

**Management's Discussion and Analysis**

**Surge Battery Metals Inc. (formerly Surge Exploration Inc.)**

**For the year ended 31 December 2020**

**Surge Battery Metals Inc. (formerly Surge Exploration Inc.)**  
**Management's Discussion and Analysis of Financial Results**  
**For the year ended 31 December 2020**

*The following management discussion and analysis ("MD&A") should be read in conjunction with the audited consolidated financial statements and accompanying notes ("Financial Statements") of Surge Battery Metals Inc. (formerly Surge Exploration Inc.) (the "Company") for the year ended 31 December 2020. 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 28 April 2021.*

*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**

Surge Battery Metals Inc. (formerly Surge Exploration Inc.), (“Surge Battery” or 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. The Company trades on the TSX Venture Exchange (the “Exchange”) under symbol SUR. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties.

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.

On 20 April 2018, the Company formed a wholly owned subsidiary called Surge Exploration Chile SpA. On 23 April 2019, the Company decided to refocus its corporate efforts on mineral exploration in North America. The Company is no longer pursuing the proposed Atacama Cobalto (cobalt) project and Incahuasi (lithium) projects, and the Company has decided to close its Santiago exploration office.

On 25 May 2020, the Company consolidated its share capital on a one (1) new common share without par value for every ten (10) existing common shares without par value. No fractional shares were issued as a result of the consolidation. Instead, all fractional shares equal or greater to one-half were rounded to the next whole share. The Company’s outstanding options and warrants were adjusted on the same basis. Unless otherwise stated, the number of shares, options, warrants and the exercise prices of options and warrants presented in these consolidated audited financial statements have been adjusted to include the effect of this share consolidation.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at the time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows.

Unless the context suggests otherwise, references to the “Company” or “we”, “us”, “our” or similar terms refer to Surge Battery Metals Inc. (formerly Surge Exploration Inc.)

## **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 Battery’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 Battery Metals Inc. (formerly 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 Property, Quesnel BC**

On 14 November 2017, the Company entered into a property option agreement with Eastfield Resources Ltd. (“Eastfield”) to acquire the right to earn an undivided sixty percent (60%) interest in certain mineral claims 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. Finder’s fees of 20,000 common shares valued at \$15,000 were paid in connection with this agreement.

On 10 October 2018, the Company and Eastfield amended the property option agreement as follows:

The first year anniversary date (14 November 2018) cited to satisfy the first year work commitment and to make further \$20,000 option payment to continue with the agreement will be deferred until the later of 14 November 2018 or seven days after results of the soils and rocks currently in the laboratory have been received and copied to Surge. If at that time Surge wishes to continue with the agreement it must make the first anniversary option payment of \$20,000 (paid) within five days. Any shortfall in the first year exploration expenditure requirement determined at this time will be added to the second year's work requirement provided that the amount is a firm commitment.

During the year ended 31 December 2018, the Company paid \$11,500 in cash as a reclamation security deposit with respect to the application to the government of British Columbia for a mining permit. The reclamation security deposit was written off in during the year ended 31 December 2019 as the property option agreement was terminated.

During the year ended 31 December 2019 the Company terminated the property option agreement and recognized a write off of \$173,960.

#### 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.
Total		2,418 (ha)		

#### **Mineral Mountain Copper Gold Property**

On 27 November 2018, the Company acquired 100% interest in a group of mineral claim blocks comprising of 19,665 hectares (197 sq km) in the Omineca region of north-central British Columbia for cash of \$40,000 and 100,000 common shares of the Company valued at \$80,000. The TSX Venture Exchange approved the transaction on 4 December 2018. During the year ended 31 December 2019 the Company decided not to continue with this property and recognized a write off of \$123,855.

The Omineca Group of claim blocks lie in the Omineca Mining Division of north-central British Columbia, approximately 150 km north of Fort St. James. The claims are not subject to any royalty terms, back-in rights, payments or any other agreements and encumbrances.

#### **Copper Porphyry Property (Expansion of Mineral Mountain Copper Gold Property)**

On 6 May 2019, the Company acquired 100-per-cent interest in additional copper-gold mineral claims adjoining its copper porphyry mineral claim in north-central British Columbia. These two new mineral claims (6,790 hectares) add to the Company's current sizeable land position within British Columbia's prolific Omineca mining district. Surge now has copper-gold mineral claims totalling 26,455 hectares (265 square kilometres) in the area.

