



**Surge Battery Metals Inc.**

**Condensed Interim Consolidated Financial Statements  
For the three and nine months ended September 30, 2023 and 2022  
(Unaudited)**

(Expressed in Canadian dollars)

# Surge Battery Metals Inc.

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(Expressed in Canadian Dollars - Unaudited)

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**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim consolidated financial 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 financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

**Surge Battery Metals Inc.**  
**Condensed Interim Consolidated Statements of Financial Position**  
**(Expressed in Canadian dollars - Unaudited)**

	Note	September 30 2023	December 31, 2022
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents		5,768,093	1,020,621
Short-term investments	5	3,036,575	-
Sales taxes receivable		83,588	42,059
Prepaid expenses and deposits		679,631	86,353
		9,567,887	1,149,033
<b>Exploration and evaluation assets</b>	6	6,400,320	3,478,195
		<b>15,968,207</b>	<b>4,627,228</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current</b>			
Accrued liabilities		31,222	46,025
Trade and other payables		756,088	135,352
Flow-through share premium	7	-	4,957
Due to related party	8	-	13,349
		787,310	199,683
<b>Shareholders' equity</b>			
Share capital	7	36,554,314	24,879,867
Share subscriptions received	7	-	34,000
Reserves	7	9,326,341	4,008,666
Deficit		(30,699,758)	(24,494,988)
		15,180,897	4,427,545
		<b>15,968,207</b>	<b>4,627,228</b>

Nature of operations and going concern (Note 1),  
Subsequent events (Note 13)

**APPROVED BY THE BOARD:**

"Greg Reimer"

Greg Reimer

"Graham Harris"

Graham Harris

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

# Surge Battery Metals Inc.

## Condensed Interim Consolidated Statements of Loss and Comprehensive Loss (Expressed in Canadian dollars - Unaudited)

		Three Months Ended September 30,		Nine months Ended September 30,	
	Note	2023	2022	2023	2022
		\$	\$	\$	\$
<b>OPERATING EXPENSES</b>					
Consulting and management fees	8	424,570	104,667	1,152,445	331,560
Foreign exchange loss		5,858	9,706	14,010	6,595
Marketing		296,438	233,949	672,786	956,655
Office and administrative	8	16,470	31,103	26,211	58,282
Professional fees	8	190,986	7,050	287,642	58,730
Share-based compensation (recovery)	7,8	2,287,994	(229,048)	3,820,630	(229,048)
Transfer agent and regulatory fees		16,460	10,403	117,253	52,864
Travel, lodging, and food		179,359	-	212,549	20,081
		(3,418,135)	(167,830)	(6,303,526)	(1,255,719)
Interest income		82,690	-	93,799	-
Reversal of flow-through premium liability	7	3,966	-	4,957	-
Gain on write-off of accounts payable		-	-	-	1,076
		86,656	0	98,756	1,076
<b>Loss and comprehensive loss for the period</b>		<b>(3,331,479)</b>	<b>(167,830)</b>	<b>(6,204,770)</b>	<b>(1,254,643)</b>
Loss per share - basic and diluted		\$ (0.02)	\$ (0.00)	\$ (0.05)	\$ (0.01)
Weighted average number of common shares outstanding		148,357,191	95,655,820	125,491,506	95,301,974

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

**Surge Battery Metals Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows**  
**(Expressed in Canadian dollars - Unaudited)**

	<b>Nine months Ended September 30,</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Cash flows used in operating activities</b>		
Loss for the period	(6,204,770)	(1,254,643)
Items not affecting cash:		
Accrued interest receivable	(36,575)	-
Accrued liabilities	(14,803)	-
Recognition of flow-through share premium	(4,957)	-
Share-based compensation	3,820,630	(229,048)
Shares issued for services	-	40,500
Changes in non-cash working capital items:		
Sales taxes receivable	(41,529)	(37,321)
Prepaid expenses and deposits	(593,278)	107,921
Trade and other payables	283,560	63,607
	<b>(2,791,722)</b>	<b>(1,308,984)</b>
<b>Cash flows used in investing activities</b>		
Acquisition of short-term investments	(4,000,000)	-
Redemption of short-term investments	1,000,000	-
Exploration asset expenditures	(2,098,298)	(679,363)
	<b>(5,098,298)</b>	<b>(679,363)</b>
<b>Cash flows provided by financing activities</b>		
Units issued for cash	10,037,172	-
Proceeds from exercise of share options	1,128,780	-
Proceeds from exercise of warrants	1,578,111	-
Share issuance costs	(106,571)	-
	<b>12,637,492</b>	<b>-</b>
<b>Change in cash during the period</b>	<b>4,747,472</b>	<b>(1,988,347)</b>
<b>Cash, beginning of period</b>	<b>1,020,621</b>	<b>3,969,954</b>
<b>Cash, end of period</b>	<b>5,768,093</b>	<b>1,981,607</b>

Supplemental cash flow information (Note 11)

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

**Surge Battery Metals Inc.**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
**(Expressed in Canadian dollars - Unaudited)**

