



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

For the Nine Months Ended December 31, 2022 and 2021

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 22, 2023

SURGE COPPER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(unaudited – expressed in Canadian dollars)
As at December 31, 2022 and March 31, 2022

	Note	As at December 31, 2022	As at March 31, 2022
ASSETS			
Current			
Cash and cash equivalents		\$ 76,791	\$ 7,822,852
GST receivable		89,673	312,423
Other receivable		-	32,470
Prepaid expenses		115,886	85,120
Total Current Assets		282,350	8,252,865
Exploration and evaluation costs	5,6	46,627,689	38,859,786
Right-of-use asset	8	101,708	122,050
Equipment and camp buildings	7	35,293	45,864
Total Non-Current Assets		46,764,690	39,027,700
Total Assets		\$ 47,047,040	\$ 47,280,565
LIABILITIES			
Current			
Trade and other payables	9	\$ 172,798	\$ 169,734
Flow-through premium liability	11	-	1,376,199
Current portion of lease liability	8	10,540	21,080
Total Current Liabilities		183,338	1,567,013
Lease obligation liability	8	99,763	105,033
Deferred income tax liability		4,074,000	4,074,000
Total Non-Current Liabilities		4,173,763	4,179,033
Total Liabilities		4,357,101	5,746,046
SHAREHOLDERS' EQUITY			
Share capital	11	60,657,532	60,131,106
Contributed surplus	11	10,956,475	10,653,118
Deficit		(28,924,068)	(29,249,705)
Total Shareholders' Equity		42,689,939	41,534,519
Total Liabilities and Shareholders' Equity		\$ 47,047,040	\$ 47,280,565

Corporate information and nature of operations 1

Signed on behalf of the Board by:

"Shane Ebert"	Director
"Leif Nilsson"	Director

See accompanying notes to the condensed consolidated interim financial statements.

SURGE COPPER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(unaudited - expressed in Canadian dollars)
For the Nine Months Ended December 31, 2022 and 2021

	For the three months ended December 31,		For the nine months ended December 31,	
	2022	2021	2022	2021
EXPENSES				
Amortization (Note 7 and 8)	\$ 10,296	\$ 13,940	\$ 30,913	\$ 41,261
Consulting	26,000	23,000	76,000	100,635
Management and personnel (Note 10)	136,729	363,973	420,772	591,682
Marketing and conferences	26,134	73,976	78,141	192,144
Office	13,246	14,348	60,638	40,983
Professional fees	17,860	6,913	43,160	168,792
Share based payments	102,230	515,523	303,357	2,067,385
Shareholder communications	10,579	22,507	39,261	77,607
Transfer agent and filing fees	17,058	40,326	30,472	97,528
Travel	6,407	10,361	31,785	15,900
	(366,539)	(1,084,867)	(1,114,499)	(3,393,917)
OTHER INCOME (EXPENSE):				
Interest expense	(9,742)	(6,848)	(9,742)	(6,848)
Interest income	4,818	-	44,099	-
Miscellaneous income	-	-	8,580	4,133
Rental income	7,800	7,600	21,000	19,800
Other income realization of flow-through premium liability	206,373	210,916	1,376,199	1,054,911
LOSS BEFORE INCOME TAXES	(157,290)	(873,199)	325,637	(2,321,921)
INCOME TAXES	-	-	-	-
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	\$ (157,290)	\$ (873,199)	\$ 325,637	\$ (2,321,921)
LOSS PER SHARE - BASIC	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.01)
LOSS PER SHARE - DILUTED	\$ (0.00)	\$ (0.00)	\$ 0.00	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	169,760,336	165,866,004	169,662,166	158,798,755

See accompanying notes to the condensed consolidated interim financial statements.