Subject to the terms and conditions of the purchase and sale agreement dated May 2, 2019, for the new mineral claims, the Company agrees to making a cash payment to the vendor in the amount of \$16,000 (paid) upon signing the agreement and issuing 200,000 fully paid and non-assessable common shares in the capital of the Company (issued with fair value of \$90,00) upon TSX Venture Exchange approval to the transaction. During the year ended December 31, 2019, the Company decided not to continue with the property and recorded an impairment of \$106,000.

**Glencore Bucke and Teledyne Cobalt Projects:**

On 7 May 2018, the Company entered into a property option agreement with Fuse Cobalt Inc. (“Fuse”, formerly LiCo Energy Metals Inc.) to acquire, the right to earn an undivided and up to 60% interest in to the Glencore Bucke Property and Teledyne Cobalt Properties located in Bucke and Lorrain Townships, 6 km east-northeast of Cobalt, Ontario. The option agreement is “non-arms length” and is a related party transaction due to an officer in common between Fuse and the Company. The TSX Venture Exchange approved the transaction on 12 June 2018.

In order to earn the 60% interest in the mineral claims, the Company is required to issue shares and make payments as follows:

	Cash Payment	Share issuances	Expenditures
	\$		\$
Upon Exchange Approval (paid and issued)	240,000	100,000*	-
On or before 7 May 2020	-	-	1,536,000
	<b>240,000</b>	<b>100,000</b>	<b>1,536,000</b>

\*Valued at \$180,000

Finder’s fees of \$42,000 in cash were paid during the year ended 31 December 2018. On 25 February 2020, the property option agreement was terminated early. By doing so, Fuse will retain 100% interest in the Glencore Bucke and Teledyne Claims upon Fuse issuing the Company 2,500,000 pre-split common shares of Fuse at a fair value of \$0.09 per share. As a result, the Company recorded an impairment of \$248,017 during the year ended 31 December 2019, and wrote the property value down to \$Nil after the shares from Fuse were received.

**Glencore Bucke**

The Glencore Bucke Property consists of two patented mining claims totaling approximately 16.2 ha in area, and sits along the west boundary of Surge’s Teledyne Cobalt Project. In 1981, Teledyne Canada Ltd. (“Teledyne”) leased mining claim 585 (“Glencore Bucke Property”) from Falconbridge Nickel Mines Ltd. as the company recognized the significant exploration potential that the Property had due to the possible southern extensions of the Cobalt Contact veins on mining claim T43819 that projected southward onto the Property. In the same year, Teledyne completed 36 diamond drill holes totaling 10,903 ft (3,323.3 m) on the Property. The drilling program outlined two separate vein systems hosting significant cobalt and silver values. The two zones are known as the Main Zone, measuring 152.4 m in length, and the Northwest Zone, measuring 70.0 m in length. The Main Zone had a north-south strike, which is hypothesized as the southern extension of the #3 vein from the Cobalt Contact Mine located immediately to the north of the Property. Additional work was recommended but never completed due to a downturn in cobalt prices at the time. Based on the surface drill program completed by Teledyne, historical reserves of 60,000 tons in the geologically inferred category, and 15,000 tons in the probable category, at an average grade of 0.45% Co, 3.0 oz/t Ag was estimated (Linn, 1983). The historical reserve estimate contains categories that are not consistent with current CIM definitions. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. No attempt was made to reconcile the historical reserve calculations as reported by Teledyne Tungsten. Surge is not treating the historical reserve estimate as a current mineral resource or mineral reserve.

**Teledyne Cobalt**

The Teledyne Cobalt Property, located in Bucke and Lorrain Townships, consists of 5 patented mining claims totaling 79.1 ha, and 46 unpatented mining claim cells totaling approximately 705.99 ha. The Property is easily accessible by highway 567 and a well maintained secondary road.

