



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

For the Three and Six Months Ended September 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.
November 17, 2021

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

	Note	As at September 30, 2021	As at March 31, 2021
ASSETS			
Current			
Cash and cash equivalents		\$ 10,991,859	\$ 3,274,777
GST receivable		220,452	114,423
Other receivable	6,10	-	23,030
Prepaid expenses		100,503	135,175
Total Current Assets		11,312,814	3,547,405
Exploration and evaluation costs	5,6	36,834,510	30,311,937
Right-of-use asset	8	-	21,909
Equipment and camp buildings	7	39,327	24,916
Total Non-Current Assets		36,873,837	30,358,762
Total Assets		\$ 48,186,651	\$ 33,906,167
LIABILITIES			
Current			
Trade and other payables	9	\$ 841,741	\$ 129,403
Flow-through premium liability	11	1,318,405	276,525
Current portion of lease liability	8	-	25,217
Total Current Liabilities		2,160,146	431,145
Lease obligation liability	8	-	-
Deferred income tax liability		1,514,000	1,514,000
Total Non-Current Liabilities		1,514,000	1,514,000
Total Liabilities		3,674,146	1,945,145
SHAREHOLDERS' EQUITY			
Share capital	11	60,333,880	48,151,688
Contributed surplus	11	9,987,547	8,169,534
Deficit		(25,808,922)	(24,360,200)
Total Shareholders' Equity		44,512,505	31,961,022
Total Liabilities and Shareholders' Equity		\$ 48,186,651	\$ 33,906,167
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 and Six Months Ended September 30, 2021 and 2020

	For the three months ended September 30,		For the six months ended September 30,	
	2021	2020	2021	2020
EXPENSES				
Amortization (Note 7 and 8)	\$ 14,188	\$ 12,567	\$ 27,321	\$ 25,135
Consulting	31,000	3,000	77,635	6,000
Management and personnel (Note 10)	95,759	28,379	227,709	63,729
Marketing and conferences	37,812	-	118,168	-
Office	13,585	9,826	26,635	19,770
Professional fees	156,414	3,500	161,879	7,000
Share based payments	209,738	-	1,551,862	-
Shareholder communications	7,534	1,971	55,100	1,971
Transfer agent and filing fees	21,542	5,175	57,202	6,412
Travel	2,976	-	5,539	-
	(590,548)	(64,418)	(2,309,050)	(130,017)
OTHER INCOME (EXPENSE)				
Rental income	5,600	3,000	12,200	3,000
Miscellaneous income	274	-	4,133	-
Other income realization of flow-through premium liability	655,027	-	843,995	-
LOSS BEFORE INCOME TAXES	70,353	(61,418)	(1,448,722)	(127,017)
INCOME TAXES	-	-	-	-
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	\$ 70,353	\$ (61,418)	\$ (1,448,722)	\$ (127,017)
LOSS PER SHARE – BASIC	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
LOSS PER SHARE – DILUTED	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	163,067,366	64,203,423	158,301,766	65,768,624

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 and Six Months Ended September 30, 2021 and 2020

