

Surge Battery Metals Inc.

Condensed Interim Financial Statements For the three months ended March 31, 2025 and 2024 (Unaudited)

(Expressed in Canadian dollars)

Surge Battery Metals Inc.

Table of Contents

Financial Statements

Condensed Interim Statements of Financial Position.....	4
Condensed Interim Statements of Loss and Comprehensive Loss.....	5
Condensed Interim Statements of Cash Flows.....	6
Condensed Interim Statements of Changes in Equity	7
Notes to the Condensed Interim Financial Statements.....	8

Surge Battery Metals Inc.

Table of Contents

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

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

	Note	Unaudited March 31, 2025	December 31, 2024
		\$	\$
ASSETS			
Current assets			
Cash		777,209	914,069
Short-term investments	5	-	1,003,707
Sales taxes receivable		29,448	25,905
Prepaid expenses and deposits	8	189,770	174,215
		996,427	2,117,896
Non-current assets			
Exploration and evaluation assets	6	10,593,262	10,144,173
		11,589,689	12,262,069
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accrued liabilities		95,871	96,179
Trade and other payables	8	229,754	302,945
		325,624	399,124
Shareholders' equity			
Share capital	7	37,465,925	37,465,925
Reserves	7	18,143,074	17,667,849
Deficit		(44,344,935)	(43,270,829)
		11,264,065	11,862,945
		11,589,689	12,262,069

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

APPROVED BY THE BOARD:

"Greg Reimer"

Greg Reimer

"Graham Harris"

Graham Harris

Surge Battery Metals Inc.
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

		Three Months Ended March 31,	
	Note	2025	2024
		\$	\$
Operating expenses:			
Consulting and management fees	8	359,505	462,327
Marketing		79,701	317,038
Office and administrative	8	33,451	40,037
Professional fees	8	89,868	81,702
Share-based compensation	7,8	475,225	1,126,115
Transfer agent and regulatory fees		15,525	34,166
Travel, lodging, and food		27,978	95,924
		(1,081,252)	(2,157,309)
Other income (expenses):			
Interest income		4,518	41,172
Recovery of flow-through premium liability	7	-	-
Foreign exchange gain (loss)		(2,629)	19,473
Impairment of exploration and evaluation assets	6	-	-
Gain on write-off of accounts payable		-	-
Other income		-	-
Net loss for the year		(1,074,105)	(2,096,664)
Loss per share - basic and diluted		(0.01)	(0.01)
Weighted average number of common shares outstanding - basic and diluted		165,023,658	160,524,207

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

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

	Three Months Ended March 31,	
	2025	2024
	\$	\$
Operating Activities		
Net loss for the year	(1,074,105)	(2,096,664)
Items not affecting cash:		
Accrued interest receivable	(4,518)	38,614
Recovery of flow-through share premium	-	-
Share-based compensation	475,225	1,126,115
Changes in non-cash working capital items:		
Sales taxes receivable	(3,543)	2,027
Prepaid expenses and deposits	(15,556)	92,011
Accrued liabilities	(307)	-
Trade and other payables	(73,192)	(25,243)
Cash used in operating activities	(695,996)	(863,140)
Investing Activities		
Acquisition of short-term investments	-	-
Redemption of short-term investments	1,008,225	3,000,000
Exploration asset expenditures	(449,089)	(398,718)
Cash provided by (used in) investing activities	(559,136)	2,601,282
Financing Activities		
Units issued for cash	-	-
Proceeds from exercise of share options	-	-
Proceeds from exercise of warrants	-	240,000
Share issuance costs	-	-
Cash provided by financing activities	-	240,000
Change in cash during the year	(136,860)	1,978,142
Cash, beginning of year	914,069	3,328,479
Cash, end of year	777,209	5,306,621

Supplemental cash flow information (Note 11)

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

	Notes	Number of shares	Share capital		Reserves	Deficit	Total
			Amount	Shares to be issued			
			\$	\$	\$	\$	\$
Balance at December 31, 2023		160,073,672	36,513,925	-	13,209,853	(33,424,474)	16,299,304
Shares issued on exercise of warrants	7	1,000,000	240,000	-	-	-	240,000
Share-based compensation	7,8	-	-	-	1,126,115	-	1,126,115
Net and comprehensive loss for the year		-	-	-	-	(2,096,664)	(2,096,664)
Balance at March 31, 2024		161,073,672	36,753,925	-	14,335,968	(35,521,138)	15,568,755
Units issued for cash							
Shares issued for exploration and evaluation assets							
Shares issued on exercise of warrants	7	3,950,000	712,000	-	-	-	712,000
Share-based compensation	7,8	-	-	-	3,331,881	-	3,331,881
Net and comprehensive loss for the year		-	-	-	-	(7,749,691)	(7,749,691)
Balance at December 31, 2024		165,023,672	37,465,925	-	17,667,849	(43,270,829)	11,862,945
Share-based compensation		-	-	-	475,225	-	475,225
Net and comprehensive loss for the year		-	-	-	-	(1,074,105)	(1,074,105)
Balance at March 31, 2025		165,023,672	37,465,925	-	18,143,074	(44,344,935)	11,264,065

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

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

Going Concern

These condensed interim financial statements for the three months ended March 31, 2025 and 2024 (the “Financial statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at March 31, 2025, the Company had cash of \$777,209 and had accumulated losses of \$44,344,935 since inception. Management cannot provide assurance that the Company will ultimately achieve profitable operations or raise additional debt and/or equity capital.

