



**Condensed Consolidated Financial Statements**  
(unaudited – prepared by management)  
(expressed in Canadian dollars)

**For the Three Months Ended June 30, 2021 and 2020**

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim 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 consolidated interim 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 condensed consolidated interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Vancouver, B.C.  
August 23, 2021

**SURGE COPPER CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(unaudited – expressed in Canadian dollars)  
**As at June 30, 2021 and March 31, 2021**

	Note	As at June 30, 2021	As at March 31, 2021
<b>ASSETS</b>			
Current			
Cash and cash equivalents		\$ 14,943,546	\$ 3,274,777
GST receivable		202,608	114,423
Other receivable	6,10	-	23,030
Prepaid expenses		316,016	135,175
<b>Total Current Assets</b>		<b>15,462,170</b>	<b>3,547,405</b>
Exploration and evaluation costs	5,6	32,090,065	30,311,937
Right-of-use asset	8	10,955	21,909
Equipment and camp buildings	7	21,482	24,916
<b>Total Non-Current Assets</b>		<b>32,122,502</b>	<b>30,358,762</b>
<b>Total Assets</b>		<b>\$ 47,584,672</b>	<b>\$ 33,906,167</b>
<b>LIABILITIES</b>			
Current			
Trade and other payables	9	\$ 471,775	\$ 129,403
Flow-through premium liability	11	1,973,432	276,525
Current portion of lease liability	8	12,609	25,217
<b>Total Current Liabilities</b>		<b>2,457,816</b>	<b>431,145</b>
Lease obligation liability	8	-	-
Deferred income tax liability		1,514,000	1,514,000
<b>Total Non-Current Liabilities</b>		<b>1,514,000</b>	<b>1,514,000</b>
<b>Total Liabilities</b>		<b>3,971,816</b>	<b>1,945,145</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	59,541,513	48,151,688
Contributed surplus	11	9,950,618	8,169,534
Deficit		(25,879,275)	(24,360,200)
<b>Total Shareholders' Equity</b>		<b>43,612,856</b>	<b>31,961,022</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 47,584,672</b>	<b>\$ 33,906,167</b>
Corporate information and nature of operations	1		
Subsequent events	17		
Signed on behalf of the Board by:			
"Shane Ebert"	Director		
"Leif Nilsson"	Director		

See accompanying notes to the condensed consolidated interim financial statements.

**SURGE COPPER CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS**  
(unaudited - expressed in Canadian dollars)  
**For the Three Months Ended June 30, 2021 and 2020**

		For the three months ended June 30,	
	Note	2021	2020
<b>EXPENSES</b>			
Amortization	7,8	\$ 13,133	\$ 12,568
Consulting		46,635	3,000
Management and administration fees	10	131,950	35,350
Marketing and conferences		80,356	-
Office		13,050	9,944
Professional fees		5,465	3,500
Share-based payments	11	1,342,124	-
Shareholder communications		47,566	-
Transfer agent and filing fees		35,660	1,237
Travel and promotion		2,563	-
		(1,718,502)	(65,599)
<b>OTHER INCOME (EXPENSE):</b>			
Miscellaneous revenue		3,859	-
Rental income		6,600	-
Other income on realization of flow-through premium liability	11	188,968	-
<b>LOSS BEFORE INCOME TAXES</b>		(1,519,075)	(65,599)
<b>INCOME TAXES</b>		-	-
<b>NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		\$ (1,519,075)	\$ (65,599)
<b>LOSS PER SHARE - BASIC</b>			
		\$ (0.01)	\$ (0.00)
<b>LOSS PER SHARE - DILUTED</b>			
		\$ (0.01)	\$ (0.00)
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
		140,426,745	60,796,346

See accompanying notes to the condensed consolidated interim financial statements.