	For the Three months ended September 30,		For the Six months ended September 30,	
	2021	2020	2021	2020
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net loss for the period	\$ 70,353	\$ (61,418)	\$ (1,448,722)	\$ (127,017)
Items not affecting cash:				
Amortization	14,188	12,567	27,321	25,135
Flow-through share premium	(655,027)	-	(843,995)	-
Share-based payments	209,738	-	1,551,862	-
	(360,748)	(48,851)	(713,534)	(101,882)
Changes in non-cash working capital items:				
Taxes recoverable	(17,844)	(8,931)	(106,029)	(13,173)
Other receivables	-	-	23,030	-
Prepaid expenses	215,513	76,875	34,672	3,750
Trade and other payables	369,967	(174,187)	712,338	(3,904)
Current portion of lease liability	(12,609)	(12,145)	(25,217)	(24,289)
Cash used in operating activities	194,279	(167,239)	(74,740)	(139,498)
INVESTING ACTIVITIES				
Investment in exploration and evaluation assets	(4,744,446)	(207,372)	(6,165,574)	(319,938)
Acquisition of equipment	(21,078)	-	(19,823)	-
Cash used in investing activities	(4,765,524)	(207,372)	(6,185,397)	(319,938)
FINANCING ACTIVITIES				
Proceeds from share issuance	619,558	291,600	14,901,507	562,110
Share issue costs	-	(7,579)	(924,288)	(9,682)
Cash provided by financing activities	619,558	284,021	13,977,219	552,428
NET INCREASE IN CASH CASH AND CASH EQUIVALENTS – BEGINNING OF THE PERIOD	(3,951,687)	(90,590)	7,717,082	92,992
CASH AND CASH EQUIVALENTS – END OF THE PERIOD	\$ 10,991,859	\$ 128,037	\$ 10,991,859	\$ 128,037

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 and Six Months Ended September 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
Issued for cash – flow through shares	3,239,996	291,600	-	-	291,600
Share issue costs	-	(9,682)	-	-	(9,682)
Net loss and comprehensive loss for the period	-	-	-	(127,017)	(127,017)
Balance, September 30, 2020	67,207,155	\$ 36,202,317	\$ 4,649,100	\$ (18,684,125)	\$ 22,167,292
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	3,868,863	676,707	-	-	676,707
Stock option exercises	1,375,000	383,483	(172,808)	-	210,675
Ootsa property acquisition shares	850,000	357,000	-	-	357,000
Share-based payments	-	-	1,551,862	-	1,551,862
Finder warrants issued	-	(438,959)	438,959	-	-
Share issue costs	-	(924,289)	-	-	(924,289)
Net loss and comprehensive loss for the period	-	-	-	(1,448,722)	(1,448,722)
Balance, September 30, 2021	164,830,997	\$ 60,333,880	\$ 9,987,547	\$ (25,808,922)	\$ 44,512,505

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 and Six Months ended September 30, 2021 and September 30, 2020

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 six months ending September 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 September 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 November 17, 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 and Six Months ended September 30, 2021 and September 30, 2020

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 \$25,808,922 at September 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.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

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 six months ended September 30, 2021.

5. RECLAMATION BONDS

Included in Mineral Exploration and Evaluation Costs as at September 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 Oosta 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.

In December 2020, the Company entered into a definitive option agreement to acquire a 70% interest in the Berg Property. The property currently has an existing reclamation bond in the amount of \$112,500 which will remain. Subject to the Optionor's obligation to leave the existing reclamation bond in place, the Optionee will fund additional bonding requirements that arise during the term of the Option.

6. MINERAL PROPERTIES

Ootsa Property, British Columbia

As at September 30, 2021, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of 138 mineral claims totalling 87,574.7 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.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

6. MINERAL PROPERTIES (continued)

Ootsa Property, British Columbia (continued)

- 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.
- 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.
- On September 26, 2021, the Company executed a definitive asset purchase agreement to acquire a 100% interest in the Sylvia mineral claims consisting of 2 mineral claims totalling 572 hectares in central British Columbia contiguous with the Company’s Berg/Ootsa property. Under the terms of the agreement the Company will issue 390,000 common shares to the vendor (issued October 13, 2021 – valued at \$156,000). The vendor will retain a 2% NSR. The Company shall have the right to buy-back 1% of the NSR for \$1 million.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

6. MINERAL PROPERTIES (continued)

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.

