



SURGE
BATTERY METALS

Management's Discussion and Analysis

Surge Battery Metals Inc.

For the Year Ended 31 December 2022

Surge Battery Metals Inc.
Management's Discussion and Analysis of Financial Results
For the year ended 31 December 2022

The following management discussion and analysis ("MD&A") should be read in conjunction with the 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 2022 and the audited consolidated financial statements for the year ended 31 December 2022. 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 2023.

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” 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 NILI. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties.

The Company’s principal place of business is located at 3028 Quadra Court, Coquitlam, British Columbia, V3B 5X6 and the registered and records office is located at Suite 501, 3292 Production Way, Burnaby, British Columbia, V5A 4R4.

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 15 March 2021, the Company changed its name to “Surge Battery Metals Inc.”. The Company’s shares started trading under the new name and new trading symbol “NILI” (formerly “SUR”).

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 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 \$9,800);
 - 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 \$22,200 upon acceptance of the agreement by Exchange during the 2019 fiscal year. During the year ended 31 December 2022, the option agreement was terminated and its carrying value of \$278,747 was fully impaired

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 serpentinized ultramafic intrusive rocks of the Trembleur Ultramafic Unit

On September 22, 2022 Surge Battery Metals Inc. has completed the first stage of a planned \$440,000 detailed geological mapping, soil and rock sampling survey on its 80-per-cent-owned nickel project.

The Surge geological team has collected 304 rock samples while conducting geological and structural mapping on the Ni100 block. Earlier in May and June, crews have 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.

A four-person exploration team was on-site at the Ni100 claim group for approximately 14 days of helicopter accessed exploration from nearby camps. The work program targeted a dozen airborne magnetic anomalies that are coincident with mapped ultramafic units. Much of the rock samples consisted of the Trembleur Ultramafic sequence with varying degrees of serpentinization. Multiple minfiles exists across the property with numerous samples returning greater than 2,000 ppm (parts per million) nickel. Work undertaken in 2021 by Nickel Rock Resources included 54 rock samples taken, with 41 of the samples exceeding 1,500 ppm Nickel.

Samples have been sent to SGS Canada in Burnaby, with results expected for initial ICP analysis in Q3. Davis Tube Recovery (DTR) is a magnetic separation technique and will be applied to all rocks exceeding a threshold of 1,000 ppm Ni. These results are to follow within another three to four weeks post-ICP analysis.

Plans for phase 2 exploration are under way. Analytical results from the earlier HN4 program are expected imminently. Exploring the areas hosting the greatest DTR Ni results will the focus of the phase 2 program and may include further prospecting and mapping, back pack and diamond drilling in Q3 and Q4.

Northern Nevada

The company owns a 100-per-cent interest in 154 mineral claims located in Elko County, Nevada. The Nevada North lithium project is in the Granite Range southeast of Jackpot, NV., about 73 km north-northeast of Wells, NV. 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 returning assay results for lithium ranging from 29.1 ppm to 5,120 ppm. Significant results included 89 samples outlining a highly anomalous zone containing sample points greater than 1,000 ppm lithium. Currently, the zone of highly anomalous lithium values extends about 1,700 metres east-west in two bands each about 300 to 400 metres wide. The anomalous values appear to be in soils developed on air fall or water lain rhyolitic tuff overlain by welded ash flow tuff.

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, NV, about 73 line km north-northeast of Wells, NV. 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.

During the year ended 31 December 2022, The Company staked additional 116 claims and brings the entire property position to 154 mineral claims that now covers about 794 hectares (1,926 acres or 7.84 square kilometres).

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At the time of the claim staking, an additional 471 soil samples were collected from the new claims and adjacent ground to help direct future exploration. These samples have been shipped to the lab and results will be made available once received by the company, likely in the next several weeks. This sampling program will expand the area of previous sampling, where assay results for lithium ranged from 29.1 parts per million to 5,120 parts per million (0.51 per cent). Significant results included 89 samples outlining a highly anomalous zone containing sample points greater than 1,000 parts per million lithium.

Currently, the zone of highly anomalous lithium values extends about 1,700 metres east-west in two bands each about 300 metres to 400 metres wide. The anomalous values appear to be in soils developed on airfall or water-lain rhyolitic tuff overlain by welded ash flow tuff. Depending on results, Surge may expand both the claims and soil coverage based on positive results.