SURGE COPPER CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(unaudited - expressed in Canadian dollars)
For the Three and Nine Months Ended December 31, 2022 and 2021

	For the Three months ended December 31,		For the Nine months ended December 31,	
	2022	2021	2022	2021
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net loss for the period	\$ (157,290)	\$ (873,199)	\$ 325,637	\$ (2,321,921)
Items not affecting cash:				
Amortization	10,296	13,940	30,913	41,261
Flow-through share premium	(206,373)	(210,916)	(1,376,199)	(1,054,911)
Share-based payments	102,230	515,523	303,357	2,067,385
	(251,137)	(554,652)	(716,292)	(1,268,186)
Changes in non-cash working capital items:				
Taxes recoverable	174,764	(65,004)	222,750	(171,033)
Other receivables	-	-	32,470	23,030
Prepaid expenses	58,137	16,750	(30,766)	51,422
Trade and other payables	(453,493)	(654,230)	3,064	58,108
Lease liability	(5,270)	206,338	(15,810)	181,121
Cash used in operating activities	(476,999)	(1,050,798)	(504,584)	(1,125,538)
INVESTING ACTIVITIES				
Investment in exploration and evaluation assets	(1,598,428)	(1,179,006)	(7,564,549)	(7,340,709)
Property acquisition costs	-	-	(3,354)	(3,870)
Right of use asset	-	(214,157)	-	(214,157)
Asset purchase	-	-	-	(19,823)
Cash used in investing activities	(1,598,428)	(1,393,163)	(7,567,903)	(7,578,559)
FINANCING ACTIVITIES				
Proceeds from share issuance	-	46,380	326,426	14,947,886
Share issue costs	-	-	-	(924,288)
Cash provided by financing activities	-	46,380	326,426	14,023,598
NET INCREASE IN CASH CASH AND CASH EQUIVALENTS – BEGINNING OF THE PERIOD	(2,075,427)	(2,397,581)	(7,746,061)	5,319,501
CASH AND CASH EQUIVALENTS – END OF THE PERIOD	\$ 2,152,218	\$ 10,991,859	\$ 7,822,852	\$ 3,274,777
	\$ 76,791	\$ 8,594,278	\$ 76,791	\$ 8,594,278

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, 2022 and 2021

	Number of Shares	Capital Stock	Contributed Surplus	Deficit	Total Equity
Balance, April 1, 2021	133,192,134	\$ 48,151,688	\$ 8,169,534	\$ (24,360,200)	\$ 31,961,022
Issued for cash – non-flow through shares	4,445,000	2,000,250	-	-	2,000,250
Issued for cash – flow-through shares	21,100,000	12,013,875	-	-	12,013,875
Flow-through share premiums	-	(1,885,875)	-	-	(1,885,875)
Share purchase warrant exercises	4,141,681	723,087	-	-	723,087
Stock option exercises	1,375,000	383,483	(172,808)	-	210,675
Property acquisition shares	1,929,655	713,000	-	-	713,000
Share-based payments	-	-	2,067,385	-	2,067,385
Finder warrants issued	-	(438,959)	438,959	-	-
Share issue costs	-	(924,289)	-	-	(924,289)
Net loss and comprehensive loss for the period	-	-	-	(2,321,921)	(2,321,921)
Balance, December 31, 2021	166,183,470	\$ 60,736,260	\$ 10,503,070	\$ (26,682,121)	\$ 44,557,209
Balance, April 1, 2022	166,966,470	\$ 60,131,106	\$ 10,653,118	\$ (29,249,705)	\$ 41,534,519
Share purchase warrant exercises	2,533,386	326,426	-	-	326,426
Property acquisition shares	1,481,481	200,000	-	-	200,000
Share-based payments	-	-	303,357	-	303,357
Net loss and comprehensive loss for the period	-	-	-	325,637	325,637
Balance, December 31, 2022	170,981,337	\$ 60,657,532	\$ 10,956,475	\$ (28,924,068)	\$ 42,689,939

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, 2022 and December 31, 2021

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, 2022 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, 2022 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, 2022. Results for the period ended December 31, 2022, 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 22, 2023.

(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.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates remain unchanged from those set out in Note 4 of the audited Consolidated Financial Statements for the year ended March 31, 2022.

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, 2022.

(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 \$28,924,068 at December 31, 2022. 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, 2022 and December 31, 2021

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, 2022.

5. RECLAMATION BONDS

Included in Mineral Exploration and Evaluation Costs as at December 31, 2022, is the Company's aggregate reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of \$299,900 (March 31, 2022 - \$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, and the claims comprising the Berg Property. All or part of the \$299,900 can be recovered subject to the inspection of the sites and assessment of the restoration costs by the Mining and Minerals Division of the British Columbia Government.

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

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

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

6. MINERAL PROPERTIES

Ootsa Property, British Columbia

As at December 31, 2022, the Company owned a 100% interest in the Ootsa Property, located in central British Columbia, comprised of 140 mineral claims totalling 90,701.3 hectares.