The Teledyne Cobalt Property adjoins the south and west boundaries of claims that hosted the Agaunico Mine. From 1905 through to 1961, the Agaunico Mine produced a total of 4,350,000 lbs. of cobalt ("Co"), and 980,000 oz. of silver ("Ag") (Cunningham-Dunlop, 1979). A significant portion of the cobalt that was produced at the Agaunico Mine was located along structures that extended southward towards the northern boundary of patented claim 372, part of the Teledyne Cobalt Property. Cobalt mineralization consisted of cobaltite and smaltite hosted within steeply dipping veins and extensive disseminations within Huronian sedimentary rocks. From 1951 through to 1957, the average Co content of the ores mined at the Agaunico Mine was approximately 0.5%. In 1955, 526,000 lbs. of Co, 146,000 oz. of Ag, 117,000 lbs. of nickel ("Ni"), and 81,000 lbs. of copper ("Cu") were extracted from 62,000 tons of ore (Cunningham-Dunlop, 1979).

In 1953, Big Agaunico Mines Ltd. carried out a drilling program on a portion of Fuse's Teledyne Cobalt Property to locate the extension of the south-striking Agaunico cobalt-rich Vein 15. Drill holes No. 8 and No. 12 intersected 0.58% Co over 5 ft (1.5 m), and 0.46% Co over 3 ft (0.9 m) respectively. The aforementioned intervals represent core lengths, and not true widths. These intersections, located 350 ft (106.7 m) and 600 ft (182.9 m) south of the northern claim boundary of claim 372, confirmed the likely extension of the Agaunico cobalt zone (Vein #15) onto the Property (Cunningham-Dunlop, 1979).

In 1979, Teledyne Canada Ltd. ("Teledyne") completed six surface diamond drill holes and encountered a zone of cobalt mineralization that extended 640 ft (195 m) south from the claim boundary. In 1980, Teledyne completed a 10 ft (3.0 m) by 13 ft (4.0 m) access decline at a decline of -15 degrees for length of approximately 2,300 ft (701.0 m) to facilitate underground exploration of the mineralization zone encountered in their surface diamond drilling program. A total of 6,167 ft (1,879.7 m) of underground diamond drilling was completed in 22 drill holes (Bresee, 1981). The drill program confirmed the extension of the Agaunico cobalt zone onto claim 372 for a strike length of 500 ft (152.4 m). The drill program also encountered a second zone with a strike length of 450 ft (137.2 m). The most significant results included 0.64% Co over 55.3 ft (16.9 m), 0.74% Co over 28.6 ft (8.7m), and 2.59% Co over 8 ft (2.4 m). The aforementioned widths represent drill intersected widths, not true widths. Based on the surface and underground diamond drill programs, historical reserves of 60,000 tons in the geologically inferred category, and 40,000 tons in the probable category, at an average grade of 0.45% Co, 0.6 oz/t Ag was estimated (Linn, 1983). The historical reserve contains categories that are not consistent with current CIM definitions. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. No attempt was made to reconcile the historical reserve calculations as reported by Teledyne Tungsten. Surge is not treating the historical reserve estimate as a current mineral resource or mineral reserve. Over \$25 million (inflation-adjusted) of past work has been already been completed on the Teledyne Property. This work has resulted in valuable infrastructure, which includes a development ramp and a modern decline going down 500 ft parallel to the vein.

#### Ontario Cobalt Property Update:

During the late fall of 2018, Surge completed a total of 4,272 m / 14,016 ft. of diamond drilling in 33 holes on both the Glencore-Bucke and Teledyne Cobalt Properties: 2,559 m / 8,396 ft. were completed in 24 drill holes on the Glencore Bucke Property, and 1,713 m / 5,620 ft. in 9 drill holes on the Teledyne Cobalt Property.

On the Glencore-Bucke Property, drill holes GB18-22 to GB18-30 tested the Northwest and Main Zones with the intent of intersecting mineralized zones along strike and vertically above and below previous intersections reported in the 2017 drilling program completed by Fuse.

Highlights from diamond drill holes GB18-22 to GB18-30 include:

- GB18-26 0.29 % Co over 0.25 m from 79.25 to 79.50 m.
- GB18-27 0.47 % Co, 33.1 ppm Ag, 0.82% Cu over 2.33 m from 94.42 to 96.75 m, including 1.3% Co, 65.8 ppm Ag, 0.97% Cu over 0.83 m from 94.42 to 95.25 m.
- GB18-29 1.28% Cu over 3.75 m from 61.75 to 65.50 m, including 0.24% Co, 0.43% Cu from 63.00 to 63.40 m.
- GB18-30 0.70 % Co over 0.50 m from 40.00 to 40.50 m.

The results for diamond drill holes GB18-23 to GB18-30 are summarized below in Tables 1 and 2. There were no significant results for drill hole GB18-22.

