



SURGE
BATTERY METALS

Management's Discussion and Analysis

Surge Battery Metals Inc.
(Formerly Surge Exploration Inc.)

For the Six and Three Months Ended 30 June 2022

Surge Battery Metals Inc. (formerly Surge Exploration Inc.)
Management's Discussion and Analysis of Financial Results
For the Six and Three Months Ended 30 June 2022

The following management discussion and analysis ("MD&A") should be read in conjunction with the consolidated interim financial statements and accompanying notes ("Financial Statements") of Surge Battery Metals Inc. (formerly Surge Exploration Inc.) (the "Company") for the six and three Months Ended 30 June 2022 and the audited consolidated financial statements for the year ended December 31, 2021. 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 24 August 2022.

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).

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 continued back into British Columbia from CBCA on November 6, 2017. The Company trades on the TSX Venture Exchange (the “Exchange”) under symbol NILI. 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 3028 Quadra Court, Coquitlam, BC, V3B 5X6

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.

On 15 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.

On 31 August 2021, the Company’s common shares have begun trading on the OTCQB Venture Market under the stock symbol NILIF.

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

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 1-2-per-cent net smelter return (NSR). The claims are located in the Nanaimo mining district of northern Vancouver Island. Finder's fee of 80,000 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 Exchange approval (paid);
 - ii) \$10,000 on the first anniversary of Exchange approval (paid);
 - iii) \$15,000 on the second anniversary of Exchange approval (paid);
 - iv) \$20,000 on the third anniversary of Exchange approval; and
 - v) \$45,000 cash on the fourth anniversary of 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 Exchange approval (issued with a fair value of \$7,000);
 - ii) 20,000 Consideration Shares on or before the one (1) year anniversary of Exchange approval (200,000 issued with a fair value of \$16,000);
 - iii) 20,000 Consideration Shares on or before the two (2) year anniversary of Exchange approval (200,000 issued with a fair value of \$74,000);
 - iv) 20,000 Consideration Shares on or before the three (3) year anniversary of Exchange approval; and
 - v) 20,000 Consideration Shares on or before the four (4) year anniversary of 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 Exchange during the 2019 fiscal year.

Northern Nevada

During the year ended 31 December 2021, the Company finalized plans to acquire 38 mineral claims, located in township 44 north, range 65 east, sections 13, 14, 23 and 24. The claims are valid and have been properly recorded with both the U.S. Bureau of Land Management and the Elko county, Nevada, recorder. The company refers to this series of mineral claims as the Northern Nevada lithium project.

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

- (a) Making a cash payment to the vendor in the amount of \$12,000 (U.S.) upon signing of the agreement (paid); and
- (b) Issuing to the vendor 250,000 paid and non-assessable common shares in the capital of the Company upon acceptance of the agreement by the Exchange (issued with a fair value of \$63,750).

The Northern Nevada lithium project is located in the Granite Range about 34 line kilometres southeast of Jackpot, Nev., about 73 line km north-northeast of Wells, Nev. The target is a Thacker Pass or Clayton Valley-type lithium clay deposit

in volcanic tuff and tuffaceous sediments of the Jarbidge rhyolite package. The project area was first identified in public domain stream sediment geochemical data with follow-up sediment sampling and geologic reconnaissance.

As at 30 June 2022, the Company owns a 100% interest in 95 mineral claims located in Elko County, Nevada. The Nevada North Lithium Project is located in the Granite Range about 34 line-km southeast of Jackpot, Nevada, about 73 line-km north-northeast of Wells, Nevada. The target is a Thacker Pass or Clayton Valley type lithium clay deposit in volcanic tuff and tuffaceous sediments of the Jarbidge Rhyolite package.

San Emidio

San Emidio Desert Lithium Project, located 60 miles Northeast of Reno in the San Emidio Desert, Washoe County, Nevada covers about 5,525 acres (2,235 Ha). The Company has a Property Option Agreement to earn an undivided 80% interest in 84 association placer claims covering 4,885 acres (1,975 Ha), subject to a 2% NSR, from Lithium Corporation (OTCQB: LTUM). The Company also recently completed a Property Option Agreement to earn an undivided 80% interest 16 minerals claims comprising 640 acres adjoining this property. The Company owns a 100% interest in 663 ha (1,640 acre) property in the Teels Marsh Playa Mineral County, Nevada.

