



# **Surge Battery Metals Inc.**

## **Management's Discussion and Analysis**

**For the Three and Nine Months Ended September 30, 2023**

The following management discussion and analysis ("MD&A") should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes thereto for the three and nine months ended September 30, 2023 and 2022 (the "Interim Financial Statements") and the consolidated financial statements of the Company and notes thereto for the years ended December 31, 2022 and 2021 (the "Annual Financial Statements") of Surge Battery Metals Inc. (the "Company" or "Surge"). Results have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are reported in Canadian dollars unless otherwise indicated. All information contained in this MD&A is current as of November 29, 2023, unless otherwise stated.

For further information on the Company reference should be made to the Company's public filings which are available on SEDAR website ([www.sedarplus.ca](http://www.sedarplus.ca)) and on the Company's website ([www.surgebatterymetals.com](http://www.surgebatterymetals.com)).

Unless the context suggests otherwise, references to the "Company" or "we", "us", "our" or similar terms refer to Surge Battery Metals Inc.

## **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

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This MD&A may contain certain statements that may be deemed "forward-looking statements". All statements in this document, other than statements of historical fact, which address events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "interprets" and similar expressions, or events or conditions that "will", "would", "may", "could" or "should" occur. Forward-looking statements in this document include statements regarding future exploration programs, joint venture partner participation, liquidity and effects of accounting policy changes.

Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory or governmental approvals and general economic, market or business conditions. Readers are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates, opinions or other factors should change except as required by law.

These statements are based on a number of assumptions including, among others, assumptions regarding general business and economic conditions, the timing of the receipt of regulatory and governmental approvals for the transactions described herein, the ability of the Company and other relevant parties to satisfy stock exchange and other regulatory requirements in a timely manner, the availability of financing for the Company's proposed transactions and exploration and development programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. The foregoing list of assumptions is not exhaustive. Events or circumstances could cause results to differ materially.

## **DESCRIPTION OF BUSINESS**

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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 with the main focus on exploration for high value battery metals required for the electric vehicle (“EV”) market. The Company 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.

### **Current Period Key Highlights**

In January 2023, the Company announced it had engaged Plutus Bridge Capital to provide public relations services to the Company.

In March 2023, the Company announced it had engaged Triomphe Holdings Ltd. (dba Capital Analytica) to provide on-going social media consultation regarding engagement and enhancement, social sentiment reporting, social engagement reporting, discussion forum monitoring and reporting, corporate video dissemination, and other related investor relations services.

In April 2023, the Company announced it had entered into a second option agreement to acquire the remaining 20% interest in the Nickel Project. In June 2023, this option agreement closed resulting in the Company owning 100% of the Nickel Project.

In April 2023, the Company announced the appointment of Mr. Graham Harris, B.A. to its Board of Directors and in June 2023, Mr. Harris was appointed Chairman of the Company.

In May 2023, the Company announced the appointment of Mr. Iain Scarr, B.Sc. MBA to its Board of Directors.

In May 2023, the Company announced it had engaged TD Media LLC (dba Life Water Media LLC) to help raise online marketing awareness and to provide a comprehensive digital marketing campaign for the Company. Additionally, in regards to the Company’s Nevada North Lithium Project, the Company announced it had retained McGinley & Associates to provide hydrologic services and BGC Engineering to delineate the potential resources on the property.

In June 2023, the Company announced the appointment of Mr. Ted O’Connor to its Board of Directors. Additionally, the Company appointed Braden Jensen as CFO upon the resignation of Robert Guanzon.

In June 2023, the Company announced it had staked an additional 60 claims for the Nevada North Lithium Project.

In July 2023, the Company announced the appointment of Dr. Vijay Mehta to its Board of Directors following the resignation of Robert Culbert.

In July 2023, the Company announced it had 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 July 2023, the Company staked an additional 138 claims for the Nevada North Lithium Project.

In August 2023, the Company announced it had engaged Kautz Environmental Consultants Inc. to provide services relating to cultural resource impacts at the Company’s Nevada North Lithium Project.

In September 2023, the Company announced it had engaged process consultants, Kemetco Research, Inc., to undertake end-to-end process testing and trials in order to identify and test the optimum flow sheet for the Nevada North Lithium Project.

Refer to the Summary of Exploration Activities for details of the Company's exploration and evaluation projects.

### **Completed Financings**

During the nine months ended September 30, 2023, the Company completed the following 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.
- 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.

### **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.

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.

- In November 2023, the Company announced that it had engaged Rangefront Geological to perform detailed soil sampling at the Company's Nevada North Lithium Project.
- 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.

## **SUMMARY OF EXPLORATION ACTIVITIES**

The total cumulative acquisition and exploration and evaluation expenditures for the Company's current project at September 30, 2023 is summarized as follows:

	<b>Nevada North Lithium Project</b>	<b>San Emidio Lithium Project</b>	<b>Nickel Project</b>	
	<b>USA</b>	<b>USA</b>	<b>Canada</b>	<b>Total</b>
	\$	\$	\$	\$
<b>ACQUISITION COSTS</b>				
Additions	90,688	785,167	1,575,000	2,614,312
Impairment	-	(157,028)	-	(320,485)
<b>Balance, September 30, 2023</b>	<b>90,688</b>	<b>628,139</b>	<b>1,575,000</b>	<b>2,293,827</b>
<b>EXPLORATION AND EVALUATION COSTS</b>				
Assaying	33,457	-	154,800	188,257
Drilling	831,801	-	84,976	916,777
Engineering and consulting	631,779	60,514	92,324	784,617
Field expenses	933,676	80,110	593,093	1,722,169
Maintenance, claim fees	442,327	57,780	-	500,107
Staking	109,856	-	-	109,856
Impairment	-	-	-	(115,290)
<b>Balance, September 30, 2023</b>	<b>2,982,896</b>	<b>198,404</b>	<b>925,193</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>6,400,320</b>

For the nine months ended September 30, 2023, the Company incurred \$2,922,125 in acquisition and exploration expenditures compared to incurring \$1,162,683 in exploration expenditures during the nine months ended September 30, 2022.