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:

Date for Completion	Value of Common Shares to be issued	Minimum Exploration Expenditures to be Incurred
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 ⁽¹⁾	\$200,000	\$Nil
On or before the second anniversary of the Effective Date ⁽¹⁾	\$200,000	\$2,000,000 ⁽²⁾
On or before the third anniversary of the Effective Date ⁽¹⁾	\$200,000	\$2,000,000
On or before the fourth anniversary of the Effective Date ⁽¹⁾	\$200,000	\$2,000,000
On or before the fifth anniversary of the Effective Date ⁽¹⁾	\$200,000	\$2,000,000
Total	\$5,000,000	\$8,000,000

(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 ("BCMETS")

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 BCMETS 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.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

6. MINERAL PROPERTIES (continued)

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

Six months ended September 30, 2021

	Ootsa Property	Berg Property	Total
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	2,892,247	229,022	3,121,269
Barge	52,827	6,923	59,750
Geology	141,342	50,067	191,409
Field costs	745,761	620,531	1,366,292
Assaying	513,297	-	513,297
Travel	28,178	6,607	34,785
Camp costs	257,480	47,795	305,275
Fuel	139,985	47,181	187,166
Insurance	546	724	1,270
Wages and related expenses	301,652	79,538	381,190
Total expenditures during the period	5,073,315	1,088,388	6,161,703
Balance, end of the period	30,208,006	1,093,297	31,301,303
Total deferred costs, end of the period	\$ 31,741,213	\$ 5,093,297	\$ 36,834,510

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

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

	Ootsa Property	Berg Property	Total
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 and Six Months ended September 30, 2021 and September 30, 2020

7. EQUIPMENT AND CAMP BUILDINGS

	Office Equipment	Camp Vehicles and Equipment	Camp Buildings/ Septic	Bridge	Total
Cost					
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	-	21,078	-	-	21,078
Disposals	-	(17,941)	-	-	(17,941)
Balance at September 30, 2021	\$ 41,992	\$ 138,212	\$ 178,838	\$ 32,855	\$ 391,897
Depreciation and impairment					
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	234	3,536	-	1,642	5,412
Disposals	-	(16,686)	-	-	(16,686)
Balance at September 30, 2021	\$ 40,681	\$ 103,489	\$ 178,838	\$ 29,562	\$ 352,570
Carrying amounts – NBV					
At September 30, 2021	\$ 1,311	\$ 34,723	\$ -	\$ 3,293	\$ 39,327
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 and Six Months ended September 30, 2021 and September 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 six months ended September 30, 2021 is as follows:

	Right-of-use asset	
As at March 31, 2020	\$	65,725
Amortization		(43,816)
As at March 31, 2021	\$	21,909
Amortization		(21,909)
As at September 30, 2021	\$	-

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

	Lease liability	
Less than one year	\$	-
More than one year		-
As at September 30, 2021	\$	-

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

	Lease liability	
As at March 31, 2020	\$	73,795
Principal payments		(48,578)
As at March 31, 2021	\$	25,217
Principal payments		(25,217)
As at September 30, 2021	\$	-

As at September 30, 2021, the Company has fully completed the lease obligations.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

9. TRADE AND OTHER PAYABLES

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

	As at September 30, 2021	As at March 31, 2021
Trade payables	\$ 832,741	\$ 114,803
Accrued expenses	9,000	14,600
	\$ 841,741	\$ 129,403

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 September 30, 2021 the following amounts were paid. All comparative amounts are for the six months ended September 30, 2020.

- (a) Management wages and director fees of \$203,050 (2020 - \$51,000) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.
- (b) Administration fees of \$16,200 (2020 - \$9,600) were paid to Companies controlled by directors or officers of the Company.
- (c) Consulting and geological fees of \$50,225 (2020 – \$2,275) were paid to Companies controlled by directors or officers of the Company.
- (d) Included in accounts payable and accrued liabilities at September 30, 2021 is \$Nil (2020 - \$4,095) owing to the senior management and directors of the Company for unpaid management fees.