On 16 September 2021 and approved by the Exchange on 23 September 2021 (the "Effective Date"), the Company entered into an option agreement with Lithium Corp., whereby the Company may earn an undivided 80-per-cent interest in the existing San Emidio Desert lithium project that consists of 35 mineral claims located northeast of Reno, Nevada, referred to as the San Emidio lithium property.

The terms of the acquisition are:

- (a) Making a cash payment to the vendor in the amount of \$50,000 (U.S.) (paid) and issuing 200,000 common shares upon signing of the agreement (issued with a fair value of \$68,000);
- (b) \$70,000 (U.S.) and \$30,000 (U.S.) in common shares on or before the first anniversary of the Effective Date;
- (c) \$70,000 (U.S.) and \$30,000 (U.S.) in common shares on or before the second anniversary of the Effective Date;
- (d) \$70,000 (U.S.) and \$50,000 (U.S.) in common shares on or before third anniversary of the Effective Date;
- (e) \$70,000 (U.S.) and \$70,000 (U.S.) in common shares on or before the fourth anniversary of the Effective Date;
- and
- (f) \$70,000 (U.S.) and \$90,000 (U.S.) in common shares on or before the fifth anniversary of the Effective Date.

On 20 September 2021, the Company issued 71,200 finder's shares valued at \$24,208 in relation to the San Emidio property.

On March 2, 2022, Surge Battery Metals Inc. has amended the property option agreement now dated March 23, 2022, with Paul Lechler, John Van de Sand, David White and Darren Howe, whereby the company may earn an undivided 80-per-cent interest in 16 mineral claims comprising 640 acres located within Nevada's San Emidio desert. These lithium exploration claims, referred to as the Galt claim group, adjoin the company's existing San Emidio desert lithium claims.

The proposed consideration for the undivided 80-per-cent interest in the Galt claim group is as follows:

- (a) \$20,000 (U.S.) to be paid upon exchange approval; (Paid)
- (b) One million vested restricted common shares of Surge to be issued upon exchange approval, which shares shall vest and be released as follows: 25 per cent released upon exchange approval and 25 per cent released each three-month period thereafter. The shares will be issued pro rata as to 25 per cent to each individual optionor; (issued)
- (d) Four million warrants, whereby each warrant will entitle the optionors to purchase one additional common share of Surge with an exercise price of 30 cents per share for a period of five years from exchange approval and vesting on the same schedule as the restricted shares; (issued)
- (e) \$10,000 (U.S.) each year on the anniversary of exchange approval of the transaction for five years.

All securities issued in connection with the transaction are subject to a four-month-and-a-day hold period in accordance with Canadian securities laws.

Expenditure and work commitment:

Incur a minimum in Expenditures for exploration and development work on the property of \$1 million (U.S.) as follows:

- (a) \$100,000 (U.S.) of expenditures to be incurred, or caused to be incurred, by the optionee on the property on or before the first anniversary of the effective date;
 - (b) A cumulative total of \$250,000 (U.S.) of expenditures to be incurred, or caused to be incurred, by the optionee on the property on or before the second anniversary of the effective date;
 - (c) A cumulative total of \$450,000 (U.S.) of expenditures to be incurred, or caused to be incurred, by the optionee on the property on or before the third anniversary of the effective date;
 - (d) A cumulative total of \$700,000 (U.S.) of expenditures to be incurred, or caused to be incurred, by the optionee on the property on or before the fourth anniversary of the effective date; and
 - (e) A cumulative total of \$1-million (U.S.) of expenditures to be incurred, or caused to be incurred, by the optionee on the property on or before the fifth anniversary of the effective date.
- (a) Expenditure and work commitment

Nickel Project

On July 7, 2021, the Company entered into an option agreement with Nickel Rock Resources Inc., whereby the Company can acquire an 80-per-cent interest in claims in the Mount Sidney Williams area, located in Northern British Columbia. The transaction is a related party transaction due to officers in common between Nickel Rock Resources Inc. and the Company.

Under the terms of the agreement, the Company will earn an 80-per-cent interest in the property by issuing five million shares on closing (issued with a fair value of \$1,075,000) and incurring \$200,000 in exploration expenditures over a two-year period. A portion of the property is subject to a pre-existing 2.0-per-cent NSR held by an arm's-length third party.