## **Current Projects**

### **Nevada North Lithium Project, USA**

The company owns a 100% interest in 432 mineral claims located in Elko County, Nevada. The Nevada North Lithium Project is in the Granite Range southeast of Jackpot, NV, about 73 km north-northeast of Wells, NV. The target is a Thacker Pass type lithium clay deposit in volcanic tuff and tuffaceous sediments of the Humboldt Formation and Cougar Point Tuff package. The project area was first identified in public domain stream sediment geochemical data with follow-up sediment sampling and geologic reconnaissance returning assay results for lithium ranging to 1,900 ppm.

On June 28, 2021, the Company acquired 38 mineral claims in Northern Nevada by making a cash payment to the vendor in the amount of \$15,129 (US\$12,000) upon signing of the agreement and issuing to the vendor 250,000 common shares (issued with a fair value of \$63,750) of the Company upon acceptance of the agreement by the Exchange.

During the year ended December 31, 2022, the Company staked additional 116 claims. During the nine months ended September 30, 2023, the Company staked an additional 198 claims.

In July 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.

As at September 30, 2023, the Company, together with the M3M Claims, controls 664 claims which covers about 55,180 hectares (13,635 acres or 551 square kilometres).

Starting in late 2021 through December 2022, a total of 1543 soils samples had been collected from the property. These samples carried lithium values ranging from 5.1 to 5,120 parts per million (0.51 per cent). Significant results included 121 greater than 1,000 parts per million lithium. The main zone of highly anomalous lithium values extends about 2,300 metres north-south and about 650 meters east-west with three other smaller zones of strongly anomalous values.

Samples were collected from the nominal B horizon with standard sampling methods, and both bagged and stored in the crew camp until they were transported to Elko for storage in the locked Rangefront warehouse in Elko. The Company's project geologist and qualified person retrieved the samples from the warehouse, inserted quality control samples into the sample stream and delivered the samples to the ALS Global sample preparation facility in Elko. These samples were screened to minus 180 microns (80 mesh) and analyzed by a four-acid digestion and ICP-MS (ALS method ME-MS61). Standards and blanks were inserted on about one per 20 samples (5 per cent). Results for the quality assurance/quality control samples were very good with a maximum of 6-per-cent variation from the mean.

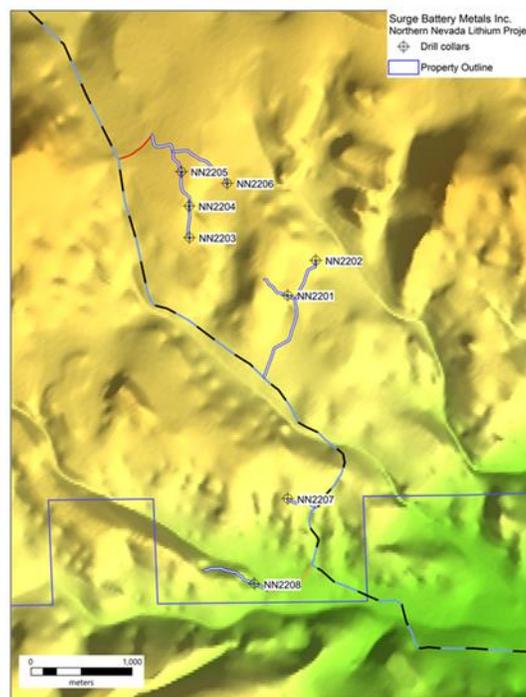
Surge drilled eight reverse circulation holes at NNLP September – October 2022. All holes encountered anomalous lithium values and six of the holes cut significant intervals of mineralization. Results from the final holes extend the strike length of the mineralization to 1,620 meters from NN2205 on the northeast to NN2208 on the southwest. Width of the mineralization is not as well determined since the holes are mostly on a north-south alignment because of topography and access but is at least 400 meters and soil anomalies indicate it is likely more.

**Surge Battery Metals Inc.**  
**Management's Discussion and Analysis of Financial Results**  
**For the three and nine months ended September 30, 2023**

