SURGE
COPPER CORP

Consolidated Financial Statements
(expressed in Canadian dollars)

For the Years Ended March 31, 2024 and 2023

DeVISSER GRAY *LLP*
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Surge Copper Corp.

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Surge Copper Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2024 and 2023, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, 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 audits 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 Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated 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 consolidated financial statements, which indicates that the Company has no recurring source of revenue as at March 31, 2024 and is therefore dependent upon the future receipt of financing to maintain its operations. These events or conditions, along with other matters as set forth in Note 1, indicate that material uncertainties exist 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.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there is the following key audit matter to communicate in our auditor's report:

Key audit matter:	*How our audit addressed the key audit matter:*
Assessment of impairment indicators of Exploration and evaluation assets.	**Our approach to addressing the matter included the following procedures, among others:**
Refer to note 3(b) – Accounting policy Exploration and evaluation assets, note 4 – Critical accounting estimates and judgments and note 6 – Mineral property interests Management assesses at each reporting period whether there is an indication that the carrying value of exploration and evaluation assets may not be recoverable. Management applies significant judgment in assessing whether indicators of impairment exist that necessitate impairment testing. Internal and external factors, such as (i) a significant decline in the market value of the Company's	Evaluated the reasonableness of management's assessment of impairment indicators, which included the following: • Assessed the Company's market capitalization in comparison to the Company's net assets, which may be an indication of impairment. • Assessed the completeness of the factors that could be considered indicators of impairment, including consideration of evidence obtained in other areas of the

share price; (ii) changes in the Company's assessment of whether commercially viable quantities of mineral resources exist within the properties; and (iii) changes in metal prices, capital and operating costs, are evaluated by management in determining whether there are any indicators of impairment. We considered this a key audit matter due to (i) the significance of the exploration and evaluation asset balance and (ii) the significant audit effort and subjectivity in applying audit procedures to assess the factors evaluated by management in its assessment of impairment indicators, which required significant management judgment.	audit. • Confirmed that the Company's right to explore the properties had not expired. • Obtained management's written representations regarding the Company's future plans for the exploration and evaluation assets. • Assessed the reasonability of the Company's overall financial statement disclosure in respect to its exploration and evaluation assets.

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 consolidated financial statements and our auditor's report thereon.

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

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits 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 Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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 consolidated 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 Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is William Nichols.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
July 29, 2024

SURGE COPPER CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)
For the Years Ended March 31, 2024 and 2023

	Note		As at March 31, 2024		2023
ASSETS					
Current					
Cash and cash equivalents	15	$	84,658	$	2,821,995
GST receivable			13,736		39,645
Other receivable	10		4,400		-
Prepaid expenses			88,052		107,749
Total Current Assets			190,846		2,969,389
Exploration and evaluation costs	5,6		51,057,481		47,252,540
Right-of-use asset	8		67,806		94,928
Equipment and camp buildings	7		24,711		33,653
Total Non-Current Assets			51,149,998		47,381,121
Total Assets		$	51,340,844	$	50,350,510
LIABILITIES					
Current					
Trade and other payables	9	$	507,694	$	313,625
Flow-through premium liability	15		314,123		911,551
Current portion of lease liability	8		28,733		24,666
Total Current Liabilities			850,550		1,249,842
Lease obligation liability	8		51,634		80,367
Deferred income tax liability	15		4,011,000		4,320,000
Total Non-Current Liabilities			4,062,634		4,400,367
Total Liabilities			4,913,184		5,650,209
SHAREHOLDERS' EQUITY					
Share capital	11		66,465,142		63,850,642
Contributed surplus	11		13,059,226		12,211,778
Deficit			(33,096,708)		(31,362,119)
Total Shareholders' Equity			46,427,660		44,700,301
Total Liabilities and Shareholders' Equity		$	51,340,844	$	50,350,510

Corporate information and nature of operations 1
Subsequent events 17

Signed on behalf of the Board by:

"Leif Nilsson" 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, 2024 and 2023

	Note	For the years ended March 31, 2024	2023
EXPENSES			
Amortization		$ 36,064	$ 39,333
Consulting fees		45,000	103,000
Management and administration fees	10	829,013	871,193
Marketing and conferences		130,739	110,825
Office		88,693	89,810
Professional fees		155,334	74,163
Share-based payments	10	1,297,014	1,880,735
Shareholder communications		25,345	61,022
Transfer agent and filing fees		61,849	42,238
Travel and promotion		29,722	41,485
		(2,698,773)	(3,313,804)
OTHER INCOME:			
Interest expense on lease liability		(10,421)	(12,989)
Rental income		26,400	27,600
Interest earned		41,777	67,249
Part X11.6 tax		-	(40,663)
Other income on realization of flow-through premium liability	15	597,428	1,406,193
LOSS BEFORE INCOME TAXES		(2,043,589)	(1,866,414)
INCOME TAX EXPENSE	15	309,000	(246,000)
NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR		$ (1,734,589)	$ (2,112,414)
LOSS PER SHARE - BASIC		$ (0.01)	$ (0.01)
LOSS PER SHARE - DILUTED		$ (0.01)	$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		202,097,771	173,432,433