Table 1: Summary of Teledyne Diamond Drill Results

DDH	From (m)	To (m)	Core length (m)	Co (ppm)	Ag (ppm)	Cu (ppm)	Zn (ppm)	Pb (ppm)
GB18-23	50.8	51.15	0.35	669	4.6	13300	257	56
GB18-24	44	46	2.00	50	12.6	1000	15450	10750
	57.9	58.3	0.40	205	31.2	9200	262	65
GB18-25	24.4	24.6	0.20	607	7.1	13000	31	22
	35.3	35.6	0.30	140	121	12600	67	2
	51.7	52.72	1.02	418	33	7320	194	543
	65.35	67.2	1.85	134	14	756	37489	11373
	76	76.5	0.50	151	27.7	11200	1250	2090
	82.8	83.5	0.70	208	89.3	18400	1340	364
GB18-26	79.25	79.5	0.25	2890	18.1	859	70	180
GB18-27	94.42	96.75	2.33	4701	33.1	8156	582	2105
incl.	94.42	95.25	0.83	13000	65.8	9720	192	5000
GB18-28	58	59.25	1.25	343	14.3	5068	470	672
	71.5	72	0.50	80	13.4	1110	12100	13600
GB18-29	60.5	69	8.50	318	13.2	7065	6070	4197
incl.	61.75	65.5	3.75	572	14.9	12758	292	119
incl.	63	63.4	0.40	2430	10.9	4300	68	144
GB18-30	40	40.5	0.50	7030	0.7	20	43	6
	44.5	45	0.50	1940	1.1	74	43	9

Note: Intervals reported in Table 1 represent core lengths and not true widths.

Table 2: Drill hole Collar Information

DDH	Easting	Northing	Azimuth	Dip
GB18-22	604444.10	5252142.96	270	-45
GB18-23	604483.40	5252145.01	270	-45
GB18-24	604484.05	5252132.50	270	-45
GB18-25	604495.03	5252132.90	270	-45
GB18-26	604516.25	5252134.03	270	-45
GB18-27	604507.06	5252121.08	270	-45
GB18-28	604536.62	5252109.64	270	-60
GB18-29	604538.06	5252097.52	270	-60
GB18-30	604531.85	5252070.18	270	-45

#### QA/QC Program

Surge Battery Metals Inc. (formerly Surge Exploration Inc.) has implemented a quality assurance/quality control (QA/QC) program for both the Glencore-Bucke and Teledyne Property drill programs. Diamond drill cores were logged, and where marked for sampling, split in half, with one half placed in a labelled sample bag, and the remaining half placed back into the core tray and stored in a secured compound. A blank and a standard were inserted in the assay sampling sequence at every 26th and 27th place respectively. All samples were shipped to Activation Laboratories in Ancaster, Ontario. Each sample was coarsely crushed and a 250 g aliquot is then pulverized and made ready for analysis. A 0.25g portion of the pulverised material is digested with a near total digestion (4 acid) and then analyzed using an ICP. QC for the digestion is 14% for each batch, 5 method reagent blanks, 10 in-house controls, 10 samples duplicates, and 8 certified reference

materials. An additional 13% QC is performed as part of the instrumental analysis to ensure quality in the areas of instrumental drift. If over limits for Cu, Pb, Zn, and Co are encountered, a sodium peroxide fusion, acid dissolution followed by ICP-OES is completed. Where Ag over limits, a four-acid digestion is completed followed by ICP-OES.

On 24 July 2018, the Company entered into a non-binding Memorandum of Understanding (“MOU”) with Compañía Minera del Pacifico S.A. (“CAP Minería”) for an option to acquire up to 100% of the Atacama Cobalto Project (“Atacama Project”) in the Atacama Region in Northern Chile. The MOU detailed the structure of the joint venture agreement whereby the Company could initially acquire 51% and up to 70% of the mining rights to the Atacama Project in three distinct (3) phases, and thereafter can earn up to 100% of the mining rights by excess contribution to the joint venture between the Company and Cap Minería (the “Newco”). The transaction was subject to TSX Venture Exchange approval.

On 7 December 2018, the Company entered into a Definitive Option Agreement (“Atacama Agreement”) with CAP Minería.

During the year ended 31 December 2018, the Company recorded an impairment write-down of \$55,492 related to the Atacama Project with respect to the termination of the Atacama Agreement.