<b>Hole ID</b>	<b>From ft</b>	<b>To ft</b>	<b>From M</b>	<b>To M</b>	<b>Thickness ft</b>	<b>thickness M</b>	<b>Avg Li ppm</b>
NN2201	0	55	0	16.76	55	16.76	3826
NN2201	95	140	28.95	42.67	45	13.72	2958
NN2201	165	225	50.29	68.58	60	18.29	2388
				total	160	48.77	3042
NN2202	0	10	0	3.05	10	3.05	2065
NN2202	50	65	15.24	19.81	15	4.57	1295
				total	25	7.62	1603
NN2203	5	120	1.52	36.57	120	35.05	4008
NN2203	170	200	51.81	60.96	30	9.15	3210
NN2203	235	250	71.62	76.2	15	4.58	1480
				total	165	48.78	3621
NN2204	0	100	0	30.48	100	30.48	3929
NN2204	135	170	41.15	51.81	35	10.66	2563
NN2204	210	215	64	65.53	5	1.53	1500
				total	140	42.67	3501
NN2205	0	115	0	35.05	115	35.05	4000
NN2205	155	190	47.24	57.91	35	10.67	2020
NN2205	220	240	67.05	73.15	20	6.1	2216
				total	170	51.82	3383
NN2206	0	20	0	6.1	20	6.1	1590
NN2206	50	85	15.24	25.91	35	10.67	2479
				total	55	16.77	2155
NN2207	35	145	10.67	44.2	110	33.53	4092
NN2207	170	220	51.82	67.06	50	15.24	4081
NN2207	245	435	74.68	132.59	190	57.91	3884
NN2207	465	510	141.73	155.45	45	13.72	3676
				total	395	120.4	3943
NN2208	0	75	0	22.86	75	22.86	3621
NN2208	85	250	25.91	76.2	165	50.29	3207
NN2208	275	290	83.82	88.39	15	4.57	1780
				total	180	54.86	3088

**Surge Battery Metals Inc.**  
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Hole ID	From ft	To ft	From M	To M	Thickness ft	thickness M	Avg Li ppm
NN2207	35	145	10.67	44.2	110	33.53	4092
NN2207	170	220	51.82	67.06	50	15.24	4081
NN2207	245	435	74.68	132.59	190	57.91	3884
NN2207	465	510	141.73	155.45	45	13.72	3676
					395	120.4	
NN2208	0	75	0	22.86	75	22.86	3621
NN2208	85	250	25.91	76.2	165	50.29	3207
NN2208	275	290	83.82	88.39	15	4.57	1780
					180	54.86	



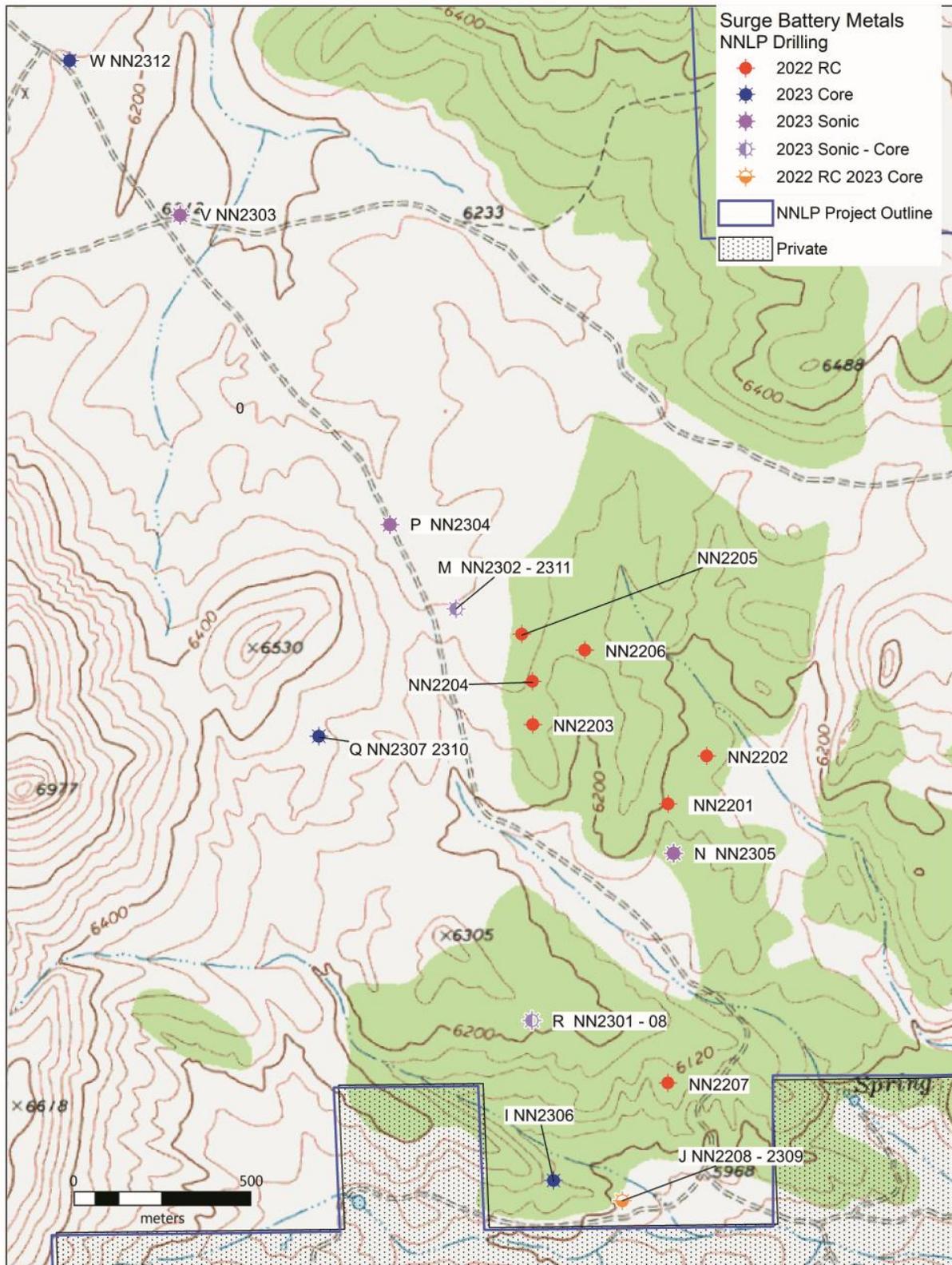
In August of 2023, Surge drilled an additional five Sonic Core holes on the property followed by six diamond core holes in September and early October.