The Surge Nickel Project (Nickel North Project) consists of two non-contiguous mineral claims groups consisting of 6 mineral claims in the Mount Sidney Williams area (HN4) covering 1863 hectares immediately south of and adjacent to the Decar Project and the Mitchell Range area (N100) covering 8659 hectares, located in Northern British Columbia . Three of the claims are subject to 2% NSR, including the (HN4 claim and the two southernmost claims of the N100 claims).

The exploration stage project is in the Trembleur Lake area of central British Columbia, partially adjacent to FPX Nickel Corp.'s Decar Nickel Project, which is an advanced project targeting awaruite, a nickel-iron alloy mineral, hosted by serpentized ultramafic intrusive rocks of the Trembleur Ultramafic Unit

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		
	2021	2020	2019
	\$	\$	\$
Total revenues	-	-	-
General and administrative expenses	2,817,251	371,351	877,658
Loss before other items in total	2,817,251	371,351	877,658
Net loss	2,153,331	382,634	1,577,579
Net loss per share – Basic & fully diluted	(0.03)	(0.04)	(0.19)
Total assets	6,066,856	270,735	531,470
Cash dividends declared per share	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.

	30 June 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	31 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Net Sales / Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Comprehensive Loss for the quarter	275,211	811,602	583,938	1,330,666	173,329	65,398	67,715	109,343
Diluted Income (Loss) per share	\$(0.003)	\$(0.009)	\$(0.01)	\$(0.11)	\$(0.005)	\$(0.00)	\$(0.01)	\$(0.01)

RESULTS OF OPERATIONS

For the three months ended 30 June 2022 compared to the three months ended 30 June 2021.

Comprehensive loss for the three months ended 30 June 2022 was \$275,211 as compared to \$173,329 for the same period in 2021. The increase in comprehensive loss of \$101,882 was mainly attributable to the net effect of:

- Increase of \$60,393 in consulting fees, from \$54,000 in 2021 to \$114,393 in 2022.
- Decrease of \$12,787 in exploration expense, from \$12,787 in 2021 to \$nil in 2022.
- Increase of \$25,083 in professional fees, from professional fee credit of \$6,735 in 2021 to professional services expenses of \$18,348 in 2022.
- Increase of \$655 in marketing and communications, from \$91,030 in 2021 to \$91,685 in 2022.
- Decrease of \$5,308 in office expenses, from \$5,880 in 2021 to \$572 in 2022.
- Increase of \$1,500 in rent, from \$3,000 in 2021 to \$4,500 in 2022.

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- Decrease of \$12 in service charges, from \$447 in 2021 to \$459 in 2022.
- Increase of \$14,081 in transfer agent and regulatory fees, from \$13,540 in 2021 to \$27,621 in 2022.
- Increase of \$18,761 in travel, lodging, and food, from \$Nil in 2021 to \$18,761 in 2022.
- Decrease of \$201 in foreign exchange loss, from foreign exchange gain of \$52 in 2021 to foreign exchange loss of \$149 in 2022.
- Increase of \$307 in gain on write-off of accounts payable, from \$769 in 2021 to \$1,076 in 2022.

For the six months ended 30 June 2022 compared to the six months ended 30 June 2021.

Comprehensive loss for the six months ended 30 June 2022 was \$1,086,813 as compared to \$238,727 for the same period in 2021. The increase in comprehensive loss of \$848,086 was mainly attributable to the net effect of:

- Increase of \$67,664 in consulting fees, from \$159,229 in 2021 to \$226,893 in 2022.
- Decrease of \$12,787 in exploration expense, from \$12,787 in 2021 to \$Nil in 2022.
- Increase of \$36,576 in professional fees, from professional fee credit of \$15,104 in 2021 to professional services expenses of \$51,680 in 2022.
- Increase of \$629,518 in marketing and communications, from \$93,188 in 2021 to \$722,706 in 2022.
- Increase of \$10,542 in office expenses, from \$6,716 in 2021 to \$17,258 in 2022.
- Increase of \$1,500 in rent, from \$7,500 in 2021 to \$9,000 in 2022.
- Decrease of \$589,480 in share-based payments, from \$589,480 in 2021 to \$Nil in 2022.
- Decrease of \$5 in service charges, from \$926 in 2021 to \$921 in 2022.
- Increase of \$4,722 in transfer agent and regulatory fees, from \$37,739 in 2021 to \$42,461 in 2022.
- Increase of \$20,081 in travel, lodging, and food, from \$Nil in 2021 to \$20,081 in 2022.
- Increase of \$2,988 in foreign exchange gain, from \$123 in 2021 to \$3,111 in 2022.
- Decrease of \$84,655 in gain on write-off of accounts payable, from \$85,731 in 2021 to \$1,076 in 2022.
- Decrease of \$598,088 in gain from marketable securities, from \$598,088 in 2021 to \$Nil in 2022.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2022 the Company had \$2,784,906 in cash compared to \$3,969,954 as at 31 December 2021. Working capital of \$2,681,450 as at 30 June 2022 as compared to \$4,050,266 as at 31 December 2021.

During the six months ended 30 June 2022, the Company had cash utilized through the operating activities in the amount of \$862,545 compared to \$546,107 in the six months ended 30 June 2021.

During the six months ended 30 June 2022, the Company had the cash used for investing activities of \$322,503 compared to the cash proceeds from investing activities of \$747,709 during the six months ended 30 June 2021. The increase in the cash used for investing activities in the current year are due to the exploration and evaluation of property expenditures.

During the six months ended 30 June 2022, the Company generated \$Nil from financing activities compared to \$3,293,400 during the six months ended 30 June 2021. The decrease in cash in the period was due to the issuance of common shares.

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 six months ended 30 June 2022 and 2021, the Company had transactions with Nickel Rock Resources Inc. (formerly Nevada Energy Metals Inc.), a company with certain directors, officers, and former officers in common with the Company.

Key management personnel compensation

The remuneration of directors and other members of key management for the period ended 30 June 2022 and 2021 as follows:

Period ended 30 June	2022	2021
	\$	\$
Short-term benefits – consulting, management, and legal fees	98,271	53,000
Total related party expenses	98,271	53,000

Related party transactions for the period ended 30 June 2022 and 2021 summarized as follows:

30 June	2022	2021
	\$	\$
Consulting fees to CEO	15,000	-
Consulting fees to Company controlled by CFO	30,000	23,000
Consulting fees to the Corporate Secretary	36,000	30,000
Legal fees to Company controlled by director	17,271	-
Total related party expenses	98,271	53,000

The liabilities of the Company include the following amounts due to related parties (Note 9):

As at	30 June 2022	31 December 2021
	\$	\$
Company controlled by director	549	-
Nickel Rock Resources Inc. (Note 7 and 9)	13,349	13,349
Total amount due to related parties	13,898	13,349

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

OUTSTANDING SHARE DATA

The Company has an authorized share capital of an unlimited number of common shares with no par value. As at 30 June 2022, the Company had 95,655,820 common shares issued and outstanding (31 December 2021: 94,505,820) shares at the date of this MD&A.

The Company had 7,343,000 options and 16,151,388 warrants outstanding as at 30 June 2022 and as at the date of this MD&A.

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 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).

Private Placements

- On 4 February 2021, the Company issued 40,000,000 units at \$0.06 per unit for cash proceeds of \$2,400,000. Each Unit is comprised of one common share and one share purchase warrant which entitles the holder to purchase one additional common share at \$0.08 per share during the five years following the date of closing. The Company also paid finder fees in the amount of 3,950,000 common shares with a fair value of \$237,000 and 1,975,000 warrants with a fair value of \$213,675. The finders' warrants are exercisable at \$0.08 per share for five years and were valued using the Black Scholes Option Pricing Model with the following assumptions: expected life of 5 years, volatility of 160%, risk-free interest rate of 0.49%, and dividend yield of 0%.
- On 15 December 2021, the Company issued 5,138,890 flow-through (FT) units at \$0.18 per FT unit for gross proceeds of \$925,000. Each FT unit comprises one flow-through common share and one-half of one non-flow-through share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one additional common share at \$0.22 per share for two years following the date of closing. The flow-through premium recognized as a liability is \$179,861. The Company issued 411,110 finders' warrants with a fair value of \$36,544 and paid cash share issuance costs of \$87,185. The finders' warrants are exercisable at \$0.18 per share for two years and were valued using the Black Scholes Option Pricing Model with the following assumptions: expected life of 2 years, volatility of 132%, risk-free interest rate of 0.49%, and dividend yield of 0%.