### **Incahuasi Lithium Project, Chile**

On 31 October 2018, the Company entered into a non-binding Memorandum of Understanding (the “MOU”) through its wholly owned subsidiary, Surge Exploration Chile SpA with Mr. Miguel Angel Pérez Vargas for an option to acquire up to 100% of the Incahuasi Lithium Project in the prolific Antofagasta mining region in Northern Chile. The Incahuasi Lithium Project comprises 10 exploration concessions totalling 2,300 hectares, and the Incahuasi Salar is located on the Chile/Argentina national border approximately 75 km / 46 mi southeast from the famed Atacama Salar in Chile. The Atacama Salar is well-known to be the world's largest and actively mined source of lithium with over 15% of the global supply of lithium contained within its boundaries.

During the year ended 31 December 2018, the Company paid mineral property exploration expenses of \$13,042 in relation to the MOU.

The Company wrote off the property in the year ended 31 December 2018 as subsequent to the year end, the Company terminated its MOU related to the Incahuasi Lithium Project.

### **Trapper Lake - Golden Triangle Property**

On July 15, 2019, the Company acquired 100-percent interest in 14 mineral claims located in the Tahltan Highland Area in northern British Columbia known as the Golden Triangle Property and paid \$37,306. The Company incurred \$3,000 in staking cost. The Company acquired an area of 213 square kilometres within the regionally important geological and structural trend. A large portion of the new property is adjacent to the Thorn project, with the balance covering prospective open ground containing numerous British Columbia Minfile showings with copper, silver and gold values adjoining the boundaries of the Golden Bear mine of Chevron Resources, a 480,000-ounce-gold past producer. On 5 September, 2019 the Company acquired a 100-percent interest in additional gold-copper mineral claims adjoining its Trapper Lake property for the new mineral claims. The Company made a cash payment to the vendor in the amount of \$17,355 (paid) and issuing 50,000 fully paid and non-assessable common shares in the capital of the company (issued with a fair value of \$40,000). During the year ended 31 December 2019 the Company wrote down the Trapper Lake property by \$41,359 to its estimated fair value of \$61,250 and reclassified the property from exploration and evaluation properties to asset held for sale. During the year ended 31 December 2020, the Company sold its Trapper Lake property to Brixton Metals Corp. (“Brixton”) for 350,000 shares (with a fair value of \$61,250) of Brixton.