Results of these holes expanded the footprint of the mineralization an additional 1.6 km to the north and confirmed an approximate width of about 650 meters. The table below shows the assay results received through November 20, 2023. As of the date of this report, assays are still pending for holes NN2311 and NN2312.

Four of the diamond holes were drilled from the same sites as other holes to explore deeper than the original hole and to calibrate between different types of drilling (sonic core and reverse circulation). NN2308 was drilled on the site of sonic core hole NN2301. Diamond core hole NN2309 was drilled on the site of reverse circulation site NN2308. Diamond core hole NN2310 was drilled from the same site as diamond hole NN2307 but at a 50° dip at an azimuth of 90° (due east). Diamond hole 2311 was drilled on the site of sonic core hole NN2302. Except for hole NN2310, all holes were vertical.

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**Management's Discussion and Analysis of Financial Results**  
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<b>Hole ID</b>	<b>From ft</b>	<b>To ft</b>	<b>interval Ft</b>	<b>From m</b>	<b>To M</b>	<b>interval M</b>	<b>Li ppm</b>
NN2301	27.5	107.5	80.0	8.4	32.8	24.4	4939
NN2301	147.5	177.5	30.0	45.0	54.1	9.1	3758
NN2301	207.5	220.0	12.5	63.3	3.8	3.8	2284
NN2301	227.5	245.0	17.5	69.3	74.7	5.3	2591
NN2301		Total	140.0			42.7	4155
NN2302	67.5	177.5	110.0	20.6	54.1	33.5	4043.636364
NN2302	237.5	260.0	22.5	72.4	79.2	6.9	2343
NN2302		Total	135.0			40.4	3712
NN2303	2.5	5.0	2.5	0.8	1.5	0.8	1210
NN2303	10.0	12.5	2.5	3.1	3.8	0.8	1210
NN2303	257.5	327.5	70.0	78.5	99.8	21.3	3063
NN2303		Total	75.0			22.9	2939
NN2304	70.0	167.5	97.5	21.3	51.1	29.7	3840
NN2304	227.5	237.5	10.0	69.3	72.4	3.0	2132
NN2304		Total	107.5			32.8	3681
NN2305	0.0	62.5	62.5	0.0	19.1	19.1	3437
NN2305	92.5	142.5	50.0	28.2	43.4	15.2	3226
NN2305	175.0	207.5	32.5	53.3	63.2	9.9	2081
NN2305	215.0	260.0	45.0	65.5	79.2	13.7	2308
		Total	217.5			57.9	2882



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The table below shows all the Surge drill holes on the NNLN property.

Hole ID	Site ID	UTM X	UTM Y	Elev M	Depth M	Depth Ft	azimuth	dip	Type
NN2201	G	703328	4618024	1889	82.3	270	0	-90	RC
NN2202	E	703437	4618160	1883	91.5	300.2	0	-90	RC
NN2203	D	702947	4618249	1906	91.5	300.2	0	-90	RC
NN2204	C	702946	4618371	1913	91.5	300.2	0	-90	RC
NN2205	A	702916	4618504	1917	91.5	300.2	0	-90	RC
NN2206	B	703093	4618459	1905	76.2	250	0	-90	RC
NN2207	H	703328	4617237	1860	160.1	525.3	0	-90	RC
NN2208	J	703199	4616907	1824	91.5	300.2	0	-90	RC
NN2301	R	702944	4617416	1894	82.29	270	0	-90	sonic
NN2302	M	702730	4618578	1915	83.82	275	0	-90	sonic
NN2303	V	701953	4619689	1893	106.67	350	0	-90	core
NN2304	P	702544	4618816	1911	91.44	300	0	-90	sonic
NN2305	N	703343	4617888	1877	79.24	260	0	-90	sonic

**San Emidio Lithium Project, USA**

San Emidio Lithium Project, located 60 miles Northeast of Reno in the San Emidio Desert, Washoe County, Nevada and covers about 5,525 acres (2,235 Ha). The Company has a Property Option Agreement to earn an undivided 80% interest in 16 minerals claims comprising 640 acres. The Company owns a 100% interest in 663 ha (1,640 acre) property in the Teels Marsh Playa Mineral County, Nevada.

On September 16, 2021, and approved by the Exchange on September 23, 2021, the Company entered into an option agreement with Lithium Corp., 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.

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);
- (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); 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).

Previous mineral exploration on the Galt claim group includes 51 playa sediment samples collected for chemical analysis at ALS Geochemistry in Vancouver, B.C. Results of aqua regia leaching of the samples show 68 parts per million to 852 parts per million lithium (mean 365 parts per million), 5.3 parts per million to 201 parts per million cesium (mean 72 parts per million) and 35 parts per million to 377 parts per million rubidium (mean 180 parts per million). Results from two seven-foot-deep auger holes show lithium, cesium and rubidium concentrations in the range of 143.5 parts per million to 773 parts per million lithium, 56.8 parts per million to 102.5 parts per million cesium and 155 parts per million to 272 parts per million rubidium.

### **Nickel Project, Canada**

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).

The Surge Nickel Project consists of two non-contiguous mineral claims groups, the HN4 and N100, altogether consisting of six mineral claims. HN4 is in the Mount Sidney Williams area covering 1863 hectares immediately south of and adjacent to the Decar Project and the N100 is in the Mitchell Range area, covering 8659 hectares, both located in Northern British Columbia. Three of the claims are subject to 2% NSR, including the (HN4 claim and the two southernmost claims of the N100 claims).