The Company is in the process of exploring its mineral property interests and has not yet determined whether they contain mineral reserves that are economically recoverable. The Company’s continuing operations and the underlying value and recoverability of the carrying amounts for exploration and evaluation property interests and related deferred exploration and development costs are entirely dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests, and achievement of future profitable production from or proceeds from the disposition of its mineral property interests. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

These Financial statements do not include any adjustments to the recoverability and classification of certain recorded assets amounts, classification of certain liabilities and changes to the consolidated statements of loss and comprehensive loss that might be necessary if the Company was unable to continue as a going concern.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with IFRS and International Accounting Standards (“IAS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The condensed interim financial statements of the Company for the three months ended March 31, 2025 were approved and authorized for issue by the Board of Directors on May 29, 2025.

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (continued)

Basis of Presentation

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

These Financial statements are presented in Canadian dollars, which is also the Company's functional currency, except where otherwise indicated and all values are rounded to the nearest dollar.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Foreign Currency Transactions

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect on that date. At the three month ended March 31, 2025, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

Cash and Cash Equivalents

The Company considers cash to include currency on hand and demand deposits with banks or other financial institutions. The Company considers cash equivalents to include term deposits, certificates of deposit, and all highly liquid instruments with original maturities of three months or less to be cash equivalents.

Exploration and Evaluation Properties

Following the acquisition of a legal right to explore a property, all direct costs related to the acquisition and exploration of the property are capitalized until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. Mineral property acquisition costs include cash consideration and the fair market value of common shares issued for mineral property interests based on the trading price of the shares. These costs will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned. Once commercial production has commenced, the net costs of the applicable property, will be charged to operations using the unit-of-production method based on reserves. Proceeds received from the sale of any interest in a property are first credited against the carrying value of the property, with any excess included in the consolidated statements of loss and comprehensive loss for the period. On an ongoing basis, the Company evaluates each property based on results to date to determine the nature of exploration work that is warranted in the future. Impairment may occur in the carrying value of mineral interests when one of the following conditions exists:

- The Company's work program on a property has significantly changed, so that previously identified resource targets or work programs are no longer being pursued;
- Exploration results are not promising, and no more work is being planned in the foreseeable future; or
- The remaining lease terms are insufficient to conduct necessary studies or exploration work.

Once impairment has been determined, the carrying value will be written down to net recoverable amount. When the carrying value of the property exceeds its recoverable amount, which is the higher of the asset's fair value, less costs to sell and value in use, the asset is written down accordingly. As a result, the direct costs related to the acquisition of mineral property interests in excess of estimated recoveries are written off to impairment of exploration and evaluation properties in the consolidated statements of loss and comprehensive loss.

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Exploration and Evaluation Properties

The Company may occasionally enter into property option agreements, whereby the Company will transfer part of a mineral interest, as consideration for the incurring of certain exploration and evaluation expenditures by the optionee which would otherwise have been undertaken by the Company. The Company does not record any expenditures made by the optionee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the property, with any excess cash accounted for as a gain on disposal.

Impairment of Long-Lived Assets

The recoverability of long-lived assets is assessed when an event occurs that indicates impairment. Recoverability is based on factors such as future asset utilization and the future discounted cash flows expected to result from the use or sale of the related assets. An impairment loss is recognized in the period when it is determined that the carrying amount of the asset will not be recoverable. At that time, the carrying amount is written down to the recoverable amount, which equals the higher of fair value less costs to sell and value in use. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Financial Instruments

At initial recognition, financial assets are classified and subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"). Financial assets are recognized initially at fair value, unless they are trade receivables that do not contain a significant financing component in accordance with IFRS 15, which shall be measured at their transaction price. The subsequent measurement of financial assets depends on their classification based on both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets as follows:

Financial assets at amortized cost

The financial asset is subsequently measured at amortized cost if the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the financial assets are derecognized or impaired, as well as through the amortization process. Transaction costs are included in the initial carrying amount of the asset.

Financial assets at FVTPL

A financial asset shall be measured at FVTPL if it is not measured at amortized cost or at FVTOCI. If the financial asset that would otherwise be measured at FVTPL is not acquired or incurred principally for the purpose of selling or repurchasing it in the near term, not part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative, the Company may make an irrevocable election at initial recognition to present subsequent fair value changes of the equity instrument in OCI. Transaction costs associated with financial assets at FVTPL are expensed as incurred. These assets are carried at fair value with gains or losses recognized in profit or loss. Cash and short-term investments are included in this category of financial assets. The Company does not hold or have any exposure to derivative instruments.

