Surge Exploration Inc.
(formerly Copper Creek Gold Corp.)

Interim Financial Statements
For the nine months ended 30 September 2019 and 2018
(Expressed in Canadian dollars)

Surge Exploration Inc. (formerly Copper Creek Gold Corp.)
Interim Statements of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

	Notes	As at 30 September 2019	As at 31 December 2018
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	5	**281,819**	282,236
Amounts receivable	6	**20,694**	4,824
Prepaid expenses		**25,376**	10,376
		327,889	297,436
Reclamation security deposit	7	**11,500**	11,500
Exploration and evaluation properties	7	**974,494**	698,093
Total assets		**1,313,883**	1,007,029
EQUITY AND LIABILITIES			
Current liabilities			
Accrued liabilities		**69,056**	35,000
Trade and other payables	8, 9	**59,972**	80,154
Due to related parties	9	**79,826**	-
		208,854	115,154
Equity			
Share capital	10	**17,493,174**	16,582,174
Contributed surplus	10	**1,718,331**	1,718,331
Deficit		**(18,106,476)**	(17,408,630)
Total equity		**1,105,029**	891,875
Total equity and liabilities		**1,313,883**	1,007,029

Nature of operations and going concern (Note 1), **Commitments and contingencies** (Note 16) and **Subsequent events** (Note 17)

APPROVED BY THE BOARD:

"Tim Fernback"
Tim Fernback

"Gordon Jung"
Gordon Jung

The accompanying notes are an integral part of these consolidated financial statements.

Surge Exploration Inc. (formerly Copper Creek Gold Corp.)
Interim Statements of Loss and Comprehensive Loss
For the nine months ended 30 September 2019 and 2018
(Unaudited)
(Expressed in Canadian dollars)

	Notes	**Three months ended 30 September 2019**	Three months ended 30 September 2018	**Nine months ended 30 September 2019**	Nine months ended 30 September 2018
		$	$	**$**	$
Administration expenses					
Accounting		**-**	3,592	**-**	13,586
Consulting	9	**78,960**	116,774	**255,578**	305,612
Insurance		**-**	1,400	**9,000**	10,400
Legal		**-**	8,992	**7,497**	29,431
Marketing and communications		**311,249**	336,948	**341,938**	582,379
Office expenses	9	**6,405**	10,091	**11,761**	30,295
Rent	9	**-**	7,722	**15,265**	27,225
Service charges		**496**	523	**1,609**	1,369
Share-based payments		**-**	394,983	**-**	394,983
Telephone		**-**	-	**86**	-
Transfer agent and regulatory fees		**2,384**	15,407	**35,524**	93,679
Travel, lodging and food		**5,729**	18,323	**6,696**	44,919
Loss before other items		**(405,224)**	(914,755)	**(684,954)**	(1,533,878)
Other income (expense)					
Foreign exchange gain (loss)		**596**	-	**(3,461)**	**-**
Gain on write-off of accounts payable		**-**	-	**-**	**(3,064)**
Impairment of mineral properties		**(7,000)**	-	**(9,431)**	-
Interest income		**-**	-	**-**	72,732
Net loss and comprehensive loss for the period		**(411,627)**	(914,755)	**(697,846)**	(1,464,210)
Loss per share					
Basic and diluted	11	**(0.005)**	(0.013)	**(0.009)**	(0.022)

The accompanying notes are an integral part of these consolidated financial statements.

Surge Exploration Inc. (formerly Copper Creek Gold Corp.)
Interim Statements of Cash Flows
For the nine months ended 30 September 2019 and 2018
(Unaudited)
(Expressed in Canadian dollars)

	Notes	**Nine months ended 30 September 2019**	Nine months ended 30 September 2018
		$	$
OPERATING ACTIVITIES			
Loss for the period		**(697,846)**	(1,464,210)
Adjustment for:			
Gain on write-off of accounts payable		**-**	72,732
Share-based payments		**-**	394,983
Shares issued for debt settlement		**-**	138,021
Shares issued for mineral properties		**-**	180,000
Write-off of mineral properties		**9,431**	-
Changes in operating working capital:			
Decrease (increase) in amounts receivable		**(15,870)**	(18,430)
Decrease (increase) in prepaid expenses		**(15,000)**	-
Increase (decrease) in trade and other payables		**93,700**	(71,179)
Increase (decrease) in due to related parties		**-**	(294,440)
Cash used in operating activities		**(625,585)**	(1,062,522)
INVESTING ACTIVITIES			
Exploration and evaluation properties expenditures	7	**(155,831)**	(521,959)
Cash from in investing activities		**(155,831)**	(521,959)
FINANCING ACTIVITIES			
Proceeds from issuance of common shares, net		**400,000**	502,500
Proceeds from exercise of warrants		**360,000**	20,000
Proceeds from exercise of options		**21,000**	56,000
Cash from financing activities		**781,000**	578,500
Increase (decrease) in cash and cash equivalents		**(417)**	(1,005,981)
Cash and cash equivalents, beginning of period		**282,236**	1,703,968
Cash and cash equivalents, end of period		**281,819**	697,985

Supplemental cash flow information (Note 12)

The accompanying notes are an integral part of these consolidated financial statements.

Surge Exploration Inc. (formerly Copper Creek Gold Corp.)
Interim Statements of Changes in Equity (Deficiency)
For the nine months ended 30 September 2019 and 2018
(Unaudited)
(Expressed in Canadian dollars)

	Number of common shares	Common shares	Contributed Surplus	Deficit	Total
		$	$	$	$
Balances, 31 December 2017	**61,716,084**	**15,199,776**	**1,246,683**	**(15,119,274)**	**1,327,185**
Shares issued for					
Cash	5,500,000	550,000	-	-	550,000
Exercise of options	800,000	56,000	(23,499)	-	32,501
Exercise of warrants	375,000	20,000	-	-	20,000
Shares issued for debt settlement	3,450,548	138,021	-	-	138,021
Shares issued for mineral properties	1,000,000	180,000	-	-	180,000
Share issue costs	-	(47,500)	-	-	(47,500)
Share-based payments	-	-	394,983	-	394,983
Value assigned to warrants	-	139,295	(139,295)	-	-
Net loss for the period	-	-	-	(1,464,210)	(1,464,210)
Balances, 30 September 2018	**72,841,632**	**16,235,592**	**1,478,876**	**(16,583,484)**	**1,130,983**
Balances, 31 December 2018	**74,864,260**	**16,582,174**	**1,718,331**	**(17,408,630)**	**891,875**
Shares issued for					
Cash	9,000,000	450,000	-	-	450,000
Exercise of options	600,000	21,000	-	-	21,000
Exercise of warrants	9,000,000	360,000	-	-	360,000
Shares issued for mineral properties	2,500,000	130,000	-	-	130,000
Share issue costs	-	(50,000)	-	-	(50,000)
Net loss for the period	-	-	-	(697,846)	(697,846)
Balances, 30 September 2019	**95,964,260**	**17,493,174**	**1,718,331**	**(18,106,476)**	**1,105,029**

