

**Interim Management's Discussion and Analysis**

**Surge Exploration Inc.**  
(Formerly Copper Creek Gold Corp.)

**For the three months ended 31 March 2018**

*The following management discussion and analysis (“MD&A”) should be read in conjunction with the interim financial statements and accompanying notes (“Financial Statements”) of Surge Exploration Inc.(formerly Copper Creek Gold Corp.) (the “Company”) for the three months ended 31 March 2018. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). All monetary amounts are reported in Canadian dollars unless otherwise indicated. This MD&A is dated 23 May, 2018.*

*This MD&A contains forward-looking information. See “Forward-Looking Information” and “Risks and Uncertainties” for a discussion of the risks, uncertainties and assumptions relating to such information.*

*For further information on the Company reference should be made to the Company’s public filings which are available on SEDAR website ([www.sedar.com](http://www.sedar.com)).*

## **DESCRIPTION OF BUSINESS**

The Company was incorporated under the Company Act (British Columbia) on 19 June 1987 and continued to the jurisdiction of the Canada Business Corporation Act on 13 August 1997. On 6 November 2017, the Company continued to the jurisdiction of British Columbia under the Business Corporations Act. On 26 July 2010 the Company changed its name to Surge Exploration Inc. and trades under the symbol SUR on the TSX Venture Exchange. The Company is engaged in acquisition and exploration of resource property interests. The address of the Company's corporate office and principal place of business is Suite 1220, 789 West Pender Street, Vancouver B.C., V6C 1H2.

The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties. The Company does not have an active property, but is actively looking for a new project.

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

On 11 December 2017 the Company completed a share consolidation on a one (1) post- share for five (5) pre- share basis. The Company's number of outstanding options and warrants and the accompanying exercise prices were on the same basis. Unless otherwise stated, the number of shares, options, warrants and the exercise prices of options and warrants presented in these financial statements have been adjusted to include the effect of this share consolidation.

## **FORWARD-LOOKING STATEMENTS**

This report may contain forward-looking statements that involve a number of known and unknown risks and uncertainties including statements regarding the outlook of Surge Exploration's business and results of operations. By their nature, these risks and uncertainties could cause actual results, performance and achievements to differ materially from those indicated. Such factors include, without limitation, risks inherent in mineral exploration, the Company's history of operating losses and uncertainty of future profitability, uncertainty of access to additional capital, and environmental risks. Readers should not place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and are also advised to consider such forward looking statements while considering the risks set forth below.

Surge Exploration Inc. disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as is required by applicable securities regulations.

## **PROJECT OVERVIEW**

### **Hedge Hog Project, Quesnel BC**

On 14 November 2017, the Company entered into a property option agreement with Eastfield Resources Ltd. ("Eastfield") dated 14 November 2017 (the Agreement"), whereby the Company may earn an undivided 60% interest seven mineral tenure (the "Property") covering 2,418 hectares (5,972 acres) located approximately 80 km northeast of the town of Quesnel, BC and 20 km north of the historic gold mining towns of Wells and Barkerville.

Pursuant to the terms of the Agreement, the Company may exercise the option as follows:

- (a) by making payments to the Eastfield as follows:
  - (i) \$20,000 immediately upon execution of the Agreement; and
  - (ii) \$20,000 on 14 November 2018;
  - (iii) \$30,000 on 14 November 2019;
  - (iv) \$55,000 on 14 November 2020;

- (v) \$100,000 cash and \$50,000 to be paid in equivalent shares or cash on 14 November 2021; and
- (vi) \$125,000 cash and \$100,000 to be paid in equivalent shares or cash on 14 November 2022.

(b) Incurring Exploration Expenditures on the Property as follows:

- (i) \$100,000 to be spent by 14 November 2018;
  - (ii) an additional \$300,000 to be spent by 14 November 2019;
  - (iii) an additional \$500,000 to be spent by 14 November 2020;
  - (iv) an additional \$600,000 to be spent by 14 November 2021; and
  - (v) an additional \$1,000,000 to be spent by 14 November 2022.
- Finder's fees will be paid on behalf of the transaction in accordance with Exchange policies.

Eastfield Resources Ltd acquired the Hedge Hog property by staking in 2013 and 2014 and owns a 100% interest in it. The property is comprised of seven mineral tenures covering 2,418 hectares (5,972 acres) located approximately 80 km northeast of the town of Quesnel, BC and 15 km north of the historic gold mining towns of Wells and Barkerville.