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial Instruments

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost. If the credit risk on the financial instrument has increased significantly since initial recognition, the loss allowance shall be measured at an amount equal to the lifetime expected credit losses, otherwise, it shall be measured at an amount equal to the 12-month expected credit losses.

Financial Liabilities

At initial recognition, financial liabilities are classified as financial liabilities measured at amortized cost unless they are financial liabilities at FVTPL (including derivatives that are liabilities). Financial liabilities are recognized initially at fair value. Transaction costs directly attributable to the issue of a financial liability are included in the initial carrying value of financial liabilities if they are not measured at FVTPL. The subsequent measurement of financial liabilities depends on their classification, as follows:

Financial liabilities measured at amortized cost

Financial liabilities are initially recognized at fair value, net of transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized respectively in interest, other revenues and finance costs. Trade and other payables are included in this category of financial liabilities.

De-Recognition of Financial Assets and Liabilities

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire or, the financial assets are transferred, and the Company has transferred substantially all the risks and rewards of ownership of the financial assets. On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss. Where a transfer does not result in a derecognition due to continuing involvement, the Company shall continue to recognize the transferred asset and recognize a financial liability of the consideration received.

For financial liabilities, they are derecognized when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

Decommissioning, Restoration and Similar Liabilities

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of exploration and evaluation properties and retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future cost estimates arising from the decommissioning of plant, site restoration work and other similar retirement activities is added to the carrying amount of the related asset and depreciated on the same basis as the related asset, along with a corresponding increase in the provision in the period incurred. Discount rates using a pre-tax rate that reflect the current market assessments of the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the provision.

Surge Battery Metals Inc.
Notes to the Condensed Interim Financial Statements
For three months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income Taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that they relate to items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability. The Company's common shares, share warrants and options are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. Under the residual method, one component is measured first and the residual amount is allocated to the remaining component. The Company measures the value of the common shares first. The balance, if any, is allocated to the warrants. Any fair value attributed to the warrants is recorded as reserves.

Flow-Through Shares

Resource expenditures for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. A liability is recognized for the premium on the flow-through shares and is subsequently reversed as the Company incurs qualifying Canadian exploration expenses.

Surge Battery Metals Inc.
Notes to the Condensed Interim Financial Statements
For three months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Loss per Share

Basic loss per share is computed by dividing the net loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted loss per common share is computed by dividing the net loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding if potentially any dilutive instruments were converted.

Share-Based Payments

Where equity-settled share options, restricted share units ("RSUs"), and performance share units ("PSUs") are awarded to employees, the fair value of the instrument at the date of grant is charged to the consolidated statements of loss and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of instruments that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the share options granted.

Where the terms and conditions of options are modified before they vest, any increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statements of loss and comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statements of loss and comprehensive loss, unless they are related to the issuance of shares, in which case they are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Accounting Standards Adopted

The following new standards, amendments to standards and interpretations were adopted as of January 1, 2024:

- *Presentation of Financial Statements (Amendments to IAS 1)* – the amendments provide a more general approach to the presentation of liabilities as current or non-current based on contractual arrangements in place at the reporting date. These amendments:
 - specify that the rights and conditions existing at the end of the reporting period are relevant in determining whether the Company has a right to defer settlement of a liability by at least twelve months;
 - provide that management's expectations are not a relevant consideration as to whether the Company will exercise its rights to defer settlement of a liability; and
 - clarify when a liability is considered settled

The Company concludes that the effect of such amendment did not have a material impact and therefore did not record any adjustments to these Financial statements.

New Accounting Standards Issued and Not Yet Effective

IFRS 18 Presentation and Disclosure in Financial Statements, which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statement of profit or loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is accompanied by limited amendments to the requirements in IAS 7 Statement of Cash Flows. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date.

The Company has not yet determined the impact of this amendment on its consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in these Financial statements within the next financial year are discussed below:

Going Concern

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

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year when new information becomes available.

Surge Battery Metals Inc.
Notes to the Condensed Interim Financial Statements
For three months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining the point at which a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop the property are capitalized into development assets. The determination may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year when new information becomes available.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during the next period.

Impairment of Financial Assets

At each reporting date the Company assesses financial assets not carried at fair value through profit or loss to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that one or more events occurred during the period that negatively affected the estimated future cash flows of the financial asset.

Objective evidence that financial assets are impaired can include significant financial difficulty of the issuer or debtor, default or the disappearance of an active market for a security. If the Company determines that a financial asset is impaired, judgment is required in assessing the available information in regard to the amount of impairment; however, the final outcome may be materially different than the amount recorded as a financial asset.

Decommissioning and Restoration Costs

Management is not aware of any material restoration, rehabilitation and environmental provisions as at March 31, 2025. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value and these estimates are updated annually. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the exploration and evaluation property. Such estimates are subject to change based on laws, regulators and negotiations with regulatory authorities.