**SURGE COPPER CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(unaudited - expressed in Canadian dollars)  
**For the Three Months Ended June 30, 2021 and 2020**

	<b>For the Three Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (1,519,075)	\$ (65,599)
Items not affecting cash:		
Amortization	13,133	12,568
Flow-through share premium	(188,968)	-
Share-based payments	1,342,124	-
	(352,786)	(53,031)
Changes in non-cash working capital items:		
Taxes recoverable	(88,185)	(4,242)
Other receivable	23,030	-
Prepaid expenses	(180,841)	(73,125)
Trade and other payables	329,765	102,939
Cash used in operating activities	(269,017)	(27,459)
<b>INVESTING ACTIVITIES</b>		
Investment in exploration and evaluation assets	(1,419,873)	(112,566)
Cash used in investing activities	(1,419,873)	(112,566)
<b>FINANCING ACTIVITIES</b>		
Net proceeds from share issuance	13,357,659	268,407
Obligation to issue shares	-	55,200
Cash provided by financing activities	13,357,659	323,607
<b>NET INCREASE IN CASH</b>	<b>11,668,769</b>	<b>183,582</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD</b>	<b>3,274,777</b>	<b>35,045</b>
<b>CASH AND CASH EQUIVALENTS - END OF THE PERIOD</b>	<b>\$ 14,943,546</b>	<b>\$ 218,627</b>

See accompanying notes to the condensed consolidated interim financial statements.

**SURGE COPPER CORP.****CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(expressed in Canadian dollars)

**For the Three Months Ended June 30, 2021 and 2020**

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, April 1, 2020	59,458,659	\$ 35,649,889	\$ 4,649,100	\$ (18,557,108)	\$ 21,741,881
Issued for cash – non-flow through shares	4,508,500	270,510	-	-	270,510
Share issue costs	-	(2,103)	-	-	(2,103)
Net loss and comprehensive loss for the period	-	-	-	(65,599)	(65,599)
<b>Balance, June 30, 2020</b>	<b>63,967,159</b>	<b>\$ 35,918,296</b>	<b>\$ 4,649,100</b>	<b>\$ (18,622,707)</b>	<b>\$ 21,944,689</b>
Balance, April 1, 2021	133,192,134	\$ 48,151,688	\$ 8,169,534	\$ (24,360,200)	\$ 31,961,022
Issued for cash – non-flow through shares	4,445,000	2,000,250	-	-	2,000,250
Issued for cash – flow-through shares	21,100,000	12,013,875	-	-	12,013,875
Flow-through share premiums	-	(1,885,875)	-	-	(1,885,875)
Share purchase warrant exercises	1,416,600	240,822	-	-	240,822
Stock option exercises	190,000	27,000	-	-	27,000
Ootsa property acquisition shares	850,000	357,000	-	-	357,000
Share-based payments	-	-	1,342,124	-	1,342,124
Finder warrants issued	-	(438,959)	438,959	-	-
Share issue costs	-	(924,288)	-	-	(924,288)
Net loss and comprehensive loss for the period	-	-	-	(1,519,075)	(1,519,075)
<b>Balance, June 30, 2021</b>	<b>161,193,734</b>	<b>\$ 59,541,513</b>	<b>\$ 9,950,618</b>	<b>\$ (25,879,275)</b>	<b>\$ 43,612,856</b>

See accompanying notes to consolidated financial statements

## **SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2021 and June 30, 2020

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### **1. CORPORATE INFORMATION**

The Company is engaged principally in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties and attainment of profitable operations is principally dependent upon financing being arranged by the Company to continue operations, explore and develop the mineral properties and the discovery, development and sale of ore reserves.

The Company was incorporated under the Business Corporations Act of British Columbia by Certificate of Incorporation dated November 29, 1965. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol SURG-V, as a Tier 2 mining issuer.

The address of the Company's corporate office and principal place of business is Suite 888 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1G5.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

### **2. BASIS OF PREPARATION**

#### **(a) Statement of Compliance**

The condensed unaudited consolidated interim financial statements of the Company for the three months ending June 30, 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements have been prepared in full compliance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Accordingly, these unaudited condensed consolidated interim financial statements follow the same accounting principles and methods of application as the audited annual consolidated financial statements for the year ended March 31, 2021 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2021. Results for the period ended June 30, 2021, are not necessarily indicative of future results. These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 23, 2021.

#### **(b) Basis of Presentation and Measurement**

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis and include the accounts of the Company and its wholly-owned subsidiary, Ootsa Ventures Ltd. All material intercompany accounts and transactions have been eliminated.

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's and its subsidiary's functional currency.

## **SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2021 and June 30, 2020

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### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates remain unchanged from those set out in Note 4 of the audited Consolidated Financial Statements for the year ended March 31, 2021.

There have been no material revisions to the accounting policies reported in the Company's audited Consolidated Financial Statements for the Year Ended March 31, 2021.