	Note	Share capital					Total
		Number of shares	Amount	Share subscriptions	Reserves	Deficit	
			\$	\$	\$	\$	\$
<b>Balance at December 31, 2021</b>		94,505,820	24,058,922	-	3,266,627	(21,522,174)	5,803,375
Shares issued for exploration and evaluation assets		1,000,000	130,000	-	-	-	130,000
Shares issued for services		150,000	40,500	-	-	-	40,500
Warrants issued for exploration and evaluation assets		-	-	-	353,320	-	353,320
Share-based compensation		-	-	-	(229,048)	-	(229,048)
Net loss for the period		-	-	-	-	(1,254,643)	(1,254,643)
<b>Balance at September 30, 2022</b>		<b>95,655,820</b>	<b>24,229,422</b>	<b>-</b>	<b>3,390,899</b>	<b>(22,776,817)</b>	<b>4,843,504</b>
Shares issued on exercise of warrants	7	4,311,112	500,445	-	-	-	500,445
Shares issued on exercise of share options	7	3,000,000	150,000	-	-	-	150,000
Share subscriptions received		-	-	34,000	-	-	34,000
Warrants issued for exploration and evaluation assets	6,7	-	-	-	105,840	-	105,840
Share-based compensation		-	-	-	511,927	-	511,927
Net loss for the period		-	-	-	-	(1,718,171)	(1,718,171)
<b>Balance at December 31, 2022</b>		<b>102,966,932</b>	<b>24,879,867</b>	<b>34,000</b>	<b>4,008,666</b>	<b>(24,494,988)</b>	<b>4,427,545</b>
Units issued for cash	7	30,944,688	6,526,849	(34,000)	3,544,323	-	10,037,172
Shares issued for exploration and evaluation assets	6,7	1,000,000	500,000	-	-	-	500,000
Shares issued on exercise of warrants	7	11,654,165	1,608,954	-	(30,843)	-	1,578,111
Shares issued on exercise of share options	7	9,063,000	3,145,215	-	(2,016,435)	-	1,128,780
Shares issued for share issue costs	7	458,777	114,694	-	-	-	114,694
Share issue costs	7	-	(221,265)	-	-	-	(221,265)
Share-based compensation		-	-	-	3,820,630	-	3,820,630
Net loss for the period		-	-	-	-	(6,204,770)	(6,204,770)
<b>Balance at September 30, 2023</b>		<b>156,087,562</b>	<b>36,554,314</b>	<b>-</b>	<b>9,326,341</b>	<b>(30,699,758)</b>	<b>15,180,897</b>

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

**Surge Battery Metals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2023 and 2022**  
**(Expressed in Canadian dollars - Unaudited)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Surge Battery Metals Inc., (“Surge” or the “Company”) was incorporated under the Company Act (British Columbia) on June 19, 1987 and continued to the jurisdiction of the Canada Business Corporation Act on August 13, 1997. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties and trades on the TSX Venture Exchange (the “Exchange”) under the symbol NILI and the OTCQX Best Market® under the symbol NILIF.

The Company’s principal place of business is located at 300 – 1455 Bellevue Avenue, West Vancouver, BC, V7T 1C3 and the registered and records office is located at Suite 501, 3292 Production Way, Burnaby, British Columbia, V5A 4R4.

**Going concern**

These condensed interim consolidated 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. As at September 30, 2023, the Company had cash of \$5,768,093 (December 31, 2022 - \$1,020,621) and incurred accumulated losses of \$30,699,758 (December 31, 2022 - \$24,494,988) since inception. 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 condensed interim consolidated 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.

**Surge Battery Metals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**2. BASIS OF PREPARATION**

**Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards (“IAS”) 34, “Condensed Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2022.

Certain accounts have been reclassified to be consistent with the current period classification.

The condensed interim consolidated financial statements of the Company for the period ended September 30, 2023 were approved and authorized for issue by the Board of Directors on November 29, 2023.

**Basis of presentation**

The condensed interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value. In addition, the condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow disclosure.

The condensed interim consolidated 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.

**Basis of consolidation**

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

Name	Country of Incorporation	% Equity interest at	
		September 30, 2023	December 31, 2022
Surge Battery Metals USA Inc.	Nevada, USA	100%	100%
Surge Exploration Chile SpA	Chile	100%	100%
Minera Arroyo Cobra	Mexico	98%*	98%*

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

As of September 30, 2023 and December 31, 2022, the Company's Mexican and Chilean subsidiaries were inactive.

**Surge Battery Metals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**2. BASIS OF PREPARATION (continued)**

**Basis of consolidation (continued)**

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 financial statements of the subsidiaries are included in the consolidated interim 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.

**3. MATERIAL ACCOUNTING POLICY INFORMATION**

**Standards, amendments and interpretations issued but not yet effective**

At the date of authorization of these condensed interim consolidated 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. New standards, amendments and interpretations are not expected to have a significant impact on the Company's condensed interim consolidated financial statements.

**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. 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 condensed interim consolidated financial statements within the next financial year are discussed below:

*Going concern*

The assessment of the Company's ability to continue as a going concern and whether there exists material uncertainties that may cast doubt involves management judgement about the Company's resources and future prospects (see Note 1).

*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 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.

**Surge Battery Metals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**

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 regard to the amount of impairment; however the final outcome may be materially different than the amount recorded as a financial asset.

*Decommissioning and restoration costs*

Management is not aware of any material restoration, rehabilitation and environmental provisions as at September 30, 2023. 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.