Samples were collected from the nominal B horizon with standard sampling methods, and both bagged and stored in the crew camp until they were transported to Elko for storage in the locked Rangefront warehouse in Elko. The Surge Battery Metals project geologist and qualified person retrieved the samples from the warehouse, inserted quality control samples into the sample stream and delivered the samples to the ALS Global sample preparation facility in Elko. These samples were screened to minus 180 microns (80 mesh) and analyzed by a four-acid digestion and ICP-MS (ALS method ME-MS61). Standards and blanks were inserted on about one per 20 samples (5 per cent). Results for the quality assurance/quality control samples were very good with a maximum of 6-per-cent variation from the mean.

Surge drilled eight reverse circulation holes at NNLP September – October 2022. All holes encountered anomalous lithium values and six of the holes cut significant intervals of mineralization. Results from the final holes extend the strike length of the mineralization to 1,620 meters from NN2205 on the northeast to NN2208 on the southwest. Width of the mineralization is not as well determined since the holes are mostly on a north-south alignment because of topography and access but is at least 400 meters and soil anomalies indicate it is likely more.

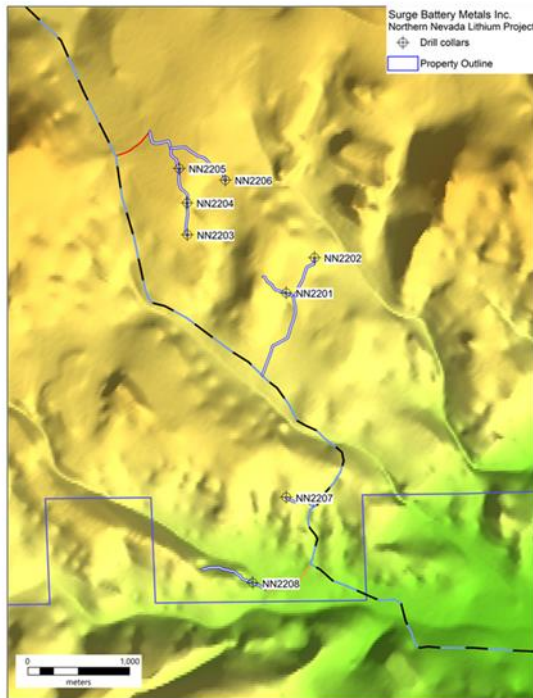
Hole ID	From ft	To ft	From M	To M	Thickness ft	thickness M	Avg Li ppm
NN2201	0	55	0	16.76	55	16.76	3826
NN2201	95	140	28.95	42.67	45	13.72	2958
NN2201	165	225	50.29	68.58	60	18.29	2388
				total	160	48.77	3042
NN2202	0	10	0	3.05	10	3.05	2065
NN2202	50	65	15.24	19.81	15	4.57	1295
				total	25	7.62	1603
NN2203	5	120	1.52	36.57	120	35.05	4008
NN2203	170	200	51.81	60.96	30	9.15	3210
NN2203	235	250	71.62	76.2	15	4.58	1480
				total	165	48.78	3621
NN2204	0	100	0	30.48	100	30.48	3929
NN2204	135	170	41.15	51.81	35	10.66	2563
NN2204	210	215	64	65.53	5	1.53	1500
				total	140	42.67	3501
NN2205	0	115	0	35.05	115	35.05	4000

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Hole ID	From ft	To ft	From M	To M	Thickness ft	thickness M	Avg Li ppm
NN2205	155	190	47.24	57.91	35	10.67	2020
NN2205	220	240	67.05	73.15	20	6.1	2216
				total	170	51.82	3383
NN2206	0	20	0	6.1	20	6.1	1590
NN2206	50	85	15.24	25.91	35	10.67	2479
				total	55	16.77	2155
NN2207	35	145	10.67	44.2	110	33.53	4092
NN2207	170	220	51.82	67.06	50	15.24	4081
NN2207	245	435	74.68	132.59	190	57.91	3884
NN2207	465	510	141.73	155.45	45	13.72	3676
				total	395	120.4	3943
NN2208	0	75	0	22.86	75	22.86	3621
NN2208	85	250	25.91	76.2	165	50.29	3207
NN2208	275	290	83.82	88.39	15	4.57	1780
				total	180	54.86	3088

