



Condensed Consolidated Financial Statements
(unaudited – prepared by management)
(expressed in Canadian dollars)

For the Nine Months Ended December 31, 2023 and 2022

NOTICE TO READER

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

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

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

Vancouver, B.C.
February 29, 2024

SURGE COPPER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited – expressed in Canadian dollars)
As at December 31, 2023 and March 31, 2023

	Note	As at December 31, 2023	As at March 31, 2023
ASSETS			
Current			
Cash and cash equivalents		\$ 280,771	\$ 2,821,995
GST receivable		98,742	39,645
Prepaid expenses		100,337	107,749
Total Current Assets		479,850	2,969,389
Exploration and evaluation costs	5,6	49,403,715	47,252,540
Right-of-use asset	8	74,586	94,928
Equipment and camp buildings	7	26,945	33,653
Total Non-Current Assets		49,505,246	47,381,121
Total Assets		\$ 49,985,096	\$ 50,350,510
LIABILITIES			
Current			
Trade and other payables	9	\$ 174,956	\$ 313,625
Flow-through premium liability	11	147,040	911,551
Current portion of lease liability	8	24,666	24,666
Total Current Liabilities		346,662	1,249,842
Lease obligation liability	8	62,992	80,367
Deferred income tax liability		4,320,000	4,320,000
Total Non-Current Liabilities		4,382,992	4,400,367
Total Liabilities		4,729,654	5,650,209
SHAREHOLDERS' EQUITY			
Share capital	11	64,423,989	63,850,642
Contributed surplus	11	13,184,640	12,211,778
Deficit		(32,353,187)	(31,362,119)
Total Shareholders' Equity		45,255,442	44,700,301
Total Liabilities and Shareholders' Equity		\$ 49,985,096	\$ 50,350,510

Corporate information and nature of operations 1

Signed on behalf of the Board by:

"Shane Ebert" Director

"Leif Nilsson" Director

See accompanying notes to the condensed consolidated interim financial statements.

SURGE COPPER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(unaudited - expressed in Canadian dollars)
For the Nine Months Ended December 31, 2023 and 2022

	For the three months ended December 31,		For the nine months ended December 31,	
	2023	2022	2023	2022
EXPENSES				
Amortization (Note 7 and 8)	\$ 9,016	\$ 10,296	\$ 27,050	\$ 30,913
Consulting	5,000	26,000	30,000	76,000
Management and personnel (Note 10)	136,071	136,729	419,753	420,772
Marketing and conferences	40,143	26,134	103,433	78,141
Office	26,697	13,246	61,371	60,638
Professional fees	89,548	17,860	97,048	43,160
Share based payments	324,958	102,230	972,861	303,357
Shareholder communications	11,147	10,579	23,392	39,261
Transfer agent and filing fees	13,940	17,058	45,620	30,472
Travel	574	6,407	24,789	31,785
	(657,094)	(366,539)	(1,805,317)	(1,114,499)
OTHER INCOME (EXPENSE):				
Interest expense	(2,853)	(9,742)	(8,559)	(9,742)
Interest income	2,499	4,818	38,362	44,099
Miscellaneous income	-	-	135	8,580
Rental income	6,600	7,800	19,800	21,000
Other income realization of flow-through premium liability	66,590	206,373	764,511	1,376,199
LOSS BEFORE INCOME TAXES	(584,258)	(157,290)	(991,068)	325,637
INCOME TAXES	-	-	-	-
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	\$ (584,258)	\$ (157,290)	\$ (991,068)	\$ 325,637
LOSS PER SHARE - BASIC	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.00)
LOSS PER SHARE - DILUTED	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	197,384,423	169,760,336	197,384,423	169,662,166

See accompanying notes to the condensed consolidated interim financial statements.