The accompanying notes are an integral part of these consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Surge Exploration Inc. (formerly Copper Creek Gold Corp.), (the "Company") was incorporated under the Company Act (British Columbia) on 19 June 1987 and continued to the jurisdiction of the Canada Business Corporation Act on 13 August 1997. The Company trades on the TSX Venture Exchange under symbol SUR. The Company is engaged in acquisition and exploration of resource property interests. The head office and principal address is located at Suite 1220, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

On 1 May 2018, the Company changed its name to Surge Exploration Inc. and split its share capital on a two (2) new common share without par value for every one (1) existing common share without par value. The Company's number of outstanding options and warrants and the accompanying exercise prices were split on the same basis. Unless otherwise stated, the number of shares, options, warrants and the exercise prices of options and warrants presented in these consolidated interim financial statements have been adjusted to include the effect of this share split.

On 20 April 2018, the Company formed a wholly owned subsidiary called Surge Exploration Chile SpA. On 23 April 2019, the Company decided to refocus its corporate efforts on mineral exploration in North America. The Company is no longer pursuing the proposed Atacama Cobalto (cobalt) project and Incahuasi (lithium) projects, and the Company has decided to close its Santiago exploration office.

1.1 Going concern

These consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

At 30 September 2019, The Company had cash and cash equivalents of $281,819 (31 December 2018: $282,236) and incurred accumulated losses of $18,106,476 (31 December 2018: $17,408,630) since inception but management cannot provide assurance that the Company will ultimately achieve profitable operations, or raise additional debt and/or equity capital.

The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the carrying amounts for exploration and evaluation property interests and related deferred exploration and development costs are entirely dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and achievement of future profitable production from or proceeds from the disposition of its mineral property interests. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern. These consolidated interim financial statements do not include any additional adjustments to the recoverability and classification of certain recorded assets amounts, classification of certain liabilities and changes to the statement of loss and comprehensive loss that might be necessary if the Company was unable to continue as a going concern.

2. BASIS OF PREPARATION

2.1 Basis of consolidation

The consolidated interim financial statements include the financial statements of the Company and its subsidiaries as follows:

Name	Country of Incorporation	% Equity interest at 30 September 2019	% Equity interest at 31 December 2018
Surge Exploration Chile SpA	Chile	100%	100%
Minera Arroyo Cobra	Mexico	98%*	98%*

*Two former officers of the Company owns 1% each of Minera Arroyo Cobra

As of 30 September 2019 and 31 December 2018, the Company's Mexican subsidiary was inactive.

As of 30 September 2019, the Company's Chilean subsidiary was inactive.

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated interim financial statements of the subsidiaries are included in the consolidated financial statements from the date that control is obtained to the date control ceases. All inter-company transactions, balances, income and expenses are eliminated in full upon consolidation.

2.2 Basis of presentation

These consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value (Note 13).

The consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional currency, except where otherwise indicated and all values are rounded to the nearest dollar.

2.3 Statement of compliance

The interim financial statements of the Company have been prepared in accordance with International Accounting Standards ("IAS") 34, '*Interim Financial Reporting*' using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Change in accounting policy

The IASB issued a number of new and revised IASs, IFRSs, amendments and related IFRIC interpretations which are effective for the Company's financial year beginning on 1 January 2018. For the purpose of preparing and presenting the consolidated financial statements, the Company has consistently adopted all these new standards for the year ended 31 December 2018.

IAS 28 Investment in Associates and Joint Ventures

As part of the annual improvements 2014-2016 cycle, this standard was amended to clarify whether an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organization, or a mutual fund, unit trust or similar entities including investment linked insurance funds. The amendment is applicable for annual periods beginning on or after 1 January 2018.

IFRS 2 Share-based payment

IFRS 2, Share-based payment, issued in June 2016, is amended to provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a "net settlement" for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendment is applicable for annual periods beginning on or after 1 January 2018.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 clarifies the definition for continuing involvement in a transferred financial asset. The amendment is effective for annual periods beginning on or after 1 January 2018.

IFRS 9 Financial Instruments

IFRS 9 amends the requirements for classification and measurement of financial assets, impairment, and hedge accounting and replaces IAS 39. IFRS 9 introduces an expected loss model of impairment and retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through profit or loss, and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The amendment is applicable for annual periods beginning on or after 1 January 2018.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

This interpretation clarifies when an entity recognizes a non-monetary asset or non-monetary liability arising from payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The interpretation is applicable for annual periods beginning on or after 1 January 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Change in accounting policy (continued)

The adoption of these standards did not have a material impact on the Company's consolidated financial statements.

3.2 Foreign currency transactions

At the transaction date, each asset, liability, and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect on that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

3.3 Restricted cash

The Company, from time to time, issues flow-through shares and renounces qualified exploration expenditures to the purchasers of such shares. Amounts renounced but not yet expended form the basis for the restricted cash.

3.4 Exploration and evaluation properties

Following the acquisition of a legal right to explore a property, all direct costs related to the acquisition of the property are deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Mineral property acquisition costs include cash consideration and the fair market value of common shares issued for mineral property interests based on the trading price of the shares. Once commercial production has commenced, the net costs of the applicable property, will be charged to operations using the unit-of-production method or written off if the property is sold, allowed to lapse or abandoned. Proceeds received from the sale of any interest in a property are first credited against the carrying value of the property, with any excess included in the statement of comprehensive loss for the period. On an ongoing basis, the Company evaluates each property based on results to date to determine the nature of exploration work that is warranted in the future. Impairment may occur in the carrying value of mineral interests when one of the following conditions exists:

i) The Company's work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;
ii) Exploration results are not promising and no more work is being planned in the foreseeable future; or
iii) The remaining lease terms are insufficient to conduct necessary studies or exploration work.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Exploration and evaluation properties (continued)

Once impairment has been determined, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company may occasionally enter into property option agreements, whereby the Company will transfer part of a mineral interest, as consideration for the incurring of certain exploration and evaluation expenditures by the optionee which would otherwise have been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the property, with any excess cash accounted for as a recovery in profit or loss.