The exploration stage project is in the Trembleur Lake area of central British Columbia, partially adjacent to FPX Nickel Corp.'s Decar Nickel Project, which is an advanced project targeting awaruite, a nickel-iron alloy mineral, hosted by serpentinitized ultramafic intrusive rocks of the Trembleur Ultramafic Unit

On September 22, 2022 Surge completed the first stage of a planned \$440,000 detailed geological mapping, soil, and rock sampling survey on the Nickel Project.

The Surge geological team has collected 304 rock samples while conducting geological and structural mapping on the Ni100 block. Earlier in May and June 2022, crews collected approximately 600 soil and 190 rock samples from the HN4 mineral claim adjoining the southwest portion of the Decar nickel project of FPX Nickel Corp.

A four-person exploration team was on-site at the Ni100 claim group for approximately 14 days of helicopter accessed exploration from nearby camps. The work program targeted a dozen airborne magnetic anomalies that are coincident with mapped ultramafic units. Much of the rock samples consisted of the Trembleur Ultramafic sequence with varying degrees of serpentinization. Multiple minfiles exists across the property with numerous samples returning greater than 2,000 ppm (parts per million) nickel. Work undertaken in 2021 by Grid included 54 rock samples taken, with 41 of the samples exceeding 1,500 ppm Ni.

#### Ni100 Claims

Results from the 2021 and 2022 exploration work program on the Ni100 property confirm initial indications from the 2021 program that the magnetic response seen in the QUEST – West airborne magnetic data is associated with nickel-chromium bearing ultramafic rocks of the Trembleur Ultramafic Unit. Prospecting along this feature consistently produced magnetic ultramafic rocks with elevated nickel-chromium values and DTR Ni values. Of the 304 rock samples collected in 2022, 197 of them returned values greater than 1500 ppm Ni.

Magnetic separation via DTR was performed on 197 samples high in nickel to determine the proportion of nickel mineralized as iron-nickel alloys such as awaruite. Values ranged from 0 to 0.087% DTR Ni with 69 of the samples grading over 0.03%. The most promising location is in the NW corner of Area 4 where six samples graded over 0.05% DTR Ni within an area of 0.25 km<sup>2</sup>.

The 2022 program was successful in identifying numerous locations of nickel alloy bearing ultramafic rocks. These results, coupled with the kilometre scale magnetic anomalies, of which all the higher-grade samples are within, provide ample potential for the discovery of significant amounts of disseminated awaruite mineralization within the property.

#### Hard Nickel 4 Claims

Exploration results from the 2021 and 2022 work conducted on the Hard Nickel 4 claim reaffirm the presence of nickel-chromium bearing ultramafic rocks associated within magnetic features identified in regional geophysics. Northwest-trending magnetic features appear to be associated with tabular, southwest dipping ultramafic units which returned high nickel and chromium in soil and rock samples. Rock sampling and prospecting confirmed the existence of serpentinized ultramafic rocks exhibiting weak to strong magnetic response and returned elevated nickel and chromium values. Davis Tube analysis of select rocks successfully identified magnetic minerals as a source for some of the nickel contained within the ultramafic rocks.

Follow up mineralogical studies are recommended to determine the exact mineralogy and morphology of magnetic nickel bearing minerals is recommended as a next step.

Past exploration has primarily targeted listwanite hosted gold mineralization, however, recent work suggests nickel-chromium within serpentinized peridotite may present a viable target. Future work should focus on determining the extent of the geochemical trend and the extent of the prospective Trembleur Ultramafic Unit.

Diamond drilling on the Hard Nickel 4 property produced positive results. Hole HN4-22-01 returned an interval of 0.058% DTR Ni over 96 meters. Hole HN4-22-02 returned the most positive results with 0.105% DTR Ni from 276 m to 297 m (over 21 meters) and ending in mineralization. As this interval was taken at the bottom of the hole, it is possible that magnetic nickel concentrations over 0.1% DTR Ni continue with depth. Hole HN4-22-03 returned moderate results with an interval of 0.054% DTR Ni over 26.25m at the top of the hole.

**Surge Battery Metals Inc.**  
**Management's Discussion and Analysis of Financial Results**  
**For the three and nine months ended September 30, 2023**

<b>BHID</b>	<b>From</b>	<b>To</b>	<b>Width</b>	<b>Ni (%)</b>	<b>DTR Ni%</b>
<b>HN4-22-01</b>	158	297	139	0.194	0.045
<i>including</i>	158	254	96	0.201	0.058
<i>also including</i>	160	194	34	0.195	0.062
<i>and</i>	213	254	41	0.211	0.061
<b>HN4-22-02</b>	15	30	15	0.2	0.049
<i>including</i>	204	297	93	0.201	0.053
<i>also including</i>	222	246	24	0.188	0.051
<i>and</i>	276	297	21	0.226	0.105
	282	297	15	0.231	0.119
<b>HN4-22-03</b>	33.75	60	26.25	0.22	0.054

**Previous Projects**

**Quatse Lake, Canada**

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.

## Qualified Person Statement

“Summary of Exploration Activities” and “Subsequent Events” sections of this MD&A have been reviewed and approved for technical content by Jeremy Hanson, P. Geo. and Alan J. Morris, CPG (Certified Professional Geologist), independent consulting geologists and Qualified Person under the provisions of NI 43-101.