SURGE COPPER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited - expressed in Canadian dollars)
For the Three and Nine Months Ended December 31, 2023 and 2022

	For the Three months ended December 31,		For the Nine months ended December 31,	
	2023	2022	2023	2022
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net loss for the period	\$ (584,258)	\$ (157,290)	\$ (991,068)	\$ 325,637
Items not affecting cash:				
Amortization	9,016	10,296	27,050	30,913
Flow-through share premium	(66,590)	(206,373)	(764,511)	(1,376,199)
Share-based payments	324,958	102,230	972,862	303,357
	(316,874)	(251,137)	(755,667)	(716,292)
Changes in non-cash working capital items:				
Taxes recoverable	(19,429)	174,764	(59,097)	222,750
Other receivables	-	-	-	32,470
Prepaid expenses	(18,571)	58,137	7,412	(30,766)
Trade and other payables	45,488	(453,493)	65,762	3,064
Lease liability	(5,792)	(5,270)	(17,375)	(15,810)
Cash used in operating activities	(315,178)	(476,999)	(758,965)	(504,584)
INVESTING ACTIVITIES				
Investment in exploration and evaluation assets	(185,844)	(1,598,428)	(1,951,175)	(7,564,549)
Property acquisition costs	-	-	-	(3,354)
Cash used in investing activities	(185,844)	(1,598,428)	(1,951,175)	(7,567,903)
FINANCING ACTIVITIES				
Proceeds from share issuance	-	-	168,916	326,426
Cash provided by financing activities	-	-	168,916	326,426
NET INCREASE IN CASH CASH AND CASH EQUIVALENTS – BEGINNING OF THE PERIOD	(501,022)	(2,075,427)	(2,541,224)	(7,746,061)
CASH AND CASH EQUIVALENTS – END OF THE PERIOD	\$ 280,771	\$ 76,791	\$ 280,771	\$ 76,791

See accompanying notes to the condensed consolidated interim financial statements.

SURGE COPPER CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(expressed in Canadian dollars)

For the Nine Months Ended December 31, 2023 and 2022

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, April 1, 2022	166,966,470	\$ 60,131,106	\$ 10,653,118	\$ (29,249,705)	\$ 41,534,519
Share purchase warrant exercises	2,533,386	326,426	-	-	326,426
Property acquisition shares	1,481,481	200,000	-	-	200,000
Share-based payments	-	-	303,357	-	303,357
Net loss and comprehensive loss for the period	-	-	-	325,637	325,637
Balance, December 31, 2022	170,981,337	\$ 60,657,532	\$ 10,956,475	\$ (28,924,068)	\$ 42,689,939
Balance, April 1, 2023	194,547,412	\$ 63,850,642	\$ 12,211,778	\$ (31,362,119)	\$ 44,700,301
Share purchase warrant exercises	1,876,833	168,916	-	-	168,916
Share issuance – settlement of bonus ⁷	1,544,540	204,431	-	-	204,431
Property acquisition shares	2,857,143	200,000	-	-	200,000
Share-based payments	-	-	972,862	-	972,862
Net loss and comprehensive loss for the period	-	-	-	(991,068)	(991,068)
Balance, December 31, 2023	200,825,928	\$ 64,423,989	\$ 13,184,640	\$ (32,353,187)	\$ 45,255,442

See accompanying notes to consolidated financial statements

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

1. CORPORATE INFORMATION

The Company is engaged principally in the acquisition, exploration and development of mineral properties. The recovery of the Company's investment in mineral properties and attainment of profitable operations is principally dependent upon financing being arranged by the Company to continue operations, explore and develop the mineral properties and the discovery, development and sale of ore reserves.

The Company was incorporated under the Business Corporations Act of British Columbia by Certificate of Incorporation dated November 29, 1965. The Company is listed on the TSX Venture Exchange ("TSX-V"), having the symbol SURG-V, as a Tier 2 mining issuer.

The address of the Company's corporate office and principal place of business is Suite 888 - 700 West Georgia Street, Vancouver, British Columbia, V7Y 1G5.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The condensed unaudited consolidated interim financial statements of the Company for the nine months ending December 31, 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These unaudited condensed consolidated interim financial statements have been prepared in full compliance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"). Accordingly, these unaudited condensed consolidated interim financial statements follow the same accounting principles and methods of application as the audited annual consolidated financial statements for the year ended March 31, 2023 but may condense or omit certain disclosures that otherwise would be present in annual financial statements prepared in accordance with IFRS. These financial statements should therefore be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2023. Results for the period ended December 31, 2023, are not necessarily indicative of future results. These unaudited condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 29, 2024.

(b) Basis of Presentation and Measurement

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis and include the accounts of the Company and its wholly-owned subsidiary, Ootsa Ventures Ltd. All material intercompany accounts and transactions have been eliminated.