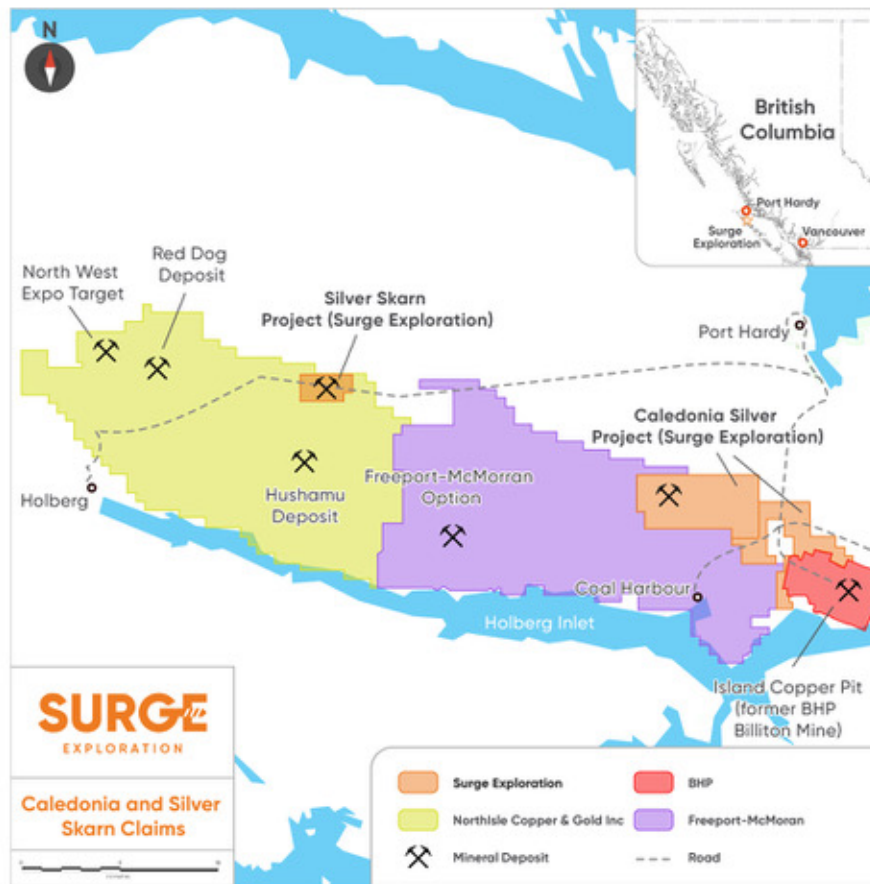
## **Quatse Lake**

On 17 October 2019 the Company entered into a property option agreement to acquire a 100-per-cent interest in three mineral claims known as the Caledonia, Cascade and Bluebell, subject to a 2-per-cent net smelter return (NSR). The claims are located in the Nanaimo mining district of northern Vancouver Island. Finder's fee of 8,000 shares (with a fair value of \$2,800) were issued.

The terms of the option agreement are:

- (a) By making cash payments to the Optionor as follows:
  - (i) \$10,000 upon TSX Venture Exchange approval (paid);
  - (ii) \$10,000 on the first anniversary of TSX Venture Exchange approval (paid subsequent to December 31, 2020);
  - (iii) \$15,000 on the second anniversary of TSX Venture Exchange approval;
  - (iv) \$20,000 on the third anniversary of TSX Venture Exchange approval; and
  - (v) \$45,000 cash on the fourth anniversary of TSX Venture Exchange approval.
  
- (b) Completing the issuance to the Optionor of 100,000 fully paid and non-assessable common shares in the capital of the Optionee (the "Consideration Shares") as follows:
  - (i) 20,000 Consideration Shares upon receipt of TSX Venture Exchange approval (issued with a fair value of \$7,000);
  - (ii) 20,000 Consideration Shares on or before the one (1) year anniversary of TSX Venture Exchange approval (issued subsequent to December 31, 2020); and
  - (iii) 20,000 Consideration Shares on or before the two (2) year anniversary of TSX Venture Exchange approval.
  - (iv) 20,000 Consideration Shares on or before the three (3) year anniversary of TSX Venture Exchange approval; and
  - (v) 20,000 Consideration Shares on or before the four (4) year anniversary of TSX Venture Exchange approval.
  
- (c) incurring cumulative minimum expenditures of \$200,000 in exploration expenditures on the property on or before the (4) year anniversary of Exchange Approval.

On 1 November 2019, the Company entered into a purchase and sale agreement with John Malcolm Bell (Vendor) to acquire four mineral claims comprising 1,786 hectares located near Quatse Lake, in the Nanaimo Mining Division of British Columbia. The Company made cash payment of \$3,657 upon signing the agreement and issued the Vendor 100,000 fully paid and non-assessable common shares with a fair value of \$25,000 upon acceptance of the agreement by the TSX Venture Exchange.



### Qualified Person Statement

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

## SELECTED ANNUAL AND QUARTERLY FINANCIAL INFORMATION

### Selected Annual Financial Information

Unless otherwise noted, all currency amounts are stated in Canadian dollars. The following table summarizes selected financial data for Surge Battery Metals Inc. (formerly Surge Exploration Inc.) for each of the three most recently completed financial years. These information set forth below should be read in conjunction with the audited consolidated financial statements, prepared in accordance with IFRS, and related notes.

	Years Ended 31 December (audited)			
	2020	2019	2018	2017
	\$	\$	\$	\$
Total revenues	-	-	-	-
General and administrative expenses	371,351	877,658	1,949,372	321,445
Loss before other items in total	371,351	877,658	1,949,372	321,445
Net loss	382,634	1,577,579	2,289,356	308,641
Net loss per share – Basic & fully diluted	(0.039)	(0.019)	(0.03)	(0.02)
Total assets	270,735	531,470	1,007,029	1,752,933
Cash dividends declared per share	Nil	Nil	Nil	Nil

### 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 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019	30 Sep 2019	30 Jun 2019	31 Mar 2019
Net Sales / Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Comprehensive Loss for the quarter	67,715	109,343	93,299	112,277	886,736	404,628	21,697	264,521
Diluted Income (Loss) per share	\$(0.01)	\$(0.01)	\$(0.01)	\$(0.00)	\$(0.01)	\$(0.05)	\$(0.00)	\$(0.03)