#### **(a) Going Concern of Operations**

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. However, there are currently material uncertainties in respect to these assumptions which cast significant doubt as to the Company's ability to continue as a going concern. The Company has incurred losses since inception, has no recurring source of revenue and has an accumulated deficit of \$25,879,275 at June 30, 2021. The Company will need to raise sufficient funds in order to finance ongoing exploration, development and administrative expenses. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity.

#### **b) Significant Accounting Judgments, Estimates and Assumptions**

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.



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Notes to the Condensed Consolidated Interim Financial Statements  
(unaudited - expressed in Canadian dollars)  
For the Three Months ended June 30, 2021 and June 30, 2020

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### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's unaudited Condensed Consolidated Interim Financial Statements for the three months ended June 30, 2021.

### **5. RECLAMATION BONDS**

Included in Mineral Exploration and Evaluation Costs as at June 30, 2021, is the Company's aggregate reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of \$169,900 (March 31, 2021 - \$169,900).

The bonds cover the future site restoration costs with respect to the Seel and Ox Lake Claims, collectively known as the Ootsa Property. All or part of the \$169,900 can be recovered subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

The bonds have not been discounted from their future value because the Company estimates the bonds may be settled within 2 years and the discounting cost being considered immaterial. The Company believes that the amount of the bonds includes sufficient risk premium.

Recovery of the posted bonds remains subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

### **6. MINERAL PROPERTIES**

#### Ootsa Property, British Columbia

As at June 30, 2021, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of 136 mineral claims totalling 87,002.5 hectares.

Beyond claims acquired by staking, material transactions and royalty obligations in respect of this property are:

- 14 claims totalling 574.6 hectares, known as the Ox claims, are subject to a 2% Net Smelter Returns ("NSR") royalty. The purchase agreement with the vendor, Silver Standard Resources Inc., ("Silver") entitles the Company to purchase 50% of the 2% NSR from Silver at any time by the payment to Silver of \$500,000. The Company may purchase the remaining 1% NSR at any time by payment to Silver of an additional \$1,000,000. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.
- There are five claims totalling 3,450.4 hectares, known as the Seel claims, which are subject to a 1% NSR. The Company is entitled at any time to purchase 50% of this 1% NSR for \$1,000,000. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.

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Notes to the Condensed Consolidated Interim Financial Statements  
(unaudited - expressed in Canadian dollars)  
For the Three Months ended June 30, 2021 and June 30, 2020

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### **6. MINERAL PROPERTIES (continued)**

#### Ootsa Property, British Columbia (continued)

- Two additional claims known as the Swing claims (the “Captain Mine”) totalling 383.4 hectares, purchased in March 2014, are subject to a 2% NSR. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR from the vendor at any time by the payment to the vendor of \$500,000 or the Company may purchase the entire 2% NSR at any time by payment to the vendor of \$1,000,000.
- The Troitsa Peak claim totalling 211.3 hectares and purchased in December 2014 is subject to a 1% NSR, half of which can be bought back at any time by the Company for \$500,000.
- On August 5, 2016, the Company acquired one claim for total consideration of \$3,000, adding a total of 76.7 hectares.
- On April 1, 2021, the Company executed a definitive asset purchase agreement to acquire 100% interest in 1 mineral claim totalling 76.4 hectares in central British Columbia adjacent to the Company’s Berg property. Under the terms of the agreement the Company will issue 500,000 common shares to the vendor (issued April 22, 2021 – valued at \$210,000). The vendor will retain a 2.5% NSR. The Company shall have the right to buy-back 1.5% of the NSR for \$1.5 million.
- On April 5, 2021, the Company executed a definitive asset purchase agreement to acquire 100% interest in 2 mineral claims totalling 1,568.23 hectares in central British Columbia adjacent to the Company’s Berg/Ootsa property. Under the terms of the agreement the Company will issue 350,000 common shares to the vendor (issued April 22, 2021 – valued at \$147,000). The vendor will retain a 2% NSR. The Company shall have the right to buy-back 1% of the NSR for \$1.5 million and the remaining 1% for an additional \$2 million.

#### Auro Property, British Columbia

In March 2012, the Company sold all of its mineral interests known as the Auro and Auro South properties to New Gold Inc. Under the terms of the purchase agreement, the Company retained a 2% NSR on these properties.