A rush of exploration in Wells-Barkerville area during the 1980's and 1990's focused on the search for Besshi type volcanic massive sulfide (VMS) deposits in Paleozoic aged Slide Mountain rocks with interest fuelled by discoveries in equivalent rocks at the Chu Chua deposit north of Kamloops, BC and the Kudz Ze Kayah, Wolverine and Fyre deposits in the Yukon Territory (much of the Hedge Hog property is underlain by this formation). The well-known placer gold deposits of the Wells/Barkerville area (approximately 4 million ounces historic production) and historic lode gold deposits of this area (approximately 1.2 million ounces historic production) are hosted within meta-sedimentary rocks of the Proterozoic-Paleozoic Barkerville-Kootenay Terrane which structurally underlies the Slide Mountain Terrane and which probably also occurs in fault slices on the Hedge Hog property.

The first recorded exploration near the Hedge Hog claims was completed by a Mr. Ben Gunsen in 1984 and 1985 in the vicinity of Lottie Lake (current Hedge Hog claim) concentrating on finding coarse gold within pyritic rocks.

In 1998, float interpreted to be volcanic massive sulfide in character was found by prospecting in a roadside ditch approximately 800 meters southwest of Lottie Lake. The float consisted of a small angular boulder of chalcopyrite rich massive sulfide and several larger blocks of mineralized chert and/or silicified volcanic rock. The sulfide boulder graded 24.3% copper and 19.6 g/t silver. Eureka Resources acquired the Lottie project from the prospector in 1999 and conducted soil and till geochemistry, ground electromagnetic and magnetic surveying and backhoe trenching in the general area of the float. The test pitting revealed many more angular blocks of chalcopyrite rich massive sulfide but its source was not found. Several samples of this material subsequently sampled by Hudson Bay Exploration and Development averaged 8.7% copper, 9.59 grams per ton silver and 145 ppb gold.

Hudson Bay optioned the property from Eureka Resources in 2000 and conducted bedrock and surficial till mapping, soil, and moss mat geochemistry, trenching, ground geophysics and a four drill hole (556 metres) program before relinquishing the option in 2001.

In 2001, Eureka identified EM conductors two km south of the Lottie copper float area and completed two diamond drill holes (129 metres) and subsequently concluding that the conductors identified were caused by graphitic sediments.

In 2013, following acquisition of the mineral tenure for this area, Eastfield conducted a program of rock and stream sediment sampling. Altered rhyolite (silicified andesite/basalt?) was confirmed in several float samples in the vicinity of Lottie Lake with the highlights being samples which returned 0.93% and 0.34% copper respectively. Approximately eight kilometers to the north of Lottie Lake, on a recent logging road, outcropping altered sheared rhyolite was observed and sampled. A grab sample of this material, cross cut by narrow quartz veins, assayed 1.51 g/t gold, 1.37% zinc, 0.48% lead, 1,203 ppm arsenic and 1,313 ppm antimony. The Golden Sky claim, now part of the Hedge Hog Property, was subsequently staked.

In 2014 stream sediment sampling and 6.6 kilometers of soil sampling at Lottie and 7.4 line kilometers of sampling over the Golden Sky was followed by 4.7 line kilometers of reconnaissance induced polarization/resistivity surveying at

Lottie Lake. At Lottie, a sample of quartz pyrite veined argillite float/subcrop, returned an analysis of 797.1ppb gold and 550.5ppm arsenic. A broad roughly east-west chargeability high was defined by the induced polarization survey in the area of the Lottie float.

In 2015 further reconnaissance prospecting and mechanical test pitting and trenching was completed in a program in which forty-seven pits were dug with an excavator. Forty-two of the pits encountered bedrock while five did not. One sample of silicic rock was sent for petrographic analysis and determined to be a brecciated latite confirming the presence of volcanic or sub-volcanic rocks in the vicinity of the massive sulfide “boulder field”. Prospecting further still further west of Lottie Lake located silicified and outcropping pyritized altered argillite south of the placer gold mine located in this area.

Further exploration is recommended with two objectives; first for the identification of the mineralized felsic volcanic rocks which host the massive sulfide float boulders and second for location of mineralization similar to what occurs fifteen kilometers to the south at Barkerville. Sampling in the vicinity of the placer gold mine located west of Lottie Lake in 2014 identified mineralized argillite/chert with one sample grading 797.1ppb gold. The presence of adjacent outcropping felsic dykes is similar to the geological setting at Barkerville.

