



Consolidated Financial Statements
(expressed in Canadian dollars)

For the Years Ended March 31, 2020 and 2019

Independent Auditor's Report

To the Shareholders of Surge Copper Corp.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Surge Copper Corp. (the "Company"), which comprise the statements of financial position as at March 31, 2020 and 2019, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has no source of revenue, generates negative cash flows from operating activities and has an accumulated deficit of \$18,557,108 as at March 31, 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is James D. Gray.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
July 27, 2020

SURGE COPPER CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)
For the Years Ended March 31, 2020 and 2019

	Note	As at March 31,	
		2020	2019
ASSETS			
Current			
Cash and cash equivalents		\$ 35,045	\$ 8,094
GST receivable		1,726	2,250
Other receivable	6,10	-	160,341
Prepaid expenses		18,576	18,576
Total Current Assets		55,347	189,261
Exploration and evaluation costs	5,6	21,931,075	21,923,487
Right-of-use asset	8	65,725	-
Equipment and camp buildings	7	20,121	27,790
Total Non-Current Assets		22,016,921	21,951,277
Total Assets		\$ 22,072,268	\$ 22,140,538
LIABILITIES			
Current			
Trade and other payables	9	\$ 33,592	\$ 60,381
Current portion of lease liability	8	48,578	-
Total Current Liabilities		82,170	60,381
Lease obligation liability	8	25,217	-
Deferred income tax liability	15	223,000	282,000
Total Non-Current Liabilities		248,217	282,000
Total Liabilities		330,387	342,381
SHAREHOLDERS' EQUITY			
Share capital	11	35,649,889	35,526,693
Contributed surplus	11	4,649,100	4,649,100
Deficit		(18,557,108)	(18,377,636)
Total Shareholders' Equity		21,741,881	21,798,157
Total Liabilities and Shareholders' Equity		\$ 22,072,268	\$ 22,140,538
Corporate information and going concern	1		
Subsequent events	17		
Signed on behalf of the Board by:			
"Shane Ebert"	Director		
"Jim Pettit"	Director		

See accompanying notes to the consolidated financial statements.

SURGE COPPER CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(expressed in Canadian dollars)
For the Years Ended March 31, 2020 and 2019

	Note	For the years ended March 31,	
		2020	2019
EXPENSES			
Amortization		\$ 51,485	\$ 11,685
Investor relations		14,191	92,358
Management and administration fees	10	103,272	142,643
Office		41,109	40,966
Professional fees		13,907	22,656
Rent		-	34,119
Share-based payments	10	-	16,582
Transfer agent and filing fees		19,767	24,317
Travel and promotion		4,739	8,799
		(248,470)	(394,125)
OTHER INCOME:			
Interest income		1,487	32
Interest expense		(238)	-
Rental income		12,000	-
Miscellaneous revenue		6,284	-
LOSS BEFORE INCOME TAXES		(228,937)	(394,093)
INCOME TAX RECOVERY	15	59,000	5,000
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		\$ (169,937)	\$ (389,093)
LOSS PER SHARE - BASIC		\$ (0.00)	\$ (0.01)
LOSS PER SHARE - DILUTED		\$ (0.00)	\$ (0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		59,268,544	56,874,989

See accompanying notes to the consolidated financial statements.

SURGE COPPER CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(expressed in Canadian dollars)
For the Years Ended March 31, 2020 and 2019

	For the years Ended March 31,	
	2020	2019
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the year	\$ (169,937)	\$ (389,093)
Items not affecting cash:		
Share-based payments	-	16,582
Amortization	51,485	11,685
Deferred income taxes	(59,000)	(5,000)
	(177,452)	(365,826)
Changes in non-cash working capital and other items:		
GST receivable	524	(797)
Other receivables	160,341	1,260
Trade and other payables	(26,789)	35,111
Settlement payments	-	(110,000)
Cash used in operating activities	(43,376)	(440,252)
INVESTING ACTIVITIES		
Exploration and evaluation costs	(7,588)	(577,371)
Cash used in investing activities	(7,588)	(577,371)
FINANCING ACTIVITIES		
Proceeds from share issuance	124,550	278,000
Share issue costs	(1,354)	(3,640)
Payment of lease liability	(45,281)	-
Cash provided by financing activities	77,915	274,360
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,951	(743,263)
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	8,094	751,357
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 35,045	\$ 8,094

See accompanying notes to the consolidated financial statements.