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Notes to the Condensed Consolidated Interim Financial Statements  
(unaudited - expressed in Canadian dollars)  
For the Three Months ended June 30, 2021 and June 30, 2020

### **6. MINERAL PROPERTIES (continued)**

#### Berg Property, British Columbia

On December 15, 2020, the Company entered into a definitive option agreement to acquire a 70% interest in the Berg Property, 34,798 hectares in size and contiguous with the Ootsa Property, from Thompson Creek Metals Company Inc., a wholly owned subsidiary of Centerra Gold Inc. Under the terms of the option Surge must issue \$5 million in common shares of Surge and spend \$8 million on exploration, over a period of up to five years as outlined in the following table:

<b>Date for Completion</b>	<b>Value of Common Shares to be issued</b>	<b>Minimum Exploration Expenditures to be Incurred</b>
Within 5 days of the Approval Date	\$4,000,000 (6,825,939 common shares issued)	\$Nil
On or before the first anniversary of the Effective Date <sup>(1)</sup>	\$200,000	\$Nil
On or before the second anniversary of the Effective Date <sup>(1)</sup>	\$200,000	\$2,000,000 <sup>(2)</sup>
On or before the third anniversary of the Effective Date <sup>(1)</sup>	\$200,000	\$2,000,000
On or before the fourth anniversary of the Effective Date <sup>(1)</sup>	\$200,000	\$2,000,000
On or before the fifth anniversary of the Effective Date <sup>(1)</sup>	\$200,000	\$2,000,000
<b>Total</b>	<b>\$5,000,000</b>	<b>\$8,000,000</b>

(1) "Effective Date" means the date of the agreement, December 15, 2020.  
(2) \$1,000,000 of the expenditures are a firm commitment.

On December 21, 2020, the Company issued 6,825,939 common shares valued at an aggregate of \$4 million dollars.

#### British Columbia Mineral Tax Credits ("BCMETC")

The completion of certain qualified exploration costs by the Company entitles it to refundable tax credits as part of an exploration incentive plan offered by the Province of British Columbia. In May 2019 the Company filed a BCMETC claim with the Canada Revenue Agency seeking \$154,522 in qualified refundable tax credits for the year ended March 31, 2019, which has also been accrued and which is considered to be entirely collectible. In January 2020 the entire amount was received. No amount has been accrued for fiscal 2020 or 2021.

**SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2021 and June 30, 2020

**6. MINERAL PROPERTIES (continued)**

Expenditures on mineral property acquisition and deferred exploration and development costs for the three months ended June 30, 2021 and for the year ended March 31, 2021 are as follows:

**Three months ended June 30, 2021**

	<b>Ootsa Property</b>	<b>Berg Property</b>	<b>Total</b>
Property acquisition costs:			
Balance, beginning of the period	\$ 1,172,337	\$ 4,000,000	\$ 5,172,337
Cash costs	3,870	-	3,870
Shares issued	357,000	-	357,000
Balance, end of the period	1,533,207	4,000,000	5,533,207
Deferred exploration and evaluation costs:			
Balance, beginning of the period	25,134,691	4,909	25,139,600
Incurred during the period:			
Drilling	632,132	-	632,132
Barge	12,050	-	12,050
Geology	55,510	3,975	59,485
Field costs	182,687	47,940	230,627
Assaying	274,662	-	274,662
Travel	4,007	2,038	6,045
Camp costs	70,272	395	70,667
Fuel	44,718	-	44,718
Insurance	1,038	-	1,038
Wages and related expenses	85,834	-	85,834
Total expenditures during the period	1,362,910	54,348	1,417,258
Balance, end of the period	26,497,601	59,257	26,556,858
Total deferred costs, end of the period	\$ 28,030,808	\$ 4,059,257	\$ 32,090,065

**SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2021 and June 30, 2020

**6. MINERAL PROPERTIES (continued)****Fiscal 2021**

	<b>Ootsa Property</b>	<b>Berg Property</b>	<b>Total</b>
Property acquisition costs:			
Balance, beginning of the period	\$ 1,150,204	\$ -	\$ 1,150,204
Cash costs	22,133	-	22,133
Shares issued	-	4,000,000	4,000,000
Balance, end of the period	1,172,337	4,000,000	5,172,337
Deferred exploration and evaluation costs:			
Balance, beginning of the period	20,780,871	-	20,780,871
Incurred during the period:			
Drilling	2,355,726	-	2,355,726
Barge	144,502	-	144,502
Geology	49,827	-	49,827
Geophysics	165,360	-	165,360
Consulting fees – First Nations	50,000	-	50,000
Field costs	452,822	4,909	457,731
Assaying	289,104	-	289,104
Travel	14,046	-	14,046
Camp costs	231,112	-	231,112
Fuel	231,721	-	231,721
Insurance	3,131	-	3,131
Wages and related expenses	367,545	-	367,545
BCMETC	(1,076)	-	(1,076)
Total expenditures during the period	4,353,820	4,909	4,358,729
Balance, end of the period	25,134,691	4,909	25,139,600
Total deferred costs, end of the period	\$ 26,307,028	\$ 4,004,909	\$ 30,311,937

**SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2021 and June 30, 2020

**7. EQUIPMENT AND CAMP BUILDINGS**

	<b>Office Equipment</b>	<b>Camp Vehicles and Equipment</b>	<b>Camp Buildings/ Septic</b>	<b>Bridge</b>	<b>Total</b>
<b>Cost</b>					
Balance at March 31, 2020	\$ 41,992	\$ 122,575	\$ 178,838	\$ 32,855	\$ 376,260
Additions	-	12,500	-	-	12,500
Disposals	-	-	-	-	-
Balance at March 31, 2021	\$ 41,992	\$ 135,075	\$ 178,838	\$ 32,855	\$ 388,760
Additions	-	-	-	-	-
Disposals	-	(17,941)	-	-	(17,941)
Balance at June 30, 2021	\$ 41,992	\$ 117,134	\$ 178,838	\$ 32,855	\$ 370,819
<b>Depreciation and impairment</b>					
Balance at March 31, 2020	\$ 38,826	\$ 109,455	\$ 178,838	\$ 21,351	\$ 348,470
Additions	953	3,432	-	3,284	7,669
Disposals	-	-	-	-	-
Balance at March 31, 2021	\$ 40,447	\$ 116,639	\$ 178,838	\$ 27,920	\$ 363,844
Additions	117	1,241	-	821	2,179
Disposals	-	(16,686)	-	-	(16,686)
Balance at June 30, 2021	\$ 40,564	\$ 101,194	\$ 178,838	\$ 28,741	\$ 349,337
<b>Carrying amounts – NBV</b>					
At June 30, 2021	\$ 1,428	\$ 15,940	\$ -	\$ 4,114	\$ 21,482
At March 31, 2021	\$ 1,545	\$ 18,436	\$ -	\$ 4,935	\$ 24,916

**SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2021 and June 30, 2020

**8. RIGHT OF USE ASSET AND LEASE LIABILITY**

The Company has an office lease with terms running through September 2021. Upon transition to IFRS 16, the company recognized a right-of-use asset of \$109,541 and a lease liability of \$119,076. The lease liability was discounted using an estimated incremental borrowing rate of 4.25% per annum.

The continuity of the right-of-use asset for the three months ended June 30, 2021 is as follows:

	<b>Right-of-use asset</b>	
As at March 31, 2020	\$	65,725
Amortization		(43,816)
As at March 31, 2021	\$	21,909
Amortization		(10,954)
As at June 30, 2021	\$	10,955

Minimum lease payments in respect of lease liabilities and the effect of discounting as at June 30, 2021 are as follows:

	<b>Lease liability</b>	
Less than one year	\$	12,609
More than one year		-
As at June 30, 2021	\$	12,609

The continuity of the lease liability for the year ended June 30, 2021 is as follows:

	<b>Lease liability</b>	
As at March 31, 2020	\$	73,795
Principal payments		(48,578)
As at March 31, 2021	\$	25,217
Principal payments		(12,608)
As at June 30, 2021	\$	12,609

## **SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
(unaudited - expressed in Canadian dollars)  
For the Three Months ended June 30, 2021 and June 30, 2020

### **9. TRADE AND OTHER PAYABLES**

The Company's trade and other payables on June 30, 2021 and March 31, 2021 are as follows:

	<b>As at June 30, 2021</b>	<b>As at March 31, 2021</b>
Trade payables	\$ 425,025	\$ 114,803
Amount due to related parties	29,150	-
Accrued expenses	17,600	14,600
	<b>\$ 471,775</b>	<b>\$ 129,403</b>

Trade payables are comprised principally of amounts outstanding for trade purchases relating to exploration and general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

### **10. RELATED PARTY TRANSACTIONS**

During the three months ended June 30, 2021 the following amounts were paid. All comparative amounts are for the three months ended June 30, 2020.