**Surge Battery Metals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2023 and 2022**  
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**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**

*Share based payments*

Management assesses the fair value of stock options granted in accordance with its adopted accounting policy. 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.

*Functional and presentation currency*

The functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar; however, determination of functional currency may involve certain judgments to determine the primary economic environment which is re-evaluated for each new entity or if conditions change.

**5. SHORT-TERM INVESTMENTS**

The Company has a \$3,000,000 non-redeemable GIC which earns interest at a rate of 5% per annum and matures on December 27, 2023. As at September 30, 2023, the Company has accrued \$36,575 of interest on this GIC.

# Surge Battery Metals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 and 2022 (Expressed in Canadian dollars - Unaudited)

### 6. EXPLORATION AND EVALUATION PROPERTIES

Exploration and evaluation properties include the following amounts for the nine months ended September 30, 2023:

	Nevada North Lithium Project USA	San Emidio Lithium Project USA	Nickel Project Canada	Quatse Lake Project Canada	Total
	\$	\$	\$	\$	\$
<b>ACQUISITION COSTS</b>					
Balance, January 1, 2023	90,688	614,624	1,075,000	-	1,780,312
Additions	-	13,515	500,000	-	513,515
<b>Balance, September 30, 2023</b>	<b>90,688</b>	<b>628,139</b>	<b>1,575,000</b>	<b>-</b>	<b>2,293,827</b>
<b>EXPLORATION AND EVALUATION COSTS</b>					
Balance, January 1, 2023	622,451	175,923	899,509	-	1,697,883
Assaying	19,627	-	-	-	19,627
Drilling	706,352	-	-	-	706,352
Engineering and consulting	594,060	11,821	25,684	-	631,565
Field expenses	601,158	7,289	-	-	608,447
Maintenance, claim fees	360,964	3,371	-	-	364,335
Staking	78,284	-	-	-	78,284
<b>Balance, September 30, 2023</b>	<b>2,982,896</b>	<b>198,404</b>	<b>925,193</b>	<b>-</b>	<b>4,106,493</b>
<b>Total costs</b>	<b>3,073,584</b>	<b>826,543</b>	<b>2,500,193</b>	<b>-</b>	<b>6,400,320</b>

**Surge Battery Metals Inc.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2023 and 2022**  
**(Expressed in Canadian dollars - Unaudited)**

**6. EXPLORATION AND EVALUATION PROPERTIES (continued)**

Exploration and evaluation properties includes the following amounts for the year ended December 31, 2022:

	Nevada North Lithium Project USA	San Emidio Lithium Project USA	Nickel Project Canada	Quatse Lake Project Canada	Total
	\$	\$	\$	\$	\$
<b>ACQUISITION COSTS</b>					
Balance, January 1, 2022	78,879	157,028	1,075,000	163,457	1,474,364
Additions	11,809	614,624	-	-	626,433
Impairment	-	(157,028)	-	(163,457)	(320,485)
<b>Balance, December 31, 2022</b>	<b>90,688</b>	<b>614,624</b>	<b>1,075,000</b>	<b>-</b>	<b>1,780,312</b>
<b>EXPLORATION AND EVALUATION COSTS</b>					
Balance, January 1, 2022	178,455	-	-	100,290	278,745
Assaying	12,819	-	154,800	-	167,619
Drilling	125,449	-	84,976	-	210,425
Engineering and consulting	37,719	48,693	66,640	-	153,052
Field expenses	186,646	72,821	593,093	15,000	867,560
Maintenance, claim fees	81,363	54,409	-	-	135,772
Impairment	-	-	-	(115,290)	(115,290)
<b>Balance, December 31, 2022</b>	<b>622,451</b>	<b>175,923</b>	<b>899,509</b>	<b>-</b>	<b>1,697,883</b>
<b>Total costs</b>	<b>713,139</b>	<b>790,547</b>	<b>1,974,509</b>	<b>-</b>	<b>3,478,195</b>

**Nevada North Lithium Project**

On June 28, 2021, the Company acquired 38 mineral claims in Northern Nevada. The terms of the mineral claim acquisition was:

- (a) Make a cash payment to the vendor in the amount of \$15,129 (US\$12,000) (paid) upon signing of the agreement; and
- (b) Issue to the vendor 250,000 common shares of the Company upon acceptance of the agreement by the Exchange (issued with a fair value of \$63,750).

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**Notes to the Condensed Interim Consolidated Financial Statements**  
**For the three and nine months ended September 30, 2023 and 2022**  
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**6. EXPLORATION AND EVALUATION PROPERTIES (continued)**

**Nevada North Lithium Project**

On July 26 2023, the Company entered into a mineral property option and joint venture agreement (the “M3M Agreement”) with M3 Metals Corp. (“M3M”), a TSX Venture Exchange listed company. The M3M Agreement grants the Company the option to earn up to an 80% interest in and to 232 mineral claims held by M3M (“M3M Claims”) that are contiguous with the Company’s Nevada North Lithium Project. In accordance with the M3M Agreement, the Company can earn the 80% interest by making the following option payments:

- (a) to earn a 50% interest – pay \$500,000 (paid subsequently) and issue 2,000,000 common shares of the Company (issued subsequently);
- (b) to earn a further 20% interest – pay \$250,000, issue 2,000,000 common shares of the Company, and incur \$250,000 in exploration expenditures; and
- (c) to earn the remaining 10% interest – pay \$500,000 and issue 1,000,000 common shares of the Company.