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's and its subsidiary's functional currency.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's and its subsidiary's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates remain unchanged from those set out in Note 4 of the audited Consolidated Financial Statements for the year ended March 31, 2023.

There have been no material revisions to the accounting policies reported in the Company's audited Consolidated Financial Statements for the Year Ended March 31, 2023.

(a) Going Concern of Operations

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. However, there are currently material uncertainties in respect to these assumptions which cast significant doubt as to the Company's ability to continue as a going concern. The Company has incurred losses since inception, has no recurring source of revenue and has an accumulated deficit of \$32,353,187 at December 31, 2023. The Company will need to raise sufficient funds in order to finance ongoing exploration, development and administrative expenses. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity.

b) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, the recoverability and measurement of deferred tax assets and liabilities, and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

There have been no material revisions to the nature of judgments and amount of changes in estimates of amounts reported in the Company's unaudited Condensed Consolidated Interim Financial Statements for the nine months ended December 31, 2023.

5. RECLAMATION BONDS

Included in Mineral Exploration and Evaluation Costs as at December 31, 2023, is the Company's aggregate reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of \$299,900 (March 31, 2023 - \$299,900).

The bonds cover the future site restoration costs with respect to the Seel and Ox Lake Claims, collectively known as the Ootsa Property, and the claims comprising the Berg Property. All or part of the \$299,900 can be recovered subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

The bonds have not been discounted from their future value because the Company estimates the bonds may be settled within 2 years and the discounting cost being considered immaterial. The Company believes that the amount of the bonds includes sufficient risk premium.

Recovery of the posted bonds remains subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

In December 2020, the Company entered into a definitive option agreement to acquire a 70% interest in the Berg Property. The property had an existing reclamation bond in the amount of \$112,500, which has remained in place. The Company has funded \$130,000 in additional bonding on the Berg Property. The Company will fund additional bonding requirements that arise during the term of the option.

6. MINERAL PROPERTIES

Ootsa Property, British Columbia

As at December 30, 2023, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of 140 mineral claims totalling 90,701.3 hectares.

Beyond claims acquired by staking, material transactions and royalty obligations in respect of this property are:

Fourteen claims totalling 574.6 hectares, known as the Ox claims, are subject to a 2% Net Smelter Returns ("NSR") royalty. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR royalty at any time for \$500,000, and to purchase the remaining 1% NSR royalty at any time for an additional \$1,000,000.

Five claims totalling 3,450.4 hectares, known as the Seel claims, are subject to a 1% NSR royalty. The purchase agreement with the vendor entitles the Company to purchase 50% of this 1% NSR royalty any time for \$1,000,000.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

6. MINERAL PROPERTY INTERESTS (continued)

Ootsa Property, British Columbia (continued)

- Two claims totalling 383.4 hectares, known as the Swing claims (the Captain Mine), are subject to a 2% NSR royalty. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR royalty at any time for \$500,000 or the Company may purchase the entire 2% NSR royalty at any time for \$1,000,000.
- One claim totalling 211.3 hectares, known as the Troitsa Peak claim, is subject to a 1% NSR royalty. The purchase agreement with the vendor entitles the Company to purchase 50% of the 1% NSR royalty at any time for \$500,000.
- One claim totalling 76.4 hectares adjacent to the Company's Berg Property, is subject to a 2.5% NSR royalty. The purchase agreement with the vendor entitles the Company to purchase 60% of the 2.5% NSR royalty (i.e. 1.5%) at any time for \$1,500,000.
- Two claims totalling 1,568.23 hectares adjacent to the Company's Berg/Ootsa property, are subject to a 2% NSR royalty. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR royalty at any time for \$1,500,000 and the remaining 1% NSR royalty at any time for an additional \$2,000,000.
- Two claims totalling 572 hectares, known as the Sylvia claims, are subject to a 2% NSR royalty. The purchase agreement with the vendor entitles the Company to purchase 50% of the 1% NSR royalty at any time for \$1,000,000.