Hole ID	From ft	To ft	From M	To M	Thickness ft	thickness M	Avg Li ppm
NN2207	35	145	10.67	44.2	110	33.53	4092
NN2207	170	220	51.82	67.06	50	15.24	4081
NN2207	245	435	74.68	132.59	190	57.91	3884
NN2207	465	510	141.73	155.45	45	13.72	3676
					395	120.4	
NN2208	0	75	0	22.86	75	22.86	3621
NN2208	85	250	25.91	76.2	165	50.29	3207
NN2208	275	290	83.82	88.39	15	4.57	1780
					180	54.86	

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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 16 minerals claims comprising 640 acres.. 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.

During the year ended 31 December 2022, the option agreement with Lithium was terminated and its carrying value of \$157,028 was fully impaired.

During the year ended 31 December 2022, Surge Battery Metals Inc. entered into an option agreement 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)
- (b) Four million warrants, whereby each warrant will entitle the optionor 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)
- (c) \$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

Recent mineral exploration on the Galt claim group includes 51 playa sediment samples collected for chemical analysis at ALS Geochemistry in Vancouver, B.C. Results of aqua regia leaching of the samples show 68 parts per million to 852 parts per million lithium (mean 365 parts per million), 5.3 parts per million to 201 parts per million cesium (mean 72 parts per million) and 35 parts per million to 377 parts per million rubidium (mean 180 parts per million). Results from two seven-foot-deep auger holes show lithium, cesium and rubidium concentrations in the range of 143.5 parts per million to 773 parts per million lithium, 56.8 parts per million to 102.5 parts per million cesium and 155 parts per million to 272 parts per million rubidium.

Qualified Person Statement

“Project Overview” and “Subsequent Event” sections of this MD&A have been reviewed and approved for technical content by Jeremy Hanson, P. Geo. and Alan J. Morris, CPG (Certified Professional Geologist), independent consulting geologists and 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. This 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		
	2022	2021	2020
	\$	\$	\$
Total revenues	-	-	-
General and administrative expenses	2,683,547	2,817,251	371,351
Loss before other items in total	2,683,547	2,817,251	371,351
Net loss and comprehensive loss	2,972,814	2,153,331	382,634
Net loss per share – Basic & fully diluted	(0.02)	(0.03)	(0.04)
Total assets	4,627,229	6,066,856	270,735
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.

	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021	30 Sep 2021	31 Jun 2021	31 Mar 2021
	\$	\$	\$	\$	\$	\$	\$	\$
Net Sales / Revenue	-	-	-	-	-	-	-	-
Comprehensive Loss for the quarter	1,718,170	167,830	275,211	811,602	583,938	1,330,666	173,329	65,398
Diluted Income (Loss) per share	(0.02)	(0.00)	(0.00)	(0.01)	(0.11)	(0.11)	(0.005)	(0.00)

RESULTS OF OPERATIONS

For the years ended 31 December 2022 compared to the year ended 31 December 2021.

Net loss and comprehensive loss for the year ended 31 December 2022 was \$2,972,814 as compared to \$2,153,332 for the same period in 2021. The increase in comprehensive loss of \$819,481 was mainly attributable to the net effect of:

- Increase of \$18,861 in accounting, from \$30,748 in 2021 to \$49,609 in 2022.
- Increase of \$49,516 in consulting fees, from \$442,485 in 2021 to \$492,001 in 2022.
- Decrease of \$44,044 in exploration expense, from \$44,044 in 2021 to \$Nil in 2022.