The M3M Agreement has a term of five years and requires, upon its termination, that the Company and M3M enter into a joint venture should the Company earn the minimum 50% interest.

During the nine months ended September 30, 2023, the Company staked an additional 198 claims (year ended December 31, 2022 - 116 claims). As at September 30, 2023, the Company, together with the M3M Claims, controls 664 claims.

**San Emidio Lithium Project**

On September 16, 2021, and approved by the Exchange on September 23, 2021, the Company entered into an option agreement with Lithium Corp. (“Lithium”), whereby the Company may earn an undivided 80-per-cent interest in the existing San Emidio Desert lithium project that consists of 35 mineral claims located northeast of Reno, Nevada.

The terms of the acquisition were:

- (a) Make a cash payment to the vendor in the amount of \$64,820 (US\$50,000) (paid) and issue 200,000 common shares upon signing of the agreement (issued with a fair value of \$68,000);
- (b) US\$70,000 and US\$30,000 in common shares on or before September 23, 2022;
- (c) US\$70,000 and US\$30,000 in common shares on or before September 23, 2023;
- (d) US\$70,000 and US\$50,000 in common shares on or before September 23, 2024;
- (e) US\$70,000 and US\$70,000 in common shares on or before September 23, 2025; and
- (f) US\$70,000 and US\$90,000 in common shares on or before September 23, 2026.

On September 20, 2021, the Company issued 71,200 finder’s shares valued at \$24,208 in relation to the San Emidio Lithium Project.

During the year ended December 31, 2022, the option agreement with Lithium was terminated and its carrying value of \$157,028 was fully impaired.

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**6. EXPLORATION AND EVALUATION PROPERTIES (continued)**

**San Emidio Lithium Project (continued)**

During the year ended December 31, 2022, the Company entered into a property option agreement with Paul Lechler, John Van de Sand, David White and Darren Howe, whereby the company may earn an undivided 80-per-cent interest in 16 mineral claims comprising 640 acres located within Nevada's San Emidio desert. These lithium exploration claims, referred to as the Galt claim group, adjoin the company's previously held San Emidio desert lithium claims.

The proposed consideration for the undivided 80-per-cent interest in the Galt claim group is as follows:

- (a) Pay \$25,464 (US\$20,000) (paid) upon Exchange approval which occurred in March 2022;
- (b) Issue 1,000,000 restricted common shares of the Company upon Exchange approval, which shares shall vest and be released as follows: 25 per cent released upon exchange approval and 25 per cent released each three-month period thereafter (issued with a fair value of \$130,000) (Note 7);
- (c) Issue 4,000,000 warrants, whereby each warrant will entitle the optionors to purchase one additional common share of the Company with an exercise price of \$0.30 per share for a period of five years from exchange approval and vesting on the same schedule as the restricted shares (issued with a fair value of \$459,160) (Note 7); and
- (d) Pay US\$10,000 each year on the anniversary of Exchange approval of the transaction for five years. As at September 30, 2023, the Company has paid \$13,514 (US\$10,000).

Furthermore, the Company must incur a minimum in expenditures for exploration and development work on the property of US\$1 million as follows:

- (a) US\$100,000 of expenditures on or before March 2023 (incurred);
- (b) A cumulative total of US\$250,000 of expenditures on or before March 2024;
- (c) A cumulative total of US\$450,000 of expenditures on or before March 2025;
- (d) A cumulative total of US\$700,000 of expenditures on or before the March 2026; and
- (e) A cumulative total of US\$1,000,000 of expenditures on or before March 2027.

**Nickel Project**

On July 7, 2021, the Company entered into an option agreement with Grid Battery Metals Inc. ("Grid") (formerly Nickel Rock Resources Inc.), whereby the Company could acquire an 80-per-cent interest in claims in the Mount Sidney Williams area, located in Northern British Columbia. The transaction was a related party transaction due to officers in common between Nickel Rock Resources Inc. and the Company at the time of the transaction (Note 8).

Under the terms of the agreement, the Company would earn an 80-per-cent interest in the property by issuing 5,000,000 common shares on closing (issued with a fair value of \$1,075,000) and incurring \$200,000 in exploration expenditures over a two-year period (incurred). A portion of the property is subject to a pre-existing 2.0-per-cent NSR held by an arm's-length third party.

On March 31, 2023, the Company entered into a second option agreement with Grid whereby the Company may acquire the remaining 20% interest in the mineral claims. The transaction was a related party transaction, as Grid had officers in common with the Company at the time of the transaction, and was subject to Exchange approval. The consideration payable for acquiring the remaining interests in the mining claims was 1,000,000 common shares of the Company (issued with a fair value of \$500,000) (Notes 7 and 8).

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**6. EXPLORATION AND EVALUATION PROPERTIES (continued)**

**Quatse Lake**

On October 17, 2019 the Company entered into a property option agreement to acquire a 100% interest in three mineral claims known as the Caledonia, Cascade and Bluebell, subject to a 2-per-cent NSR. The claims are located in the Nanaimo mining district of northern Vancouver Island. 80,000 shares (issued with a fair value of \$2,800) were issued as a finder's fee.