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

(expressed in Canadian dollars)

For the Years Ended March 31, 2020 and 2019

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, April 1, 2019	57,679,373	\$ 35,526,693	\$ 4,649,100	\$ (18,377,636)	\$ 21,798,157
Adjustment – implementation of IFRS 16	-	-	-	(9,535)	(9,535)
Restated opening balance under IFRS 16	57,679,373	\$ 35,526,693	\$ 4,649,100	\$ (18,387,171)	\$ 21,788,622
Issued for cash – non-flow through shares	1,779,286	124,550	-	-	124,550
Share issue costs	-	(1,354)	-	-	(1,354)
Net loss and comprehensive loss for the period	-	-	-	(169,937)	(169,937)
Balance, March 31, 2020	59,458,659	\$ 35,649,889	\$ 4,649,100	\$ (18,557,108)	\$ 21,741,881
Balance, April 1, 2018	54,979,373	\$ 35,252,333	\$ 4,632,518	\$ (17,988,543)	\$ 21,896,308
Issued for cash – non-flow through shares	2,700,000	278,000	-	-	278,000
Share issue costs	-	(3,640)	-	-	(3,640)
Stock based compensation	-	-	16,582	-	16,582
Net loss and comprehensive loss for the period	-	-	-	(389,093)	(389,093)
Balance, March 31, 2019	57,679,373	\$ 35,526,693	\$ 4,649,100	\$ (18,377,636)	\$ 21,798,157

See accompanying notes to consolidated financial statements

SURGE COPPER CORP.

Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years ended March 31, 2020 and 2019

1. CORPORATE INFORMATION AND GOING CONCERN

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 GRV-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.

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 \$18,557,108 at March 31, 2020. 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 favorable 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.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The audited annual consolidated financial statements of the Company for the year ending March 31, 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

SURGE COPPER CORP.

Notes to the Consolidated Financial Statements
(expressed in Canadian dollars)
For the Years ended March 31, 2020 and 2019

2. BASIS OF PREPARATION (continued)

(a) Statement of Compliance (continued)

These consolidated financial statements were authorized for issue by the Board of Directors on July 27, 2020.

(b) Basis of Presentation and Measurement

These consolidated 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 consolidated 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 of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements unless otherwise indicated.

(a) Cash and Cash Equivalents

Cash and cash equivalents include all cash accounts, which are not subject to withdrawal restrictions or penalties, and all short-term highly-liquid investments with original maturities to the holder of three months or less, and which can be converted into known amounts of cash.

(b) Exploration and Evaluation Expenditures

Pre-exploration Costs

Pre-exploration costs are expensed in the year in which they are incurred.

Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the year in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain

SURGE COPPER CORP.

Notes to the Consolidated Financial Statements
(expressed in Canadian dollars)
For the Years ended March 31, 2020 and 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Exploration and Evaluation Expenditures (continued)

exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss/income.

The Company assesses exploration and evaluation costs for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'. Exploration and evaluation costs are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

The Company may qualify for refundable tax credits based on qualifying exploration work incurred. Such amounts are accrued as receivable when they can be readily estimated, with such recoveries offsetting the exploration costs incurred.

(c) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation costs are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive loss/income.

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Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years ended March 31, 2020 and 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Equipment

Recognition and Measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable costs of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognized within provisions.

Equipment is subsequently measured at cost less accumulated depreciation, less any accumulated impairment losses, with the exception of land which is not depreciated.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Subsequent Costs

The cost of replacing part of an item of equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of equipment are recognized in profit or loss as incurred.

Major Maintenance and Repairs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Gains and Losses

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount, and are recognized net within other income/expense in profit or loss.

Depreciation

The Company provides for depreciation using the following method and annual rates:

Office equipment	declining balance method	30%
Camp vehicles and equipment	declining balance method	20-30%
Camp buildings/septic	5-year straight line	20%
Bridge	10-year straight line	10%

Additions during the year are depreciated at one-half the annual rate. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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Notes to the Consolidated Financial Statements
(expressed in Canadian dollars)
For the Years ended March 31, 2020 and 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Estimations of future costs can only be made when specified work requirements, timelines and outcomes are known on a measurable basis. When such variables associated with future reclamation obligations cannot be determined, no liability is recorded.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

(f) Share-based Payment Transactions

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss/income over the vesting period.

Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

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Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years ended March 31, 2020 and 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Share-based Payment Transactions (continued)

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss/income. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(g) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net loss/income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized

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Notes to the Consolidated Financial Statements
(expressed in Canadian dollars)
For the Years ended March 31, 2020 and 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Income Taxes (continued)

deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

(h) Basic and Diluted Loss per Share:

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Potentially dilutive common shares related to warrants and options outstanding totaling 18,554,108 at March 31, 2020 (March 31, 2019 – 18,922,060) were not included in the computation of diluted loss per share because their effect was anti-dilutive.

(i) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss (“FVTPL”) or fair value through other comprehensive income (“FVOCI”).

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

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Notes to the Consolidated Financial Statements
(expressed in Canadian dollars)
For the Years ended March 31, 2020 and 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial Instruments (continued)

The Company's financial instruments are classified and subsequently measured as follows:

Account	Classification
Cash	Amortized cost
Amounts receivable (excluding sales tax receivable)	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Impairment

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

(j) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares

The Company will from time to time issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes this liability and recognizes this premium as other income, offsetting any expense associated with the Company's expenditure of the flow-through proceeds.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

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Notes to the Consolidated Financial Statements

(expressed in Canadian dollars)

For the Years ended March 31, 2020 and 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Share Capital (continued)

The fair value of the common shares issued in the private placement were determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus. If the warrants are exercised, the related amount is reclassified as share capital.

If the warrants are issued as share issuance costs, the fair value will be recorded as contributed surplus using the Black-Scholes option pricing model. If the warrants are exercised, the related amount is reclassified as share capital. If the warrants expire unexercised, the related amount remains in contributed surplus.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(k) New Standards Adopted During the Year Ended March 31, 2020

IFRS 16 Leases

The Company has adopted the requirements of IFRS 16 Leases (“IFRS 16”) as of April 1, 2019. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize right-of-use assets and liabilities for leases. The Company elected to apply IFRS 16 using a modified retrospective approach; therefore, the comparative information has not been restated and continues to be reported under IAS 17, Leases. The details of the new accounting policy and the impact of the policy change are described below.

At inception of a contract, the Company must assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset over a period of time in exchange for consideration. The Company must assess whether the contract involves the use of an identified asset, whether it has the right to obtain substantially all of the economic benefits from the use of the asset during the term of the contract and if it has the right to direct the use of the asset.

As a lessee, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

Right-of-use asset

The right-of-use asset is initially measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made and any initial direct costs incurred at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) New Standards Adopted During the Year Ended March 31, 2020 (continued)

The right-of-use asset is subsequently amortized from the commencement date to the earlier of the end of the lease term, or the end of the useful life of the asset. In addition, the right-of-use asset may be reduced due to impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Lease liability

A lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted by the interest rate implicit in the lease or, if that rate cannot be readily determined, the incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method.

Lease payments included in the measurement of the lease liability comprise: fixed payments; variable lease payments that depend on an index or a rate; amounts expected to be payable under any residual value guarantee; the exercise price under any purchase option that the Company would be reasonably certain to exercise; lease payments in any optional renewal period if the Company is reasonably certain to exercise an extension option; and penalties for any early termination of a lease unless the Company is reasonably certain not to terminate early. The Company has elected to exclude non-lease components related to premises leases in the determination of the lease liability.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve months or less and leases of low-value assets. The lease payments associated with these leases are charged directly to income on a straight-line basis over the lease term.

The reconciliation of the lease liability as at April 1, 2019 is as follows:

	<u>\$</u>
Future aggregate minimum lease payments	128,345
Effect of discounting at the incremental rate of borrowing	<u>(18,804)</u>
Lease liability as at April 1, 2019	<u>109,541</u>

See Note 8.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss/income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

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4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

- Exploration and Evaluation Costs

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether circumstances exist that cast doubt as to the Company's ability to continue to positively advance its exploration projects towards economic viability, and the ultimate recovery of the aggregate costs incurred to date on those projects. Such judgments are based on assumptions about future events or circumstances and these assumptions made may change if new information becomes available.

- Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

The key estimates applied in the preparation of the consolidated financial statements that could result in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- British Columbia Mining Exploration Tax Credits ("BCMETC") Claim

The Company has, in past fiscal years, recorded the amount of the BCMETC claims as receivable on the assumption that it will receive the full BCMETC claim similar to refunds claimed and received in previous years. However, if the amount is reviewed by taxation authorities, reductions in the amounts recoverable are possible. Such outcomes are not possible to predict in advance.

- Incremental Borrowing Rate

The Company is not typically involved in commercial debt transactions and therefore its cost of debt, utilized to record certain lease obligations, is an estimated value.

5. RECLAMATION BONDS

Included in Mineral Exploration and Evaluation Costs as at March 31, 2020, is the Company's aggregate of reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of \$169,900 (March 31, 2019 - \$169,900).

The bonds cover the future site restoration costs with respect to the Seel and Ox Lake Claims, collectively known as the Ootsa Property. All or part of the \$169,900 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 has no basis to estimate their settlement date.

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6. MINERAL PROPERTY INTERESTS

Ootsa Property

As at March 31, 2020, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of 124 mineral claims totalling 72,710.4 hectares. All of these claims have had sufficient exploration work completed to remain valid until December 10, 2025.

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

- 14 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, Silver Standard Resources Inc., (“Silver”) entitles the Company to purchase 50% of the 2% NSR from Silver at any time by the payment to Silver of \$500,000. The Company may purchase the remaining 1% NSR at any time by payment to Silver of an additional \$1,000,000.
- There are five claims totalling 3,450.4 hectares, known as the Seel claims, which are subject to a 1% NSR. The Company is entitled at any time to purchase 50% of this 1% NSR for \$1,000,000.
- Two additional claims known as the Swing claims (the “Captain Mine”) totalling 383.4 hectares, purchased in March 2014, are subject to a 2% NSR. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR from the vendor at any time by the payment to the vendor of \$500,000, or the Company may purchase the entire 2% NSR at any time by payment to the vendor of \$1,000,000.
- The Troitsa Peak claims totalling 211.3 hectares and purchased in December 2014 are subject to a 1% NSR, half of which can be bought back at any time by the Company for \$500,000.
- On August 5, 2016, the Company acquired one claim for total consideration of \$3,000, adding a total of 76.7 hectares.

Auro Property

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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6. MINERAL PROPERTY INTERESTS (continued)British Columbia Mineral Tax Credits (“BCMETC”)

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. In May 2019 the Company filed a BCMETC claim with the Canada Revenue Agency seeking \$154,522 in qualified refundable tax credits for the year ended March 31, 2019, which has also been accrued and which is considered to be entirely collectible. In January 2020 the entire amount was received. No amount has been accrued for 2020.

Expenditures on mineral property acquisition and deferred exploration and evaluation costs in relation to the Ootsa Property are as follows:

	For the year ended March 31,	
	2020	2019
Property acquisition costs:		
Balance, beginning of the year	\$ 1,150,204	\$ 1,150,204
Cash costs	-	-
Balance, end of the year	1,150,204	1,150,204
Deferred exploration and evaluation costs:		
Balance, beginning of the year	20,773,283	20,350,434
Incurred during the year:		
Barge	-	6,460
Drilling	-	314,999
Geology	-	64,850
Insurance	-	1,028
Consulting fees – First Nations	-	25,000
Field costs	-	33,207
Travel	-	2,499
Assaying	1,142	28,360
Camp costs	5,954	61,662
Fuel	492	22,631
Exploration tax credit recovery	-	(154,522)
Wages and related expenses	-	16,675
Total expenditures during the year	7,588	422,849
Balance, end of the year	20,780,871	20,773,283
Total deferred costs, end of the year	\$ 21,931,075	\$ 21,923,487

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Notes to the Consolidated Financial Statements

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7. EQUIPMENT AND CAMP BUILDINGS