3.5 Impairment of long-lived assets

The recoverability of long-lived assets is assessed when an event occurs that indicates impairment. Recoverability is based on factors such as future asset utilization and the future discounted cash flows expected to result from the use or sale of the related assets. An impairment loss is recognized in the period when it is determined that the carrying amount of the asset will not be recoverable. At that time, the carrying amount is written down to the recoverable amount, which equals the higher of fair value less costs to sell and value in use. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

3.6 Property and equipment

Recognition and measurement

On initial recognition, property and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. Any corresponding liabilities are recorded as provisions.

Property and equipment are subsequently measured at cost less accumulated amortization, less any accumulated impairment losses, with the exception of land which is not amortized.

When major components of an item of equipment have different useful lives, they are accounted for as separate items of equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Property and equipment (continued)

Subsequent costs

The cost of replacing part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Major maintenance and repairs

Maintenance and repair costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and losses

Gains and losses on disposal of property or equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized on a net basis within other income in profit or loss.

Amortization

Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Furniture and equipment	20%	declining balance method
Computer hardware	30%	declining balance method

Amortization methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

3.7 Financial instruments

At initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (“FVTOCI”) or fair value through profit or loss (“FVTPL”). Financial assets are recognized initially at fair value, unless they are trade receivables that do not contain a significant financing component in accordance with IFRS 15, which shall be measured at their transaction price. The subsequent measurement of financial assets depends on their classification based on both the Company’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Financial instruments (continued)

Amortized Cost

The financial asset is subsequently measured at amortized cost if the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset. Amounts receivable are included in this category of financial assets.

Financial Assets at FVTOCI

The financial asset is subsequently measured at FVTOCI if the financial asset is held within a business model whose objectives are achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding or if an irrevocable election was made for certain equity instruments at initial recognition. After initial recognition, the financial assets are measured at fair value with gains or losses recognized within other comprehensive income except for impairment gains (losses) and foreign exchange gains (losses). Accumulated changes in fair value are recorded as a separate component of equity until the financial asset is derecognized, at which point, they are reclassified from equity to profit or loss as a reclassification adjustment. Transaction costs are included in the initial carrying amount of the asset.

Financial Assets at FVTPL

A financial asset shall be measured at FVTPL if it is not measured at amortized cost or at FVTOCI. If the financial asset that would otherwise be measured at FVTPL is not acquired or incurred principally for the purpose of selling or repurchasing it in the near term, not part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative, the Company may make an irrevocable election at initial recognition to present subsequent fair value changes of the equity instrument in OCI. Transaction costs associated with financial assets at FVTPL are expensed as incurred. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and cash equivalents are included in this category of financial assets.

Derivatives designed as hedging instruments in an effective hedge

The Company does not hold or have any exposure to derivative instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment of financial assets

The Company shall recognize a loss allowance for expected credit losses on financial assets measured at amortized cost or FVTOCI, a lease receivable, a contract asset or a loan commitment. If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to the lifetime expected credit losses, otherwise, it shall be measured at an amount equal to the 12-month expected credit losses.

Assets carried at amortized cost

The Company shall recognize an impairment gain or loss in profit for the amount of expected credit losses (or reversal) required to adjust the loss allowance at the reporting date.

Assets at FVTOCI

The loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of the financial asset.

3.9 Financial liabilities

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost unless they are financial liabilities at FVTPL (including derivatives that are liabilities), financial liabilities that arise when a transfer of financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at below market rate or contingent consideration recognized by an acquirer in a business combination. Financial liabilities are recognized initially at fair value. Transaction costs directly attributable to the issue of a financial liability are included in the initial carrying value of financial liabilities if they are not measured at FVTPL. The subsequent measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at amortized cost

All other financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade payables and due to related parties are included in this category of financial liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Financial liabilities (continued)

Financial liabilities at FVTPL

Financial liabilities are carried at fair value with gains or losses recognized in net income (loss). Where the financial liability is designated as at FVTPL, only the amount of change in the fair value of the financial liability that is attributable to the changes in the credit risk of that liability shall be presented in OCI and the remaining amount of changes in fair value presented in profit or loss. Transaction costs on financial liabilities at FVTPL are expensed as incurred.

Other financial liabilities

The Company does not hold or have any exposure to derivative instruments, financial liabilities that arise when a transfer of financial asset does not qualify for derecognition, financial guarantee contracts, commitments to provide a loan at a below-market rate or contingent consideration recognized by an acquirer in a business combination.

3.10 De-recognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or, the financial assets are transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss. Where a transfer does not result in a derecognition due to continuing involvement, the Company shall continue to recognize the transferred asset and recognize a financial liability of the consideration received.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

3.11 Decommissioning, restoration and similar liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset, and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Decommissioning, restoration and similar liabilities (continued)

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

3.12 Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The Company records provisions for uncertain tax provisions if it is probable that the Company will make a payment on tax positions as a result of examinations by the tax authorities. These provisions are measured at the Company's best estimate of the amount expected to be paid. Provisions are reversed to income in the period in which management assesses that they are no longer required or determined by statute.

3.13 Share capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Flow-through shares

The Company, from time to time, issues flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium reversal is recognized as a reduction in the deferred tax expense and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for qualifying Canadian resource property exploration expenditures, within the prescribed period. The portion of proceeds received but not yet expended at the end of the period is disclosed separately within restricted cash.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the look-back rule, in accordance with Government of Canada income tax regulations. When applicable, this tax is accrued as a financial expense until paid.

3.15 Loss per share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially dilutive instruments were converted.

3.16 Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted.

Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Share-based payments (continued)

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares, in which case they are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, the shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3.17 Standards, amendments and interpretations issued but not yet effective

At the date of authorization of these consolidated interim financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been early adopted by the Company.

Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. The Company is evaluating the impact of these standards. Certain other new standards, amendments, and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

Conceptual Framework and References to the Conceptual Framework in IFRS Standards

On 29 March 2018, the IASB issued its revised Conceptual Framework for Financial Reporting. The revised Conceptual Framework does not constitute a substantial revision from the previously effective guidance but does provide additional guidance on topics not previously covered such as presentation and disclosure. The IASB also issued Amendments to References to the Conceptual

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Standards, amendments and interpretations issued but not yet effective (continued)

Framework in IFRS Standards to amend certain IFRS, IAS, IFRIC and SIC. These amendments are effective for annual periods beginning on or after 1 January 2020.

