



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

For the Nine Months Ended December 31, 2020 and 2019

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 12, 2021

SURGE COPPER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited – expressed in Canadian dollars)
As at December 31, 2020 and March 31, 2020

	Note	As at December 31, 2020	As at March 31, 2020
ASSETS			
Current			
Cash and cash equivalents		\$ 6,183,738	\$ 35,045
GST receivable		96,970	1,726
Prepaid expenses		368,032	18,576
Total Current Assets		6,648,740	55,347
Exploration and evaluation costs	5, 6	27,901,605	21,931,075
Right-of-use asset	8	32,862	65,725
Equipment and camp buildings	7	27,779	20,121
Total Non-Current Assets		27,962,246	22,016,921
Total Assets		\$ 34,610,986	\$ 22,072,268
LIABILITIES			
Current			
Trade and other payables	9	\$ 376,832	\$ 33,592
Current portion of lease liability	8	24,289	48,578
Total Current Liabilities		401,121	82,170
Lease obligation liability	8	13,073	25,217
Deferred income tax liability		223,000	223,000
Total Non-Current Liabilities		236,073	248,217
Total Liabilities		637,194	330,387
SHAREHOLDERS' EQUITY			
Share capital	11	48,256,775	35,649,889
Contributed surplus	11	4,649,100	4,649,100
Deficit		(18,932,083)	(18,557,108)
Total Shareholders' Equity		33,973,792	21,741,881
Total Liabilities and Shareholders' Equity		\$ 34,610,986	\$ 22,072,268

Signed on behalf of the Board by:

_____ "Shane Ebert"	Director
_____ "Jim Pettit"	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, 2020 and 2019

	For the three months ended		For the nine months ended	
	December 31,		December 31,	
	2020	2019	2020	2019
EXPENSES				
Amortization	\$ 12,569	\$ 12,871	\$ 37,704	\$ 38,613
Investor relations	68,949	3,235	76,920	11,191
Management and personnel (Note 10)	73,783	22,888	137,512	77,663
Office	10,543	6,967	29,290	26,917
Professional fees	39,479	3,000	46,479	10,907
Transfer agent and filing fees	44,808	906	51,220	13,294
Travel	-	152	-	4,656
	(250,131)	(50,019)	(379,125)	(183,241)
OTHER INCOME (EXPENSE):				
Interest expense	(827)	(1,232)	(1,850)	(3,796)
Miscellaneous income	-	-	-	6,284
Rental income	3,000	3,600	6,000	10,800
LOSS BEFORE INCOME TAXES	(247,958)	(47,651)	(374,975)	(169,953)
INCOME TAXES	-	-	-	-
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	\$ (247,958)	\$ (47,651)	\$ (374,975)	\$ (169,953)
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	106,794,591	59,268,544	91,082,510	59,268,544

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 Nine Months Ended December 31, 2020 and 2019

	For the nine months ended December 31,	
	2020	2019
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the period	\$ (374,975)	\$ (169,953)
Items not affecting cash:		
Amortization	37,704	38,613
	(337,271)	(131,340)
Changes in non-cash working capital items:		
Taxes recoverable	(95,242)	(278)
Other receivables	-	5,819
Prepaid expenses	(349,456)	(1,875)
Trade and other payables	343,240	39,943
Current portion of lease liability	(36,434)	(34,189)
Cash used in operating activities	(475,163)	(121,920)
INVESTING ACTIVITIES		
Exploration and evaluation costs	(1,948,397)	(7,588)
Property acquisition costs	(22,133)	-
Asset purchase	(12,500)	-
Cash used in investing activities	(1,983,030)	(7,588)
FINANCING ACTIVITIES		
Proceeds from share issuance	8,719,527	124,550
Share issue costs	(112,641)	(1,354)
Cash provided by financing activities	8,606,886	123,196
NET INCREASE (DECREASE) IN CASH	6,148,693	(6,312)
CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD	35,045	8,094
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	\$ 6,183,738	\$ 1,782