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

- Fourteen claims totalling 574.6 hectares, known as the Ox claims, are subject to a 2% Net Smelter Returns ("NSR") royalty. The purchase agreement with the vendor entitles the Company to purchase 50% of the 2% NSR royalty at any time for \$500,000, and to purchase the remaining 1% NSR royalty at any time for an additional \$1,000,000.
- Five claims totalling 3,450.4 hectares, known as the Seel claims, are subject to a 1% NSR royalty. The purchase agreement with the vendor entitles the Company to purchase 50% of this 1% NSR royalty any time for \$1,000,000.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

6. MINERAL PROPERTY INTERESTS (continued)

Ootsa Property, British Columbia (continued)

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

Auro Property, British Columbia

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

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

6. MINERAL PROPERTIES (continued)

Berg Property, British Columbia

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

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

British Columbia Mineral Tax Credits ("BCMETS")

The completion of certain qualified exploration costs by the Company entitles it to refundable tax credits as part of an exploration incentive plan offered by the Province of British Columbia. No amount has been accrued for fiscal 2022. Exploration spending of amounts renounced to investors from the issuance of flow-through shares is not eligible to be claimed for BCMETS purposes.

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

6. MINERAL PROPERTIES (continued)

Expenditures on mineral property acquisition and deferred exploration and development costs for the nine months ended December 31, 2022 and for the year ended March 31, 2022 are as follows:

Nine months ended December 31, 2022

	Ootsa Property	Berg Property	Total
Property acquisition costs:			
Balance, beginning of the period	\$ 1,689,207	4,200,000	5,889,207
Cash costs	3,354	-	3,354
Shares issued	-	200,000	200,000
Balance, end of the period	1,692,561	4,400,000	6,092,561
Deferred exploration and evaluation costs:			
Balance, beginning of the period	30,969,609	2,000,970	32,970,579
Incurred during the period:			
Drilling	1,850,200	735,627	2,585,827
Barge	89,580	2,540	92,120
Geology	355,394	232,053	587,447
Geophysics	-	351,199	351,199
Field costs	609,758	931,240	1,540,998
Assaying	409,153	236,366	645,519
Travel	27,531	76,606	104,137
Camp costs	201,410	510,032	711,442
Fuel	116,225	204,399	320,624
Insurance	1,484	1,594	3,078
Reclamation bond	-	130,000	130,000
Wages and related expenses	172,987	335,892	508,879
BCMETC	(16,721)	-	(16,721)
Total expenditures during the period	3,817,001	3,747,548	7,564,549
Balance, end of the period	34,786,610	5,748,518	40,535,128
Total deferred costs, end of the period	\$ 36,479,171	\$ 10,148,518	\$ 46,627,689

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

6. MINERAL PROPERTIES (continued)**Fiscal 2022**

	Ootsa Property	Berg Property	Total
Property acquisition costs:			
Balance, beginning of the period	\$ 1,172,337	\$ 4,000,000	\$ 5,172,337
Cash costs	3,870	-	3,870
Shares issued	513,000	200,000	713,000
Balance, end of the period	1,689,207	4,200,000	5,889,207
Deferred exploration and evaluation costs:			
Balance, beginning of the period	25,134,691	4,909	25,139,600
Incurred during the period:			
Drilling	2,900,079	379,102	3,279,181
Barge	58,507	9,443	67,950
Consulting fees – First Nations	15,000	-	15,000
Geology	321,475	124,578	446,053
Field costs	852,544	1,112,244	1,964,788
Assaying	908,623	61,053	969,676
Travel	29,209	12,168	41,377
Camp costs	267,545	84,609	352,154
Fuel	171,737	50,497	222,234
Insurance	546	725	1,271
Wages and related expenses	309,653	161,642	471,295
Total expenditures during the period	5,834,918	1,996,061	7,830,979
Balance, end of the period	30,969,609	2,000,970	32,970,579
Total deferred costs, end of the period	\$ 32,658,816	\$ 6,200,970	\$ 38,859,786