Auro Property, British Columbia

In March 2012, the Company sold all of its mineral interests known as the Auro and Auro South properties to New Gold Inc. Under the terms of the purchase agreement, the Company retained a 2% NSR on these properties.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

6. MINERAL PROPERTIES (continued)

Berg Property, British Columbia

On December 15, 2020, the Company entered into a definitive option agreement to acquire a 70% interest in the Berg Property, 34,798 hectares in size and contiguous to the Ootsa Property, from Thompson Creek Metals Company Inc., (“TCM”) a wholly-owned subsidiary of Centerra Gold Inc. To complete the option, Surge must issue \$5 million of its common shares and spend \$8 million on exploration over a period of up to five years as outlined in the following table:

Date for Completion	Value of Common Shares to be issued	Minimum Exploration Expenditures to be Incurred
Within 5 days of the Approval Date	\$4,000,000 (6,825,939 common shares issued)	\$Nil
On or before the first anniversary of the Effective Date ⁽¹⁾	\$200,000 (689,655 common shares issued)	\$Nil
On or before the second anniversary of the Effective Date ⁽¹⁾	\$200,000 (1,481,481 common shares issued)	\$2,000,000 ⁽²⁾ (completed)
On or before the third anniversary of the Effective Date ⁽¹⁾	\$200,000 (2,857,143 common shares issued)	\$2,000,000 (completed)
On or before the fourth anniversary of the Effective Date ⁽¹⁾	\$200,000	\$2,000,000 (completed)
On or before the fifth anniversary of the Effective Date ⁽¹⁾	\$200,000	\$2,000,000 (completed)
Total	\$5,000,000	\$8,000,000

(1) “Effective Date” means the date of the agreement, December 15, 2020.
(2) \$1,000,000 of the expenditures are a firm commitment.

On December 27, 2023, the Company announced that it has entered into a definitive purchase agreement (the “Purchase Agreement”) with TCM to acquire a 100% interest in the Berg Property for total consideration of 21,221,165 common shares (fair value \$1,591,587) of Surge, resulting in TCM owning approximately 15% of Surge’s outstanding common shares. The Purchase Agreement replaces the December 15, 2020 Option Agreement detailed above between Surge and TCM which allowed Surge to earn a 70% interest in the Berg Property by spending C\$8 million over five years and issuing to TCM C\$5 million in common shares of the Company. On January 19, 2024 the transaction was completed.

British Columbia Mineral Tax Credits (“BCMETS”)

The completion of certain qualified exploration costs by the Company entitles it to refundable tax credits as part of an exploration incentive plan offered by the Province of British Columbia. No amount has been accrued for fiscal 2023. Exploration spending of amounts renounced to investors from the issuance of flow-through shares is not eligible to be claimed for BCMETS purposes.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

6. MINERAL PROPERTIES (continued)

Expenditures on mineral property acquisition and deferred exploration and development costs for the nine months ended December 31, 2023 and for the year ended March 31, 2023 are as follows:

Nine months ended December 31, 2023

	Ootsa Property	Berg Property	Total
Property acquisition costs:			
Balance, beginning of the period	\$ 1,692,561	4,400,000	6,092,561
Cash costs	-	9,488	9,488
Shares issued	-	200,000	200,000
Balance, end of the period	1,692,561	4,609,488	6,302,049
Deferred exploration and evaluation costs:			
Balance, beginning of the period	34,841,494	6,318,485	41,159,979
Incurred during the period:			
Drilling	-	402,792	402,792
Barge	1,000	5,040	6,040
Geology	29,873	552,728	582,601
Field costs	37,428	391,987	429,415
Assaying	142	78,114	78,256
Travel	2,740	10,843	13,583
Camp costs	9,857	129,651	139,508
Fuel	504	37,730	38,234
Insurance	-	5,079	5,079
Wages and related expenses	-	246,179	246,179
Total expenditures during the period	81,544	1,860,143	1,941,687
Balance, end of the period	34,923,038	8,178,628	43,101,666
Total deferred costs, end of the period	\$ 36,615,599	\$ 12,788,116	\$ 49,403,715