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, 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
Issued for cash – non-flow through shares	1,779,286	124,550	-	-	124,550
Share issue costs	-	(1,354)	-	-	(1,354)
Adjustment-implementation of IFRS 16	-	-	-	(9,535)	(9,535)
Net loss and comprehensive loss for the period	-	-	-	(169,953)	(169,953)
Balance, December 31, 2019	59,458,659	\$ 35,649,889	\$ 4,649,100	\$ (18,557,124)	\$ 21,741,865
Balance, April 1, 2020	59,458,659	\$ 35,649,889	\$ 4,649,100	\$ (18,557,108)	\$ 21,741,881
Issued for cash – non-flow through shares	8,354,654	770,510	-	-	270,510
Issued for cash – flow through shares	43,239,996	6,291,600	-	-	291,600
Share purchase warrant exercises	10,858,333	1,589,917	-	-	1,589,917
Agent warrant exercises	450,000	67,500	-	-	67,500
Berg property acquisition	6,825,939	4,000,000	-	-	4,000,000
Share issue costs	-	(112,641)	-	-	(112,641)
Net loss and comprehensive loss for the period	-	-	-	(374,975)	(374,975)
Balance, December 31, 2020	129,187,581	\$ 48,256,775	\$ 4,649,100	\$ (18,932,083)	\$ 33,973,792

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, 2020 and December 31, 2019

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.

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 condensed unaudited consolidated interim financial statements of the Company for the nine months ending December 31, 2020 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, 2020 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, 2020. Results for the period ended December 31, 2020, 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 12, 2021.

(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, 2020 and December 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 unchanged from those set out in Note 4 of the audited Consolidated Financial Statements for the year ended March 31, 2020.

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, 2020.

(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 \$18,932,083 at December 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 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.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

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, 2020.

5. RECLAMATION BONDS

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

6. MINERAL PROPERTIES

Ootsa Property, British Columbia

As at December 31, 2020, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of 133 mineral claims totalling 85,357.8 hectares. Nine claims were staked on December 11, 2020 and have expiry dates of December 10, 2021. The remaining 133 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 is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.
- 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. There is an associated Area of Interest with these claims, defined as the area lying within a distance of one kilometre from the external boundaries of the claims.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

6. MINERAL PROPERTIES (continued)

- 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 claim totalling 211.3 hectares and purchased in December 2014 is 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, British Columbia

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

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 from Thompson Creek Metals Company Inc., a wholly owned subsidiary of Centerra Gold Inc. Under the terms of the option Surge must issue C\$5 million in common shares of Surge and spend C\$8 million on exploration, over a period of up to five years as outlined in the table below. As at December 31, 2020, the Company has issued 6,825,939 common shares valued at C\$4 million dollars, as outlined in the agreement. The Berg Property is 34,798 hectares in size and is contiguous with the Ootsa Property and combined the Ootsa and Berg Properties give Surge Copper control of 50km of strike length in a very prospective porphyry belt. The Berg Property contains the Berg Deposit, a large, advanced stage porphyry copper-molybdenum-silver deposit located 28km northwest of Surge’s Seel Deposits.

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	\$Nil
On or before the second anniversary of the Effective Date ⁽¹⁾	\$200,000	\$2,000,000 ⁽²⁾
On or before the third anniversary of the Effective Date ⁽¹⁾	\$200,000	\$2,000,000
On or before the fourth anniversary of the Effective Date ⁽¹⁾	\$200,000	\$2,000,000
On or before the fifth anniversary of the Effective Date ⁽¹⁾	\$200,000	\$2,000,000
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.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

6. MINERAL PROPERTIES (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. In January 2020 the entire amount was received. No amount has been accrued for 2020.

Expenditures on mineral property acquisition and deferred exploration and development costs for the nine months ended December 31, 2020 and for the year ended March 31, 2020 are as follows:

Fiscal 2021			
	Ootsa Property	Berg Property	Total
Property acquisition costs:			
Balance, beginning of the period	\$ 1,150,204	\$ -	\$ 1,150,204
Cash costs	22,133	-	22,133
Shares issued	-	4,000,000	4,000,000
Balance, end of the period	1,172,337	4,000,000	5,172,337
Deferred exploration and evaluation costs:			
Balance, beginning of the period	20,780,871	-	20,780,871
Incurred during the period:			
Drilling	927,302	-	927,302
Barge	23,710	-	23,710
Geology	33,901	-	33,901
Geophysics	165,360	-	165,360
Consulting fees – First Nations	35,000	-	35,000
Field costs	222,495	-	222,495
Assaying	101,181	-	101,181
Travel	7,481	-	7,481
Camp costs	140,331	-	140,331
Fuel	106,451	-	106,451
Wages and related expenses	185,185	-	185,185
Total expenditures during the period	1,948,397	-	1,948,397
Balance, end of the period	22,729,268	-	22,729,268
Total deferred costs, end of the period	\$ 23,901,605	\$ 4,000,000	\$ 27,901,605