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- Increase of \$23,742 in Insurance, from \$3,081 in 2021 to \$26,823 in 2022.
- Increase of \$772,909 in marketing and communications, from \$858,865 in 2021 to \$1,631,774 in 2022.
- Decrease of \$41,268 in office expenses, from \$52,031 in 2021 to \$10,763 in 2022.
- Increase of \$6,000 in rent, from \$16,500 in 2021 to \$22,500 in 2022.
- Decrease of \$1,015,198 in share-based payments, from share-based payments of \$1,298,077 in 2021 to \$282,879 in 2022.
- Increase of \$145 in service charges, from \$2,177 in 2021 to \$2,322 in 2022.
- Increase of \$2,888 in telephone, from \$1,179 in 2021 to \$4,067 in 2022.
- Increase of \$46,802 in transfer agent and regulatory fees, from \$42,606 in 2021 to \$89,408 in 2022.
- Increase of \$41,910 in travel, lodging, and food, from \$1,016 in 2021 to \$42,926 in 2022.
- Increase of \$12,525 in Other expense, from \$Nil in 2021 to \$12,525 in 2022.
- Increase of \$174,904 in Reversal of flow-through liability, from \$Nil in 2021 to \$174,904 in 2022.
- Increase of \$16,669 in foreign exchange loss, from \$279 in 2021 to \$16,948 in 2022.
- Increase of \$435,775 in Impairment of exploration and evaluation properties, from \$Nil in 2021 to \$435,775 in 2022.
- Decrease of \$598,088 in Gain on disposal of marketable securities, from \$598,088 in 2021 to \$Nil in 2022.
- Decrease of \$65,034 in gain on write-off of accounts payable, from \$66,110 in 2021 to \$1,076 in 2022.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December 2022 the Company had \$1,020,621 in cash compared to \$3,969,954 as at 31 December 2021. Working capital of \$949,350 as at 31 December 2022 as compared to \$4,050,266 as at 31 December 2021.

During the year ended 31 December 2022, the Company had cash utilized through the operating activities in the amount of \$2,062,077 compared to \$2,044,281 in 2021.

During the year ended 31 December 2022, the Company had the cash used for investing activities of \$1,571,701 compared to the cash proceeds from investing activities of \$414,394 during the year ended 31 December 2021. The difference in the cash used for investing activities are due to the exploration and evaluation of property expenditures of \$1,571,701 during the year ended 31 December 2022 compared to \$383,694 during the year ended 31 December 2021 and proceeds from the sale of marketable securities of \$Nil during the year ended 31 December 2022 compared to \$798,088 during the year ended 31 December 2021.

During the year ended 31 December 2022, the Company generated \$684,447 from financing activities compared to \$5,593,215 during the year ended 31 December 2021. The decrease in cash in the period was due to the issuance of common shares during the previous period.

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 years ended 31 December 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 years ended 31 December 2022 and 2021 as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	\$	\$
Short-term benefits – consulting, management, and legal fees	205,192	157,442
Share-based payments	39,304	309,358
Total related party expenses	244,496	466,800

Related party transactions for the years ended 31 December 2022 and 2021 summarized as follows:

	2022	2021
	\$	\$
Consulting fees to Company controlled by former CFO	57,500	50,000
Consulting fees to the President and CEO	52,500	-
Consulting fees to the CFO	3,750	-
Consulting fees to the former Corporate Secretary	67,000	83,000
Legal fees to a Director	24,442	24,442
Total related party expenses	205,192	157,442

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

As at	31 December 2022	31 December 2021
	\$	\$
Nickel Rock Resources Inc.	13,349	13,349
Total amount due to related party	13,349	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 31 December 2022, the Company had 102,966,932 common shares issued and outstanding (2021: 94,505,820). At the date of this MD&A had 109,632,054 common shares issued and outstanding

The Company had 6,563,000 options and 16,951,387 warrants outstanding as at 31 December 2022 and as at the date of this MD&A.

Private Placements

- 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%.
- 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%.

Exploration and Evaluation Property Acquisition

- 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 (Note 7).
- 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 October 2021, the Company issued 200,000 common shares valued at \$74,000 in relation to the Quatse Lake 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 (Notes 7 and 13).
- On 16 July 2021, the Company issued 250,000 common shares valued at \$63,750 in relation to the Northern Nevada property.
- On 1 January 2021, the Company issued 200,000 common shares valued at \$16,000 in relation to the Quatse Lake property.

Service agreement

- On 25 March 2022, the Company issued 150,000 common shares with a fair value of \$40,500 in relation to service agreement entered by the Company.

Issuance and Exercise of Options

- During the year ended 31 December 2022, the Company issued 3,000,000 common shares related to the exercise of 3,000,000 options at exercise price of \$0.05 for proceeds of \$150,000. The weighted average share price on the dates of exercise was \$0.06.
- 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.

