



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

**For the Three Months Ended June 30, 2022 and 2021**

## **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 25, 2022

**SURGE COPPER CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(unaudited – expressed in Canadian dollars)  
**As at June 30, 2022 and March 31, 2022**

	Note	As at June 30, 2022	As at March 31, 2022
<b>ASSETS</b>			
Current			
Cash and cash equivalents		\$ 7,224,342	\$ 7,822,852
GST receivable		61,655	312,423
Other receivable	6,10	1,050	32,470
Prepaid expenses		249,114	85,120
<b>Total Current Assets</b>		<b>7,536,161</b>	<b>8,252,865</b>
Exploration and evaluation costs	5,6	40,285,250	38,859,786
Right-of-use asset	8	115,269	122,050
Equipment and camp buildings	7	42,341	45,864
<b>Total Non-Current Assets</b>		<b>40,442,860</b>	<b>39,027,700</b>
<b>Total Assets</b>		<b>\$ 47,979,021</b>	<b>\$ 47,280,565</b>
<b>LIABILITIES</b>			
Current			
Trade and other payables	9	\$ 814,709	\$ 169,734
Flow-through premium liability	11	1,126,811	1,376,199
Current portion of lease liability	8	15,810	21,080
<b>Total Current Liabilities</b>		<b>1,957,330</b>	<b>1,567,013</b>
Lease obligation liability	8	105,033	105,033
Deferred income tax liability		4,074,000	4,074,000
<b>Total Non-Current Liabilities</b>		<b>4,179,033</b>	<b>4,179,033</b>
<b>Total Liabilities</b>		<b>6,136,363</b>	<b>5,746,046</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	11	60,457,532	60,131,106
Contributed surplus	11	10,753,126	10,653,118
Deficit		(29,368,000)	(29,249,705)
<b>Total Shareholders' Equity</b>		<b>41,842,658</b>	<b>41,534,519</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>\$ 47,979,021</b>	<b>\$ 47,280,565</b>

Corporate information and nature of operations 1

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, 2022 and 2021**

		<b>For the three months ended June 30,</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>EXPENSES</b>			
Amortization	7,8	\$ 10,304	\$ 13,133
Consulting		27,000	46,635
Management and administration fees	10	145,998	131,950
Marketing and conferences		30,419	80,356
Office		21,416	13,050
Professional fees		20,800	5,465
Share-based payments	11	100,008	1,342,124
Shareholder communications		16,791	47,566
Transfer agent and filing fees		6,124	35,660
Travel and promotion		10,520	2,563
		(389,380)	(1,718,502)
<b>OTHER INCOME (EXPENSE):</b>			
Miscellaneous revenue		15,097	3,859
Rental income		6,600	6,600
Other income on realization of flow-through premium liability	11	249,388	188,968
<b>LOSS BEFORE INCOME TAXES</b>		<b>(118,295)</b>	<b>(1,519,075)</b>
<b>INCOME TAXES</b>		<b>-</b>	<b>-</b>
<b>NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>\$ (118,295)</b>	<b>\$ (1,519,075)</b>
<b>LOSS PER SHARE - BASIC</b>		<b>\$ (0.001)</b>	<b>\$ (0.01)</b>
<b>LOSS PER SHARE - DILUTED</b>		<b>\$ (0.001)</b>	<b>\$ (0.01)</b>
<b>WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING</b>			
		168,425,199	140,426,745

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, 2022 and 2021**

	<b>For the Three Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (118,295)	\$ (1,519,075)
Items not affecting cash:		
Amortization	10,304	13,133
Flow-through share premium	(249,388)	(188,968)
Share-based payments	100,008	1,342,124
	(257,371)	(352,786)
Changes in non-cash working capital items:		
Taxes recoverable	250,769	(88,185)
Other receivable	31,419	23,030
Prepaid expenses	(163,994)	(180,841)
Trade and other payables	644,975	329,765
Current portion of lease liability	(5,270)	-
Cash used in operating activities	500,528	(269,017)
<b>INVESTING ACTIVITIES</b>		
Property acquisition costs	(3,354)	-
Exploration and evaluation assets	(1,292,110)	(1,419,873)
Reclamation bond	(130,000)	-
Cash used in investing activities	(1,425,464)	(1,419,873)
<b>FINANCING ACTIVITIES</b>		
Net proceeds from share issuance	326,426	13,357,659
Cash provided by financing activities	326,426	13,357,659
<b>NET INCREASE IN CASH</b>	(598,510)	11,668,769
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD</b>	7,822,852	3,274,777
<b>CASH AND CASH EQUIVALENTS - END OF THE PERIOD</b>	\$ 7,224,342	\$ 14,943,546