- (a) Management wages and director fees of \$119,550 (2020 - \$29,700) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.
- (b) Administration fees of \$8,100 (2020 - \$4,500) were paid to Companies controlled by directors or officers of the Company.
- (c) Included in accounts payable and accrued liabilities at June 30, 2021 is \$29,150 (2020 - \$29,563) owing to the senior management and directors of the Company for unpaid management fees.

During the months ended June 30, 2021, the Company earned \$6,600 in office sublease revenue from a company with common officers.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors.

The Company incurred the following transactions with key management personnel and companies controlled by directors of the Company.



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Notes to the Condensed Consolidated Interim Financial Statements

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For the Three Months ended June 30, 2021 and June 30, 2020

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

	<b>For the three months ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Key management personnel compensation comprised of:		
Short term employee benefits:		
Professional fees – administration	\$ 8,100	\$ 4,500
Management and administration	119,550	29,700
	\$ 127,650	\$ 32,400
Share-based payments	1,000,710	-
	\$ 1,128,360	\$ 32,400

**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS**

- (a) Authorized: Unlimited number of common shares without par value.
- (b) Issued and fully paid:

	<b>Number of Shares</b>	<b>Amount</b>
Balance at March 31, 2020	59,458,659	\$ 35,649,889
Issued for cash – non flow through	8,354,654	770,510
Issued for cash – flow through	43,239,996	6,291,600
Exercise of share purchase warrants	13,857,886	2,045,841
Exercise of incentive stock options	1,005,000	111,350
Value of options exercised	-	90,307
Flow-through share premium	-	(832,400)
Exercise of agent warrants	450,000	67,500
Value of agent warrants exercised	-	69,732
Property acquisition	6,825,939	4,000,000
Less: share issue costs – cash	-	(112,641)
Balance – March 31, 2021	133,192,134	\$ 48,151,688
Issued for cash – non flow through	4,445,000	2,000,250
Issued for cash – flow through	21,100,000	12,013,875
Exercise of share purchase warrants	1,416,600	240,822
Exercise of incentive stock options	190,000	27,000
Flow-through share premium	-	(1,885,875)
Property acquisition	850,000	357,000
Finder warrants issued	-	(438,959)
Less: share issue costs – cash	-	(924,288)
Balance – June 30, 2021	161,193,734	\$ 59,541,513

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For the Three Months ended June 30, 2021 and June 30, 2020

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### **11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

#### (b) Issued and Fully Paid (continued)

##### Transactions during the Three Months Ended June 30, 2021

- i) On June 9, 2021, the Company completed a bought deal private placement for total gross proceeds of \$14,014,125, consisting of (i) 4,445,000 units (the “Units”) sold at a price of \$0.45 per Unit; (ii) 11,325,000 flow-through units (the “FT units”) sold at a price of \$0.53 per FT Unit; and (iii) 9,775,000 charity flow-through units (the “Charity FT Units”) sold at a price of \$0.615. Each Unit consists of one common share and one-half of one transferable common share purchase warrant (each whole such common share purchase warrant, a “Warrant”). Each FT Unit consists of one flow-through common share and one-half of one Warrant issued on a flow-through basis. Each Charity FT Unit consists of one charity flow-through common share and one-half of one Warrant issued on a flow-through basis. Each Warrant shall be exercisable into one additional common share for a period of twenty-four months at an exercise price of \$0.60 per Warrant.

The Company has paid a cash commission of \$737,989 and a fiscal advisory fee of \$42,858. In addition, the Company issued 1,339,085 broker warrants and 81,317 fiscal advisory warrants (collectively, the “Compensation Warrants”) to the Underwriters. Each Compensation Warrant is exercisable into one additional common share for a period of twenty-four months at an exercise price of \$0.45 per Warrant. On issuance, the Company has recognized a flow-through premium of \$1,885,875. All securities issued in connection with the Offering are subject to a hold period of four months and one day from closing of the Offering.

##### Transactions during the Year Ended March 31, 2021

- i) On June 3, 2020, the Company completed a non-brokered private placement comprised of 4,508,500 units at a purchase price of \$0.06 per unit for gross proceeds of \$270,510. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.09 at any time on or before June 3, 2023.
- ii) On July 6, 2020, the Company completed a non-brokered flow-through private placement comprised of 3,239,996 flow-through units at a purchase price of \$0.09 per unit for gross proceeds of \$291,600. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.12 at any time on or before July 6, 2023. On issuance, the Company has recognized a flow-through premium of \$32,400. In fiscal 2021, the Company has incurred \$291,600 in flow through expenditures resulting in a recovery recorded as other income of \$32,400.