A two phase exploration program is recommended. The first phase should entail prospecting and rock sampling with an estimated 100 rocks and 500 soils to be collected and analyzed concurrently with excavator trenching and pitting in which 70 hours of machine time should be budgeted and in which upwards of which 50 pits should be excavated. The estimated cost of the phase one program is \$104,850. Contingent on the success of the first phase a phase two program consisting of 2,500 meters of diamond drilling at an all in cost of \$200 metre (\$500,000) is recommended.

**Property Description and Location**

The Hedge Hog property is comprised of a seven MTO mineral tenures covering 2417.7 hectares (5,972 acres) and is located approximately 80 km northeast of the town of Quesnel, BC and 20 km north of the historic gold mining towns of Wells and Barkerville. The claims are centred on UTM NAD83 Zone 10 co-ordinates 592722E, 5899360N and are 100% owned by Eastfield.

*Table 1 Claim Status*

<b>Claim Name</b>	<b>Record #</b>	<b>Area (ha)</b>	<b>Expiry Date</b>	<b>Registered owner</b>
Hedge Hog	1021007	464.5	July 15, 2021	Eastfield Resources Ltd.
HG-2	1027627	348.5	April 17, 2020	Eastfield Resources Ltd.
HG-3	1027628	232.2	April 17, 2020	Eastfield Resources Ltd.
HG-3	1027630	270.8	April 17, 2019	Eastfield Resources Ltd.
Golden Sky	1023265	482.9	Oct 23, 2021	Eastfield Resources Ltd.
Khan Khan	1025715	290.1	Feb 4, 2021	Eastfield Resources Ltd.
Conector	1028564	328.7	May 28, 2020	Eastfield Resources Ltd.
<b>Total</b>		<b>2,418 (ha)</b>		

**Cariboo Mining Division**

The Hedge Hog Property is road accessed from Quesnel BC by paved Highway 26 to Wells BC. To access the Lottie, the Ketchum Forest Service Road (2400 Road) leaves the highway approximately 23 kilometres west of Wells, at approximately 26 kilometres up (north) the 2400 Road turn east onto the Big Valley road and travel 22 kilometres to the Lottie area. Numerous spur roads offer quad and 4x4 pickup access throughout the Lottie area.

Access to the Khan Khan area is north on the Ketchum (2400) road for approximately 47 kilometres from Highway 26 and then southwest on a logging spur for another 11 kilometres to the Khan Khan area (the southwest end of this road was in the process of being deactivated in September 2014).

The Golden Sky showing is best accessed from Wells by driving northeast 17.6 kilometres along the Bowron Lake Road and then left onto the Ketchum Forest Service Road (2400 Road) for 22 kilometres then north on a logging spur for 5 kilometres.

The nearest power line in the vicinity of the Hedge Hog project is a line that extends along the Bowron Lake Road to service local residents and the Bowron Lake Provincial Park.

Government of Canada data indicates that Barkerville BC has an annual average daily temperature of 2.0° Celsius with highs with summer month averages of 10.6° Celsius and an average annual precipitation of 1022 millimetres (560 millimetres rain, 462 centimetres snow) with summer average rainfall of 91 millimetres per month.

The town of Wells offers accommodation and limited supplies, fuel, basic groceries. Restaurants in Wells are seasonal for summer tourists and winter snowmobilers. The city of Quesnel is a major supply centre for forestry and mining throughout the region. A small airstrip is located at Wells and a regional airport services Quesnel with daily service to Vancouver. Additional flight service is available via Prince George. Heavy equipment is available for contract hire in Wells where casual field labour is also available.

Elevations on the property range from 1,660 metres (5,450 feet) on a ridge north of Lottie Lake to 1020 metres (3350 feet) in Big Valley south of the Golden Sky showing. The property is covered by stands of fir, spruce and hemlock which has been extensively logged and is in various states of forest regeneration. Logging remains active in the area. High snow accumulations in the winter months limit road access to the property without regular snow plowing of the roads. Exploration activities without snow removal are possible most years from late May to early November.

### **Qualified Person Statement**

“Project Overview” and “Subsequent Event” sections of this report have been reviewed and approved for technical content by Joerg Kleinboeck, P.Geo., an independent consulting geologist and a Qualified Person under the provisions of NI 43-101.