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, 2022 and 2021**

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
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>
Balance, April 1, 2022	166,966,470	\$ 60,131,106	\$ 10,653,118	\$ (29,249,705)	\$ 41,534,519
Share purchase warrant exercises	2,533,386	326,426	-	-	326,426
Share-based payments	-	-	100,008	-	100,008
Net loss and comprehensive loss for the period	-	-	-	(118,295)	(118,295)
<b>Balance, June 30, 2022</b>	<b>169,499,856</b>	<b>\$ 60,457,532</b>	<b>\$ 10,753,126</b>	<b>\$ (29,368,000)</b>	<b>\$ 41,842,658</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, 2022 and June 30, 2021

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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, 2022 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, 2022 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, 2022. Results for the period ended June 30, 2022, 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 25, 2022.

#### **(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, 2022 and June 30, 2021

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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, 2022.

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, 2022.

#### **(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 \$29,368,000 at June 30, 2022. 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 Months ended June 30, 2022 and June 30, 2021

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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, 2022.

### **5. RECLAMATION BONDS**

Included in Mineral Exploration and Evaluation Costs as at June 30, 2022, is the Company's aggregate reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of \$299,900 (March 31, 2022 - \$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, and the claims comprising the Berg Property. All or part of the \$299,900 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 had an existing reclamation bond in the amount of \$112,500, which has remained in place. During the quarter the Company funded an additional \$130,000 in additional bonding on the Berg Property. The Company will fund additional bonding requirements that arise during the term of the option.

### **6. MINERAL PROPERTIES**

#### Ootsa Property, British Columbia

As at June 30, 2022, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of 140 mineral claims totalling 90,701.3 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 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.

## **SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
(unaudited - expressed in Canadian dollars)  
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### **6. MINERAL PROPERTY INTERESTS (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 issued 500,000 common shares to the vendor 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 issued 350,000 common shares to the vendor 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 has issued 390,000 common shares to the vendor 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.
- On June 21, 2022, the Company staked two mineral claims totaling 3,126.58 hectares for total consideration of \$3,354.

#### 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.

## **SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements  
(unaudited - expressed in Canadian dollars)  
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### **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 to the Ootsa Property, from Thompson Creek Metals Company Inc., a wholly-owned subsidiary of Centerra Gold Inc. To complete the option, Surge must issue \$5 million of its common shares 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 (689,655 common shares issued)	\$Nil
On or before the second anniversary of the Effective Date <sup>(1)</sup>	\$200,000	\$2,000,000 <sup>(2)</sup> (completed)
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.

#### 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. No amount has been accrued for fiscal 2022. Exploration spending of amounts renounced to investors from the issuance of flow-through shares is not eligible to be claimed for BCMETS purposes.

**SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2022 and June 30, 2021

**6. MINERAL PROPERTIES (continued)**

Expenditures on mineral property acquisition and deferred exploration and development costs for the three months ended June 30, 2022 and for the year ended March 31, 2022 are as follows:

**Three months ended June 30, 2022**

	<b>Ootsa Property</b>	<b>Berg Property</b>	<b>Total</b>
Property acquisition costs:			
Balance, beginning of the period	\$ 1,689,207	4,200,000	5,889,207
Cash costs	3,354	-	3,354
Shares issued	-	-	-
Balance, end of the period	1,692,561	4,200,000	5,892,561
Deferred exploration and evaluation costs:			
Balance, beginning of the period	30,969,609	2,000,970	32,970,579
Incurred during the period:			
Drilling	334,938	-	334,938
Barge	27,420	-	27,420
Geology	171,859	39,164	211,023
Field costs	237,091	86,307	323,398
Assaying	65,059	-	65,059
Travel	16,160	146	16,306
Camp costs	91,174	48,080	139,254
Fuel	63,325	-	63,325
Insurance	1,594	1,594	3,188
Reclamation bond	-	130,000	130,000
Wages and related expenses	75,891	32,308	108,199
Total expenditures during the period	1,084,511	337,599	1,422,110
Balance, end of the period	32,054,120	2,338,569	34,392,689
Total deferred costs, end of the period	\$ 33,746,681	\$ 6,538,569	\$ 40,285,250

**SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2022 and June 30, 2021

**6. MINERAL PROPERTIES (continued)****Fiscal 2022**

	<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	513,000	200,000	713,000
Balance, end of the period	1,689,207	4,200,000	5,889,207
Deferred exploration and evaluation costs:			
Balance, beginning of the period	25,134,691	4,909	25,139,600
Incurred during the period:			
Drilling	2,900,079	379,102	3,279,181
Barge	58,507	9,443	67,950
Consulting fees – First Nations	15,000	-	15,000
Geology	321,475	124,578	446,053
Field costs	852,544	1,112,244	1,964,788
Assaying	908,623	61,053	969,676
Travel	29,209	12,168	41,377
Camp costs	267,545	84,609	352,154
Fuel	171,737	50,497	222,234
Insurance	546	725	1,271
Wages and related expenses	309,653	161,642	471,295
Total expenditures during the period	5,834,918	1,996,061	7,830,979
Balance, end of the period	30,969,609	2,000,970	32,970,579
Total deferred costs, end of the period	\$ 32,658,816	\$ 6,200,970	\$ 38,859,786

**SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2022 and June 30, 2021

**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, 2021	\$ 41,992	\$ 135,075	\$ 178,838	\$ 32,855	\$ 388,760
Additions	-	34,270	-	-	34,270
Disposals	-	(16,686)	-	-	(16,686)
Balance at March 31, 2022	\$ 41,992	\$ 152,659	\$ 178,838	\$ 32,855	\$ 406,344
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at June 30, 2022	\$ 41,992	\$ 152,659	\$ 178,838	\$ 32,855	\$ 406,344
<b>Depreciation and impairment</b>					
Balance at March 31, 2021	\$ 40,447	\$ 116,639	\$ 178,838	\$ 27,920	\$ 363,844
Additions	467	9,571	-	3,284	13,322
Disposals	-	(16,686)	-	-	(16,686)
Balance at March 31, 2022	\$ 40,914	\$ 109,524	\$ 178,838	\$ 31,204	\$ 360,480
Additions	82	2,620	-	821	3,523
Disposals	-	-	-	-	-
Balance at June 30, 2022	\$ 40,996	\$ 112,144	\$ 178,838	\$ 32,025	\$ 349,337
<b>Carrying amounts – NBV</b>					
At June 30, 2022	\$ 996	\$ 40,515	\$ -	\$ 830	\$ 42,341
At March 31, 2022	\$ 1,078	\$ 43,135	\$ -	\$ 1,651	\$ 45,864

**SURGE COPPER CORP.**

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Three Months ended June 30, 2022 and June 30, 2021

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

The Company completed the obligations of their office lease with terms running through September 2021. As at October 1, 2021, the Company has extended the lease with terms running through September 2026. Upon commencement, the Company recognized a right-of-use asset of \$135,611 and a lease liability of \$135,611. The lease liability was discounted using an estimated incremental borrowing rate of 12.0% per annum.

The continuity of the right-of-use asset for the three months ended June 30, 2022 is as follows:

	<b>Right-of-use asset</b>
Initial valuation of new lease	135,611
Amortization	(35,470)
As at March 31, 2022	\$ 122,050
Amortization	6,781
As at June 30, 2022	115,269

Minimum lease payments in respect of lease liabilities and the effect of discounting as at June 30, 2022 are as follows:

	<b>Lease liability</b>
Less than one year	\$ 15,810
More than one year	105,033
As at June 30, 2022	\$ 120,843

The continuity of the lease liability for the year ended June 30, 2022 is as follows:

	<b>Lease liability</b>
As at March 31, 2021	\$ 25,217
Initial valuation	135,611
Principal payments	(34,715)
As at March 31, 2022	126,113
Principal payments	(5,270)
As at June 30, 2022	\$ 120,843

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

The Company's trade and other payables on June 30, 2022 and March 31, 2022 are as follows:

	<b>As at June 30, 2022</b>		<b>As at March 31, 2022</b>
Trade payables	\$ 792,209	\$	140,184
Amount due to related parties	-		11,550
Accrued expenses	22,500		18,000
	<b>\$ 814,709</b>	<b>\$</b>	<b>169,734</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, 2022 the following amounts were paid. All comparative amounts are for the three months ended June 30, 2021.

- (a) Management wages and director fees of \$88,082 (2021 - \$119,550) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.
- (b) Administration fees of \$5,400 (2021 - \$8,100) were paid to Companies controlled by directors or officers of the Company.
- (c) Consulting and geological fees of \$57,200 (2021 - \$Nil) were paid to Companies controlled by directors or officers of the Company.
- (d) Included in accounts payable and accrued liabilities at June 30, 2022 is \$Nil (2021 - \$29,150) owing to the senior management and directors of the Company for unpaid management fees.