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Notes to the Condensed Consolidated Interim Financial Statements

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For the Three Months ended June 30, 2021 and June 30, 2020

**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

## (b) Issued and Fully Paid (continued)

iii) On October 9, 2020, the Company completed a non-brokered non-flow through private placement comprised of 3,846,154 non-flow-through units at a purchase price of \$0.13 per unit for gross proceeds of \$500,000. Each unit consisted of one non-flow through common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.17 at any time on or before October 9, 2023. On issuance, the Company has recognized a flow-through premium of \$800,000. In fiscal 2021, the Company has incurred \$3,926,062 in flow through expenditures resulting in a recovery recorded as other income of \$523,475 and in the three months ending June 30, 2021, the Company incurred \$1,417,258 in flow through expenditures resulting in a recovery recorded as other income of \$188,968.

iv) On October 28, 2020, the Company completed a non-brokered flow-through private placement comprised of 40,000,000 flow-through units at a purchase price of \$0.15 per unit for gross proceeds of \$6,000,000. Each flow-through unit consisted of one flow-through common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional non-flow through common share at a price of \$0.17 at any time on or before October 28, 2023.

## (c) Share Purchase Warrants:

A continuity schedule of outstanding share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance at March 31, 2020	14,332,619	\$0.19
Issued – Unit Offering	4,508,500	\$0.09
Issued – Unit Offering	1,620,000	\$0.12
Issued – Unit Offering	3,846,154	\$0.17
Issued – Unit Offering	40,000,000	\$0.17
Expired	(2,050,000)	\$0.40
Expired	(200,000)	\$0.15
Exercised	(13,857,886)	\$0.15
Balance, March 31, 2021	48,199,387	\$0.16
Issued – Unit Offering	12,772,497	\$0.60
Exercised	(1,416,600)	\$0.17
Balance, June 30, 2021	59,555,284	\$0.26

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**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

As at June 30, 2021 outstanding share purchase warrants are:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,900,000	\$0.18	July 25, 2021
1,489,286	\$0.10	May 9, 2022
1,876,833	\$0.09	June 3, 2023
1,286,668	\$0.12	July 6, 2023
3,026,854	\$0.17	October 9, 2023
37,203,146	\$0.17	October 28, 2023
12,772,497	\$0.60	June 9, 2023
<u>59,555,284</u>		

(d) Agents' warrants

A continuity schedule of outstanding agents' warrants is as follows:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance at March 31, 2020	450,000	\$0.15
Exercised	(450,000)	\$0.15
Balance, March 31, 2021	-	-
Issued – Unit offering	1,420,402	\$0.45
Balance, June 30, 2021	1,420,402	\$0.45

As at June 30, 2021 outstanding share purchase warrants are:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,420,402	\$0.45	June 9, 2023
<u>1,420,402</u>		

(e) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise. 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

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Notes to the Condensed Consolidated Interim Financial Statements

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For the Three Months ended June 30, 2021 and June 30, 2020

**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

## (f) Stock options:

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant.

The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV).

Options may be granted for a maximum term of five years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated, share purchase options vest when granted.

A summary of the Company's option transactions for the three months ended June 30, 2021 and for the year ended March 31, 2021 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2020	3,523,000	\$0.13	1.54
Granted	7,965,000	\$0.69	
Exercised	1,005,000	\$0.11	
Expired / Cancelled	300,000	\$0.14	
Balance, March 31, 2021	10,183,000	\$0.57	3.88
Granted	3,125,000	\$0.42	
Exercised	(190,000)	\$0.14	
Balance, June 30, 2021	13,118,000	\$0.54	4.18

The weighted average share price of options exercised, as at the date of exercise, during the three months ended June 30, 2021 was \$0.14.

