock samples, primarily felsic volcanics, from the various locations have been submitted to ActLabs for a whole rock, lithochemical, analysis.

A stratigraphic drill program is planned to test the areas trenched and prospected in the late winter of 2008.

MEXICO

CENTAURO

Description

The Centauro Property is a contiguous block of six claims (1,420 hectares), located in the southern part of Chihuahua State, just to the north of Durango State, approximately 25 km to the west of Highway 45, the main north-south highway in Mexico. The property is subject to an option agreement with a Mexican geologist, Jesus Ayax Alba Pascoe, whereby Silver Spruce can earn a 100% interest in the property subject to a 3% NSR with a 2% buyback for US\$2 million. The property agreements have been registered with the General Bureau of Mining of the Exploration Agreement in Mexico and the option is subject to payment by Silver Spruce of US\$375,000 and 1,325,000 common shares of Silver Spruce over four years, subject to a 3% NSR with a 2% buyback for US\$2 million. Advance royalties of US\$50,000 per year, starting on the fifth anniversary, and a “finders fee” totaling C\$9,600 plus 165,470 shares or cash equivalent over four years are also payable by Silver Spruce to maintain the property in good standing.

Previous Work

The area was explored in the early to mid 1990's by Jaba Inc, Excellon Minerals, Blue Ribbon Resources and Cascabel Resources, who carried out rock chip sampling, structural studies and a six hole, reverse circulation (RC) drilling program which tested the silicified zone on the eastern side. Weakly anomalous Au and Ag values in the 100 ppb Au and 3 ppm Ag range, were located in a couple of the holes. No follow up was carried out and the property has remained unexplored since this time.

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Exploration

The property shows good potential for epithermal gold/silver mineralization with extensive silicification and kaolinization of a limestone conglomerate unit over a minimum area of two kilometres by one kilometre. 2007 exploration consisted of data compilation, Landsat imagery interpretation, geology field visits and soil geochemistry. Four lines (Lines 1 to 4), each approximately 2 km long, at approximate 500 m intervals, were cut through the underbrush over the mesa to cover an approximate 1.5 km strike of the silicified zone. Soil samples were taken from the surface soil at 10 m intervals along each of the lines extending into the colluvium both to the east and west of the silicified mesa. Samples were taken at 50 m intervals over the colluvium to give a regional background. A total of approximately 400 samples were taken in the fall of 2007. Two more soil lines, Lines 5, 6, in the northwest portion of the property, were sampled in January/February 2008. Sampling was carried out as before, at 10 and 50 m intervals, with a total of 122 samples taken. In addition, seven rock samples were also taken. Results are pending and will be reported when received.

All samples were transported to the Activation Laboratories Ltd. (Actlabs) preparation laboratory in Hermosillo, Mexico, and then sent to the Actlabs laboratory facility in Ancaster Ontario, for analysis for gold by fire assay (1A2), 37 elements by Aqua Regia ICP (1E3) and Mercury by cold vapour FIMS (1G). The soil geochemical program resulted in the definition of significant soil anomalies in gold, silver, mercury, barium and the “toxic” metals (mercury, arsenic, antimony) associated with the silicified mesa “cap” on Lines 1 to 4 as follows:

Mercury (Hg) is strongly anomalous (values >1000 ppb throughout, with values up to 28,700 ppb) along the eastern portion of the zone, to the east of the old Excellon RC holes, with weak anomalies in the central portion, near the Excellon holes, and stronger but narrower zones to the northwest;

Gold (Au) values (>25 ppb, with a high of 72 ppb) are strongest on the west side of the mesa, associated with an inferred fault structure, weakly anomalous in the central portion and sporadic in the eastern portion of the zone;

Silver (Ag) values (>1 ppm, up to 2.5 ppm) are strongly anomalous on the west side of the zone associated with the higher Au values and the inferred fault structure, with a weak anomaly associated with the area tested by Excellon RC Hole # 6;

Antimony (Sb) values (>80 ppm with a high of 428 ppm) are located mainly on the west side of the mesa and are highest to the northwest where outcrops containing realgar, orpiment and stibnite, in a black silicified conglomerate, are located. Weaker anomalies are also noted in the central part;

Arsenic (As) values (>400 ppm, with values to 4,020 ppm) are noted throughout the silicified zone but are strongest to the east and west of the Excellon RC holes although weak anomalies are associated with the area drilled by Excellon;

Barium (Ba) values (>1200 ppm) are strongest on the west side of the zone, especially the southwestern part, associated with the inferred fault. Base metal values are low to non-anomalous throughout, generally < 50 ppm. The highly anomalous Hg values, coupled with the anomalous Au, Ag and toxic metal suite and the low base metal values indicate that the system should be above the “boiling zone”, and therefore the zone of deposition for epithermal “bonanza gold” veins.