## SELECTED QUARTERLY FINANCIAL INFORMATION

As at September 30, 2023, the Company was listed on the TSX Venture Exchange and the OTCQB Venture Market, subsequently upgraded to the OTCQX Best Markets®. The Company has not recorded any revenues, and depends upon share issuances to fund its administrative and exploration expenses. See the summary of results, below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenues	-	-	-	-
Operating expenses	(3,418,135)	(167,830)	(6,303,526)	(1,255,719)
Other items	86,656	-	98,756	1,076
Loss and comprehensive loss for the period	(3,331,479)	(167,830)	(6,204,770)	(1,254,643)
Basic and diluted net loss per common share	(0.02)	(0.00)	(0.05)	(0.01)
Exploration and evaluation assets	6,400,320	2,915,792	6,400,320	2,915,792
Total assets	15,968,207	5,170,592	15,968,207	5,170,592
Total long-term liabilities	-	-	-	-
Working capital (deficiency)	8,780,577	1,927,712	8,780,577	1,927,712
Dividends per share	-	-	-	-

The Company's current projects are at the exploration and development stages and have not generated any revenues.

At September 30, 2023, the Company had not yet achieved profitable operations and had accumulated losses of 30,699,758 (December 31, 2022 – \$24,494,988) since inception. The net losses for the three months ended September 30, 2023 and 2022 resulted in a net loss per share of \$0.02 and 0.00, respectively, while the net losses for the nine months ended September 30, 2023 and 2022 resulted in a net loss per share of \$0.05 and \$0.01, respectively.

At September 30, 2023, the Company has no continuing source of operating revenues. The Company has not paid any dividends on its common shares nor does it have any present intention of paying dividends on its common shares, as it anticipates that all available funds for the foreseeable planning horizon will be invested to finance its business activities, primarily the development of its exploration projects.

## **SUMMARY OF QUARTERLY RESULTS**

Below is a summary of the Company's last eight quarterly results, selected from financial statements prepared under International Financial Reporting Standards:

	<b>2023 Q3</b>	<b>2023Q2</b>	<b>2023 Q1</b>	<b>2022 Q4</b>	<b>2022 Q3</b>	<b>2022 Q2</b>	<b>2022 Q1</b>	<b>2021 Q4</b>
	<b>Sep 30, 2023</b>	<b>Jun 30, 2023</b>	<b>Mar 31, 2023</b>	<b>Dec 31, 2022</b>	<b>Sep 30, 2022</b>	<b>Jun 30, 2022</b>	<b>Mar 31, 2022</b>	<b>Dec 31, 2021</b>
	<b>\$</b>							
Net Sales / Revenue	-	-	-	-	-	-	-	-
Comprehensive Loss for the quarter	3,331,479	1,568,817	1,304,474	1,718,170	167,830	275,211	811,602	583,938
Diluted Income (Loss) per share	(0.02)	(0.01)	(0.01)	(0.02)	(0.00)	(0.00)	(0.01)	(0.11)

## **RESULTS OF OPERATIONS**

The table below details the significant changes in administrative expenditures for the quarter ended September 30, 2023 as compared to the quarter September 30, 2022.

<b>Expenses</b>	<b>Increase / Decrease in Expenses</b>	<b>Explanation for Change</b>
Consulting and management fees	Increase of \$319,903	Increased due to the hiring of additional members of management in 2023 Q2 quarter.
Marketing	Increase of \$62,489	Increased due to the engagement of two marketing/investor relation firms during 2023 Q1 and one firm in 2023 Q2.
Professional fees	Increase of \$183,936	Increased legal fees due to increased corporate and exploration activity.
Share-based compensation	Increase of \$2,517,042	Increased due to the Company granting share options and RSUs in the current quarter. Additionally, the comparative quarter included the cancellation of previously issued share options.
Travel, lodging, and food	Increase of \$179,359	Increased due to increased corporate and exploration activity.

In addition to the above, the Company reported the following variations from the quarter ended September 30, 2023 as compared to the quarter ended September 30, 2022:

- an increase of \$82,690 in interest income earned as the Company had a higher cash balance during the current quarter as compared to the comparative quarter.

The table below details the significant changes in administrative expenditures for the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022.

<b>Expenses</b>	<b>Increase / Decrease in Expenses</b>	<b>Explanation for Change</b>
Consulting and management fees	Increase of \$820,885	Increased due to the hiring of additional members of management during the current period.
Marketing	Decrease of \$283,869	Decreased as the Company decreased its marketing initiatives in the current period..
Share-based compensation	Increase of \$4,049,678	Increased due to the Company granting share options and RSUs in the current period. Fewer share options and no RSUs were granted during the comparative period. Additionally, the comparative period included the cancellation of previously issued share options
Travel, lodging, and food	Increase of \$192,468	Increased due to increased corporate and exploration activity.

In addition to the above, the Company reported the following variations from the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022:

- an increase of \$93,799 in interest income earned as the Company had a higher cash balance during the current quarter as compared to the comparative quarter.

## **LIQUIDITY AND CAPITAL RESOURCES**

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As at September 30, 2023 the Company had cash of \$5,768,093 compared to \$1,020,621 as at December 31, 2022 and working capital of \$8,780,577 as compared to \$949,350, respectively. The Company expects to fund its liabilities and its acquisition, exploration, and operational activities over the next fiscal year with cash on hand and from cash received from the issuance of equity securities, primarily through private placements and the exercise of share options and warrants.

The increase in cash of \$4,747,472 during the nine months ended September 30, 2023 was primarily a result of the Company closing several private placements in 2023 and receiving funds from the exercise of share options and warrants. The increase in cash was offset by the funding of general administrative expenses and exploration activities.