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

7. EQUIPMENT AND CAMP BUILDINGS

	Office Equipment	Camp Vehicles and Equipment	Camp Buildings/ Septic	Bridge	Total
Cost					
Balance at March 31, 2021	\$ 41,992	\$ 135,075	\$ 178,838	\$ 32,855	\$ 388,760
Additions	-	34,270	-	-	34,270
Disposals	-	(16,686)	-	-	(16,686)
Balance at March 31, 2022	\$ 41,992	\$ 152,659	\$ 178,838	\$ 32,855	\$ 406,344
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at December 31, 2022	\$ 41,992	\$ 152,659	\$ 178,838	\$ 32,855	\$ 406,344
Depreciation and impairment					
Balance at March 31, 2021	\$ 40,447	\$ 116,639	\$ 178,838	\$ 27,920	\$ 363,844
Additions	467	9,571	-	3,284	13,322
Disposals	-	(16,686)	-	-	(16,686)
Balance at March 31, 2022	\$ 40,914	\$ 109,524	\$ 178,838	\$ 31,204	\$ 360,480
Additions	245	8,675	-	1,651	10,571
Disposals	-	-	-	-	-
Balance at December 31, 2022	\$ 41,159	\$ 118,199	\$ 178,838	\$ 32,855	\$ 371,051
Carrying amounts – NBV					
At December 31, 2022	\$ 833	\$ 34,460	\$ -	\$ -	\$ 35,293
At March 31, 2022	\$ 1,078	\$ 43,135	\$ -	\$ 1,651	\$ 45,864

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

8. RIGHT OF USE ASSET AND LEASE LIABILITY

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

The continuity of the right-of-use asset for the nine months ended December 31, 2022 is as follows:

		Right-of-use asset
Initial valuation of new lease		135,611
Amortization		(35,470)
As at March 31, 2022	\$	122,050
Amortization		20,342
As at December 31, 2022		101,708

Minimum lease payments in respect of lease liabilities and the effect of discounting as at December 31, 2022 are as follows:

		Lease liability
Less than one year	\$	10,540
More than one year		99,763
As at December 31, 2022	\$	110,303

The continuity of the lease liability for the nine months ended December 31, 2022 is as follows:

		Lease liability
As at March 31, 2021	\$	25,217
Initial valuation		135,611
Principal payments		(34,715)
As at March 31, 2022		126,113
Principal payments		(15,810)
As at December 31, 2022	\$	110,303

SURGE COPPER CORP.

Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

9. TRADE AND OTHER PAYABLES

The Company's trade and other payables on December 31, 2022 and March 31, 2022 are as follows:

	As at December 31, 2022	As at March 31, 2022
Trade payables	\$ 155,298	\$ 140,184
Amount due to related parties	-	11,550
Accrued expenses	17,500	18,000
	\$ 172,798	\$ 169,734

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, 2022 the following amounts were paid. All comparative amounts are for the nine months ended December 31, 2021.

- (a) Management wages and director fees of \$399,245 (2021 - \$555,850) were paid to directors or officers of the Company or to companies controlled by directors or officers of the Company.
- (b) Administration fees of \$5,400 (2021 - \$24,300) were paid to Companies controlled by directors or officers of the Company.
- (c) Consulting and geological fees of \$157,739 (2021 - \$50,225) were paid to Companies controlled by directors or officers of the Company.
- (d) Included in accounts payable and accrued liabilities at December 31, 2022 is \$Nil (2021 - \$Nil) owing to the senior management and directors of the Company for unpaid management fees.

During the nine months ended December 31, 2022, the Company earned \$21,000 (2021 - \$19,800) in office sublease revenue from a company with common officers.

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

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

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

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

10. RELATED PARTY TRANSACTIONS (continued)

	For the nine months ended December 31,	
	2022	2021
Key management personnel compensation comprised of:		
Short term employee benefits:		
Professional fees – administration	\$ 5,400	\$ 24,300
Consulting and geological fees	157,739	50,225
Management and administration	399,245	555,850
	\$ 562,384	\$ 630,375
Share-based payments	303,357	1,725,971
	\$ 865,741	\$ 2,356,346

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS

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

(b) Issued and fully paid:

	Number of Shares	Amount
Balance – March 31, 2021	133,192,134	\$ 48,151,688
Issued for cash – non flow through	4,445,000	2,000,250
Issued for cash – flow through	21,100,000	12,013,875
Exercise of share purchase warrants	4,311,681	751,986
Exercise of incentive stock options	1,988,000	527,412
Flow-through share premium	-	(2,518,875)
Property acquisitions	1,929,655	713,000
Finder warrants issued	-	(438,959)
Less: share issue costs – cash	-	(1,069,271)
Balance – March 31, 2022	166,966,470	\$ 60,131,106
Exercise of share purchase warrants	2,533,386	326,426
Property acquisitions	1,481,481	200,000
Balance – December 31, 2022	170,981,337	\$ 60,657,532

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(b) Issued and Fully Paid (continued)

Transactions during the Nine Months Ended December 31, 2022

- i) On December 15, 2022, the Company issued 1,481,481 common shares valued at \$200,00 as per the Berg property agreement, see Note 6.