IFRS 9 Financial Instruments

This is an amendment to IFRS 9 to amend the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost even in the case of negative compensation payments. The amendment also contains a clarification regarding the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRS 10 Consolidated Financial Statements

This is an amendment to sale or contribution of assets between an investor and its associate or joint venture. The effective date for the amendment of IFRS 10 is for annual periods beginning on or after a date to be determined by IASB. Earlier application is permitted.

IFRS 11 Joint Arrangements

As part of the annual improvements 2015-2017 cycle, this is an amendment to clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. The effective date for this amendment is for annual periods beginning on or after 1 January 2019.

IFRS 16 Leases

This is an amendment to set out a new model for lease accounting. The effective date for this amendment is for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the Company has adopted IFRS 15.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

These are amendments to IAS 1 and IAS 8 to revise the definition of 'material'. The new definition of material and the accompanying explanatory paragraphs are contained in IAS 1. The definition of material in IAS 8 has been replaced with a reference to IAS 1. The amendments are effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted.

IAS 28 Investments in associates and joint ventures

This is an amendment to sale or contribution of assets between an investor and its associate or joint venture. An additional amendment is made regarding long-term interests in associates and

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Standards, amendments and interpretations issued but not yet effective (continued)

joint ventures to clarify that an entity applies IFRS 9 including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied and to reduce confusion about the accounting for long-term interests in associates and joint ventures. The effective date for the former amendment to IAS 28 is for annual periods beginning on or after a date to be determined by IASB. Earlier application is permitted. The effective date for the latter amendment is for annual periods beginning on or after 1 January 2019. Earlier application is also permitted.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 is an interpretation that clarifies how to apply the recognition and measurement requirements in IAS 12 ‘Income Taxes’ when there is uncertainty over tax treatments. The effective date for IFRIC 23 is for annual periods beginning on or after 1 January 2019.

The Company has not early adopted nor assessed the financial statement impact of these standards, amendments and interpretations, and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company, other than as separately disclosed.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the carrying value of exploration and evaluation properties, the valuation of all liability and equity instruments including warrants and stock options, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

Exploration and evaluation expenditures

The application of the Company’s accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Exploration and evaluation expenditures (continued)

about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year when new information becomes available.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

Impairment of financial assets

At each reporting date the Company assesses financial assets not carried at fair value through profit or loss to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events occurred during the period that negatively affected the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer or debtor, default or the disappearance of an active market for a security. If the Company determines that a financial asset is impaired, judgment is required in assessing the available information in regards to the amount of impairment; however the final outcome may be materially different than the amount recorded as a financial asset.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Decommissioning and restoration costs

Management is not aware of any material restoration, rehabilitation and environmental provisions as at 30 September 2019 and 31 December 2018. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements,

constructive obligations and are measured at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on laws, regulators and negotiations with regulatory authorities.

Share based payments

Management assesses the fair value of stock options granted in accordance with the accounting policy stated in note 3. The fair value of stock options granted using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. Under the residual method, one component is measured first and the residual amount is allocated to the remaining component. The Company measures the value of the common shares first. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as reserves.

Deferred income taxes

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future periods.

5. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents are denominated in the following currencies:

	30 September 2019	31 December 2018
	$	$
Denominated in Canadian dollars	**274,413**	90,732
Denominated in U.S. dollars	**7,406**	191,504
Total cash and cash equivalents	**281,819**	282,236

As at 30 September 2019, the Company has $109,521 (31 December 2018 $40,409) remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements (Note 16).

6. AMOUNTS RECEIVABLE

The Company qualifies for the Goods and Sales Tax (GST) input tax credits in the amount of $20,694 (31 December 2018: $4,824), which may change pursuant to an audit by the taxation authorities.

7. EXPLORATION AND EVALUATION PROPERTIES

Title to exploration and evaluation properties involves certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing and historical characteristics of many exploration and evaluation properties. The Company has investigated title to all of its exploration and evaluation properties and, to the best of its knowledge, the titles to all of its properties are in good standing.

Exploration and evaluation properties includes the following amounts for the period ended 30 September 2019:

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION PROPERTIES

	Hedge Hog Property	Mineral Mountain	Glencore Bucke	Teledyne Cobalt	Atacama Cobalto	Copper Porphyry	Golden Triangle	Trapper Lake	Total
	$	$	$	$	$	$	$		$
ACQUISITION COSTS									
Balance, 1 January 2019	35,000	120,000	231,000	231,000	-	-	-	-	**617,000**
Additions	20,000	-	-	-	-	106,000	40,306	57,355	**223,661**
Write-down	-	-	-	-	-	-	-	-	-
Balance, 30 September 2019	55,000	120,000	231,000	231,000	-	106,000	40,306	57,355	**840,661**
EXPLORATION AND EVALUATION COSTS									
Balance, 1 January 2019	70,075	-	3,555	7,463	-	-	-	-	**81,093**
Field expenses	48,885	3,855	-	-	-	-	-	-	**52,740**
Write-down	-	-	-	-	-	-	-	-	**-**
Balance, 30 September2019	118,960	3,855	3,555	7,463	-	-	-	-	**133,833**
Total costs	**152,108**	**123,855**	**234,555**	**238,463**	**-**	**106,000**	**40,306**	**57,355**	**974,494**

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

Exploration and evaluation properties includes the following amounts for the year ended 31 December 2018:

	Hedge Hog Property	Mineral Mountain	Glencore Bucke	Teledyne Cobalt	Atacama Cobalto	Total
	$	$	$	$	$	$
ACQUISITION COSTS						
Balance, 1 January 2018	35,000	-	-	-	-	**35,000**
Additions	-	120,000	231,000	231,000	32,605	**614,605**
Write-down	-	-	-	-	(32,605)	**(32,605)**
Balance, 31 December 2018	35,000	120,000	231,000	231,000	-	**617,000**
EXPLORATION AND EVALUATION COSTS						
Balance, 1 January 2018	7,200	-	-	-	-	**7,200**
Assaying	16,994	-	-	-	-	**16,994**
Engineering and Consulting	33,185	-	3,400	1,575	-	**38,160**
Field expenses	12,696	-	155	5,888	22,888	**41,627**
Write-down	-	-	-	-	(22,888)	**(22,888)**
Balance, 31 December 2018	70,075	-	3,555	7,463	-	**81,093**
Total costs	**105,075**	**120,000**	**234,555**	**238,463**	**-**	**698,093**

Hedge Hog Property, Eastfield, Quesnel BC:

On 14 November 2017, the Company entered into a property option agreement with Eastfield Resources Ltd. ("Eastfield") to acquire the right to earn an undivided sixty percent (60%) interest in certain mineral claims located approximately 80 km northeast of the town of Quesnel, BC and 20 km north of the historic gold mining towns of Wells and Barkerville. Finder's fees of 200,000 common shares valued at $15,000 were paid in connection with this agreement (Notes 10 and 12).