Surge Battery Metals Inc.
Notes to the Condensed Interim Financial Statements
For three months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Share Based Payments

Management assesses the fair value of stock options, RSUs, and PSUs granted in accordance with its adopted accounting policy. The fair value of the instruments granted using valuation models is only an estimate of their potential value and requires the use of estimates and assumptions.

Deferred Income Taxes

Judgment is required in determining whether deferred tax assets are recognized on the consolidated statements of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that the cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the statement of financial position date, if any, could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company and its subsidiaries operate could limit the ability of the Company to obtain tax deductions in future periods.

Functional and Presentation Currency

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

5. SHORT-TERM INVESTMENT

The Company invested in a \$1,000,000 non-redeemable Guaranteed Investment Certificate ("GIC") on November 19, 2024 which earned interest at a rate of 3.30% per annum and matured on February 18, 2025. The GIC was redeemed during the three months ended March 31, 2025.

Surge Battery Metals Inc.
Notes to the Condensed Interim Financial Statements
For three months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION PROPERTIES

Exploration and evaluation properties include the following amounts for the three months end March 31, 2025:

	Nevada North Lithium Project USA	San Emidio Lithium Project USA	Total
	\$	\$	\$
Balance as at December 31, 2024	9,247,682	896,491	10,144,173
Acquisition costs:			
Additions	-	-	-
	-	-	-
Exploration costs:			
Assaying	158,464	-	158,464
Drilling	-	-	-
Engineering and consulting	215,852	-	215,852
Field expenses	6,191	-	6,191
Geophysics	-	-	-
Land and water use, claims and concessions	-	-	-
Site development	67,175	-	67,175
Travel	1,406	-	1,406
	449,089	-	449,089
Impairment	-	-	-
Sale of property	-	-	-
Balance as at March 31, 2025	9,696,771	896,491	10,593,262

Exploration and evaluation properties include the following amounts for the year ended December 31, 2024:

	Nevada North Lithium Project USA	San Emidio Lithium Project USA	Nickel Project Canada	Total
	\$	\$	\$	\$
Balance as at December 31, 2023	6,317,614	882,865	2,500,193	9,700,672
Acquisition costs:				
Additions	-	13,626	-	13,626
	-	13,626	-	13,626
Exploration costs:				
Assaying	680,400	-	-	680,400
Drilling	264,353	-	-	264,353
Engineering and consulting	1,305,618	-	-	1,305,618
Field expenses	192,770	-	-	192,770
Geophysics	15,912	-	-	15,912
Land and water use, claims and concessions	354,011	-	-	354,011
Site development	75,853	-	-	75,853
Travel	41,151	-	-	41,151
	2,930,068	-	-	2,930,068
Loss on sale of exploration and evaluation asset	-	-	(2,309,874)	(2,309,874)
Net proceed for sale of property	-	-	(190,319)	(190,319)
Balance as at December 31, 2024	9,247,682	896,491	-	10,144,173

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION PROPERTIES (continued)

Nevada North Lithium Project

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

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

As at March 31, 2025 the Company has no additional claims (2023 – 197 and 2022 - 140) in this property.

On July 26, 2023, the Company entered into a mineral property option and joint venture agreement (the “M3M Agreement”) with M3 Metals Corp. (“M3M”), an Exchange listed company. The M3M Agreement grants the Company the option to earn up to an 80% interest in and to 254 mineral claims held by M3M (“M3M Claims”) that are contiguous with the Company’s Nevada North Lithium Project. In accordance with the M3M Agreement, the Company can earn the 80% interest by making the following option payments:

- to earn a 50% interest – pay \$500,000 (paid) and issue 2,000,000 common shares of the Company (issued with a fair value of \$1,180,000);
- to earn a further 20% interest – pay \$250,000, issue 2,000,000 common shares of the Company, and incur \$250,000 in exploration expenditures (incurred); and
- to earn the remaining 10% interest – pay \$500,000 and issue 1,000,000 common shares of the Company.

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

The Company has become aware of a subsequent dispute regarding the ownership of some M3M Claims (approximately 800 acres of the total 12,890 acres). In September 2023, the Company and M3M entered into an amendment of the M3M Agreement which provides that the M3M Agreement continues to be of full force and effect with M3M being obligated to defend title to a number of M3M Claims. The Company does not view the disputed claims as material to the overall M3M Claims.

In August 2024, the Company entered into a mineral property option purchase and sale agreement (“M3M Purchase Agreement”) with M3M to acquire the remaining 50% interest in the M3M Claims in lieu of issuing 1,200,000 common shares of the Company. The M3M Purchase Agreement supersedes the M3M Agreement, the proposed resolution is subject to shareholder approval, which will be sought at the forthcoming Annual General Meeting. In September 2024 four of M3M claims were dropped since they were staked over senior claims held by a competitor and three were added in November 2024 when the company were filling gaps between their claims and one of the private blocks.

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

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

- a cash deposit of US\$50,000 (paid \$67,130);
- issuance of 1,250,000 common shares of the Company upon Exchange approval of the agreement (issued with a fair value of \$587,500); and
- a cash payment of US\$150,000 upon the Company entering into an agreement to purchase the surface rights to the Private Lands (“Surface Agreement”).