Transactions during the Year Ended March 31, 2022

- i) On June 9, 2021, the Company completed a bought deal private placement for total gross proceeds of \$14,014,125, consisting of (i) 4,445,000 units (the “Units”) sold at a price of \$0.45 per Unit; (ii) 11,325,000 flow-through units (the “FT units”) sold at a price of \$0.53 per FT Unit; and (iii) 9,775,000 charity flow-through units (the “Charity FT Units”) sold at a price of \$0.615. Each Unit consisted of one common share and one-half of one transferable common share purchase warrant (each whole such common share purchase warrant, a “Warrant”). Each FT Unit consisted of one flow-through common share and one-half of one Warrant. Each Charity FT Unit consisted of one charity flow-through common share and one-half of one Warrant. Each Warrant shall be exercisable into one additional common share for a period of twenty-four months at an exercise price of \$0.60 per Warrant.

The Charity FT units were issued as a part of a separate, structured financing arrangement. However, from the Company’s perspective, these units were in all other respects identical to the FT units.

The Company paid a cash commission of \$737,989 and a fiscal advisory fee of \$42,858. In addition, the Company issued 1,339,085 broker warrants and 81,317 fiscal advisory warrants (collectively, the “Compensation Warrants”) to the Underwriters. Each Compensation Warrant is exercisable into one additional common share for a period of twenty-four months at an exercise price of \$0.45 per Warrant. On issuance, the Company recognized a flow-through premium of \$2,518,875.

(c) Share Purchase Warrants:

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

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2021	48,199,387	\$0.16
Issued – Unit Offering	12,772,497	\$0.60
Exercised	(4,311,681)	\$0.17
Balance, March 31, 2022	56,660,203	\$0.26
Exercised	(2,533,386)	\$0.13
Balance, December 31, 2022	54,126,816	\$0.27

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Notes to the Condensed Consolidated Interim Financial Statements
(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

As at December 31, 2022 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
1,876,833	\$0.09	June 3, 2023
1,286,667	\$0.12	July 6, 2023
3,026,854	\$0.17	October 9, 2023
35,163,965	\$0.17	October 28, 2023
12,772,497	\$0.60	June 9, 2023
<u>54,126,816</u>		

(d) Agents' warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2021	-	-
Issued – Unit offering	1,420,402	\$0.45
Balance, March 31, 2022	1,420,402	\$0.45
No transactions	-	-
Balance, December 31, 2022	1,420,402	\$0.45

As at December 31, 2022 outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
1,420,402	\$0.45	June 9, 2023
<u>1,420,402</u>		

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

The Black-Scholes model inputs for finder warrants granted during the year ended March 31, 2022 included:

Grant Date	Expiry Date	Share Price At Grant	Exercise Price	Risk-Free Interest Rate	Expected Life	Volatility	Dividend Yield
June 9, 2021	June 9, 2023	\$0.42	\$0.45	0.36	2 years	160.5%	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.

(e) Nature and Purpose of Equity and Reserves

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

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

(f) Share Compensation Plan:

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

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

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

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

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

A summary of the Company's option transactions for the nine months ended December 31, 2022 and for the year ended March 31, 2022 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2021	10,183,000	\$0.57	3.88
Granted	4,125,000	\$0.42	
Exercised	(1,988,000)	\$0.14	
Expired / Cancelled	(430,000)	\$0.68	
Balance, March 31, 2022	11,890,000	\$0.59	3.90
Expired / Cancelled	(6,390,000)	\$0.58	
Balance, December 31, 2022	5,500,000	\$0.51	3.14

The weighted average share price of options exercised, as at the date of exercise, during the nine months ended December 31, 2022 was \$Nil (2021 - \$0.14).