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Notes to the Condensed Consolidated Interim Financial Statements

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For the Three Months ended June 30, 2021 and June 30, 2020

**11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

(f) Stock options (continued):

As at June 30, 2021 outstanding vested stock options are:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,185,000	\$0.155	September 29, 2021
643,000	\$0.12	January 17, 2022
200,000	\$0.10	November 7, 2022
7,965,000	\$0.69	January 4, 2026
400,000	\$0.44	April 23, 2026
2,725,000	\$0.42	June 23, 2026
<b>13,118,000</b>		

The Black-Scholes model inputs for options granted during the year ended June 30, 2021 included:

<b>Grant Date</b>	<b>Expiry Date</b>	<b>Share Price At Grant Date</b>	<b>Exercise Price</b>	<b>Risk-Free Interest Rate</b>	<b>Expected Life</b>	<b>Volatility</b>	<b>Dividend Yield</b>
April 13, 2021	April 13, 2026	\$0.42	\$0.44	0.28	5 years	150.2%	0
June 23, 2021	June 23, 2026	\$0.40	\$0.42	0.43	5 years	148.3%	0

The Black-Scholes model inputs for options granted during the year ended March 31, 2021 included:

<b>Grant Date</b>	<b>Expiry Date</b>	<b>Share Price At Grant Date</b>	<b>Exercise Price</b>	<b>Risk-Free Interest Rate</b>	<b>Expected Life</b>	<b>Volatility</b>	<b>Dividend Yield</b>
January 4, 2021	January 4, 2026	\$0.69	\$0.69	0.17	5 years	154.2%	0

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes for future volatility due to publicly available information.

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### **11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**

(g) Contributed Surplus:

During the three months ended June 30, 2021 \$1,342,124 (Year ended March 31, 2021, \$3,680,473) was recorded as stock-based compensation related to the granting of 3,125,000 incentive stock options (Year ended March 31, 2021 – 7,965,000). Of this amount, \$1,342,124 (Year ended March 31, 2021, \$3,680,473) has been included as an expense in the consolidated statement of comprehensive loss.

A continuity of contributed surplus is as follows:

	<b>For the Three Months Ended June 30, 2021</b>	<b>For the Year Ended March 31, 2021</b>
Balance, beginning of period	\$ 8,169,534	\$ 4,649,100
Stock-based compensation - expensed	1,342,124	3,680,473
Finder warrants' issued – share issue costs	438,959	-
Value of options exercised reclassified to share capital	-	(90,307)
Value of agent warrants exercised reclassified to share capital	-	(69,732)
Balance, end of period	\$ 9,950,618	\$ 8,169,534

### **12. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK**

All financial instruments are included on the Company's balance sheet and measured at either fair value or amortized cost.

The Company's financial assets consist of cash and cash equivalents and amounts receivable, which are designated as loans and receivables and measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities and due to related parties, which are designated as other financial liabilities and measured at amortized cost.

The carrying values of the Company's financial instruments measured at amortized costs approximate their fair values due to their short-term nature.

The capital of the Company consists of shareholders' equity - \$43,612,856 (March 31, 2021 - \$31,961,022).

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

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Notes to the Condensed Consolidated Interim Financial Statements  
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### **13. SEGMENTED INFORMATION**

During the three months ended June 30, 2021 and for the year ended March 31, 2021 the Company operated in one reportable operating segment, being the acquisition, exploration and development of mineral properties in British Columbia. Administrative expenses and working capital balances are located in Canada.

### **14. NON-CASH TRANSACTIONS**

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows.

#### During the three months ended June 30, 2021

The issuance of 850,000 common shares valued at \$357,000 for exploration and evaluation assets.

#### During the year ended March 31, 2021:

The issuance of 6,825,939 common shares valued at \$4,000,000 for exploration and evaluation assets.

### **15. COMMITMENTS AND CONTINGENCIES**

Effective with a commencement date of October 1, 2016, the Company is committed to an operating lease on its office premises expiring on September 30, 2021. The Company's lease commitments for the total annual basic lease rate and operating costs are as follows:

2022	13,145
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### **16. CONSULTING FEES**

During the current fiscal year, the Company entered into two capital markets consulting agreements with unrelated parties, both of which required payment in full upon inception but which were also intended to apply to approximate 12-month periods ending in the 2022 fiscal year. Due to measurement uncertainty in respect to the aggregate amount of the unrealized future benefit at March 31, 2021, and consistent with a conservative approach to valuing its assets, the Company has expensed all of these amounts in the current fiscal year.

### **17. SUBSEQUENT EVENTS**

- As at August 23, 2021, 2,361,363 share purchase warrants have been exercised for gross proceeds of \$420,432.