## RESULTS OF OPERATIONS

### For the three months ended 31 December 2020 compared to the three months ended 31 December 2019.

Comprehensive loss for the three months ended 31 December 2020 was \$67,715 as compared to \$886,736 for the same period in 2019. The decrease in comprehensive loss of \$819,021 was mainly attributable to the net effect of:

- Decrease of \$690,717 in write-off of exploration and evaluation properties, from \$690,717 in 2019 to \$Nil in 2020.
- Decrease of \$13,962 in accounting and audit fees, from \$23,949 in 2019 to \$9,987 in 2020, due reduced corporate activities.
- Decrease of \$16,266 in Marketing and communications, from \$85,772 in 2019 to \$69,506 in 2020, due to reduced corporate activity.
- Increase of gain on marketable securities of \$50,000, from \$nil in 2019 to \$50,000 in 2020.

**For the year ended 31 December 2020 compared to the year ended 31 December 2019.**

Comprehensive loss for the year ended 31 December 2020 was \$382,634 as compared to \$1,577,579 for 2019. The decrease in comprehensive loss of \$1,194,945 was mainly attributable to the net effect of:

- Decrease of \$690,717 in write-off of exploration and evaluation properties, from \$690,717 in 2019 to \$Nil in 2020.
- Decrease of \$77,567 in consulting fees, from \$291,089 in 2019 to \$213,522 in 2020, due to reduced corporate activities.
- Decrease of \$358,204 in marketing and communication expenses, from \$427,710 in 2019 to \$69,506 in 2020, due to reduced corporate activities.

**LIQUIDITY AND CAPITAL RESOURCES**

As at 31 December 2020 the Company had \$6,626 in cash compared to \$104,489 as at 31 December 2019. Working capital deficit was \$124,140 compared to working capital of \$70,638 as at 31 December 2019.

During the year ended 31 December 2020, the Company used cash for operating activities in the amount of \$159,423 compared to \$880,215 in the year ended 31 December 2019. The decrease in cash used for operating activities in the current year was due to a decrease in loss accompanied by increases in cash from changes in operating working capital, mainly an increase in accounts payable of \$140,674 and a decrease in prepaid expenses by \$67,623.

During the year ended 31 December 2020, the Company had net proceeds from investing activities of \$61,560 compared to a net decrease in cash of \$162,532 during the year ended 31 December 2019. The proceeds from investing activities in the current year are due to the sale of marketable securities, while the cash used for the same period in 2019 was due to exploration and evaluation of property expenditures.

During the year ended 31 December 2020, the Company generated \$nil from financing activities compared to \$865,000 during the year ended 31 December 2019. The increase in cash in the comparable period was due to the issuance of common shares (\$400,000) exercise of warrants (\$444,000) and exercise of stock options (\$21,000).

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.

**RELATED PARTY TRANSACTIONS**

For the year ended 31 December 2020, the Company had transactions with the following companies related by way of directors, officers or shareholders in common:

- TCF Ventures Corp., a company controlled by a former director of the Company.
- Mumbo Management Inc., a company controlled by the former Chief Financial Officer ("CFO") of the Company.
- Agadez Investments Inc., a company controlled by a director of the Company.
- Bill Bennett Consulting Inc., a company controlled by a director of the Company.
- Fuse Cobalt Inc. ("Fuse", formerly Fuse Energy Metals Inc.), a company with certain directors and former officers in common with the Company. Fuse Cobalt Inc. ("Fuse", formerly Fuse Energy Metals Inc.) pays shared office, consulting, and marketing costs to the Company on a month-to-month basis.

**Surge Battery Metals Inc. (formerly Surge Exploration Inc.)**  
**Management's Discussion and Analysis of Financial Results**  
**For the year ended 31 December 2020**

- Nickel Rock Corp. (formerly, Nevada Energy Metals Inc.), a company with certain directors, officers, and former officers in common with the Company. Nevada Energy Metals pays shared office, consulting, and marketing costs to the Company on a month-to-month basis.