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, 2024 and 2023

	For the years Ended March 31, 2024	2023
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net loss for the year	$ (1,734,589)	$ (2,112,414)
Items not affecting cash:		
Share-based payments	1,297,014	1,880,735
Amortization	36,064	39,333
Flow-through premium	(597,428)	(1,406,193)
Deferred income taxes	(309,000)	246,000
	(1,307,939)	(1,352,539)
Changes in non-cash working capital and other items:		
GST receivable	25,909	272,778
Other receivables	(4,400)	32,470
Prepaid expenses	19,697	(22,629)
Trade and other payables	416,978	198,560
Cash used in operating activities	(849,755)	(871,360)
INVESTING ACTIVITIES		
Exploration and evaluation costs	(2,022,344)	(8,114,069)
Property acquisition costs	(9,488)	(3,354)
Reclamation bond	-	(130,000)
Cash used in investing activities	(2,031,832)	(8,247,423)
FINANCING ACTIVITIES		
Proceeds from share issuances	168,916	4,208,051
Share issue costs	-	(69,045)
Payment of lease liability	(24,666)	(21,080)
Cash provided by financing activities	144,250	4,117,926
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,737,337)	(5,000,857)
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	2,821,995	7,822,852
CASH AND CASH EQUIVALENTS - END OF THE YEAR	$ 84,658	$ 2,821,995

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, 2024 and 2023

	Number of Shares		Capital Stock		Contributed Surplus		Deficit		Total Equity
Balance, April 1, 2023	194,547,412	$	63,850,642	$	12,211,778	$	(31,362,119)	$	44,700,301
Share purchase warrant exercises	1,876,833		168,916		-		-		168,916
Shares issued in lieu of discretionary bonuses	1,544,540		204,431		-		-		204,431
RSU, DSU settlement	2,402,252		449,566		(449,566)		-		-
Property acquisition shares	24,078,308		1,791,587		-		-		1,791,587
Share-based payments	-		-		1,297,014		-		1,297,014
Net loss and comprehensive loss for the period	-		-		-		(1,734,589)		(1,734,589)
Balance, March 31, 2024	224,449,345	$	66,465,142	$	13,059,226	$	(33,096,708)	$	46,427,660

Balance, April 1, 2022	166,966,470	$	60,131,106	$	10,653,118	$	(29,249,705)	$	41,534,519
Issued for cash – non-flow through shares	11,539,000		1,500,070		-		-		1,500,070
Issued for cash – flow-through shares	11,077,000		2,381,555		-		-		2,381,555
Flow-through share premiums	-		(941,545)		-		-		(941,545)
Share purchase warrant exercises	2,533,386		326,426		-		-		326,426
RSU, DSU settlement	950,075		322,075		(322,075)		-		-
Property acquisition shares	1,481,481		200,000		-		-		200,000
Share-based payments	-		-		1,880,735		-		1,880,735
Share issue costs	-		(69,045)		-		-		(69,045)
Net loss and comprehensive loss for the period	-		-		-		(2,112,414)		(2,112,414)
Balance, March 31, 2023	194,547,412	$	63,850,642	$	12,211,778	$	(31,362,119)	$	44,700,301

See accompanying notes to consolidated financial statements.

1. CORPORATE INFORMATION AND CONTINUITY OF OPERATIONS

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.

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 of 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 $33,096,708 as at March 31, 2024. As at March 31, 2024, approximately $795,000 is required to be spent on qualifying mineral exploration work prior to December 31, 2024. 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. The Company's most likely source of additional financing is the issuance of additional equity. Though the Company has been successful in raising capital in the past, there is no certainty that it will continue to be able to do so.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The audited annual consolidated financial statements of the Company for the year ending March 31, 2024 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were authorized for issue by the Board of Directors on July 24, 2024.

(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.

2. BASIS OF PREPARATION (continued)

(b) Basis of Presentation and Measurement

The consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Company and its subsidiary.

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. MATERIAL ACCOUNTING POLICY INFORMATION

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 exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmer 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(b) Exploration and Evaluation Expenditures (continued)

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, and collection can be reasonably assured, 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (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

The Company's Share Compensation Plan includes stock options ("Options"), restricted share units ("RSUs") and deferred share units ("DSUs"). Each RSU represents a unit with the underlying value equal to the value of one common share of the Company, with vesting over a specified period of service or with vesting terms based on performance as in accordance with the plan and can be equity or cash settled at the discretion of the Company. Each DSU represents a unit with the underlying value equal to the value of one common share of the Company, with vesting over a specified period of service and settlement as in accordance with the plan and can be equity or cash settled at the discretion of the Company. Options, RSUs and DSUs are granted to employees, directors and non-employees and are accounted for
using the fair value method. The compensation cost for Options granted is determined based on the estimated fair value of the Options at the time of the grant and is amortized over the vesting period with an offset to the contributed surplus account. When Options are exercised, the contributed surplus and the proceeds received by the Company are credited to share capital. RSUs and DSUs are valued at the share price prevailing at the time of grant and are amortized as an expense in the consolidated statements of earnings (loss) over the vesting period.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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 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 totaled 16,552,488 at March 31, 2024 (March 31, 2023 – 85,809,959) were not included in the computation of diluted loss per share because their effect was anti-dilutive.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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 holds 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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

(k) Leases

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions: (a) the Company has elected not to recognize right-of-use assets and liabilities for leases where the total lease term is less than or equal to 12 months, or (b) for leases of low value. The payments for such leases are recognized in the consolidated statement of loss and comprehensive loss on a straight-line basis over the lease term.