The terms of the option agreement are:

- (a) By making cash payments to the Optionor as follows:
  - (i) \$10,000 upon Exchange approval (paid);
  - (ii) \$10,000 on the first anniversary of Exchange approval (paid);
  - (iii) \$15,000 on the second anniversary of Exchange approval (paid);
  - (iv) \$20,000 on the third anniversary of Exchange approval; and
  - (v) \$45,000 cash on the fourth anniversary of Exchange approval.
  
- (b) Completing the issuance to the Optionor of 100,000 fully paid and non-assessable common shares in the capital of the Optionee (the "Consideration Shares") as follows:
  - (i) 20,000 Consideration Shares upon receipt of Exchange approval (issued with a fair value of \$9,800);
  - (ii) 20,000 Consideration Shares on or before the one year anniversary of Exchange approval (200,000 issued with a fair value of \$16,000);
  - (iii) 20,000 Consideration Shares on or before the two year anniversary of Exchange approval (200,000 issued with a fair value of \$74,000);
  - (iv) 20,000 Consideration Shares on or before the three year anniversary of Exchange approval; and
  - (v) 20,000 Consideration Shares on or before the four year anniversary of Exchange approval.
  
- (c) Incurring cumulative minimum expenditures of \$200,000 in exploration expenditures on the property on or before the four year anniversary of Exchange Approval.

On November 1, 2019, the Company entered into a purchase and sale agreement with John Malcolm Bell ("Vendor") to acquire four mineral claims comprising 1,786 hectares located near Quatse Lake, in the Nanaimo Mining Division of British Columbia. The Company made a cash payment of \$3,657 upon signing the agreement and issued the 100,000 fully paid and non-assessable common shares with a fair value of \$22,200 to the Vendor upon acceptance of the agreement by Exchange during the 2019 fiscal year.

During the year ended December 31, 2022, all of the option agreements were terminated and its carrying value of \$278,747 was fully impaired.

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**7. SHARE CAPITAL**

**Authorized share capital**

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

**Share issuances**

*Private Placements*

- On January 17, 2023, the Company issued 2,412,360 units at \$0.25 per unit for gross proceeds of \$603,090. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share at \$0.3 per share until January 17, 2028. The Company also incurred finder fees of \$32,000 in cash and issued 141,545 common shares with a fair value of \$35,387.
- On March 17, 2023, the Company issued 2,000,000 units at \$0.25 per unit for gross proceeds of \$500,000. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share at \$0.30 per share until March 17, 2028. The Company also incurred finder fees of 117,232 common shares with a fair value of \$29,308.
- On March 27, 2023, the Company issued 1,632,328 units at \$0.25 per unit for gross proceeds of \$408,082. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share at \$0.30 per share until March 27, 2028. The Company also incurred finder fees of \$11,500 in cash and issued 200,000 common shares with a fair value of \$50,000.
- On April 18, 2023, the Company issued 7,000,000 units at \$0.20 per unit for gross proceeds of \$1,400,000. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at an exercise price of \$0.24 per share until April 18, 2028.
- On June 9, 2023, the Company issued 13,400,000 units at \$0.40 per unit for gross proceeds of \$5,360,000. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at an exercise price of \$0.55 per share until June 9, 2026. Additionally, the Company allocated \$2,948,000 to reserves representing the value of the warrants issued.
- On June 19, 2023, the Company issued 4,500,000 units at \$0.40 per unit for gross proceeds of \$1,800,000. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at an exercise price of \$0.55 per share until June 19, 2026. Additionally, the Company allocated \$540,000 to reserves representing the value of the warrants issued.

*Exploration and Evaluation Property Acquisition*

- On March 25, 2022, the Company issued 1,000,000 restricted common shares with a fair value of \$130,000 in accordance with an option agreement for the San Emidio Project. The shares will vest and be released as follows: 25 per cent released upon Exchange approval and 25 per cent released each three-month period thereafter. The shares will be issued pro rata as to 25 per cent to each individual optionor (Note 6).
- On June 14, 2023, the Company issued 1,000,000 common shares with a fair value of \$500,000 in accordance with an option agreement for the Nickel Project (Note 6).

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**7. SHARE CAPITAL (continued)**

**Share issuances (continued)**

*Service agreement*

- On March 25, 2022, the Company issued 150,000 common shares with a fair value of \$40,500 in relation to service agreement entered by the Company.

*Issuance and Exercise of Share Options*

- During the nine months ended September 30, 2023, the Company issued 9,063,000 common shares for cash proceeds of \$1,128,780 for the following share option exercises: 5,063,000 share options at an exercise price of \$0.06 for proceeds of \$303,780; 1,500,000 share options at an exercise price of \$0.05 for proceeds of \$75,000; and 2,500,000 share options at an exercise price of \$0.30 for proceeds of \$750,000. The Company transferred \$2,016,435 from reserves to share capital upon exercise of these share options.
- During the year ended December 31, 2022, the Company issued 3,000,000 common shares related to the exercise of 3,000,000 options at exercise price of \$0.05 for proceeds of \$150,000.