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

6. MINERAL PROPERTIES (continued)**Fiscal 2023**

	Ootsa Property	Berg Property	Total
Property acquisition costs:			
Balance, beginning of the period	\$ 1,689,207	\$ 4,200,000	\$ 5,889,207
Cash costs	3,354	-	3,354
Shares issued	-	200,000	200,000
Balance, end of the period	1,692,561	4,400,000	6,092,561
Deferred exploration and evaluation costs:			
Balance, beginning of the period	30,969,609	2,000,970	32,970,579
Incurred during the period:			
Drilling	1,850,200	735,627	2,585,827
Barge	89,580	2,540	92,120
Consulting fees – First Nations	15,000	-	15,000
Geology	373,933	226,602	600,535
Geophysics	-	351,200	351,200
Field costs	611,183	1,449,010	2,060,193
Assaying	417,718	279,759	697,477
Travel	27,531	77,021	104,552
Camp costs	205,937	522,523	728,460
Fuel	123,054	205,746	328,800
Insurance	1,484	1,594	3,078
Wages and related expenses	172,987	335,893	508,880
Reclamation bond	-	130,000	130,000
BC METC	(16,722)	-	(16,722)
Total expenditures during the period	3,871,885	4,317,515	8,189,400
Balance, end of the period	34,841,494	6,318,485	41,159,979
Total deferred costs, end of the period	\$ 36,534,055	\$ 10,718,485	\$ 47,252,540

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

7. EQUIPMENT AND CAMP BUILDINGS

	Office Equipment	Camp Vehicles and Equipment	Total
Cost			
Balance at March 31, 2022	\$ 41,992	\$ 152,659	\$ 194,651
Additions	-	-	-
Disposals	-	-	-
Balance at March 31, 2023	\$ 41,992	\$ 152,659	\$ 194,651
Additions	-	-	-
Disposals	-	-	-
Balance at November 30, 2023	\$ 41,992	\$ 152,659	\$ 194,651
Depreciation and impairment			
Balance at March 31, 2022	\$ 40,914	\$ 109,524	\$ 150,438
Additions	338	10,222	10,560
Disposals	-	-	-
Balance at March 31, 2023	\$ 41,252	\$ 119,746	\$ 160,998
Additions	564	6,144	6,708
Disposals	-	-	-
Balance at December 31, 2023	\$ 41,816	\$ 125,890	\$ 167,706
Carrying amounts – NBV			
At December 31, 2023	\$ 176	\$ 26,769	\$ 26,945
At March 31, 2023	\$ 740	\$ 32,913	\$ 33,653

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

8. RIGHT OF USE ASSET AND LEASE LIABILITY

In October 2021, the Company has extended the lease with terms running through September 2026. Upon commencement, the Company recognized a right-of-use asset of \$135,611 and a lease liability of \$135,611. The lease liability was discounted using an estimated incremental borrowing rate of 12.0% per annum.

The continuity of the right-of-use asset for the nine months ended December 31, 2023 is as follows:

	Right-of-use asset
As at March 31, 2022	122,050
Amortization	(27,122)
As at March 31, 2023	\$ 94,928
Amortization	(20,342)
As at December 31, 2023	74,586

Minimum lease payments in respect of lease liabilities and the effect of discounting as at December 31, 2023 are as follows:

	Lease liability
Less than one year	\$ 24,666
More than one year	62,992
As at December 31, 2023	\$ 87,658

The continuity of the lease liability for the nine months ended December 31, 2023 is as follows:

	Lease liability
As at March 31, 2022	\$ 126,113
Principal payments	(21,080)
As at March 31, 2023	105,033
Principal payments	(17,375)
As at December 31, 2023	\$ 87,658

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

9. TRADE AND OTHER PAYABLES

The Company's trade and other payables on December 31, 2023 and March 31, 2023 are as follows:

	As at December 31, 2023	As at March 31, 2023
Trade payables	\$ 146,621	\$ 71,703
Amount due to related parties	8,835	215,922
Accrued expenses	19,500	26,000
	\$ 174,956	\$ 313,625

Trade payables are comprised principally of amounts outstanding for trade purchases relating to exploration and general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

10. RELATED PARTY TRANSACTIONS

During the nine months ended December 31, 2023 the following amounts were paid. All comparative amounts are for the nine months ended December 31, 2022.

- (a) Management wages and director fees of \$399,245 (2022 - \$399,245) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.
- (b) Administration fees of \$Nil (2022 - \$5,400) were paid to Companies controlled by directors or officers of the Company.
- (c) Consulting and geological fees of \$108,240 (2022 - \$157,739) were paid to Companies controlled by directors or officers of the Company.
- (d) Included in accounts payable and accrued liabilities at December 31, 2023 is \$8,835 (2022 - \$Nil) owing to the senior management and directors of the Company for unpaid management fees.