Three rock samples (AG-1 to 3), taken from epithermal style quartz vein float and outcrop in old undocumented prospect pits in the northwestern portion of the property, gave values from 129 to 17,900 ppm (1.79%) Sb, < 5 to 13 ppb Au, 1.6 to 2.4 ppm Ag, 192 to 482 ppm As and 2,630 to 6,490 ppb Hg.

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Dr. Greg Arehart, a professor at the University of Nevada in Reno, and a recognized expert in epithermal and Carlin-type gold deposits, has visited the Centauro Property twice, with the most recent visit following the receipt of the first soil geochemistry results. He comments, "The Centauro prospect is one of very few essentially untested epithermal prospects in the epithermal province of the Sierra Madre Occidental. This system has clearly seen voluminous and extensive fluid flow, as evidenced by the intense and widespread silicification. Metals in rock chip and soil samples are anomalous over a significant area, indicating potential for a large (multi-million ounce) metal endowment. Two target types are present: a near surface, low-grade, large tonnage potentially Carlin-Type resource, as well as a deeper, focused, bonanza-type system."

A first phase diamond drilling program, totalling approximately 3-4000 m in 10 holes is planned for the first / second quarter of 2008 depending upon drill availability. Pre drilling activities such as road building and building of accommodation facilities are in progress.

The soil geochemical plans, with values for the various elements, and the location of the new soil lines (Lines 5 and 6), plus the rock sample locations, are shown on the Silver Spruce website at www.silverspruceresources.com.

URANIUM - SUPPLY AND DEMAND

Demand for uranium is forecast to outstrip supply for at least the next 10 years. Much of this new demand will come from expanding nuclear power requirements of developing economies with 130 new reactors expected to be constructed over the next 15 years (IAEA), representing nearly a 30 percent increase in reactors globally. China has announced plans to build 27 new nuclear reactors by 2020, and India has announced plans to build 17 new nuclear reactors by 2012. This rate of expansion compares with the USA, which built over 100 nuclear power plants in 15 years between 1965 and 1980.

Uranium supply is constrained by a lack of new mine production and declining world inventories. World requirement of uranium oxide (U₃O₈) is about 77 kiltotons per annum (ktpa), while current mine production accounts for 48ktpa. The balance, 29ktpa, comes from inventory - primarily the down-blending of weapons grade uranium which has greatly diminished. Mine output is expected to increase to 54 ktpa over the next three to five years, leaving a significant supply gap to be filled by new production.

The outlook remains positive for uranium, which is currently trading at around US\$85/lb. Current market pressures are stronger than initially predicted due to investment and restocking activity. Current sentiment is that the uranium price is likely to continue to increase over the next few years.

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MANAGEMENT

Lloyd Hillier - President & CEO Director, Chairman

Lloyd Hillier is the owner and operator of Hillier's Trades Limited. Hillier's Trades Limited provides hardware and supplies to communities in Labrador. Hillier's Trades Limited also owns and operates tractors and trailers, a construction division and apartments in Goose Bay. Mr. Hillier has been a director of Silver Spruce since May 1996.

Gordon Barnhill - VP Corporate Affairs, Director, CFO

Prior to joining Silver Spruce Resources, Gordon 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.

Peter Dimmell, BSc, P.Geo. - VP Exploration, Director

Peter Dimmell is a geologist and prospector who has been involved in mineral exploration in Canada, the United States and overseas for 38 years. He is the immediate past president of the Prospectors and Developers Association of Canada, and is the past Chairman and a director of the Newfoundland and Labrador Chamber of Mineral Resources, a member and councillor of the Geological Association of Canada, a member of the Canadian Institute of Mining, Metallurgy and Petroleum, and the Association of Applied Geochemists. He is also currently a director of four other public companies: Linear Gold Corp, Arehada Mining Corp; Pele Mountain Resources Inc, and VVC Exploration Corp.