*Issuance and Exercise of Warrants*

- During the nine months ended September 30, 2023, the Company issued 11,654,165 common shares for cash proceeds of \$1,578,111 for the following warrant exercises: 7,770,833 warrants with an exercise price of \$0.08 for proceeds of \$621,667; 322,222 warrants with an exercise price of \$0.18 for proceeds of \$58,000; 1,111,110 warrants with an exercise price of \$0.22 for proceeds of \$244,444; 1,350,000 warrants with an exercise price of \$0.24 for proceeds of \$324,000; and 1,100,000 warrants with an exercise price of \$0.30 for proceeds of \$330,000. The Company transferred \$30,843 from reserves to share capital upon exercise of these warrants.
- During the year ended December 31, 2022, the Company issued 4,311,000 common shares for cash proceeds of \$500,445. The Company received \$34,002 for warrants exercised during the year ended December 31, 2022 which the related common shares were issued after the year ended December 31, 2022.

**Share options**

In July 2023, the Company adopted a new Equity Incentive Plan whereby the Company can grant 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 5% (previously 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 market price of the Company's shares and the maximum term of the options is ten years. The aggregate number of options granted to any one consultant or investor relation service provider in a 12-month period is limited to 2% of the issued shares of the Company.

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**7. SHARE CAPITAL (continued)**

**Share options (continued)**

During the nine months ended September 30, 2023, the Company granted the following share options:

- 3,000,000 share options exercisable at \$0.30 with an expiry date of January 3, 2028 (vested immediately). The options were valued at \$1,061,723 using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 3.34%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 140.84%.
- 1,500,000 share options exercisable at \$0.25 with an expiry date of April 21, 2028 (vested immediately). The options were valued at \$332,956 using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 3.10%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 138.62%.
- 600,000 share options exercisable at \$0.27 with an expiry date of May 1, 2028 (vested immediately). The options were valued at \$137,957 using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 3.10%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 138.08%.
- 3,000,000 share options exercisable at \$0.55 with an expiry date of July 25, 2028 (vested immediately). The options were valued at \$1,319,904 using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 3.93%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 136.77%.
- 1,500,000 share options exercisable at \$0.60 with an expiry date of August 15, 2028 (vested immediately). The options were valued at \$698,720 using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 4.10%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 136.85%.

During the year ended December 31, 2022, the Company granted the following share options:

- 4,500,000 share options exercisable at \$0.05 with an expiry date of August 17, 2027 (vested immediately). The options were valued at \$206,505 using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 3.05%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 152.20%.
- 220,000 share options exercisable at \$0.06 with an expiry date of September 7, 2027 (vested immediately). The options were valued at \$16,359 using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 3.30%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 152.20%.

During the year ended December 31, 2022, the Company cancelled 2,500,000 stock options issued on August 13, 2021 and amended the terms of the remaining stock options issued during the year ended December 31, 2021 (new exercise price is \$0.06 and the maturity date is September 7, 2027). The Company recognized during the year ended December 31, 2022 additional share-based payment of \$60,015 for the modification.

During the nine months ended September 30, 2023, the Company recorded share-based compensation of \$3,551,260 (September 30, 2022 – recovery of \$229,048) in relation to share options.

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**7. SHARE CAPITAL (continued)**

**Share options (continued)**

The following is a continuity schedule of the Company's share option activities:

	Number of Options	Weighted average exercise price	Weighted average share price on exercise
		\$	\$
Balance, December 31, 2021	7,343,000	0.15	
Granted	4,720,000	0.05	
Exercised	(3,000,000)	0.05	0.06
Cancelled/Expired	(2,500,000)	0.06	
Balance, December 31, 2022	6,563,000	0.06	
Granted	9,600,000	0.40	
Exercised	(9,063,000)	0.12	0.52
<b>Balance, September 30, 2023</b>	<b>7,100,000</b>	<b>0.43</b>	

The following table summarizes the share options outstanding and exercisable as at September 30, 2023:

Number of options outstanding and exercisable	Exercise price	Remaining life	Expiry date
	\$	(years)	
500,000	0.30	4.27	January 3, 2028
1,500,000	0.25	4.56	April 21, 2028
600,000	0.27	4.59	May 1, 2028
3,000,000	0.50	4.82	July 25, 2028
1,500,000	0.60	4.88	August 15, 2028
<b>7,100,000</b>			

**Share purchase warrants**

During the year ended December 31, 2021, the Company issued 4,000,000 purchase warrants with a fair value \$459,160 in connection to property option agreement for the San Emidio Project (Note 6). The warrants were valued at \$459,160 using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 2.49%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 154.98%.

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**7. SHARE CAPITAL (continued)**

**Share purchase warrants (continued)**

The following is a continuity schedule of the Company's share purchase warrant activities:

	Number of warrants	Weighted average exercise price
		\$
Balance, December 31, 2021	16,151,388	0.10
Granted	4,000,000	0.30
Exercised	(4,311,112)	0.08
Balance, December 31, 2022	15,840,276	0.15
Granted	30,944,688	0.43
Exercised	(11,654,165)	0.14
<b>Balance, September 30, 2023</b>	<b>35,130,799</b>	<b>0.40</b>

The following table summarizes the share purchase warrants outstanding and exercisable as at September 30, 2023:

Number of warrants outstanding	Exercise price \$	Remaining life (years)	Expiry date
347,222	0.22	0.21	December 15, 2023
88,888	0.18	0.21	December 15, 2023
2,200,001	0.08	2.35	February 3, 2026
13,400,000	0.55	2.70	June 9, 2026
4,500,000	0.55	2.72	June 19, 2026
4,000,000	0.30	3.49	March 25, 2027
1,532,360	0.30	4.30	January 17, 2028
2,000,000	0.30	4.47	March 17, 2028
1,412,328	0.30	4.50	March 27, 2028
5,650,000	0.24	4.56	April 18, 2028
<b>35,130,799</b>			