During the nine months ended December 31, 2023, the Company earned \$19,800 (2022 - \$21,000) in office sublease revenue from a company with common officers.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include executive and non-executive directors.

The Company incurred the following transactions with key management personnel and companies controlled by directors of the Company.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

10. RELATED PARTY TRANSACTIONS (continued)

	For the nine months ended December 31,	
	2023	2022
Key management personnel compensation comprised of:		
Short term employee benefits:		
Professional fees – administration	\$ -	\$ 5,400
Consulting and geological fees	108,240	157,739
Management and administration	399,245	399,245
	\$ 507,485	\$ 562,384
Share-based payments	972,861	303,357
	\$ 1,480,346	\$ 865,741

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized: Unlimited number of common shares without par value.

(b) Issued and fully paid:

	Number of Shares	Amount
Balance – March 31, 2022	166,966,470	\$ 60,131,106
Issued for cash – non flow through	11,539,000	1,500,070
Issued for cash – flow through	11,077,000	2,381,555
Exercise of share purchase warrants	2,533,386	326,426
RSU, DSU settlements	950,075	322,075
Flow-through share premium	-	(941,545)
Property acquisitions	1,481,481	200,000
Less: share issue costs – cash	-	(69,045)
Balance – March 31, 2023	194,547,412	\$ 63,850,642
Exercise of share purchase warrants	1,876,833	168,916
Property acquisition	2,857,143	200,000
Issued to settle bonuses	1,544,540	204,431
Balance – December 31, 2023	200,825,928	\$ 64,423,989

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(b) Issued and Fully Paid (continued)

Transactions during the Nine Months Ended December 31, 2023

No transactions

Transactions during the Year Ended March 31, 2023

i) On January 31, 2023, the Company completed a non-brokered private placement for total gross proceeds of \$3,881,625 consisting of (i) 11,539,000 units (the “Units”) sold at a price of \$0.13 per Unit and (ii) 11,077,000 charity flow-through units (the “Charity FT Units”) sold at a price of \$0.215. Each Unit consists of one common share and one-half of one transferable common share purchase warrant (each whole such common share purchase warrant, a “Warrant”). Each Charity FT Unit consists of one charity flow-through common share and one-half of one Warrant. Each Warrant shall be exercisable into one additional common share for a period of twelve months at an exercise price of \$0.20 per Warrant. The Company paid cash finders fees totaling \$46,260. On issuance, the Company has recognized a flow-through premium of \$941,545.

(c) Share Purchase Warrants:

A continuity schedule of outstanding share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2022	56,660,203	\$0.26
Issued – Unit Offering	11,308,000	\$0.20
Exercised	(2,533,386)	\$0.13
Balance, March 31, 2023	65,434,817	\$0.26
Exercised	(1,876,833)	\$0.09
Expired	(52,249,984)	\$0.27
Balance, December 31, 2023	11,308,000	\$0.20

As at December 31, 2023 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
11,308,000	\$0.20	January 31, 2024
<u>11,308,000</u>		

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(d) Agents' warrants

A continuity schedule of outstanding agents' warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2022	1,420,402	\$0.45
No transactions	-	-
Balance, March 31, 2023	1,420,402	\$0.45
Expired	(1,420,402)	\$0.45
Balance, December 31, 2023	-	-

As at December 31, 2023 there are no outstanding agent warrants.

(e) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's balance sheet include 'Contributed Surplus' and 'Accumulated Deficit'.

'Contributed Surplus' is used to recognize the value of stock option grants and share warrants prior to exercise. 'Accumulated Deficit' is used to record the Company's change in deficit from earnings from year to year.

(f) Share Compensation Plan:

The Company's Share Compensation Plan ("Plan") includes stock options ("Options"), restricted share units ("RSUs") and deferred share units ("DSUs"). The Plan received shareholder approval at the Company's AGM held on September 21, 2022. The maximum number of Common Shares reserved for issuance under the Share Compensation Plan shall be no more than 10% of the Company's issued and outstanding share capital at the time of any RSU, Option, or DSU award or grant.