As at December 31, 2022 outstanding stock options are:

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

The Black-Scholes model inputs for options granted during the year ended March 31, 2022 included:

Grant Date	Expiry Date	Share Price At Grant Date	Exercise Price	Risk- Free Interest Rate	Expected Life	Volatility	Dividend Yield
April 13, 2021	April 13, 2026	\$0.42	\$0.44	0.28	5 years	150.2%	0
June 23, 2021	June 23, 2026	\$0.40	\$0.42	0.43	5 years	148.3%	0
October 15, 2021	October 15, 2026	\$0.42	\$0.42	1.31	5 years	145.7%	0
December 20, 2021	December 20, 2026	\$0.31	\$0.31	1.26	5 years	144.2%	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.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

Restricted Share Units

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

A summary of the Company's RSU transactions for the nine months ended December 31, 2022 and for the year ended March 31, 2022 is as follows:

	Number of RSUs		Weighted Average Value at Date of Grant
Balance, March 31, 2022	-	\$	-
Granted (1)	1,919,841		0.339
Granted (2)	1,476,801		0.339
Balance, December 31, 2022	3,396,642	\$	0.339

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

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

For the nine months ending December 31, 2022, Nil RSUs were forfeited, Nil RSUs were settled in cash and Nil RSUs were settled in issuance of shares.

For the nine months ending December 31, 2022, \$Nil share-based compensation expense was recorded.

Deferred Share Units

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

A summary of the Company's DSU transactions for the nine months ended December 31, 2022 and for the year ended March 31, 2022 is as follows:

	Number of DSUs		Weighted Average Value at Date of Grant
Balance, March 31, 2022	-	\$	-
Granted (1)	2,215,201		0.339
Balance, December 31, 2022	2,215,201	\$	0.339

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

For the nine months ending December 31, 2022, Nil DSUs were forfeited, Nil DSUs were settled in cash and Nil DSUs were settled in issuance of shares.

For the nine months ending December 31, 2022, \$Nil share-based compensation expense was recorded.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(g) Contributed Surplus:

During the nine months ended December 31, 2022 \$303,357 (Year ended March 31, 2022, \$2,287,802) was recorded as stock-based compensation related to the granting of Nil incentive stock options (Year ended March 31, 2022 – 4,125,000) and \$Nil (2022 - \$438,959) was recorded as share issue costs related to the granting of Nil finder warrants (2022 –1,420,402).

A continuity of contributed surplus is as follows:

	For the Nine Months Ended December 31, 2022	For the Year Ended March 31, 2022
Balance, beginning of period	\$ 10,653,118	\$ 8,169,534
Stock-based compensation - expensed	303,357	2,287,802
Finder warrants' issued – share issue costs	-	438,959
Value of options exercised reclassified to share capital	-	(243,177)
Balance, end of period	\$ 10,956,475	\$ 10,653,118

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 - \$42,689,939 (March 31, 2022 - \$41,534,519).

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.

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Notes to the Condensed Consolidated Interim Financial Statements

(unaudited - expressed in Canadian dollars)

For the Nine Months ended December 31, 2022 and December 31, 2021

13. SEGMENTED INFORMATION

During the nine months ended December 31, 2022 and for the year ended March 31, 2022 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, 2022

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

During the year ended March 31, 2022:

The issuance of 1,929,655 common shares valued at \$713,000 for exploration and evaluation assets.

15. COMMITMENTS AND CONTINGENCIES

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

2023	\$ 8,517
2024	\$ 35,086
2025	\$ 36,104
2026	\$ 37,120
2027	\$ 18,815

16. SUBSEQUENT EVENTS

- i) On January 31, 2023, the Company completed a non-brokered private placement for total gross proceeds of \$3,881,625 consisting of (i) 11,539,000 units (the "Units") sold at a price of \$0.13 per Unit and (ii) 11,077,000 charity flow-through units (the "Charity FT Units") sold at a price of \$0.215. Each Unit consists of one common share and one-half of one transferable common share purchase warrant (each whole such common share purchase warrant, a "Warrant"). Each Charity FT Unit consists of one charity flow-through common share and one-half of one Warrant. Each Warrant shall be exercisable into one additional common share for a period of twelve months at an exercise price of \$0.20 per Warrant. The Company paid cash finders fees totalling \$46,260.
- ii) On February 15, 2023, the Company settled 639,947 RSU's and 310,128 DSU's in the issuance of shares valued at \$118,759.