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**7. SHARE CAPITAL (continued)**

**Flow-Through Premium Liability**

The following is a continuity schedule of the liability portion of the flow-through share issuances:

	\$
Balance, December 31, 2021	179,861
Settlement pursuant to qualified expenditures	(174,904)
Balance, December 31, 2022	4,957
Settlement pursuant to qualified expenditures	(4,957)
<b>Balance, September 30, 2023</b>	<b>-</b>

As at September 30, 2023, the Company has \$nil (December 31, 2022 - \$25,490) remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

**Restricted Share Units (“RSUs”)**

In July 2023, the Company adopted an equity incentive plan for its directors, officers, and employees, under which it is authorized to grant a maximum of 7,109,714 RSUs under the incentive plan. Upon vesting, at the Company’s discretion, the holder of an RSU award can receive (i) one common share, (ii) the equivalent cash payment based on the market price of the common share on settlement date, or (iii) a combination of common shares and equivalent cash payment.

During the nine months ended September 30, 2023, the Company granted the following RSUs:

- 6,609,000 RSUs to certain directors, officers, and consultants of the Company with a fair value of \$3,502,770. The RSUs will vest 1/3 on August 14, 2024, 1/3 on August 14, 2025, and 1/3 on August 2026.

During the nine months ended September 30, 2023, the Company recorded share-based compensation of \$269,370 in relation to RSUs.

The following is a continuity schedule of the Company’s RSU activities:

	Number of RSUs
Balance, December 31, 2022	-
Granted	6,609,000
<b>Balance, September 30, 2023</b>	<b>6,609,000</b>

The following table summarizes the RSUs outstanding and exercisable as at September 30, 2023:

Number of RSUs	Remaining life (years)	Vesting Date
2,203,000	0.88	August 15, 2024
2,203,000	1.88	August 15, 2025
2,203,000	2.88	August 15, 2026
<b>6,609,000</b>		

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**7. SHARE CAPITAL (continued)**

**Performance Share Units (“PSUs”)**

In July 2023, the Company adopted an equity incentive plan for its directors, officers, and employees, under which it is authorized to grant a maximum of 7,109,714 PSUs under the incentive plan. Upon vesting, at the Company’s discretion, the holder of an PSU award can receive (i) one common share, (ii) the equivalent cash payment based on the market price of the common share on settlement date, or (iii) a combination of common shares and equivalent cash payment.

During the nine months ended September 30, 2023, the Company granted the following PSUs:

- 6,609,000 PSUs to certain directors, officers, and consultants of the Company with a fair value of \$3,502,770. The PSUs will vest as follows: (i) 1/3 on completion of a resource calculation for the Corporation's Nevada North Lithium Project in the form of an NI 43-101 technical report filed on the Corporation's issuer profile on SEDAR; (ii) 1/3 on completion of a preliminary economic assessment for the Corporation's Nevada North Lithium Project in the form of an NI 43-101 technical report filed on the Corporation's issuer profile on SEDAR; and (iii) 1/3 on the Company listing on a senior exchange such as the TSX after the first two performance goals have been reached. All unvested PSUs will expire August 14, 2028

During the nine months ended September 30, 2023, the Company did not record any share-based compensation in relation to PSUs.

The following is a continuity schedule of the Company’s PSU activities:

	<b>Number of RSUs</b>
Balance, December 31, 2022	-
Granted	6,609,000
<b>Balance, September 30, 2023</b>	<b>6,609,000</b>

**8. RELATED PARTY TRANSACTIONS**

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel. All related party transactions are recorded at the amount agreed to by the Company and the related party.

In May 2023, the Company entered into Independent Contractor Services Agreements with the President, CEO, and director of the Company and GKM Holdings Ltd., a company controlled by the Chairman and director of the Company, to provide management consulting services to the Company. The agreements require monthly payments of \$20,000. Included in each agreement is a provision for a one year pay-out (\$240,000) in the event of a termination without notice and a provision for a two year pay-out (\$480,000) in the event of a change of control. In August 2023, the Company amended the agreements to increase the monthly fees to \$30,000 resulting in the one-year payout increasing to \$360,000 and the two-year payout increasing to \$720,000.

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**8. RELATED PARTY TRANSACTIONS (continued)**

In May 2023, the Company entered into an Independent Contractor Services Agreement with IMEX Consultants Inc., a company controlled by a director of the Company, to provide management consulting services to the Company. The agreement requires quarterly payments of US\$25,000. Included in the agreement is a provision for a one year pay-out (US\$100,000) in the event of a termination without notice and a provision for a two year pay-out (US\$200,000) in the event of a change of control.

During the nine months ended September 30, 2023, the Company incurred rent, included in office and administrative, of \$7,500 (September 30, 2022 - \$nil) to a Company with common directors.

During the nine months ended September 30, 2023 and the year ended December 31, 2022, the Company signed property option agreements for the Nickel Project with Grid, a company with certain former officers in common with the Company, (Note 6). As at September 30, 2023, the Company owed Grid \$13,349 (December 31, 2022 - \$13,349) which is non-interest bearing with no set terms of repayment and is included in trade and other payables (December 31, 2022 - due to related parties).