In order to earn the 60% interest in the mineral claims, the Company is required to make payments, issue shares and incur expenditures as follows (Note 15):

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

Hedge Hog Property, Eastfield, Quesnel BC (continued):

	Cash Payment	Value of Share issuances	Expenditures
	$	$	$
Upon signing (paid)	20,000	-	-
On 14 November 2018	20,000 (1)	-	100,000 (2)
On 14 November 2019	30,000	-	300,000
On 14 November 2020	55,000	-	500,000
On 14 November 2021	100,000	100,000	600,000
On 14 November 2022	125,000	200,000	1,000,000
	$350,000	**$300,000**	**$2,500,000**

(1) Paid. Due date amended to 9 January 2019.
(2) $97,108 incurred, remaining due by 14 November 2019.

Reclamation Security Deposit

During the year ended 31 December 2018, the Company paid $11,500 in cash as a reclamation security deposit with respect to the application to the government of British Columbia for a mining permit.

Mineral Mountain Copper Gold Property

On 4 December 2018, the Company acquired 100% interest in a group of mineral claim blocks comprising of 19,665 hectares (197 sq km) in the Omineca region of north-central British Columbia for cash of $40,000 and 1,000,000 common shares of the Company valued at $80,000 (Note 10). The TSX Venture Exchange approved the transaction on 4 December 2018.

Copper Porphyry Property (Expansion of Mineral Mountain Copper Gold Property)

On 6 May 2019, the Company acquired 100-per-cent interest in additional copper-gold mineral claims adjoining its copper porphyry mineral claim in north-central British Columbia.

These two new mineral claims (6,790 hectares) add to the Company's current sizeable land position within British Columbia's prolific Omineca mining district. Surge now has copper-gold mineral claims totalling 26,455 hectares (265 square kilometres) in the area.

Subject to the terms and conditions of the purchase and sale agreement dated May 2, 2019, for the new mineral claims, Surge agrees to making a cash payment to the vendor in the amount of $16,000 upon signing the agreement and issuing two million fully paid and non-assessable common shares in the capital of the Company upon TSX Venture Exchange approval to the transaction.

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

Glencore Bucke & Teledyne Cobalt Project

On 7 May 2018, the Company entered into a property option agreement with LiCo Energy Metals Inc. to acquire the right to earn an undivided and up to 60% interest in the Glencore Bucke and Teledyne Cobalt Properties located in Bucke and Lorrain Townships, 6 km east-northeast of Cobalt, Ontario. The option agreement is "non-arm's length" and is a related party transaction due to an officer in common between LiCo Energy Metals Inc. and the Company. The TSX Venture Exchange approved the transaction on 12 June 2018 (Note 9).

In order to earn the 60% interest in the mineral claims, the Company is required to issue shares and make payments as follows (Note 15):

	Cash Payment	Share issuances	Expenditures
	$		$
Upon Exchange Approval (paid and issued (Note 10))	240,000	1,000,000*	-
On 7 May 2020	-	-	1,536,000
	240,000	**1,000,000**	**1,536,000**

*Valued at $180,000

Finder's fees of $42,000 in cash were paid during the year ended 31 December 2018.

Atacama Cobalto Project, Chile

On 24 July 2018, the Company entered into a non-binding Memorandum of Understanding ("MOU") with Compañía Minera del Pacífico S.A. ("CAP Minería") for an option to acquire up to 100% of the Atacama Cobalto Project ("Atacama Project") in the Atacama Region in Northern Chile. The MOU detailed the structure of the joint venture agreement whereby the Company could initially acquire 51% and up to 70% of the mining rights to the Atacama Project in three distinct (3) phases, and thereafter can earn up to 100% of the mining rights by excess contribution to the joint venture between the Company and Cap Minera (the "Newco"). The transaction was subject to TSX Venture Exchange approval.

On 7 December 2018, the Company entered into a Definitive Option Agreement ("Atacama Agreement") with CAP Mineria.

During the period ended 30 September 2019, the Company recorded an impairment write-down of $9,431 related to the Atacama Project, which terminated on 23 April 2019.

During the year ended 31 December 2018, the Company recorded an impairment write-down of $55,493 related to the Atacama Project, which terminated on 23 April 2019 (Note 17).

(Expressed in Canadian dollars)

7. EXPLORATION AND EVALUATION PROPERTIES (CONTINUED)

Incahuasi Lithium Project, Chile

On 31 October 2018, the Company entered into a non-binding MOU through its wholly owned subsidiary, Surge Exploration Chile SpA, with Mr. Miguel Angel Pérez Vargas for an option to acquire up to 100% of the Incahuasi Lithium Project in the Antofagasta mining region in Northern Chile, consisting of 10 exploration concessions.

During the year ended 31 December 2018, the Company paid mineral property exploration expenses of $13,042 in relation to the MOU.

On 23 April 2019, the Company terminated its MOU related to the Incahuasi Lithium Project (Notes 12 and 17).

Trapper Lake

On 5 September 2019, the Company acquired a 100-per-cent interest in additional gold-copper mineral claims adjoining its Trapper Lake property in northern British Columbia near the Golden Bear mine, a 480,000-ounce-gold past producer, currently owned by Newmont Goldcorp Corp.

Subject to the terms and conditions of the resultant purchase and sale agreement, for the new mineral claims, Surge agreed to make a cash payment to the vendor in the amount of $17,400 and issuing 500,000 fully paid and non-assessable common shares in the capital of the company.

8. TRADE AND OTHER PAYABLES

The Company's trade payables and accrued liabilities are principally comprised of amounts for administrative activities. These are broken down as follows:

	30 September 2019	**31 December 2018**
	$	**$**
Trade payables	**139,798**	**80,154**
Accrued liabilities	**69,056**	**35,000**
Total trade and other payables	**208,884**	**115,154**

During the year ended 31 December 2018, the Company issued 1,965,262 shares and 2,413,914 units, valued at $525,501 to settle outstanding debts of $198,670 to certain creditors, resulting in a loss on the extinguishment of debt of $326,831. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional share at a price of $0.04 per share until 13 February 2020 (Notes 9, 10 and 12).