During the months ended June 30, 2022, the Company earned \$6,600 (2021 - \$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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**10. RELATED PARTY TRANSACTIONS (continued)**

	<b>For the three months ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
Key management personnel compensation comprised of:		
Short term employee benefits:		
Professional fees – administration	\$ 5,400	\$ 8,100
Management and administration	88,082	119,550
	\$ 93,482	\$ 127,650
Share-based payments	100,008	1,000,710
	\$ 193,490	\$ 1,128,360

**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 – 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	4,311,681	751,986
Exercise of incentive stock options	1,988,000	527,412
Flow-through share premium	-	(2,518,875)
Property acquisitions	1,929,655	713,000
Finder warrants issued	-	(438,959)
Less: share issue costs – cash	-	(1,069,271)
Balance – March 31, 2022	166,966,470	\$ 60,131,106
Exercise of share purchase warrants	2,533,386	326,426
Balance – June 30, 2022	169,499,856	\$ 60,457,532

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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, 2022

No transactions

##### Transactions during the Year Ended March 31, 2022

- 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. Each Charity FT Unit consists of one charity flow-through common share and one-half of one Warrant. 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 Charity FT units were issued as a part of a separate, structured financing arrangement. However, from the Company’s perspective, these units were in all other respects identical to the FT units.

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 \$2,518,875. 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.

#### (c) Share Purchase Warrants:

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

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
Balance, March 31, 2021	48,199,387	\$0.16
Issued – Unit Offering	12,772,497	\$0.60
Exercised	(4,311,681)	\$0.17
Balance, March 31, 2022	56,660,203	\$0.26
Exercised	(2,533,386)	\$0.13
Balance, June 30, 2022	54,126,816	\$0.27

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

As at June 30, 2022 outstanding share purchase warrants are:

<b>Number of Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
1,876,833	\$0.09	June 3, 2023
1,286,668	\$0.12	July 6, 2023
3,026,854	\$0.17	October 9, 2023
35,163,965	\$0.17	October 28, 2023
12,772,497	\$0.60	June 9, 2023
<b>54,126,816</b>		

(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, March 31, 2021	-	-
Issued – Unit offering	1,420,402	\$0.45
Balance, March 31, 2022	1,420,402	\$0.45
No transactions	-	-
Balance, June 30, 2022	1,420,402	\$0.45

As at June 30, 2022 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
<b>1,420,402</b>		

The Black-Scholes model inputs for finder warrants granted during the year ended March 31, 2022 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>
June 9, 2021	June 9, 2023	\$0.42	\$0.45	0.36	2 years	160.5%	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)**

#### (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.

#### (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, 2022 and for the year ended March 31, 2022 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2021	10,183,000	\$0.57	3.88
Granted	4,125,000	\$0.42	
Exercised	(1,988,000)	\$0.14	
Expired / Cancelled	(430,000)	\$0.68	
Balance, March 31, 2022	11,890,000	\$0.59	3.90
No transactions	-	-	
Balance, June 30, 2022	11,890,000	\$0.59	3.62

The weighted average share price of options exercised, as at the date of exercise, during the three months ended June 30, 2022 was \$Nil (2021 - \$0.14).

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

(f) Stock options (continued):

As at June 30, 2022 outstanding vested stock options are:

<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
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
800,000	\$0.42	October 15, 2026
200,000	\$0.31	December 20, 2026
<b>11,890,000</b>		

The Black-Scholes model inputs for options granted during the year ended March 31, 2022 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
October 15, 2021	October 15, 2026	\$0.42	\$0.42	1.31	5 years	145.7%	0
December 20, 2021	December 20, 2026	\$0.31	\$0.31	1.26	5 years	144.2%	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, 2022 \$100,008 (Year ended March 31, 2022, \$2,287,802) was recorded as stock-based compensation related to the granting of Nil incentive stock options (Year ended March 31, 2022 – 4,125,000) and \$Nil (2022 - \$438,959) was recorded as share issue costs related to the granting of Nil finder warrants (2022 –1,420,402).

A continuity of contributed surplus is as follows:

	<b>For the Three Months Ended June 30, 2022</b>	<b>For the Year Ended March 31, 2022</b>
Balance, beginning of period	\$ 10,653,118	\$ 8,169,534
Stock-based compensation - expensed	100,008	2,287,802
Finder warrants' issued – share issue costs	-	438,959
Value of options exercised reclassified to share capital	-	(243,177)
Balance, end of period	\$ 10,753,126	\$ 10,653,118

### **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 - \$41,842,658 (March 31, 2022 - \$41,534,519).

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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### **13. SEGMENTED INFORMATION**

During the three months ended June 30, 2022 and for the year ended March 31, 2022 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, 2022

No non-cash transactions.

#### During the year ended March 31, 2022:

The issuance of 1,929,655 common shares valued at \$713,000 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 payments are as follows:

2023	\$ 25,553
2024	\$ 35,086
2025	\$ 36,104
2026	\$ 37,120
2027	\$ 18,815