The maximum aggregate number of Common Shares issuable pursuant to all Security Based Compensation granted or issued under the Plan to any one Participant (as such term is defined in the Plan) in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares, calculated as at the date that such Security Based Compensation is granted or issued to the Participant. The exercise price of each Option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV).

Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company. Unless otherwise stated, Options vest when granted.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)*Stock options*

A summary of the Company's option transactions for the nine months ended December 31, 2023 and the year ended March 31, 2023 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2022	11,890,000	\$0.59	3.90
Expired / Cancelled	(6,390,000)	\$0.58	
Balance, March 31, 2023	5,500,000	\$0.51	3.14
No transactions	-	-	
Balance, December 31, 2023	5,500,000	\$0.51	2.64

The weighted average share price of options exercised, as at the date of exercise, during the nine months ended December 31, 2023 was \$Nil (2022 - \$Nil).

As at December 31, 2023 outstanding stock options are:

Number of Options	Exercise Price	Expiry Date
1,800,000	\$0.69	January 4, 2026
200,000	\$0.44	April 23, 2026
2,500,000	\$0.42	June 23, 2026
800,000	\$0.42	October 15, 2026
200,000	\$0.31	December 20, 2026
5,500,000		

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Restricted Share Units

Under the Plan, RSUs are granted to employees, directors, officers and consultants as approved by the Company's Board of Directors. Each RSU represents a unit with the underlying value equal to the value of one common share of the Company, vests over a specified period of service in accordance with the Plan and can be equity or cash settled at the discretion of the Company.

A summary of the Company's RSU transactions for the nine months ended December 31, 2023 and March 31, 2023 is as follows:

	Number of RSUs		Weighted Average Value at Date of Grant
Balance, March 31, 2022	-	\$	-
Granted (1)	1,919,841		0.339
Granted (2)	1,476,801		0.339
Granted (3)	5,286,914		0.132
Settled	(639,947)		0.339
Balance, March 31, 2023	8,043,609	\$	0.202
No transactions	-		-
Balance, December 31, 2023	8,043,609	\$	0.202

1) RSUs granted on January 4, 2022. Shareholder approval was received on September 21, 2022. Vesting 1/3, after 12, 24 and 36 months

2) RSUs granted on January 4, 2022. Shareholder approval was received on September 21, 2022. Vesting subject to performance criteria over a 36 month period.

3) RSUs granted on February 27, 2023. Vesting 1/3, after 12, 24 and 36 months

For the nine months ended December 31, 2023, Nil RSUs were forfeited, Nil RSUs were settled in cash and Nil RSUs were settled in issuance of shares.

For the year ended March 31, 2023, Nil RSUs were forfeited, Nil RSUs were settled in cash and 639,947 RSUs were settled in issuance of shares.

For the nine months ended December 31, 2023 \$545,805 share-based compensation expense was recorded and for the year ended March 31, 2023, \$683,621 share-based compensation expense was recorded.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Deferred Share Units

Under the Plan, DSUs are granted to non-executive directors as approved by the Company's Board of Directors. Each DSU represents a unit with the underlying value equal to the value of one common share of the Company, vests over a specified period of service in accordance with the Plan and can be equity or cash settled at the discretion of the Company.

A summary of the Company's DSU transactions for the nine months ended December 31, 2023 and for the year ended March 31, 2023 is as follows:

	Number of DSUs		Weighted Average Value at Date of Grant
Balance, March 31, 2022	-	\$	-
Granted (1)	2,215,201		0.339
Granted (2)	3,506,059		0.132
Settled	(310,128)		0.339
Balance, March 31, 2023	5,411,132	\$	0.339
No transactions	-		-
Balance, December 31, 2023	5,411,132	\$	0.339

1) DSUs granted on January 4, 2022. Shareholder approval was received on September 21, 2022. 12 month minimum vesting period.

2) DSUs granted on February 27, 2023. 12 month minimum vesting period.

For the nine months ended December 31, 2023, Nil DSUs were forfeited, Nil DSUs were settled in cash and Nil DSUs were settled in issuance of shares.

For the year ended March 31, 2023, Nil DSUs were forfeited, Nil DSUs were settled in cash and 310,128 DSUs were settled in issuance of shares.