	Office Equipment	Camp Vehicles and Equipment	Camp Buildings/ Septic	Bridge	Total
Cost					
Balance at March 31, 2018	\$ 41,992	\$ 122,575	\$ 178,838	\$ 32,855	\$ 376,260
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at March 31, 2019	\$ 41,992	\$ 122,575	\$ 178,838	\$ 32,855	\$ 376,260
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at March 31, 2020	<u>\$ 41,992</u>	<u>\$ 122,575</u>	<u>\$ 178,838</u>	<u>\$ 32,855</u>	<u>\$ 376,260</u>
Depreciation and impairment					
Balance at March 31, 2018	\$ 37,227	\$ 104,735	\$ 176,756	\$ 18,067	\$ 336,785
Additions	1,599	4,720	2,082	3,284	11,685
Disposals	-	-	-	-	-
Balance at March 31, 2019	\$ 38,826	\$ 109,455	\$ 178,838	\$ 21,351	\$ 348,470
Additions	953	3,432	-	3,284	7,669
Disposals	-	-	-	-	-
Balance at March 31, 2020	<u>\$ 39,779</u>	<u>\$ 112,887</u>	<u>\$ 178,838</u>	<u>\$ 24,635</u>	<u>\$ 356,139</u>
Carrying amounts – NBV					
At March 31, 2019	<u>\$ 3,166</u>	<u>\$ 13,120</u>	<u>\$ -</u>	<u>\$ 11,504</u>	<u>\$ 27,790</u>
At March 31, 2020	<u>\$ 2,213</u>	<u>\$ 9,688</u>	<u>\$ -</u>	<u>\$ 8,220</u>	<u>\$ 20,121</u>

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Notes to the Consolidated Financial Statements

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8. RIGHT OF USE ASSET AND LEASE LIABILITY

The Company has an office lease with terms running through September 2021. Upon transition to IFRS 16, the company recognized a right-of-use asset of \$109,541 and a lease liability of \$119,076. The lease liability was discounted using an estimated incremental borrowing rate of 4.25% per annum.

The continuity of the right-of-use asset for the year ended March 31, 2020 is as follows:

	Right-of-use asset	
As at March 31, 2019	\$	-
IFRS 16 adoption		109,541
Amortization		(43,816)
As at March 31, 2020	\$	65,725

Minimum lease payments in respect of lease liabilities and the effect of discounting as at March 31, 2020 are as follows:

	Right-of-use asset	
Undiscounted minimum lease payments	\$	-
Less than one year		51,714
More than one year		26,290
		78,004
Effect of discounting		(4,209)
As at March 31, 2020	\$	73,795

The continuity of the lease liability for the year ended March 31, 2020 is as follows:

	Lease liability	
As at March 31, 2019	\$	-
IFRS 16 adoption		119,076
Principal payments		(45,281)
As at March 31, 2020	\$	73,795

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9. TRADE AND OTHER PAYABLES

The Company's trade and other payables on March 31, 2020 and 2019 are as follows:

	Note	As at March 31, 2020	As at March 31, 2019
Trade payables		\$ 13,835	\$ 28,224
Amounts due to related parties	10	6,657	18,057
Accrued expenses		13,100	14,100
		\$ 33,592	\$ 60,381

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 year ended March 31, 2020 the following amounts were paid and or accrued to related parties. All comparative amounts are for the year ended March 31, 2019.

- (a) Management wages and director fees of \$77,800 (2019 - \$114,350) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.
- (b) Consulting and geological fees of \$4,000 (2019 – \$36,300) were paid to Companies controlled by directors or officers of the Company.
- (c) Administration fees of \$18,600 (2019 - \$20,175) were paid to Companies controlled by directors or officers of the Company.
- (d) Pursuant to a settlement agreement, effective June 27, 2016, the Company was obligated to pay its former President & CEO the following amounts bearing no interest:
 - (i) \$110,000 on July 15, 2016 – paid;
 - (ii) \$110,000 on June 27, 2017– paid;
 - (iii) \$110,000 on June 27, 2018– paid.

During the year ended March 31, 2020, the Company earned \$12,000 in office sublease revenue from a company with common officers. At March 31, 2020, this related company owed \$Nil (2019 - \$2,520) to the Company.

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.