Exploration and Evaluation Property Acquisition

- On 1 January 2021, the Company issued 200,000 common shares valued at \$16,000 in relation to the Quatse Lake property.
- On 16 July 2021, the Company issued 250,000 common shares valued at \$63,750 in relation to the Northern Nevada property.
- On 20 September 2021, the Company issued 200,000 common shares valued at \$68,000 and 71,200 finder's shares valued at \$24,208 in relation to the San Emidio property.
- On 25 October 2021, the Company issued 200,000 common shares valued at \$74,000 in relation to the Quatse Lake property.
- On 18 November 2021, the Company issued 5,000,000 common shares valued at \$ 1,075,000 in relation to the Nickel Project.
- On 25 March 2022, the Company issued 1,000,000 restricted common shares which shall vest and be released as follows: 25 per cent released upon exchange approval and 25 per cent released each three-month period thereafter. The shares will be issued pro rata as to 25 per cent to each individual optionor.

Service agreement

- On 25 March 2022, the Company issued shares in relation to service agreement entered into on 3 November 2021. The Company issued \$33,000 in Shares of the Company at a deemed value of \$0.33 per share and the Company also issued \$7,500 in Shares at a deemed value of \$0.15 per share as these services have now been performed. These shares represent the initial share payment and the second share payment under the terms of the Amended Agreement.

The remaining share payments will be paid after the services have been performed and Notice has been given to the Exchange as follows:

- i. \$7,500 in Shares on or about May 30, 2022, issued at the deemed price per share less applicable discount to market; (paid)
- ii. \$7,500 in Shares on or about August 30, 2022, issued at the deemed price per share less applicable discount to market; and
- iii. \$7,500 in Shares on or about November 30, 2022 to be issued at the deemed price per share less applicable discount to market.

Issuance and Exercise of Options

- During the year ended 31 December 2021, the Company issued 850,000 common shares related to the exercise of 850,000 options at exercise price of \$0.06 for proceeds of \$51,000. The weighted average share price on the dates of exercise was \$0.22.

Issuance and Exercise of Warrants

- During the year ended 31 December 2021, the Company issued 28,804,166 common shares related to the exercise of 28,804,166 warrants at exercise price of \$0.08 for proceeds of \$2,304,400. The weighted average share price on the dates of exercise was \$0.22.
- On 25 March 2022, the Company granted 4,000,000 purchase warrants at an exercise price of \$0.30 per share for a period of five years from the Exchange approval of the property option agreement and shall vest and be released as follows: 25 per cent released upon exchange approval and 25 per cent released each three-month period thereafter.

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 30 June 2022, the Company has \$652,961 (31 December 2021: \$925,000) remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreement.

As at 30 June 2022, the Company owns 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.

SUBSEQUENT EVENTS

On 5 July 2022, the company has completed the first stage of a planned \$480,000 detailed geological mapping, soil and rock sampling survey on its 80-per-cent-owned nickel project has been completed. Here, the Surge geological team has collected approximately 600 soil and 190 rock samples from the HN4 mineral claim adjoining the southwest portion of the Decar Nickel Project of FPX Nickel Corp.

Surge Battery Metals Inc. (formerly Surge Exploration Inc.)
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The budget for this first stage of the 2022 exploration program is approximately CAD\$240,000. Samples are being prepared for submission to the assay lab by the end of June, with results expected for ICP analysis in 4-5 weeks and the DTR ("Davis Tube Recovery" is a magnetic separation technique) to follow within another 3-4 weeks post ICP analysis. The second phase of the 2022 summer exploration program will begin starting in July at the Company's nickel exploration project on the N100 block, approximately 45 km north of the HN4 block.

On 8 August 2022, the company has entered into a media services agreement with Life Water Media. The services to be provided by Life Water Media will include digital media, marketing strategies, advertising and awareness campaigns for a fee of \$150,000 (U.S.) for a term of three months, upon TSX Venture Exchange approval. The agreement may be renewed or extended by the company and Life Water Media at the end of the initial term. The agreement is subject to exchange approval.