### **SELECTED QUARTERLY FINANCIAL INFORMATION**

The following table sets out Surge Exploration’s summarized quarterly results for each of the eight most recently completed quarters. This financial data has been prepared in accordance with IFRS. All amounts are shown in Canadian dollars.

	31 Mar 2018	31 Dec 2017	30 Sep 2017	30 Jun 2017	31 Mar 2017	31 Dec 2016	30 Sep 2016	30 Jun 2016
Net Sales / Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Comprehensive Loss for the quarter	\$ 105,629	\$ 163,413	\$ 81,466	\$ 22,611	\$ 41,151	\$ 153,035	\$ 92,527	\$ 94,761
Diluted Income (Loss) per share	\$(0.003)	\$(0.020)	\$(0.010)	\$(0.000)	\$(0.000)	\$(0.010)	\$(0.000)	\$(0.000)

### **RESULTS OF OPERATIONS**

#### **For the three months ended 31 March 2018 compared to the three months ended 31 March 2017.**

Comprehensive loss for the three months ended 31 March 2018 was \$105,629 as compared to \$41,151 for the same period in 2017. The increase in comprehensive loss of \$64,194 was mainly attributable to the net effect of:

- Increase of \$71,400 in Consulting fees, from \$2,900 in 2017 to \$74,300 in 2018, due to hiring of new consultants focusing in the new business and development of the Company.
- Increase of \$9,000 in Insurance, from Nil in 2017 to \$9,000 in 2018.

- Increase of \$1,963 in Legal fees, from \$905 in 2017 to \$2,868 in 2018.
- Decrease of \$16,000 in Management fees, from \$16,000 in 2017 to \$Nil in 2018.
- Increase of \$50,888 in Marketing and Communications, from \$Nil in 2017 to \$50,888 in 2018, due to the aggressive global online promotion campaign and advertising, it was an inactive company in the previous year.
- Increase of \$10,576 in Office expenses, from \$402 in 2017 to \$10,978 in 2018.
- Increase of \$2,719 in Rent, from \$7,500 in 2017 to \$10,219 in 2018.
- Increase of \$31,810 in Transfer agent and regulatory fees, from \$5,670 in 2017 to \$37,480 in 2018.
- Decrease of \$3,407 in Travel, lodging and food, from \$5,002 in 2017 to \$1,595 in 2018.
- Recognition of \$91,982 Other income due to the accounts payable write-off from \$Nil in 2017 to \$91,982 in 2018 .
- Write-off of \$2,345 of Equipment from \$2,345 in 2017 to \$Nil in 2018 .

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 31 March 2018 the Company had \$1,479,732 in cash compared to \$1,703,968 as at 31 December 2017. Working capital was \$1,374,726 compared to \$1,284,985 as at 31 December 2017.

During the period ended 31 March 2018, the Company had a net decrease in cash of \$224,236 compared to \$1,621,449 increase in cash in year ended 31 December 2017.

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

## **OUTSTANDING SHARE DATA**

The number of common shares outstanding was 33,347,630 shares (31 December 2017: 30,858,042) as at 31 March 2018 and 33,347,630 as at the date of this MD&A.

## **CONTROLS AND PROCEDURES**

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

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could

threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), Surge Exploration utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing a Venture Issuer Basic Certificate do not make any representations relating to establishment and maintenance of:

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

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

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

## **RISK FACTORS**

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

### **Current Global Financial Condition**

Current global financial conditions have been subject to increased volatility and turmoil. These factors may affect Surge Exploration's ability to obtain equity financing in the future or, if obtained, to do so on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations as well as the trading price of its common shares could be adversely affected.

### **Industry and Mineral Exploration Risk**

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

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

### **Commodity Prices**

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

### **Environmental**

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

### **Reliance upon Key Personnel**

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

### **Insurance**

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

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

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

maintain such permits. To the extent such approvals are required and not obtained or maintained, the Company may be prohibited from proceeding with planned exploration or development of mineral properties.

### **Joint Ventures**

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

### **Exploration Risks**

The exploration for and development of mineral deposits involves significant risks. Few properties that are explored are ultimately developed into producing mines. Whether a mineral deposit will be commercially viable depends on a number of factors, including: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices, which are highly cyclical; and government regulation, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. Even if the Company identifies and acquires an economically viable ore body, several years may elapse from the initial stages of development until production. As a result, it cannot be assured that Surge Exploration's exploration or development efforts will yield new mineral reserves or will result in any new commercial mining operations.