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10. RELATED PARTY TRANSACTIONS (continued)

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

	For the year ended March 31,	
	2020	2019
Key management personnel compensation comprised of:		
Short term employee benefits:		
Management fees – mineral property costs	\$ 4,000	\$ 36,300
Professional fees – administration	18,600	20,175
Management and administration	77,800	114,350
	<u>\$ 100,400</u>	<u>\$ 170,825</u>
Share-based payments	-	16,582
	<u>\$ 100,400</u>	<u>\$ 187,407</u>

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 at March 31, 2018	54,979,373	\$ 35,252,333
Issued for cash – non flow through	2,700,000	278,000
Less: share issue costs – cash	-	(3,640)
Balance at March 31, 2019	57,679,373	\$ 35,526,693
Issued for cash – non flow through	1,779,286	124,550
Less: share issue costs – cash	-	(1,354)
Balance at March 31, 2020	<u>59,458,659</u>	<u>\$ 35,649,889</u>

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11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**(c) Issued and Fully Paid (continued)**Transactions during the Year Ended March 31, 2020

- i) On May 9, 2019, the Company completed a non-brokered private placement comprised of 1,779,286 units at a purchase price of \$0.07 per unit for gross proceeds of \$124,550. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share at any time on or before May 9, 2022.

Transactions during the Year Ended March 31, 2019

- i) On June 6, 2018, the Company completed a non-brokered private placement comprised of 400,000 units at a purchase price of \$0.12 per unit for gross proceeds of \$48,000. Each unit consisted of one common share and one-half of a common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.15 per share at any time on or before June 6, 2020.
- ii) On July 25, 2018, the Company completed a non-brokered private placement comprised of 2,300,000 units at a purchase price of \$0.10 per unit for gross proceeds of \$230,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.18 per share at any time on or before July 25, 2021.

(c) Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance at March 31, 2018	12,406,666	\$0.21
Issued - Unit Offering	200,000	\$0.15
Issued - Unit Offering	2,300,000	\$0.18
Expired	(20,000)	\$1.50
Balance at March 31, 2019	14,886,666	\$0.21
Issued - Unit Offering	1,779,286	\$0.10
Expired	(2,333,333)	\$0.22
Balance at March 31, 2020	14,332,619	\$0.19

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11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)**(c) Share Purchase Warrants (continued)**

As at March 31, 2020 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
2,050,000	\$0.40	May 14, 2020
200,000	\$0.15	June 6, 2020
1,336,666	\$0.22	October 27, 2020
6,666,667	\$0.15	December 5, 2020
2,300,000	\$0.18	July 25, 2021
1,779,286	\$0.10	May 9, 2022
14,332,619		

(d) Agents' Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance at March 31, 2018	492,934	\$0.16
No transactions	-	-
Balance at March 31, 2019	492,934	\$0.16
Expired	(42,934)	\$0.22
Balance at March 31, 2020	450,000	\$0.15

As at March 31, 2020 outstanding agents' warrants are:

Number of Warrants	Exercise Price	Expiry Date
450,000	\$0.15	December 5, 2020
450,000		

(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.

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

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant.

The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of grant.

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 five 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, share purchase options vest when granted.

A summary of the Company's option transactions for the year ended March 31, 2020 and 2019 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2018	3,720,083	\$0.25	3.14
Granted	200,000	\$0.11	
Expired	(127,510)	\$1.30	
Expired	(249,573)	\$1.30	
Balance, March 31, 2019	3,543,000	\$0.13	2.53
Expired	(20,000)	\$0.75	
Balance, March 31, 2020	3,523,000	\$0.13	1.54

The weighted average share price of options exercised, as at the date of exercise, during the year ended March 31, 2020 was \$Nil.

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

As at March 31, 2020 outstanding vested stock options are:

Number of Options	Exercise Price	Expiry Date
100,000	\$0.19	July 10, 2020
925,000	\$0.11	March 11, 2021
1,305,000	\$0.155	September 29, 2021
793,000	\$0.12	January 17, 2022
200,000	\$0.10	November 7, 2022
200,000	\$0.11	May 29, 2023
3,523,000		

The Black-Scholes model inputs for options granted during the year ended March 31, 2019 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility Factor	Dividend Yield
May 29, 2018	May 29, 2023	\$0.10	\$0.11	1.85	5 years	1.225	0

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes for future volatility due to publicly available information.

(g) Contributed Surplus

During the year ended March 31, 2020 \$Nil (2019 - \$16,582) was recorded as stock-based compensation related to the granting of Nil incentive stock options (2019 – 200,000). Of this amount, \$Nil (2019 - \$16,582) has been included as an expense in the Consolidated Statement of Comprehensive Loss.

A continuity of contributed surplus is as follows:

	For the Year Ended March 31,	
	2020	2019
Balance, beginning of period	\$ 4,649,100	\$ 4,632,518
Stock-based compensation - expensed	-	16,582
Stock-based compensation - share issue costs	-	-
Balance, end of period	\$ 4,649,100	\$ 4,649,100

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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 - \$21,741,881 (March 31, 2019 - \$21,798,157).