From time to time the Company works to raise additional capital through private placements and other forms of equity financing. Its ability to fund exploration projects is dependent upon its ability to obtain sufficient funding for operations and is ultimately dependent on the recoverability of the amounts capitalized to mineral exploration properties. The Company has not yet determined whether its mineral properties contain mineral reserves that are economically recoverable, and accordingly, the success of any further exploration or development prospects cannot be assured. Because the Company is not yet a producer, the primary source of future funds is through the sale of additional equity capital and optioning of resource properties. There is no assurance that the Company will be successful in raising sufficient capital to meet its obligations. If it is not successful in raising sufficient capital, it may have to curtail or otherwise limit operations. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

## **COMMITMENTS AND CONTINGENCIES**

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The Company has no material or significant commitments or contingencies, not disclosed elsewhere, as at September 30, 2023 or the date of this report

## **OFF BALANCE SHEET TRANSACTIONS**

The Company has no off-balance-sheet transactions as at September 30, 2023 or the date of this report.

## **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 Greg Reimer, the President, CEO, and director of the Company, and GKM Holdings Ltd., a company controlled by Graham Harris, 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.

In May 2023, the Company entered into an Independent Contractor Services Agreement with IMEX Consultants Inc., a company controlled by Iain Scarr, 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.

The following details the transactions with related parties:

	<b>For the nine months ended</b>	
	<b>September 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Consulting and management fees:		
Greg Reimer	265,000	33,592
GKM Holdings Ltd.	320,000	-
IMEX Consultants Inc.	106,219	-
Artemiswest Corporate Services Inc., a Company controlled by Renata Kubicek, Corporate Secretary of the Company	36,289	61,000
Robert Guanson, former CFO	29,500	45,000
American Lithium Corp. a company with common directors	80,000	-
Professional fees:		
MacDonald Tuskey, a company controlled by a former director	-	19,196
Share-based compensation	2,047,761	222,864
Rent included in office and administrative		
Millennial Potash Corp.	7,500	-
	<b>2,892,269</b>	<b>381,652</b>

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. 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 due to related party.

As at September 30, 2023, the Company owed \$525 (December 31, 2022 - \$5,246) to 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 for an invoice from American Lithium Corp.

## **CONTROLS AND PROCEDURES**

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The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this MD&A.

Based on this assessment, it was determined that certain weaknesses may exist in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where potential weaknesses existed. The existence of these potential weaknesses is to be compensated for by senior management monitoring which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and workload will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports. In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), Surge utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109.

In particular, the certifying officers filing a Venture Issuer Basic Certificate do not make any representations relating to establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP ("IFRS").

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of Surge's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided securities legislation.

## **RISK FACTORS**

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The mineral industry involves significant risks. In addition to the risk factors described elsewhere in this MD&A, the risk factors that should be taken into account in considering Surge's business include, but are not limited to, those set out below. Any one or more of these risks could have a material adverse effect on the future prospects of the Company and the value of its securities.

## **Industry and Mineral Exploration Risk**

Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that the Company's exploration efforts will be successful. At present, Surge's projects do not contain any proven or probable reserves. Success in establishing reserves is a result of a number of factors, including the quality of the project itself. Substantial expenditures are required to establish reserves or resources through drilling, to develop metallurgical processes, and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Because of these uncertainties, no assurance can be given that planned exploration programs will result in the establishment of mineral resources or reserves.

The Company may be subject to risks that could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks. Surge attempts to balance these risks through insurance programs where required and ongoing risk assessments conducted by its technical team.

## **Commodity Prices**

Surge is in the business of exploring for base and precious metals, the market prices of which can fluctuate widely. Metal prices ultimately depend on demand in the end markets for which metals are used. Demand is affected by numerous factors beyond the Company's control, including the overall state of the economy, general level of industrial production, interest rates, the rate of inflation, and the stability of exchange rates, any of which can cause significant fluctuations in metals prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of metals has fluctuated widely in recent years and there are no assurances as to what will be the future prices of base and precious metals. In the course of its current operations, the Company does not enter into price hedging programs.

## **Environmental**

Exploration projects and operations are subject to the environmental laws and applicable regulations of the jurisdiction in which Surge operates. Environmental standards continue to evolve and the trend is to a longer, more complete and rigid process. The Company reviews environmental matters on an ongoing basis. If and when appropriate, the Company will make appropriate provisions in its financial statements for any potential environmental liability.

## **Reliance upon Key Personnel**

The Company is dependent upon a number of key management and operational personnel, including the services of certain key employees. Its ability to manage activities, and hence its success, will depend in large part on the efforts of these individuals. During times when metals prices are strong, the Company faces intense competition for qualified personnel, and there can be no assurance that Surge will be able to attract and retain such personnel at any time. Surge does not maintain "key person" life insurance. Accordingly, the loss of the services of one or more of such key management personnel could have a material adverse effect on the Company.

## **Insurance**

Surge's insurance will not cover all the potential risks associated with its operations. In addition, although certain risks are insurable, it might be unable to maintain insurance to cover these risks at economically feasible premiums. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration is not generally available to Surge or to other companies in the mining industry on acceptable terms. The Company might also become subject to liability for pollution or other hazards that may not be insured against or that it may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

### **Requirements to Obtain Government Permits**

Government approvals and permits are currently required in connection with Surge's exploration activities, and further approvals and permits may be required in the future. The duration and success of the Company's efforts to obtain permits are contingent upon many variables outside of its control. Obtaining government permits may increase costs and cause delays depending on the nature of the activity to be permitted and the interpretation of applicable requirements implemented by the permitting authority. There can be no assurance that all necessary permits will be obtained and if obtained, that the costs involved will not exceed Surge's estimates or that it will be able to maintain such permits. To the extent such approvals are required and not obtained or maintained, the Company may be prohibited from proceeding with planned exploration or development of mineral properties.