### **Mineral Property Title Risk**

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

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

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

## **SUBSEQUENT EVENTS**

- a) On 7 May 2018, the Company has entered into an option agreement with LiCo Energy Metals Inc., whereby Surge may earn an undivided 60% interest in the Glencore Bucke and the Teledyne Cobalt Properties, located in Cobalt, Ontario. The transaction is subject to TSX Venture Exchange approval.

### Terms of the Option

The Company will pay LiCo the sum of \$240,000 and issue 1,000,000 fully paid and non-assessable common shares in the capital of Surge upon Exchange Approval. In addition, Surge shall incur an aggregate of \$1,536,000 in Exploration Expenditures on the Property on or before two years from the date of the Agreement.

Upon the Company having exercised the Option, Surge will have earned an undivided 60% interest in the Property, and the parties will enter into a Commercially Reasonable and Definitive Joint Venture Agreement.

Finder's fees will be paid on behalf of the transaction in accordance with Exchange policies.

Pursuant to TSXV Policy 5.9 and Multilateral Instrument 61-101 — Protection of Minority Security Holders in Special Transactions ("MI 61-101"), the Option Agreement constitutes a "related party transaction" due to the fact that one of the directors of the Company is also President and CEO of LiCo. The Company relied on Section 5.5(a) of MI 61-101 for an exemption from the formal valuation requirement and Section 5.7(1)(a) of MI 61-101 for an exemption from the minority shareholder approval requirement of MI 61-101 as the fair market value of the transaction did not exceed 25% of the Company's market capitalization. The disinterested members of the board of directors have unanimously approved the transaction and have determined that the purchase price of the transaction is fair to the Company and its shareholders based on LiCo's previous positive drilling programs on the properties, two unsolicited expressions of interest from arm's length parties, combined with the purchase price that LiCo previously paid to acquire the properties.

- b) On 7 May 2018, the Company launched its new website [www.surgeexploration.com](http://www.surgeexploration.com).
- c) On 30 April 2018, further to the announcement on 23 April 2018, effective 1 May 2018 the Company name changed to Surge Exploration Inc. and a forward 2:1 share split.
- d) On 24 April 2018, the Company has been approved by Mergent's Editorial Board and is now "Blue-Skyed" with a new listing in Mergent Manuals and News Reports™. Surge Exploration's corporate profile, which includes descriptive text, data, news and financial statements, will be accessible through Mergent's online and print products.  
As part of Mergent's listing services, the new description will be highlighted separately on [www.mergent.com](http://www.mergent.com) with an active hyperlink back to Copper Creek's website.
- e) On 23 April 2018, the Company changed its name to Surge Exploration Inc. and announced a forward 2:1 share split where the Company's outstanding common shares are split on a basis of two (2) new shares for every one (1) old share. All outstanding stock options and share purchase warrants are adjusted on the same split ratio.
- f) On 10 April 2018, the Company amended its previously announced shares for debt transaction. Previously, the Company issued 2,189,588 shares and 1,206,957 share purchase warrants at a deemed value of \$0.08 per share to settle outstanding debt of \$175,167 to certain creditors of the Company. The Company is amending the number of shares to be issued so that 1,725,274 shares and 1,206,957 share purchase warrant at a deemed value of \$0.08 per share will be issued to settle a total of \$138,021, subject to TSX Venture Exchange approval. The decrease in the shares issuable is a result of the Company's failure to reach a final agreement with one of the creditors, the Company's former CFO and his related company. Consequently, the debt will remain in place, however the Company is investigating the merit of alleged debts being claimed and the circumstances around

such debts being incurred. All securities issued in connection with the shares for debt transaction are subject to a four month and a day hold period in accordance with applicable Securities Laws.

- g) On 9 April 2018, the Company has secured DTC eligibility by The Depository Trust Company for its shares traded on the OTCQB "CKVLF".

The DTC is a subsidiary of the Depository Trust & Clearing Corporation ("DTCC") and manages the electronic clearing and settlement of publicly traded companies. Securities that are eligible to be electronically cleared and settled through the DTC are considered "DTC eligible." This electronic method of clearing securities speeds up the receipt of stock and cash, and thus accelerates the settlement process for investors and brokers, enabling the stock to be traded over a much wider selection of brokerage firms by coming into compliance with their requirements.

Being DTC eligible is expected to greatly simplify the process of trading and exchange the Company's common stock on the OTC marketplace in the United States.