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 year ended March 31, 2020 and March 31, 2019 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.

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 year ended March 31, 2020:

No transactions

During the year ended March 31, 2019:

No transactions

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15. INCOME TAXES

	For the year ended March 31,	
	2020	2019
Current expense	\$ -	\$ -
Deferred tax recovery	(59,000)	(5,000)
	<u>\$ (59,000)</u>	<u>\$ (5,000)</u>

Taxation in the Company's operational jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There is no tax charge arising for the Company for the year.

The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

	For the year ended March 31,	
	2020	2019
Loss before income taxes	\$ (229,000)	\$ (394,000)
Income taxed at statutory rates – 27.00% (2019 – 27.00%)	(62,000)	(106,000)
Non-deductible expenses	-	21,000
Share issuance costs	-	(1,000)
Effect of change in statutory tax rates	-	-
Previously-unrecognized deferred tax liabilities	3,000	81,000
Deferred tax expense (recovery)	<u>\$ (59,000)</u>	<u>\$ (5,000)</u>

Effective January 1, 2018, the Canadian Federal corporate tax rate remained at 15.00% and the British Columbia provincial tax rate increased from 11.00% to 12.00%.

Deferred Tax Assets and Liabilities

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities as at March 31, 2020 and 2019 are summarized as follows:

	March 31,	March 31,
	2020	2019
Non-capital losses	\$ 1,695,000	\$ 1,628,000
Undeducted financing costs	16,000	25,000
Capital assets and other	103,000	102,000
	<u>1,814,000</u>	<u>1,755,000</u>
Exploration and evaluation costs	(2,037,000)	(2,037,000)
Deferred tax liability	<u>\$ (223,000)</u>	<u>\$ (282,000)</u>

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15. INCOME TAXES (continued)

As at March 31, 2020, the Company has estimated non-capital losses of \$6,277,225 which expire from 2033 to 2040, for tax purposes that may be carried forward to reduce taxable income derived in future years.

The potential benefits of these carry-forward non-capital losses, and deductible temporary differences has not been recognized in these financial statements as it is not considered probable that sufficient future taxable profit will allow the deferred tax assets to be recovered.

Flow-through Shares

Flow-through common shares require the Company to spend an amount equivalent to the proceeds of the issued flow-through common shares on Canadian qualifying exploration expenditures. The Company may be required to indemnify the holders of such shares for any tax and other costs payable by them in the event the Company has not made the required exploration expenditures.

During the year ended March 31, 2020, the Company received \$Nil (2019 - \$Nil) from the issue of flow-through shares.

Funds raised in connection with the flow-through shares must be spent on qualified mineral exploration and are restricted to Canadian Exploration Expenditures as defined in the Canadian Income Tax Act. The expenditures are renounced in favour of investors subscribing for flow-through shares and the amounts are not available to the Company for income tax purposes.

16. COMMITMENTS AND CONTINGENCIES

Effective with a commencement date of October 1, 2016, the Company is committed to an operating lease on its office premises expiring on September 30, 2021. The Company's lease commitments for the total annual basic lease rate and operating costs are as follows:

2021	51,714
2022	26,290

17. SUBSEQUENT EVENTS

- On May 14, 2020 and June 6, 2020, share purchase warrants entitling the holders thereof to acquire 2,050,000 and 200,000 common shares, respectively, at \$0.40 and \$0.15 per share expired unexercised.
- On June 3, 2020, the Company completed a non-brokered private placement comprised of 4,508,500 units at a purchase price of \$0.06 per unit for gross proceeds of \$270,510. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.09 per share at any time on or before June 3, 2023.

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Notes to the Consolidated Financial Statements
(expressed in Canadian dollars)
For the Years ended March 31, 2020 and 2019

17. SUBSEQUENT EVENTS (continued)

- On July 6, 2020, the Company completed a non-brokered flow-through private placement comprised of 3,239,996 flow-through units at a purchase price of \$0.09 per unit for gross proceeds of \$291,600. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.12 per share at any time on or before July 6, 2023.
- On July 10, 2020, stock options entitling the holders thereof to acquire 100,000 common shares at \$0.19 per share expired unexercised.