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION PROPERTIES (continued)

Nevada North Lithium Project

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

- a cash deposit of US\$8,250 (paid \$11,154);
- issuance of 300,000 common shares of the Company upon TSX-V approval of the agreement (issued with a fair value of \$147,000); and
- a cash payment of US\$24,750 upon the Company entering into a Surface Agreement.

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

San Emidio Lithium Project

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

The proposed consideration for the undivided 80% interest in the San Emidio Lithium Project is as follows:

- Pay \$25,464 (US\$20,000) (paid) upon Exchange approval which was obtained in March 2022;
- Issue 1,000,000 restricted common shares of the Company upon Exchange approval, which shares shall vest and be released as follows: 25% released upon exchange approval and 25 per cent released each three-month period thereafter (issued with a fair value of \$130,000);
- Issue 4,000,000 warrants, whereby each warrant will entitle the optionors to purchase one additional common share of the Company with an exercise price of \$0.30 per share for a period of five years from exchange approval and vesting on the same schedule as the restricted shares (issued with a fair value of \$459,160); and
- Pay US\$10,000 each year on the anniversary of Exchange approval of the transaction for five years. As at December 31, 2024, the Company has paid \$27,141 (US\$20,000) (December 31, 2023 - \$13,515 (US\$10,000)).

7. SHARE CAPITAL

Authorized Share Capital

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

As at March 31, 2025, the Company had 165,023,672 (December 31, 2023 – 160,073,672) common shares issued and outstanding.

Share Issuances

Transaction during the year ended December 31, 2024:

During the year ended December 31, 2024, pursuant to the warrants exercise, the Company issued 4,950,000 common shares for cash proceeds of \$952,000 comprising of 1,700,000 warrants with an exercise price of \$0.08; 2,650,000 warrants with an exercise price of \$0.24; and 600,000 warrants with an exercise price of \$0.30.

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Share Issuances

Transactions during the year ended December 31, 2023:

On January 17, 2023, the Company issued 2,412,360 units at \$0.25 per unit for gross proceeds of \$603,090. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share at \$0.30 per share until January 17, 2028. The Company also incurred finder fees of \$32,000 in cash and issued 141,545 common shares with a fair value of \$35,387.

On March 17, 2023, the Company issued 2,000,000 units at \$0.25 per unit for gross proceeds of \$500,000. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share at \$0.30 per share until March 17, 2028. The Company also incurred finder fees of 117,232 common shares with a fair value of \$29,307.

Transactions during the year ended December 31, 2023 (continued):

On March 27, 2023, the Company issued 1,632,328 units at \$0.25 per unit for gross proceeds of \$408,082. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share at \$0.30 per share until March 27, 2028. The Company also incurred finder fees of \$11,500 in cash and issued 200,000 common shares with a fair value of \$50,000.

On April 18, 2023, the Company issued 7,000,000 units at \$0.20 per unit for gross proceeds of \$1,400,000. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at an exercise price of \$0.24 per share until April 18, 2028.

On June 9, 2023, the Company issued 13,400,000 units at \$0.40 per unit for gross proceeds of \$5,360,000. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at an exercise price of \$0.55 per share until June 9, 2026.

On June 14, 2023, the Company issued 1,000,000 common shares with a fair value of \$500,000 in accordance with an option agreement for the Nickel Project (Note 6).

On June 19, 2023, the Company issued 4,500,000 units at \$0.40 per unit for gross proceeds of \$1,800,000. Each unit is comprised of one common share and one share purchase warrant with each warrant entitling the holder to purchase one additional common share of the Company at an exercise price of \$0.55 per share until June 19, 2026. The Company incurred \$63,070 in filing fees related to the issuance of shares issued in private placements completed during the year ended December 31, 2023.

On October 23, 2023, the Company issued 2,000,000 common shares with a fair value of \$1,180,000 in accordance with the M3M Agreement for the Nevada North Lithium Project (Note 6).

On November 30, 2023, the Company issued 1,250,000 common shares with a fair value of \$587,500 in accordance with the Wilkins Family Agreement for the Nevada North Lithium Project (Note 6).

On December 5, 2023, the Company issued 300,000 common shares with a fair value of \$147,000 in accordance with the Y3-II Agreement for the Nevada North Lithium Project (Note 6).

During the year ended December 31, 2023, pursuant to the stock option exercises, the Company issued 9,063,000 common shares for cash proceeds of \$1,128,780 comprising of 5,063,000 share options at an exercise price of \$0.06; 1,500,000 share options at an exercise price of \$0.05; and 2,500,000 share options at an exercise price of \$0.30.

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Share Issuances

During the year ended December 31, 2023, pursuant to the share warrant exercises, the Company issued 12,090,275 common shares for cash proceeds of \$1,670,500 comprising of 7,770,833 warrants with an exercise price of \$0.08; 411,110 warrants with an exercise price of \$0.18; 1,458,332 warrants with an exercise price of \$0.22; 1,350,000 warrants with an exercise price of \$0.24; and 1,100,000 warrants with an exercise price of \$0.30.