During the year ended 31 December 2022, the Company granted the following stock options:

- 4,500,000 stock options on 17 August 2022 exercisable at \$0.05 for 5 years.
- 220,000 stock options on 7 September 2022 exercisable at \$0.06 for 5 years.

During the year ended 31 December 2021, the Company granted the following stock options:

- 850,000 stock options on 8 January 2021 exercisable at \$0.06 for 5 years;
- 4,000,000 stock options on 9 February 2021 exercisable at \$0.105 for 5 years;
- 390,000 stock options on 13 April 2021 exercisable at \$0.19 for 5 years;
- 2,500,000 stock options on 13 August 2021 exercisable at \$0.165 for 5 years; and
- 500,000 stock options on 10 September 2021 exercisable at \$0.21 for 5 years.

During the year ended 31 December 2022, the Company cancelled the 2,500,000 stock options issued on 13 August 2021 and amended terms of the of the remaining stock options issued during the year ended 31 December 2021 (new exercise price is \$0.06 and the maturity date is 7 September 2027).

Issuance and Exercise of Warrants

- During the year ended 31 December 2022, the Company issued 4,311,000 common shares for warrants exercised for a cash proceeds of \$500,445. The Company received \$34,002 for warrants exercised during the year ended 31 December 2022 which the related common shares were issued after the year ended 31 December 2022. The weighted average share price on the dates of exercise was \$0.06.
- On 25 March 2022, the Company issued 4,000,000 purchase warrants with a fair value \$459,160 in connection to property option agreement entered into by the Company with Paul Lechler, John Van de Sand, David White and Darren Howe for San Emidio property. The warrants have 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.
- 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.

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 2022, the Company has \$25,490 (2021: \$950,000) remaining to be spent on qualifying Canadian exploration expenditures under the terms of the flow-through share agreements.

As at 31 December 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 government. 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.

SUBSEQUENT EVENTS

On April 3, 2023, the Company entered into an option agreement with Nickel Rock Resources Inc. ("Nickel") whereby the Company may acquire the remaining 20% interest in the HN4 and the N100 mineral claims, located in central British Columbia. The transaction is a "related party" transaction and is subject to Exchange approval. Nickel has director in common with the Company. The consideration payable for acquiring the remaining interests in the mining claims is 1,000,000 common shares of the Company.

On March 27, 2023, the Company closed its first tranche of its non-brokered private placement financing offering of 1,632,328 units at a price of \$0.25 per unit for gross proceeds of \$408,082. Each Unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.30 per share for a period of five years from closing, subject to Exchange approval. The Company also paid finder fees in the amount of \$11,500 cash and 200,000 shares in connection with the private placement. The finder fees are subject to Exchange approval.

On March 17, 2023, the Company closed its first tranche of its non-brokered private placement financing offering of 2,000,000 units at a price of \$0.25 per unit for gross proceeds of \$500,000. Each Unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.30 per share for a period of five years from closing, subject to Exchange approval. The Company also paid Finder fees in the amount of 200,000 shares in connection with the private placement. The finder fees are subject to Exchange approval.

On January 17, 2023, the Company closed a non-brokered private placement financing offering of 2,412,360 units at a price of \$0.25 per unit for gross proceeds of \$603,090. Each Unit is comprised of one common share and one share purchase warrant. Each warrant will entitle the holder thereof to purchase one additional common share of the Company at an exercise price of \$0.30 per share for a period of five years from closing, subject to Exchange approval. The Company

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also paid finder fees in the amount of \$32,000 cash and 141,545 shares in connection with the private placement. The finder fees are subject to Exchange approval.

On January 10, 2023, the Company acquired a 100% interest in 71 additional mineral claims resulting from a recently completed staking program.

On January 3, 2023, the Company issued 3,000,000 stock options to consultants and directors of the Company at exercise price of \$0.3 maturing on January 3, 2028.

On January 9, 2023 190,000 options were exercised for a cash proceed of \$ 6,000.

On January 9, 2023 100,000 options were exercised for a cash proceed of \$11,400.

On January 5, 2023 188,889 warrants were exercised for a cash proceed of \$ 34,000.