**Key management personnel compensation**

The remuneration of directors and other members of key management for the year ended 31 December 2020 and 2019 as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
	\$	\$
Short-term benefits – consulting and management fees	160,000	178,500
<b>Total related party expenses</b>	<b>160,000</b>	178,500

Related party transactions for the year ended 31 December 2020 and 2019 summarized as follows:

	Year ended 31 December 2020	Year ended 31 December 2019
	\$	\$
Consulting fees to Company controlled by former CEO	18,000	54,000
Consulting fees to Company controlled by CFO	45,000	42,000
Consulting fees to former CFO	-	10,500
Consulting fees to the Corporate Secretary	97,000	72,000
Directors – rent paid to the Company for shared office	-	(2,500)
<b>Total related party expenses</b>	<b>160,000</b>	176,000

The liabilities of the Company include the following amounts due to related parties:

As at	31 December 2020	31 December 2019
	\$	\$
Company controlled by former CFO	-	19,250
TCF Ventures Corp.	-	6,300
CFO	1,076	-
Former director and Vice President	60,576	60,576
Tina Whyte	89,254	-
Nickel Rock Corp.	13,072	-
<b>Total amount due to related parties</b>	<b>163,978</b>	86,126

These amounts are unsecured, interest-free and payable on demand.

During the year ended 31 December 2020, the Company received 2,500,000 pre-split shares of Fuse at a fair value of \$0.09 per share at issuance in relations to the early termination of the Glencore Bucke and Teledyne Cobalt Project option agreement.

## **OUTSTANDING SHARE DATA**

The number of common shares outstanding was 9,841,564 shares as at 31 December 2020 and 49,841,564 shares at the date of this MD&A (31 December 2019: 9,934,426).

The Company had 383,000 options and 800,000 warrants outstanding as at 31 December 2020 and 4,583,000 options and 6,775,000 warrants outstanding at the date of this MD&A.

On 21 May 2020, the Company consolidated its share capital on a one (1) new common share without par value for every ten (10) existing common shares without par value. 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 consolidated audited financial statements have been adjusted to include the effect of this share consolidation.

On 29 June 2020, the Company settled a legal claim by the former CFO. In the process of the settlement 92,862 common shares of the Company were returned to the treasury (see Debt Settlement and Mutual Release Agreement on the last page 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 may exist 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 potential weaknesses existed. The existence of these potential 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 battery'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 battery'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 battery'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 battery'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 battery attempts to balance these risks through insurance programs where required and ongoing risk assessments conducted by its technical team.

### **Commodity Prices**

Surge battery 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 battery 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 battery will be able to attract and retain such personnel at any time. Surge battery 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 battery'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 battery 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 battery'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 battery'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 battery 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 battery'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 battery'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 battery'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 battery expects that any decision made by any of such directors and officers involving Surge battery 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 battery 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.

## **COMMITMENTS AND CONTINGENCIES**

As at 31 December 2020, the Company has \$109,521 (31 December 2019: \$109,521) remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

As at 31 December 2020, the Company owns various exploration and evaluation properties. Management does not consider that any amounts related to decommissioning liabilities are payable although there is no assurance that a formal claim will not be made against the Company for some or all of these obligations in the future.

The Company has indemnified the subscribers of flow-through shares of the Company issued in prior years against any tax related amounts that may become payable as a result of the Company not making eligible expenditures.

The Company's exploration activities are subject to various Canadian federal and provincial laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

The Company has certain commitments to make payments or issue common shares related to various exploration and evaluation property agreements.

## **DEBT SETTLEMENT AND MUTUAL RELEASE AGREEMENT**

In 2018, the Company commenced legal action against the former CFO and his company (the "Creditor") for the former CFO's breach of common law and statutory fiduciary duties owed to the Company during the year ended 2018.

The Creditor filed a counterclaim against the Company in relation to the settlement of his prior year debts owed to him by the Company. Initially during year ended 31 December 2018, the Company and the Creditor entered into an agreement to settle an aggregate balance of \$56,395 (the "Debts") by the issuance of the Company's shares subject to certain terms of the agreement. The Company issued 92,862 common shares to settle a portion of the Debts as a result of regulatory restriction. The Creditor did not accept the settlement.

During the year ended 31 December 2020, the Company reached a debt settlement and mutual release agreement with the Creditor, in which the Creditor returned 92,862 common shares previously issued and to be returned to treasury, and the Company paid a sum of \$45,000 to settle the Debts claimed by the Creditor, realizing a gain of \$11,395. The Company and Creditor further mutually agreed to not take any further legal action against each other in relation to the subject matter of the settlement agreement.