Share Options

In July 2023, the Company adopted a new Equity Incentive Plan whereby the Company can grant options to employees, consultants, officers and directors providing the number of shares that may be purchased under the option plan and all previously granted options, does not exceed 5% (previously 10%) of the issued and outstanding share capital at the date of grant. The exercise price of the options granted will be no less than the market price of the Company's shares and the maximum term of the options is ten years. The aggregate number of options granted to any one consultant or investor relation service provider in a 12-month period is limited to 2% of the issued shares of the Company.

Transactions during the year ended December 31, 2024:

During the year ended December 31, 2024, the Company granted 2,850,000 share options exercisable at \$0.40 with an expiry date of August 26, 2029 (vested immediately). The options were valued at \$809,262 using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 2.95%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 124.62%.

During the year ended December 31, 2024, the Company cancelled 400,000 of the outstanding stock options which were issued to a consultant.

Transactions during the year ended December 31, 2023:

3,000,000 share options exercisable at \$0.30 with an expiry date of January 3, 2028 (vested immediately). The options were valued at \$1,061,723 using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 3.34%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 140.84%.

1,500,000 share options exercisable at \$0.25 with an expiry date of April 21, 2028 (vested immediately). The options were valued at \$332,956 using the Black-Scholes Option Pricing Model on the following assumptions: risk-free interest rate of 3.10%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 138.62%.

600,000 share options exercisable at \$0.27 with an expiry date of May 1, 2028 (vested immediately). The options were valued at \$137,957 using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 3.10%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 138.08%.

3,000,000 share options exercisable at \$0.55 with an expiry date of July 25, 2028 (vested immediately). The options were valued at \$1,319,904 using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 3.93%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 136.77%.

1,500,000 share options exercisable at \$0.60 with an expiry date of August 15, 2028 (vested immediately). The options were valued at \$698,720 using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 4.10%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 136.85%.

Surge Battery Metals Inc.
Notes to the Condensed Interim Financial Statements
For three months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Share Options

903,000 share options exercisable at \$0.52 with an expiry date of December 12, 2028 (vested immediately). The options were valued at \$397,869 using the Black-Scholes Option Pricing Model based on the following assumptions: risk-free interest rate of 3.53%, forfeiture rate of 0%, no annual dividends, term of 5 years, and expected volatility of 136.42%.

During the year ended March 31, 2025, the Company recorded share-based compensation of \$475,225 (March 31, 2024 – \$593,519) in relation to share options.

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

	Number of Options	Weighted average exercise price	Weighted average share price on exercise
		\$	\$
Balance, December 31, 2022	6,563,000	0.06	
Granted	10,503,000	0.41	
Exercised	(9,063,000)	0.12	0.52
Balance, December 31, 2023	8,003,000	0.44	
Granted	2,850,000	0.40	
Forfeited	(400,000)	0.55	
Balance, December 31, 2024	10,453,000	0.44	
Granted	-	-	
Forfeited	-	-	
Balance, March 31, 2025	10,453,000	0.44	

The following table summarizes the share options outstanding and exercisable as at March 31, 2025:

Number of options outstanding and exercisable	Exercise price	Remaining life (years)	Expiry date
	\$		
500,000	0.30	3.26	January 3, 2028
1,500,000	0.25	3.56	April 21, 2028
600,000	0.27	3.59	May 1, 2028
2,600,000	0.55	3.82	July 25, 2028
1,500,000	0.60	3.8	August 15, 2028
903,000	0.52	4.21	December 12, 2028
2,850,000	0.40	4.91	August 26, 2029
10,453,000			

Share Purchase Warrants

In October 2024, a total of 4,950,000 of the outstanding warrants were exercised for cash proceeds of \$952,000.

During the year ended December 31, 2023, the Company allocated \$3,544,323 to reserves representing the fair value of the 30,944,688 share purchase warrants issued in connection with the private placements completed during the year.

Surge Battery Metals Inc.
Notes to the Condensed Interim Financial Statements
For three months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Share Purchase Warrants

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

	Number of warrants	Weighted average exercise price
		\$
Balance, December 31, 2023	34,694,688	0.41
Exercised	(4,950,000)	0.21
Balance, December 31, 2024	34,694,688	0.45
Exercised	-	-
Balance, March 31, 2025	34,694,688	0.45

The following table summarizes the share purchase warrants outstanding and exercisable as at March 31, 2025:

Number of warrants outstanding	Exercise price	Remaining life	Expiry date
	\$	(years)	
500,000	0.08	1.35	February 3, 2026
13,400,000	0.55	1.69	June 9, 2026
4,500,000	0.55	1.72	June 19, 2026
4,000,000	0.30	2.48	March 25, 2027
1,532,360	0.30	3.30	January 17, 2028
2,000,000	0.30	3.47	March 17, 2028
812,328	0.30	3.49	March 27, 2028
3,000,000	0.24	3.55	April 18, 2028
29,744,688			

Flow-Through Premium Liability

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

	\$
Balance, December 31, 2022	4,957
Settlement pursuant to qualified expenditures	(4,957)
Balance, March 31, 2025 and 2024	-

Restricted Share Units ("RSUs")

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

Transaction during the three months ended March 31, 2025:

No transactions during the three months ended March 31, 2025.