Guy MacGillivray, P.Geo. - Senior Geologist

Guy MacGillivray has almost 30 years' experience in the exploration and mining industry as an exploration geologist for companies such as Eldorado Nuclear Ltd., Shell Canada, Rio Algom Ltd., B.P. Selco and Teck Ltd. Most recently, Mr. MacGillivray spent two years working with Scorpio Mining Corporation on the Nuestra Senora Project in the Sinaloa, Mexico.

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LIQUIDITY, FINANCINGS AND CAPITAL RESOURCES

Operating Activities

The Company had a net cash inflow from operating activities of \$453,947 for the three months ended January 31, 2008 (2007 - \$63,414). Operating cash inflow increased quarter over quarter mainly as a result of non-cash working capital items.

Financing Activities

The Company generated \$10,487,948 for the three months ended January 31, 2008 through financing activities compared to \$558,254 for the three months ended January 31, 2007. The company raised \$5,905,072 net of share issue costs through a private placement in the first quarter of 2008 (2007 - \$483,620). The Company also received \$4,585,117 as proceeds from the exercise of warrants and options in the first quarter of 2008 (2007 - \$76,875).

Investing Activities

The Company had a net outflow of \$4,616,426 from investing activities for the three months ended January 31, 2008 (2007 - \$124,017). The Company invested \$3,000,000 of the proceeds from the private placement in short-term investments in the first quarter of 2008 (2007 - nil). The Company also invested \$1,636,248 in mineral property exploration activities in the first quarter of 2008 (2007 - \$49,948).

Liquidity

The Company had cash and cash equivalents of \$9,779,549 as at January 31, 2008 (October 31, 2007 - \$3,454,080). The Company currently has sufficient cash resources to meet its ongoing obligations as they become due. Working capital as at January 31, 2008 was \$14,100,858 (October 31, 2007 - \$5,302,603).

Capital Resources

The Company's authorized capital consists of an unlimited number of common and preference share without par value. At January 31, 2008, the Company had 47,897,368 issued and outstanding common shares (October 31, 2007 - 34,291,971).

RELATED PARTY TRANSACTIONS

Included in accounts payable and accrued liabilities as at January 31, 2008 is \$131,453 (October 31, 2007 - \$93,248) owing to directors and companies owned by directors of the Company.

Related parties were also reimbursed for out of pocket expenses.

These transactions are in the normal course of operations and are measured at the exchange value, which represented the amount of consideration established and agreed to by the related parties.

COMMITMENTS

The Company has acquired various properties from third party license holders. The terms of these agreements provide for initial cash payments by the Company and the initial issuance of shares in the Company. To retain the interest in these properties the Company is obligated to make additional cash payments and to issue additional shares. The agreements also provide for the payment of a NSR to the third parties in the event that a property reaches the commercial production stage.

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COMMITMENTS (continued)

A summary of the additional cash and additional shares to be issued by the Company, assuming that an interest in all of the properties is to be maintained, is as follows:

	Cash (CAD)	Cash (USD)	Shares
2008	\$70,000	\$75,000	410,000
2009	\$50,000	\$100,000	400,000
2010	\$50,000	\$150,000	600,000
2011	\$50,000	-	-

FINANCIAL INSTRUMENTS

Fair Value:

Canadian generally accepted accounting principles require 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 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 previous section.

OUTLOOK

The company is carrying out a large scale exploration program for uranium that includes drill-ready projects, a resource calculation on the Two Time zone and grassroots follow up, with a 2008 budget in the range of \$10 million. Strong financial backing, an excellent property portfolio with good drill targets and a uranium discovery in the resource calculation stage, make Silver Spruce a leading uranium explorer in Canada.

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CHANGE IN ACCOUNTING POLICY

On December 1, 2006 the Canadian Institute of Chartered Accountants (CICA) issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments – Disclosures (Handbook Section 3862) and Financial Instruments – Presentation (Handbook Section 3863). These new standards became effective for the Company on November 1, 2007.

Capital Disclosures

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in Note 4 to the unaudited interim consolidated financial statements for the three months ended January 31, 2008.

Financial Instruments

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in Note 5 to the unaudited interim consolidated financial statements for the three months ended January 31, 2008.