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

6. MINERAL PROPERTIES (continued)

Fiscal 2020				
	Ootsa Property		Berg Property	Total
Property acquisition costs:				
Balance, beginning of the period	\$	1,150,204	\$ -	\$ 1,150,204
Cash costs		-	-	-
Balance, end of the period		1,150,204	-	1,150,204
Deferred exploration and evaluation costs:				
Balance, beginning of the period		20,773,283	-	20,773,283
Incurred during the period:				
Assaying		1,142	-	1,142
Camp costs		5,954	-	5,954
Fuel		492	-	492
Total expenditures during the period		7,588	-	7,588
Balance, end of the period		20,780,871	-	20,780,871
Total deferred costs, end of the period	\$	21,931,075	\$ -	\$ 21,931,075

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

7. EQUIPMENT AND CAMP BUILDINGS

	Office Equipment	Camp Vehicles and Equipment	Camp Buildings/ Septic	Bridge	Total
Cost					
Balance at March 31, 2019	\$ 41,992	\$ 122,575	\$ 178,838	\$ 32,855	\$ 376,260
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at March 31, 2020	\$ 41,992	\$ 122,575	\$ 178,838	\$ 32,855	\$ 376,260
Additions	-	12,500	-	-	12,500
Disposals	-	-	-	-	-
Balance at December 31, 2020	<u>\$ 41,992</u>	<u>\$ 135,075</u>	<u>\$ 178,838</u>	<u>\$ 32,855</u>	<u>\$ 388,760</u>
Depreciation and impairment					
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	\$ 39,779	\$ 112,887	\$ 178,838	\$ 24,635	\$ 356,139
Additions	501	1,878	-	2,463	4,842
Disposals	-	-	-	-	-
Balance at December 31, 2020	<u>\$ 40,280</u>	<u>\$ 114,765</u>	<u>\$ 178,838</u>	<u>\$ 27,098</u>	<u>\$ 360,981</u>
Carrying amounts – NBV					
At March 31, 2020	\$ 2,213	\$ 9,688	\$ -	\$ 8,220	\$ 20,121
At December 31, 2020	<u>\$ 1,712</u>	<u>\$ 20,310</u>	<u>\$ -</u>	<u>\$ 5,757</u>	<u>\$ 27,779</u>

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

8. RIGHT OF USE ASSET

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 nine months ended December 31, 2020 and 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
Amortization		(32,863)
As at December 31, 2020	\$	32,862

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

		Lease liability
Undiscounted minimum lease payments	\$	-
Less than one year		24,289
More than one year		13,073
	\$	37,362
Effect of discounting		-
As at December 31, 2020	\$	37,362

The continuity of the lease liability for the nine months ended December 31, 2020 and 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
Principal payments		(36,433)
As at December 31, 2020	\$	37,362

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

9. TRADE AND OTHER PAYABLES

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

	As at December 31, 2020		As at March 31, 2020
Trade payables	\$ 366,332	\$	13,835
Amount due to related parties	-		6,657
Accrued expenses	10,500		13,100
	\$ 376,832	\$	33,592

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, 2020 the following amounts were paid. All comparative amounts are for the nine months ended December 31, 2019.

- (a) Management wages and director fees of \$114,175 (2019 - \$58,300) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.
- (b) Administration fees of \$19,500 (2019 - \$14,100) were paid to Companies controlled by a directors or officers of the Company.
- (c) Consulting and geological fees of \$5,075 (2019 – \$Nil) were paid to Companies controlled by directors or officers of the Company.
- (d) Included in accounts payable and accrued liabilities at December 31, 2020 is \$Nil (2019 - \$26,237) owing to the senior management and directors of the Company for unpaid management fees.

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.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

10. RELATED PARTY TRANSACTIONS (continued)

The Company incurred the following transactions with companies controlled by directors of the Company.