Transaction during the year ended December 31, 2024:

No transactions during the year ended December 31, 2024.

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Restricted Share Units (“RSUs”)

Transaction during the year ended December 31, 2023:

During the year ended December 31, 2023, the Company granted 6,609,000 RSUs to certain directors, officers, and consultants of the Company with a fair value of \$3,502,770 at grant date. The RSUs will vest 1/3 on August 15, 2024, 1/3 on August 15, 2025, and 1/3 on August 15, 2026. After vesting, the RSUs may be exercised by payment to the Company of \$0.01 per common share.

In August 2024, the Company amended all of its outstanding RSU Agreements to change the vesting terms of the first and second tranches of the issued RSUs from August 15, 2024 and August 15, 2025, respectively, to August 15, 2026. All unvested RSUs will expire August 15, 2028.

During the three months ended March 31, 2025, the Company recorded share-based compensation of \$239,631 (March 31, 2024 - \$532,596) in relation to RSUs.

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

	Number of RSUs
Balance, December 31, 2022	-
Granted	6,609,000
Balance, March 31, 2025 and 2024	6,609,000

The following table summarizes the RSUs outstanding and exercisable as at March 31, 2025:

Number of RSUs Outstanding	Remaining life (years)	Vesting Date
6,609,000	1.38	August 15, 2026

Performance Share Units (“PSUs”)

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

During the year ended December 31, 2023, the Company granted 6,609,000 PSUs to certain directors, officers, and consultants of the Company with a fair value of \$3,502,770 at grant date. The PSUs will vest as follows: (i) 1/3 on completion of a resource calculation for the Corporation's Nevada North Lithium Project in the form of an NI 43-101 technical report filed on the Corporation's issuer profile on SEDAR (“Tranche 1”) (completed); (ii) 1/3 on completion of a preliminary economic assessment for the Corporation's Nevada North Lithium Project in the form of an NI 43-101 technical report filed on the Corporation's issuer profile on SEDAR (“Tranche 2”); and (iii) 1/3 on the Company listing on a senior exchange such as the TSX after the first two performance goals have been reached (“Tranche 3”).

All PSUs will vest at the later of August 15, 2024 or the achievement of the milestone and all unvested PSUs will expire August 15, 2028. After vesting, the PSUs may be exercised by payment to the Company of \$0.01 per common share.

Surge Battery Metals Inc.
Notes to the Condensed Interim Financial Statements
For three months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

Performance Share Units (“PSUs”)

In August 2024, the Company amended all of its outstanding PSU Agreements to change the vesting terms of each tranche to the later of August 15, 2026 and the original vesting condition for each tranche.

During the three months ended March 31, 2025, the Company recorded share-based compensation of \$235,595 (March 31, 2024 - \$593,519) in relation to PSUs.

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

	Number of RSUs
Balance, December 31, 2022	-
Granted	6,609,000
Balance, March 31, 2025 and 2024	6,609,000

Reserves

Reserves includes items recognized as share-based payments and the value allocated to share purchase warrants.

8. RELATED PARTY TRANSACTIONS

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

As at March 31, 2025, \$Nil (March 31, 2024 - \$40,000) was included in prepaid expenses and deposits on the statement of financial position.

During the three months ended March 31, 2025, the Company incurred rent, included in office and administrative, of \$4,900 (March 31, 2024 - \$4,800) to a company with common directors.

As at March 31, 2025, the Company owed \$66,408 (March 31, 2024 - \$133) to directors, officers, and companies with common directors and officers of the Company for reimbursement of expenses and accrued fees which are included in trade and other payables.

A summary of key management personnel compensation is as follows:

	For three months ended March 31,	
	2025	2024
	\$	\$
Consulting and management fee	327,408	428,702
Share-based compensation	420,649	996,789
Rent	4,900	4,800
	752,957	1,430,291

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

9. FINANCIAL INSTRUMENTS & RISK MANAGEMENT

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

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

The Company's financial instruments consist of cash, short-term investments, and trade and other payables. The fair value of short-term investments and trade and other payables approximates their carrying values. Cash and short-term investment are measured at fair value using level 1 inputs.

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

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

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rate risk.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's short-term investments earn fixed rates of interest and the Company does not have any borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash and short-term investments, when renewed, held with chartered Canadian financial institutions. This risk is considered minimal.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. This risk is considered minimal.

Currency risk

The Company is exposed to currency risk by incurring certain expenditures and holding assets denominated in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk. As at December 31, 2024, the Company had net liabilities of US\$82,104 which equates to total net liabilities of \$118,033. A 10% fluctuation in the foreign exchange rate against the Canadian dollar would result in a foreign exchange gain/loss of approximately \$11,803. Currency risk is assessed as low.