For the nine months ended December 31, 2023 \$316,668 share-based compensation expense was recorded and for the year ended March 31, 2023, \$791,527 share-based compensation expense was recorded.

(g) Contributed Surplus

During the nine months ended December 31, 2023 \$110,388 (year ended March 31, 2023 - \$405,588) was recorded as stock-based compensation related to the granting of Nil incentive stock options (March 31, 2023 - Nil), \$545,805 (March 31, 2023 - \$477,611) was recorded as stock-based compensation expense relating to the vesting of Nil RSUs (March 31, 2023 - 639,947), \$316,668 (March 31, 2023 - \$791,527) was recorded as stock-based compensation relating to the vesting of Nil (March 31, 2023 - 2,215,201) DSUs and \$Nil (March 31, 2023 - \$Nil) was recorded as share issue costs related to the granting of Nil (March 31, 2023 - Nil) finder warrants.

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Notes to the Condensed Consolidated Interim Financial Statements

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For the Nine Months ended December 31, 2023 and December 31, 2022

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(g) Contributed Surplus:

A continuity of contributed surplus is as follows:

	For the Nine Months Ended December 31, 2023	For the Year Ended March 31, 2023
Balance, beginning of year	\$ 12,211,778	\$ 10,653,118
Stock-based compensation - expensed	972,861	1,880,735
Settlements, RSUs and DSUs	-	(322,075)
Balance, end of period	\$ 13,184,639	\$ 12,211,778

12. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

All financial instruments are included on the Company's balance sheet and measured at either fair value or amortized cost.

The Company's financial assets consist of cash and cash equivalents and amounts receivable, which are designated as loans and receivables and measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities and due to related parties, which are designated as other financial liabilities and measured at amortized cost.

The carrying values of the Company's financial instruments measured at amortized costs approximate their fair values due to their short-term nature.

The capital of the Company consists of shareholders' equity - \$45,255,442 (March 31, 2023 - \$44,767,301).

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

13. SEGMENTED INFORMATION

During the nine months ended December 31, 2023 and for the year ended March 31, 2023 the Company operated in one reportable operating segment, being the acquisition, exploration and development of mineral properties in British Columbia. Administrative expenses and working capital balances are located in Canada.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2023 and December 31, 2022

14. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the statements of cash flows. The following transactions have been excluded from the statements of cash flows.

During the nine months ended December 31, 2023

For the nine months ended December 31, 2023, the Company recorded \$972,861 as share-based payments in relation to the vesting of incentive stock options, RSUs and DSUs.

The issuance of 1,544,540 common shares to settle \$204,431 in discretionary income to officers and directors.

The issuance of 2,854,143 common shares valued at \$200,000 for exploration and evaluation assets.

During the year ended March 31, 2023:

The issuance of 1,481,481 common shares valued at \$200,000 for exploration and evaluation assets.

For the year ended March 31, 2023, the Company recorded \$1,475,147 as share-based payments in relation to the vesting of RSUs and DSUs.

On February 15, 2023, the Company settled 639,947 RSUs and 310,128 DSUs with a realized value of \$322,075.

15. COMMITMENTS AND CONTINGENCIES

Effective with a commencement date of October 1, 2021, the Company is committed to an operating lease on its office premises expiring on September 30, 2026. The Company's lease commitments for the total annual basic lease payments are as follows:

2024	\$ 8,771
2025	\$ 36,104
2026	\$ 37,120
2027	\$ 18,815

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Notes to the Condensed Consolidated Interim Financial Statements

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For the Nine Months ended December 31, 2023 and December 31, 2022

16. SUBSEQUENT EVENTS

- i) On January 19, 2024, the Company completed the acquisition of a 100% interest in the Berg Property from Thompson Creek Metals Company Inc. (see Note 6), for total consideration of 21,221,165 common shares (fair value \$1,591,587) of the Company. Pursuant to the Transaction, the December 2020 Option Agreement between Surge and TCM has been terminated. The Common Shares issued pursuant to the Transaction will be subject to a statutory 4-month and a day hold period.
- ii) On January 31, 2024, 11,308,000 share purchase warrants with an exercise price of \$0.20 expired unexercised.
- iii) On January 31, 2024, the Company settled 639,947 RSU's in the issuance of shares valued at \$51,196.