Included in trade payables is $79,826 (31 December 2018: $79,826) due to related parties (Note 9).

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

For the periods ended 30 September 2019 and 2018, the Company had transactions with the following companies related by way of directors, officers or shareholders in common:

- TCF Ventures Corp., a company controlled by a director of the Company.
- Zeus Capital Ltd., a company controlled by the Chief Financial Officer ("CFO")
- Mumbo Management Inc., a company controlled by a former CFO of the Company.
- Agadez Investments Inc., a company controlled by a director of the Company.
- Bill Bennett Consulting Inc., a company controlled by a former director of the Company.
- LiCo Energy Metals Inc., a company with certain directors and former officers in common with the Company. LiCo Energy Metals Inc. pays shared office, consulting, and marketing costs to the Company on a month-to-month basis.
- Nevada Energy Metals Inc., a company with certain directors, officers, and former officers in common with the Company. Nevada Energy Metals pays shared office, consulting, and marketing costs to the Company on a month-to-month basis.

9.1 Key management personnel compensation

The remuneration of directors and other members of key management for the nine months periods ended 30 September 2019 and 2018 as follows:

	2019	**2018**
	$	$
Short-term benefits – consulting and management fees	**148,500**	93,000
Total related party expenses	**148,500**	93,000

9.2 Related party transactions are summarized as follows:

	30 September 2019	30 September 2018
	$	$
Consulting fees to Company controlled by CEO	**54,000**	36,000
Consulting fees to Company controlled by CFO	**30,000**	21,000
Consulting fees to former CFO	**10,500**	-
Consulting fees to the Corporate Secretary	**54,000**	36,000
Total related party expenses	**148,500**	93,000

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS (CONTINUED)

9.3 Due from/to related parties:

The assets and liabilities of the Company include the following amounts due to related parties:

	30 September 2019	**31 December 2018**
	$	$
Company controlled by CEO	**18,000**	-
Company controlled by former CFO (Note 16)	**19,250**	19,250
Former director and Vice President	**60,576**	60,576
Total amount due to related parties (Notes 8, 9)	**97,826**	79,826

These amounts are unsecured, interest-free and payable on demand.

During the year ended 31 December 2018, the Company issued 1,965,262 shares and 2,413,914 units, valued at $525,501 to settle outstanding debts of $198,670 to certain creditors, resulting in a loss on the extinguishment of debt of $326,831. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional share at a price of $0.04 per share until 13 February 2020 (Notes 9, 10 and 12).

During the year ended 31 December 2018, the Company acquired exploration and evaluation assets from a related party (Note 7).

10. SHARE CAPITAL

10.1 Authorized share capital

The Company has an authorized share capital of an unlimited number of common shares with no par value.

As at 30 September 2019, the Company had 95,964,260 common shares issued and outstanding (31 December 2018: 74,864,260).

On 1 May 2018, the Company split its share capital on a two (2) new common share without par value for every one (1) existing common share without par value. The Company's number of outstanding options and warrants and the accompanying exercise prices were split on the same basis. Unless otherwise stated, the number of shares, options, warrants and the exercise prices of options and warrants presented in these consolidated financial statements have been adjusted to include the effect of this share split.

10. SHARE CAPITAL (CONTINUED)

10.2 Share issuance

a) Private Placements

- On 19 July 2018, the Company issued 4,500,000 units at $0.10 per unit for cash proceeds of $450,000. Each unit is comprised of one common share and one share purchase warrant which entitles the holder to purchase to purchase one additional common share at $0.15 per share during the two years following the date of closing.
- On 19 July 2018, the Company issued 1,000,000 flow-through units ("FT Unit") at a price of $0.10 per FT Unit for gross proceeds of $100,000 (Note 5). Each FT Unit consists of one FT share and one share purchase warrant entitling the holder to purchase an additional share at a price of $0.15 per share during the two years following the date of closing. The Company paid cash finders fees of $47,500 to qualified arm's length finders.
- On 10 September 2019, the Company issued 6,000,000 units at $0.05 per unit for cash proceeds of $300,000. Each unit is comprised of one common share and one share purchase warrant which entitles the holder to purchase to purchase one additional common share at $0.05 per share during the two years following the date of closing.
- On 10 September 2019, the Company issued 2,000,000 flow-through units ("FT Unit") at a price of $0.05 per FT Unit for gross proceeds of $100,000 (Note 5). Each FT Unit consists of one FT share and one share purchase warrant entitling the holder to purchase an additional share at a price of $0.05 per share during the two years following the date of closing. The Company paid share finders fees of $50,000 to qualified arm's length finders.

b) Exploration and Evaluation Property Acquisition

- On 5 September 2019, the Company issued 500,000 common shares valued at $40,000 in relation to the Mineral Trapper Lake Property (Notes 7 and 12).
- On 2 May 2019, the Company issued 2,000,000 common shares valued at $90,000 in relation to the Mineral Copper Porphyry Property (Notes 7 and 12).
- On 4 December 2018, the Company issued 1,000,000 common shares valued at $80,000 in relation to the Mineral Mountain Copper Gold Property (Notes 7 and 12).
- On 11 June 2018, the Company issued 1,000,000 common shares valued at $180,000 pursuant to the Glencore Bucke and Teledyne Cobalt Project (Notes 7 and 12).

c) Exercise of Options

- During the period ended 30 September 2019, the Company issued 600,000 common shares related to the exercise of 600,000 options at exercise price of $0.035
- During the year ended 31 December 2018, the Company issued 800,000 common shares related to the exercise of 800,000 options at exercise prices between $0.04 and $0.07 per share.

(Expressed in Canadian dollars)

10. SHARE CAPITAL (CONTINUED)

10.2 Share issuance (continued)

d) Exercise of Warrants

- During the period ended 30 September 2019, the Company issued 7,600,000 common shares related to the exercise of 7,600,000 warrants at exercise price of $0.04 per share .
- During the year ended 31 December 2018, the Company issued 469,000 common shares related to the exercise of 469,000 warrants at exercise price of $0.04 per share.

e) Shares issued in settlement of debts

- On 14 February 2018, the Company issued 1,965,262 common shares and 2,413,914 units, valued at $525,501, to settle outstanding debts of $198,670. Each unit consists of one common share and one share purchase warrant entitling the holder to purchase an additional share at a price of $0.04 per share until 13 February 2020. The Company recorded a loss on extinguishment of debt of $Nil (2018: $326,831) (Notes 8, 9 and 12).