During the six months ended September 30, 2021, the Company earned \$12,200 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

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

10. RELATED PARTY TRANSACTIONS (continued)

	For the six months ended September 30,	
	2021	2020
Key management personnel compensation comprised of:		
Short term employee benefits:		
Professional fees – administration	\$ 16,200	\$ 10,425
Consulting and geological fees	50,225	2,275
Management and administration	203,050	51,000
	\$ 269,475	\$ 63,700
Share-based payments	771,560	-
	\$ 1,041,035	\$ 63,700

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued and fully paid:

	Number of Shares	Amount
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	3,868,863	676,707
Exercise of incentive stock options	1,375,000	383,483
Flow-through share premium	-	(1,885,875)
Property acquisition	850,000	357,000
Finder warrants issued	-	(438,959)
Less: share issue costs – cash	-	(924,289)
Balance – September 30, 2021	164,830,997	\$ 60,333,880

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(b) Issued and Fully Paid (continued)

Transactions during the Six Months Ended September 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

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 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	(3,868,863)	\$0.17
Balance, September 30, 2021	57,103,021	\$0.26

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

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

Number of Warrants	Exercise Price	Expiry Date
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
36,650,883	\$0.17	October 28, 2023
12,772,497	\$0.60	June 9, 2023
<u>57,103,021</u>		

(d) Agents' warrants

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

	Number of Warrants	Weighted Average Exercise Price
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, September 30, 2021	1,420,402	\$0.45

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

Number of Warrants	Exercise Price	Expiry Date
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

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 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 six months ended September 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	(1,375,000)	\$0.15	
Expired / Cancelled	(400,000)	\$0.68	
Balance, September 30, 2021	11,533,000	\$0.54	4.09

The weighted average share price of options exercised, as at the date of exercise, during the six months ended September 30, 2021 was \$0.155.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued):

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

Number of Options	Exercise Price	Expiry Date
643,000	\$0.12	January 17, 2022
200,000	\$0.10	November 7, 2022
7,590,000	\$0.69	January 4, 2026
400,000	\$0.44	April 23, 2026
2,700,000	\$0.42	June 23, 2026
11,533,000		

The Black-Scholes model inputs for options granted during the six months ended September 30, 2021 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility	Dividend Yield
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:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility	Dividend Yield
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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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(g) Contributed Surplus:

During the six months ended September 30, 2021 \$1,551,862 (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, \$1,551,862 (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:

	For the Six Months Ended September 30, 2021	For the Year Ended March 31, 2021
Balance, beginning of period	\$ 8,169,534	\$ 4,649,100
Stock-based compensation - expensed	1,551,862	3,680,473
Finder warrants' issued – share issue costs	438,959	-
Value of options exercised reclassified to share capital	(172,808)	(90,307)
Value of agent warrants exercised reclassified to share capital	-	(69,732)
Balance, end of period	\$ 9,987,547	\$ 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 - \$44,512,505 (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

(unaudited - expressed in Canadian dollars)

For the Three and Six Months ended September 30, 2021 and September 30, 2020

13. SEGMENTED INFORMATION

During the six months ended September 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 six months ended September 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, 2021, the Company is committed to an operating lease on its office premises expiring on September 30, 2026. The Company's lease commitments for the total annual basic lease rate and operating costs are as follows:

2022	29,076
2023	58,770
2024	60,007
2025	61,244
2026	62,482
2027	31,551

16. SUBSEQUENT EVENTS

- On September 26, 2021, the Company executed a definitive asset purchase agreement to acquire a 100% interest in the Sylvia mineral claims consisting of 2 mineral claims totalling 572 hectares in central British Columbia contiguous with the Company's Berg/Ootsa property. Under the terms of the agreement on October 13, 2021, the Company issued 390,000 common shares to the vendor valued at \$156,000.
- On October 18, 2021, the Company granted 800,000 incentive stock options with an exercise price of \$0.42 that expires five years from the date of grant to the newly appointed directors of the Company.
- As at November 17, 2021, 272,818 share purchase warrants have been exercised for gross proceeds of \$46,379.