As at September 30, 2023, the Company owed \$525 (December 31, 2022 - \$5,246) to directors, officers, and companies with common directors and officers of the Company for reimbursement of expenses and accrued fees which are included in trade and other payables.

As at September 30, 2023, the Company had \$160,000 (December 31, 2022 - \$nil) in prepaid expenses to a Company with common directors.

A summary of key management personnel compensation is as follows:

	<b>For the nine months ended</b>	
	<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Consulting and management fee	837,008	139,592
Professional fees	-	19,196
Share-based compensation	2,047,761	222,864
	<b>2,884,769</b>	<b>381,652</b>

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**9. FINANCIAL INSTRUMENTS & RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, short-term investments, sales taxes receivable, trade and other payables, and due to related party. The fair value of short-term investments, sales taxes receivable, trade and other payables, and due to related party approximates their carrying values. Cash and cash equivalents is measured at fair value using level 1 inputs.

The Company is exposed to risks of varying degrees of significance from its use of financial instruments which could affect its ability to achieve its strategic objectives for growth and stakeholder returns. The principal risks to which the Company is exposed, and the actions taken to manage them, are described below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The risks associated with the Company's financial instruments and the policies on how to mitigate these risks are set out below.

*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 such as interest rate risk.

*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 short-term investments held with chartered Canadian financial institutions. This risk is considered minimal.

*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 and short-term investments. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. This risk is considered minimal.

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**9. FINANCIAL INSTRUMENTS & RISK MANAGEMENT (continued)**

*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 balances. The Company continuously monitors both actual and forecasted cash flows and matches the maturity profile of financial assets and liabilities. As at September 30, 2023, the Company had a cash balance of \$5,768,093 to settle current liabilities of \$787,310. Liquidity risk is assessed as low

*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. As at September 30, 2023, the Company had net liabilities of US\$148,752 which equates to total net liabilities of \$201,113. A 10% fluctuation in the foreign exchange rate against the Canadian dollar would result in a foreign exchange gain/loss of approximately \$20,000. Currency risk is assessed as low.

**10. CAPITAL DISCLOSURES**

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

- Advance the Company's corporate strategies to create long-term value for its stakeholders;
- Sustain the Company's operations and growth throughout metals and materials cycles; and
- 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 monitors its cash balance. The balance of cash as at September 30, 2023 was \$5,768,093 (December 31, 2022 - \$1,020,621). 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 nine months ended September 30, 2023.

# Surge Battery Metals Inc.

## Notes to the Condensed Interim Consolidated Financial Statements For the three and nine months ended September 30, 2023 and 2022 (Expressed in Canadian dollars - Unaudited)

### 11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the nine months ended September 30,	
	2023	2022
	\$	\$
<b>Supplemental cash-flow disclosure:</b>		
Interest paid	-	-
Income taxes	-	-
<b>Supplemental non-cash disclosure:</b>		
Shares issued for exploration and evaluation assets	500,000	130,000
Shares issued for finder's fees	114,694	-
Warrants issued for exploration and evaluation assets	-	353,320
Reclassification of value of share options exercised	2,016,435	-
Reclassification of value of warrants exercised	30,843	-
Reclassification of warrants issued under private placements	3,544,323	-
Share subscriptions applied	34,000	-
Reclassification of due to related party to trade payables	13,349	-
Exploration and evaluation expenditures in trade and other payables	323,827	-

### 12. SEGMENTED INFORMATION

The Company's only business activity is exploration and development of exploration and evaluation properties carried out in Canada and USA (Note 6).

### 13. SUBSEQUENT EVENTS

- In October 2023, the Company entered into two mineral property purchase agreements to purchase a total of 25% of the mineral rights to private lands, comprised of four parcels totaling 880 acres, situated in the Company's existing North Nevada Lithium Project ("Private Lands").

The first agreement (the "Wilkins Family Agreement") requires the Company to make the following cash payments and share issuances:

- (a) a cash deposit of US\$50,000;
- (b) issuance of 1,250,000 common shares of the Company upon TSX-V approval of the agreement; and
- (c) a cash payment of US\$150,000 upon the Company entering into an agreement to purchase the surface rights to the Private Lands ("Surface Agreement").

The second agreement (the "Y3-II Agreement") requires the Company to make the following cash payments and share issuances:

- (a) a cash deposit of US\$8,250;
- (b) issuance of 300,000 common shares of the Company upon TSX-V approval of the agreement; and
- (c) a cash payment of US\$24,750 upon the Company entering into a Surface Agreement.

# **Surge Battery Metals Inc.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

**For the three and nine months ended September 30, 2023 and 2022**

**(Expressed in Canadian dollars - Unaudited)**

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### **13. SUBSEQUENT EVENTS (continued)**

The vendors of the Wilkins Family Agreements and the Y3-II Agreement will retain a 3% royalty on production on the Private Lands which is not payable until the Company enters into the Surface Agreement. The Company has the right for five years to purchase one-half of the royalty for \$975,000.

- Subsequent to September 30, 2023, the Company issued 88,888 common shares for cash proceeds of \$16,000 for the exercise of 88,888 share purchase warrants with an exercise price of \$0.18.