10.3 Stock Option

The Company's incentive stock option plan allows for the grant of options to employees, consultants, officers and directors providing the number of shares that may be purchased under the option plan and all previously granted options, does not exceed 10% of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the discounted market price of the Company's shares (subject to a minimum of $0.05) and the maximum term of the options is ten years.

The following is a summary of the changes in the Company's stock option activities for the period ended 30 September 2019 and year ended 31 December 2018:

	30 September 2019		**31 December 2018**	
	Number of options	**Weighted-average exercise price**	**Number of options**	**Weighted-average exercise price**
		$		$
Outstanding, beginning of period	**5,430,000**	**0.06**	1,530,000	0.04
Granted	**-**	**-**	5,000,000	0.07
Exercised	**(600,000)**	**0.04**	(800,000)	0.04
Expired / Cancelled	**(100,000)**	**0.08**	(300,000)	0.07
Outstanding, end of period	**4,730,000**	**0.06**	5,430,000	0.06

(Expressed in Canadian dollars)

10. SHARE CAPITAL (CONTINUED)

10.3 Stock Option (continued)

The following table summarizes information regarding stock options outstanding and exercisable as at 30 September 2019:

Exercise price	Number of options outstanding	Number of options exercisable	Weighted-average remaining contractual life (years)	Weighted-average exercise price
Options				
$0.04	330,000	330,000	3.45	0.04
$0.06	4,300,000	4,300,000	3.53	0.06
$0.16	100,000	100,000	4.07	0.16
Total	**4,730,000**	**4,730,000**	**3.54**	**0.06**

No options were granted during the period ended 30 September 2019. The weighted average fair value of the options granted during the year ended 31 December 2018 was estimated at $0.10 per option (2017: $0.04) at the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

	30 September 2019	31 December 2018
Risk free interest rate	-	1.96%
Expected life	-	5 years
Expected volatility	-	229.83%
Expected dividend per share	-	-
Expected forfeiture	-	-

(Expressed in Canadian dollars)

10. SHARE CAPITAL (CONTINUED)

10.4 Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the period ended 30 September 2019 and year ended 31 December 2018:

	30 September 2019		31 December 2018	
	Number of options	Weighted-average exercise price	Number of warrants	Weighted-average exercise price
				$
Outstanding, beginning of period	**53,382,414**	**0.05**	47,352,300	0.05
Granted	**8,000,000**	**0.05**	7,913,914	0.12
Exercised	**(9,000,000)**	**0.04**	(469,000)	0.04
Expired	**(87,500)**	**0.04**	(1,414,800)	0.25
Forfeited	**-**	**-**	-	-
Outstanding, end of period	**52,294,914**	**0.05**	53,382,414	0.05

During the year ended 31 December 2018, in conjunction with the private placements, the Company issued a total of 5,500,000 share purchase warrants and 2,413,914 share purchase warrants issued in relation to the debt settlement.

The following table summarizes information regarding share purchase warrants outstanding and exercisable as at 30 September 2019:

Exercise price	Number of warrants outstanding	Weighted-average remaining contractual life (years)	Weighted-average exercise price
Share purchase warrants			
$0.04	38,794,914	0.24	$0.04
$0.05	8,000,000	1.95	$0.05
$0.15	5,500,000	0.80	$0.05
Total	**52,294,914**	**0.56**	**$0.05**

(Expressed in Canadian dollars)

11. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

	Three months ended 30 September 2019	Three months ended 30 September 2018	**Nine months ended 30 September 2019**	Nine months ended 30 September 2018
	$	$	$	$
Net loss for the period	**(411,627)**	(914,775)	**(697,846)**	(1,464,210)
Weighted average number of shares – basic and diluted	**84,504,478**	68,911,128	**78,789,900**	65,333,481
Loss per share, basic and diluted	**$(0.005)**	$(0.013)	**$(0.009)**	$(0.022)

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options, share purchase warrants and convertible debentures, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants were anti-dilutive for the periods ended 30 September 2019 and 2018.

12. SUPPLEMENTAL CASH FLOW INFORMATION

The Company made the following cash payments for interest and income taxes:

Period ended 30 September	**2019**	2018
	$	$
Interest paid	**-**	-
Taxes paid	**-**	-
Total cash payments	**-**	-

During the period ended 30 September 2019 and 2018, the Company had the following non-cash investing and financing activities:

a) The Company made certain option payments by issuance of shares with respect to exploration and evaluation properties valued at $130,000 (2018: $Nil) (Notes 7 and 10).

b) The Company paid finder's fees of $50,000 (2018: $Nil) on private placements by issuance of shares and share purchase warrants (Note 10).

(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS

13.1 Categories of financial instruments

	30 September 2019	31 December 2018
	$	$
FINANCIAL ASSETS		
FVTPL, at fair value		
Cash and cash equivalents	**281,819**	282,236
Total financial assets	**281,819**	282,236
Other liabilities, at amortized cost		
Trade payables	**139,798**	80,154
Total financial liabilities	**139,798**	80,154

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for cash, receivables, accounts payable and due to related parties approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values, these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

The Company determines the fair value of financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

Cash has been measured at fair value using Level 1 inputs. There were no transfers between Level 1 and 2 and 3 in the periods ended 30 September 2019 and 2018.

13. FINANCIAL INSTRUMENTS (CONTINUED)

13.2 General Objectives, Policies and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board of Directors receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

13.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of two types of risk: interest rate risk and currency risk.

13.4 Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and cash equivalents held with chartered Canadian financial institutions.

13.5 Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company's credit risk is also attributable to its receivables. The amounts disclosed in the statement of financial position are net of allowances for bad debts, estimated by the Company's management based on prior experience their assessment of the current economic environment and the financial condition of the Company's debtors.

13. FINANCIAL INSTRUMENTS (CONTINUED)

13.6 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate cash and restricted cash balances. The Company continuously monitors both actual and forecasted cash flows and matches the maturity profile of financial assets and liabilities.

As at 30 September 2019, the Company had a cash balance of $281,819 (2018: $282,236) and gross receivables of $20,694 (2018: $4,824) to settle current liabilities due in twelve months or less of $208,854 (2018: $115,154) and carry out its planned exploration program in the coming year. Management seeks additional financing through the issuance of equity instruments and liquidation of its marketable securities, either partial or in full, to continue its operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

13.7 Currency Risk

The Company is exposed to currency risk by incurring certain expenditures and holding assets denominated in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. Assuming all other variables remain constant, a 1% change in the Canadian dollar against the US dollar would not result in a significant change to the Company's operations.

14. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to maintain an appropriate capital base in order to:

1. advance the Company's corporate strategies to create long-term value for its stakeholders;
2. sustain the Company's operations and growth throughout metals and materials cycles; and
3. ensure compliance with the covenants of any applicable credit facility and other financing facilities used from time to time.

The Company monitors its capital and capital structure on an ongoing basis to ensure it is sufficient to achieve the Company's short-term and long-term strategic objectives. Management primarily funds the Company's exploration by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. Management closely watches its cash balance. The balance of cash as at 30 September 2019 was $281,819 (2017: $282,236). The Company does not currently have significant debt outstanding and there are presently no formal capital requirements with which the Company has not complied.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the period ended 30 September 2019.

(Expressed in Canadian dollars)

15. SEGMENTED INFORMATION

The Company's only business activity is exploration and development of exploration and evaluation properties carried out in Canada and Chile.

The breakdown of geographic area for the period ended 30 September 2019 is as follows:

30 September 2019	Canada	Chile	Total
Total expenses	697,846		690,846
Current assets	327,889	-	327,652
Exploration and evaluation properties	974,494	-	981,732
Reclamation security deposit	11,500	-	11,500
Total assets	1,313,883	-	1,320,884

16. COMMITMENTS AND CONTINGENCIES

a) The Company has owned and/or operated interests in oil and gas properties in the past. The Company remains liable for certain remediation and maintenance costs even if such properties have been sold and/or had their interests written-off.

In addition, pursuant to a Receivership Order granted to the Alberta Energy Regulator (AER), a receiver has been appointed over all the properties of Lexin Resources Ltd. (Lexin) for failure to comply with a litany of orders to properly care for its wells and facilities. The Company, which has a minority working interest, has been named in the environmental protection order. The Company wrote off its working interest in this oil and gas property in 2009.

It is the Company's position that the liability, if any, related to its past oil and gas activities and properties cannot be reasonably determined at this time. As a result, no provision related to this liability has been recorded in these financial statements.

b) As at 30 September 2019, the Company has $109,521 (31 December 2018 $40,409) remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements (Notes 5 and 10).

c) As at 30 September 2019, the Company owns various exploration and evaluation properties (Note 7). Management does not consider that any amounts related to decommissioning liabilities are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these obligations in the future.

d) The Company has indemnified the subscribers of flow-through shares of the Company issued in prior years against any tax related amounts that may become payable as a result of the Company not making eligible expenditures.

16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

e) The Company's exploration activities are subject to various Canadian federal and provincial laws and regulations governing the protection of the government. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

f) The Company has certain commitments to make payments or issue common shares related to various exploration and evaluation property agreements (Note 7).

g) The Company commenced legal action against the former CFO and his company (the "Creditor") for the former CFO's breach of common law and statutory fiduciary duties owed to the Company.

Subsequently, the Creditor filed a counterclaim against the Company in relation to the settlement of his prior year debts owed to him by the Company. During year ended 31 December 2018, the Company and the Creditor entered into an agreement to settle an aggregate balance of $56,395 (the "Debts") by the issuance of the Company's shares subject to certain terms of the agreement. The Company issued 928,628 common shares to settle a portion of the Debts (Note 8 and 10). The Creditor ultimately did not accept the settlement and both parties failed to reach a new debt settlement agreement.

It is the Company's position that the total debt owed to the Creditor by the Company is $56,395, that $37,145 of this debt was settled via the issuance of shares of the Company valued at $111,435 and that $19,250 remains unpaid as at 31 December 2018 (Note 9). There is no assurance that the Creditor will not take further legal action which would result in a additional liabilities to the Company. Any settlements or awards which may arise will be reflected in the financial statements in the year that such settlement amount has been determined.

h) During the period ended 31 December 2018, the Company did not obtain a director's and officer's insurance policy. The Company currently self-insures and has established no reserves for insurance-related contingencies. Rather, the Company assesses each contingency, if any, as it arises to determine estimates of the degree of probability and range of possible settlement. Those contingencies which are deemed to be probable and where the amount of such settlement is reasonably estimable, are then accrued in the Company's financial statements. If only a range of loss can be determined, the best estimate within that range is accrued.

The assessment of contingencies is a highly subjective process that requires judgement regarding future events. Insurance contingencies are reviewed at least annually to determine the adequacy of the accruals and whether related financial statement disclosure is required. The ultimate settlement of insurance contingencies may differ materially from amounts accrued in the financial statements.

16. COMMITMENTS AND CONTINGENCIES (CONTINUED)

i) The Company regularly assesses its income tax and related non income tax amounts and obligations and the related filing obligations in Canada. It is management's position that adequate provisions have been made in the financial statements related to such obligations. However, there exists uncertainty due to the fact that the Company could be assessed differently by tax and/or other regulatory authorities in a manner that is not consistent with management's expectation. This situation would result in management being required to adjust its provision for income taxes and related non income tax amounts in the period that such a situation occurs and such adjustments could be material.

17. SUBSEQUENT EVENTS

As at 30 September 2019, the Company has the following events after the reporting period:

a) Subsequent to the period ended 30 September 2019, the Company entered into a property option agreement to acquire a 100-per-cent interest in three mineral claims known as the Caledonia, Cascade and Bluebell, subject to a 2-per-cent net smelter return (NSR). The claims are located in the Nanaimo mining district of northern Vancouver Island, adjacent to the joint venture partnership between Freeport-McMoRan and Northisle Copper and Gold Inc. and, under the terms of this joint venture partnership agreement, Freeport-McMoRan can earn up to a 65 per cent with $24-million in exploration expenditures over seven years.

b) Subsequent to the period ended 30 September 2019, the Company has negotiated the acquisition of a 100-per-cent interest four mineral claims adjoining the recently acquired Caledonia, Cascade and Bluebell claims, subject to a 1-per-cent net smelter royalty. This acquisition will allow for the exploration of possible strike extensions of high-grade mineralization to the east and the west from the Caledonia project underground workings. With this new acquisition, the combined land position of the Caledonia project contains 1,741 hectares.

18. APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The financial statements of the Company for the period ended 30 September 2019 were approved and authorized for issue by the Board of Directors on 28 November 2019.