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

10. CAPITAL DISCLOSURES

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

- Advance the Company's corporate strategies to create long-term value for its stakeholders;
- Sustain the Company's operations and growth throughout metals and materials cycles; and
- Ensure compliance with the covenants of any applicable credit facility and other financing facilities used from time to time.

The Company monitors its capital and capital structure on an ongoing basis to ensure it is sufficient to achieve the Company's short-term and long-term strategic objectives. Management primarily funds the Company's exploration by issuing share capital, rather than using other capital sources that require fixed repayments of principal and interest. Management closely monitors its cash balance. The balance of cash as at March 31, 2025 was \$777,209 (March 31, 2024 - \$5,306,621). The Company does not currently have significant debt outstanding and there are presently no formal capital requirements with which the Company has not complied.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the three months ended March 31, 2025.

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	For the three months ended March 31,	
	2025	2024
	\$	\$
Supplemental non-cash disclosure:		
Shares issued for exploration and evaluation assets	-	-
Shares issued for finder's fees	-	-
Warrants issued for exploration and evaluation assets	-	-
Shares to be issued	-	-
Reclassification of due to related party to trade payables	-	-
Exploration and evaluation expenditures in accrued liabilities and trade and other payables	72,461	-

12. SEGMENTED INFORMATION

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

13. COMMITMENTS

In May 2023, the Company entered into Independent Contractor Services Agreements with the GKM Holdings Ltd., a company controlled by the Chairman and director of the Company, to provide management consulting services to the Company. The agreement requires monthly payments of \$20,000. Included in the agreement is a provision for a one-year pay-out (\$240,000) in the event of a termination without notice and a provision for a two-year pay-out (\$480,000) in the event of a change of control. In August 2023, the Company amended the agreements to increase the monthly fees to \$30,000 resulting in the one-year payout increasing to \$360,000 and the two-year payout increasing to \$720,000. In December 2024, the Company amended the agreements to increase the monthly fees to \$40,000 resulting in the one-year payout increasing to \$480,000 and the two-year payout increasing to \$960,000.

Surge Battery Metals Inc.

Notes to the Condensed Interim Financial Statements

For three months ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

14. COMMITMENTS (Continued)

In May 2023, the Company entered into Independent Contractor Services Agreements with the President, CEO and director of the Company to provide management consulting services to the Company. The agreement requires monthly payments of \$20,000. Included in the agreement is a provision for a one-year pay-out (\$240,000) in the event of a termination without notice and a provision for a two-year pay-out (\$480,000) in the event of a change of control. In August 2023, the Company amended the agreements to increase the monthly fees to \$30,000 resulting in the one-year payout increasing to \$360,000 and the two-year payout increasing to \$720,000. In December 2024, the Company amended the agreements to increase the monthly fees to \$40,000 resulting in the one-year payout increasing to \$480,000 and the two-year payout increasing to \$960,000.

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

In June 2023, the Company entered into a consulting agreement with American Lithium Corp. ("LI"), a company related by a common director of the Company, to assist the Company in the exploration of the Nevada North Lithium Project (Note 6). Pursuant to the contract, LI will be paid a monthly fee of \$20,000 plus applicable taxes payable in full for the initial term with a one-time payment of \$240,000 plus applicable taxes if any due and owing immediately upon the occurrence of both (i) acceptance of the engagement and (ii) closing of private placement investment of Li in the Company.

In July 2023, the Company entered into a consulting agreement with a director of the Company to assist the Company in the exploration of the Nevada North Lithium Project. The base fee for the service is US\$25,000 every three months, payable in arrears at the end of every three months. Included in the agreement is a provision for a one-year pay-out (US\$100,000) in the event of a termination without notice and a provision for a two-year pay-out (US\$200,000) in the event of a change of control.

In September 2023, the Company entered into a consulting agreement with the corporate secretary of the Company to provide management consulting services to the Company. The agreement requires monthly payments of \$7,000. Included in the agreement is a provision for a one-year pay-out (\$84,000) in the event of a termination without notice and a provision for a two-year pay-out (\$168,000) in the event of a change of control.

In November, 2024, the Company entered into an independent contractor services agreement with Tu Hoang Lieu ("Lieu") to provide management consulting services to the Company. The agreement required monthly payments of \$5,000. Included in the agreement is a provision for twelve months pay out (\$60,000) in the event of a termination without cause and a cash payment equal to the value of any then vested equity compensation held by Lieu. In the event of change in control, the Company is liable to pay a lump sum payment equivalent to 24 months fee (\$120,000), and a payment equal to all cash bonuses paid to Lieu in the 24 months prior to the change in control.

15. SUBSEQUENT EVENTS

The Company closed a non-brokered private placement of 10,351,667 units at a price of \$0.30 per unit for gross proceeds of \$3,105,500. Each unit will consist of one common share and one share purchase warrant that will expire in 3 years from the completion of the private placement and can be exercised at \$0.45 per share. The company incurred \$36,840 in finder fees in connection to the private placement.

The Company issued 250,000 stock options to a director of the company, with an exercise price of \$0.30 and an expiry date of April 16, 2030