### **Joint Ventures**

From time-to-time Surge may enter into one or more joint ventures. Any failure of a joint venture partner to meet its obligations could have a material adverse effect on such joint ventures. In addition, the Company might be unable to exert influence over strategic decisions made in connection with properties that are involved in such joint ventures.

### **Exploration Risks**

The exploration for and development of mineral deposits involves significant risks. Few properties that are explored are ultimately developed into producing mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

Even if the Company identifies and acquires an economically viable ore body, several years may elapse from the initial stages of development until production. As a result, it cannot be assured that Surge's exploration or development efforts will yield new mineral reserves or will result in any new commercial mining operations.

### **Mineral Property Title Risk**

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of the properties will not be challenged or impaired. Third parties may have valid claims underlying portions of Surge's interests, including prior unregistered liens, agreements, transfers or claims, including aboriginal land claims, and title may be affected by, among other things, undetected defects or unforeseen changes to the boundaries of Surge's properties by governmental authorities. As a result, the Company may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its properties. An impairment to or defect in the title to the Company's properties could have a material adverse effect on its business, financial condition or results of operations. In addition, such claims, whether or not valid, would involve additional cost and expense to defend or settle.

### **Potential for Conflicts of Interest**

Certain of the Company's directors and officers may also serve as directors or officers of other companies involved in natural resource exploration and development or other businesses and consequently there exists the possibility for such directors and officers to be in a position of conflict. Surge expects that any decision made by any of such directors and officers involving Surge will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of Surge and its shareholders, but there can be no assurance in this regard. In addition, each of the directors is required to declare and refrain from voting on any matters in which such director may have a conflict of interest or which are governed by the procedures set forth in applicable law.

## **Competition**

The resource exploration and development industry is highly competitive. Surge will have to compete with other companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of minerals claims and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Company and its prospects.

## **Litigation**

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

## **CRITICAL ACCOUNTING ESTIMATES**

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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.

### *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.

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.

#### *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.

## **ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED**

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

## **FINANCIAL INSTRUMENTS AND FINANCIAL RISK**

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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.

*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.

**DISCLOSURE OF DATA FOR OUTSTANDING COMMON SHARES, OPTIONS AND WARRANTS**

**Common Shares**

The Company has one class of common shares. Below is a summary of the common shares, share options, warrants, Restricted Share Units ("RSUs"), and Performance Share Units ("PSUs") issued and outstanding as at September 30, 2023 and the date of this report.

	<b>As at September 30, 2023</b>	<b>As at the date of this report</b>
Common shares	156,087,548	158,176,436
Share options	7,100,000	7,100,000
Warrants	35,130,799	35,041,911
RSUs	6,609,000	6,609,000
PSUs	6,609,000	6,609,000

**Share Options**

The Company has issued incentive options to certain directors, officers, and consultants of the Company. As of the date of this report, the following share options were outstanding.

<b>Number of options outstanding and exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>
	\$	
500,000	0.30	January 3, 2028
1,500,000	0.25	April 21, 2028
600,000	0.27	May 1, 2028
3,000,000	0.50	July 25, 2028
1,500,000	0.60	August 14, 2028
<b>7,100,000</b>		

## Warrants

As of the date of this report, the following warrants were outstanding.

<b>Number of warrants outstanding</b>	<b>Exercise price</b>	<b>Expiry date</b>
	<b>\$</b>	
347,222	0.22	December 15, 2023
2,200,001	0.08	February 3, 2026
13,400,000	0.55	June 9, 2026
4,500,000	0.55	June 19, 2026
4,000,000	0.30	March 25, 2027
1,532,360	0.30	January 17, 2028
2,000,000	0.30	March 17, 2028
1,412,328	0.30	March 27, 2028
5,650,000	0.24	April 18, 2028
<b>35,041,911</b>		

## RSUs

The Company has issued RSUs to certain directors, employees, officers, and consultants of the Company. As of the date of this report, the following tranches are outstanding:

<b>Number of RSUs Outstanding</b>	<b>Vesting Date</b>
2,203,000	August 14, 2024
2,203,000	August 14, 2025
2,203,000	August 14, 2026
<b>6,609,000</b>	

## PSUs

The Company has issued PSUs to certain directors, employees, officers, and consultants of the Company. As of the date of this report, the following tranches are outstanding:

<b>Number of PSUs Outstanding</b>	<b>Vesting Date</b>
2,203,000	Completion of a resource calculation of the Company's Nevada North Lithium Project in the form of a NI 43-101 technical report
2,203,000	Completion of a preliminary economic assessment of the Company's Nevada North Lithium Project in the form of a NI 43-101 technical report
2,203,000	Upon the Company listing on a senior exchange, such as the TSX, after the first two performance goals have been reached
<b>6,609,000</b>	

## **OTHER DISCLOSURES**

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Additional information relating to the Company may be found on or in:

- SEDAR at [www.sedarplus.ca](http://www.sedarplus.ca);
- the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2023 and 2022; and
- the Company's audited consolidated financial statements for the years ended December 31, 2022 and 2021.

This MD&A was approved by the Board of Directors of Surge Battery Metals Inc. effective November 29, 2023.