	For the nine months ended December 31,	
	2020	2019
Professional fees - administration	\$ 19,500	\$ 14,100
Consulting and geological fees	5,075	-
Management and administration	114,175	58,300
	\$ 138,750	\$ 72,400

Key management personnel compensation:

	For the nine months ended December 31,	
	2020	2019
Management fees	\$ 138,750	\$ 58,300

Key management personnel compensation comprised of:

	For the nine months ended December 31,	
	2020	2019
Short term employee benefits	\$ 114,175	\$ 58,300
Share-based payments	-	-
	\$ 114,175	\$ 58,300

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, 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	59,458,659	\$ 35,649,889
Issued for cash – non flow through	8,354,654	770,510
Issued for cash – flow through	43,239,996	6,291,600
Exercise of share purchase warrants	10,858,333	1,589,917
Exercise of agent warrants	450,000	67,500
Property acquisition	6,825,939	4,000,000
Less: share issue costs – cash	-	(112,641)
Balance – December 31, 2020	129,187,581	\$ 48,256,775

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Transactions during the Nine Months Ended December 31, 2020

- i) 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.
- ii) 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.
- iii) On October 9, 2020, the Company completed a non-brokered non-flow through private placement comprised of 3,846,154 non-flow through units at a purchase price of \$0.13 per unit for gross proceeds of \$500,000. Each unit consisted of one non-flow through common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.17 per share at any time on or before October 9, 2023.
- iv) On October 28, 2020, the Company completed a non-brokered flow-through private placement comprised of 40,000,000 flow-through units at a purchase price of \$0.15 per unit for gross proceeds of \$6,000,000. Each flow-through unit consisted of one flow-through common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional non-flow through common share at a price of \$0.17 per share at any time on or before October 28, 2023.

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.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(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, 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
Issued – Unit Offering	4,508,500	\$0.09
Issued – Unit Offering	1,620,000	\$0.12
Issued – Unit Offering	3,846,154	\$0.17
Issued – Unit Offering	40,000,000	\$0.17
Expired	(2,050,000)	\$0.40
Expired	(200,000)	\$0.15
Exercised	(10,858,333)	\$0.15
Balance, December 31, 2020	51,198,940	\$0.16

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

Number of Warrants	Exercise Price	Expiry Date
1,900,000	\$0.18	July 25, 2021
1,489,286	\$0.10	May 9, 2022
2,343,500	\$0.09	June 3, 2023
1,620,000	\$0.12	July 6, 2023
3,846,154	\$0.17	October 9, 2023
40,000,000	\$0.17	October 28, 2023
<u>51,198,940</u>		

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

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 at March 31, 2019	492,934	\$0.16
Expired	(42,934)	\$0.22
Balance at March 31, 2020	450,000	\$0.15
Exercised	(450,000)	\$0.15
Balance, December 31, 2020	-	-

As at December 31, 2020 there were 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) 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).

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Stock options (continued):

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 nine months ended December 31, 2020 and for the year ended March 31, 2020 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
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
Expired / Cancelled	300,000	\$0.14	
Balance, December 31, 2020	3,223,000	\$0.13	0.48

The weighted average share price of options exercised, as at the date of exercise, during the nine months ended December 31, 2020 was \$nil.

(f) Stock options (continued):

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

Number of Options	Exercise Price	Expiry Date
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
3,223,000		

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(g) Contributed Surplus:

During the nine months ended December 31, 2020 \$Nil (Year ended March 31, 2020, \$Nil) was recorded as stock-based compensation related to the granting of Nil incentive stock options (Year ended March 31, 2020 – Nil). Of this amount, Nil (Year ended March 31, 2020, \$Nil) has been included as an expense in the consolidated statement of comprehensive loss.

A continuity of contributed surplus is as follows:

	For the Nine Months Ended		For the Year Ended	
	December 31, 2020		March 31, 2020	
Balance, beginning of period	\$	4,649,100	\$	4,649,100
No transactions		-		-
Balance, end of period	\$	4,649,100	\$	4,649,100

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 - \$33,973,792 (March 31, 2020 - \$21,741,881).

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.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2020 and December 31, 2019

13. SEGMENTED INFORMATION

During the nine months ended December 31, 2020 and for the year ended March 31, 2020 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 nine months ended December 31, 2020 and year ended March 31, 2020:

- On December 21, 2020, the Company issued 6,825,939 common shares valued at \$4 million dollars in relation to the Berg property option agreement.

15. 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	12,928
2022	26,290

16. SUBSEQUENT EVENTS

- On January 4, 2021, the Company granted 7,965,000 incentive stock options with an exercise price of \$0.69 that expires five years from the date of grant to directors, officers, employees and consultants of the Company.
- As at February 12, 2021, 935,966 share purchase warrants and 160,000 incentive stock options have been exercised for gross proceeds of \$169,731.