The right-of-use asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use asset is amortized over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

Variable lease payments that do not depend on an index or rate are not included in the measurement of the right-of-use asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of loss and comprehensive loss.

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.

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, 2024, is the Company's aggregate reclamation bonds posted with the Mining and Minerals Division of the British Columbia Government in the amount of $412,400 (March 31, 2023 - $299,900).

The bonds cover the future site restoration costs with respect to the Berg Property and the Ootsa Property. All or part of the $412,400 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 PROPERTY INTERESTS

Ootsa Property, British Columbia

As at March 31, 2024, 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 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.

- 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 by the payment to the vendor of $500,000 or the Company may purchase the entire 2% NSR at any time for $1,000,000.

6. MINERAL PROPERTY INTERESTS (continued)

Ootsa Property, British Columbia (continued)

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% royalty 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.
- 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.
- Two claims totalling 3,126.6 hectares, in the Whitesail area have been acquired by staking.

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.

(expressed in Canadian dollars)

6. MINERAL PROPERTY INTERESTS (continued)

Berg Property, British Columbia

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

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

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

On December 22, 2023, the Company entered into a definitive purchase agreement (the "Purchase Agreement") with TCM to acquire a 100% interest in the Berg Property for consideration of an additional 21,221,165 common shares (fair value $1,591,587) of Surge, resulting in TCM owning approximately 15% of Surge's outstanding common shares. The Purchase Agreement replaced the December 15, 2020 Option Agreement detailed above. On January 19, 2024 the transaction was completed.

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. No amount has been accrued for fiscal 2024. Exploration spending of amounts renounced to investors from the issuance of flow-through shares is not eligible to be claimed for BCMETC purposes.

(expressed in Canadian dollars)

6. MINERAL PROPERTY INTERESTS (continued)

Expenditures on mineral property acquisition and deferred exploration and development costs for the years ended March 31, 2024 and 2023 are as follows:

Fiscal 2024

	Ootsa Property	Berg Property	Total
Property acquisition costs:			
Balance, beginning of the period	$ 1,692,561	$ 4,400,000	$ 6,092,561
Cash costs	-	9,488	9,488
Shares issued	-	1,791,587	1,791,587
Balance, end of the period	1,692,561	6,201,075	7,893,636
Deferred exploration and evaluation costs:			
Balance, beginning of the period	34,841,494	6,318,485	41,159,979
Incurred during the period:			
Drilling	-	402,792	402,792
Barge	1,000	5,040	6,040
Consulting fees – First Nations	15,000	-	15,000
Geology	44,573	565,591	610,164
Field costs	45,608	397,211	442,819
Assaying	142	78,182	78,324
Travel	2,740	10,843	13,583
Camp costs	9,857	144,535	154,392
Fuel	504	29,472	29,976
Insurance	-	4,597	4,597
Wages and related expenses	-	246,179	246,179
Total expenditures during the period	119,424	1,884,442	2,003,866
Balance, end of the period	34,960,918	8,202,927	43,163,845
Total deferred costs, end of the period	$ 36,653,479	$ 14,404,002	$ 51,057,481

(expressed in Canadian dollars)

6. MINERAL PROPERTY INTERESTS (continued)

Fiscal 2023

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

(expressed in Canadian dollars)

7. EQUIPMENT AND CAMP BUILDINGS

	Office Equipment	Camp Vehicles and Equipment	Camp Buildings/ Septic	Bridge	Total
Cost					
Balance at March 31, 2022	$ 41,992	$ 152,659	$ 178,838	$ 32,855	$ 406,344
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at March 31, 2023	$ 41,992	$ 152,659	$ 178,838	$ 32,855	$ 406,344
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at March 31, 2024	$ 41,992	$ 152,659	$ 178,838	$ 32,855	$ 406,344
Depreciation and impairment					
Balance at March 31, 2022	$ 40,914	$ 109,524	$ 178,838	$ 31,204	$ 360,480
Additions	338	10,222	-	1,651	12,211
Disposals	-	-	-	-	-
Balance at March 31, 2023	$ 41,252	$ 119,746	$ 178,838	$ 32,855	$ 372,691
Additions	740	8,202	-	-	8,942
Disposals	-	-	-	-	-
Balance at March 31, 2024	$ 41,992	$ 127,948	$ 178,838	$ 32,855	$ 381,633
Carrying amounts – NBV					
At March 31, 2023	$ 740	$ 32,913	$ -	$ -	$ 33,653
At March 31, 2024	$ -	$ 24,711	$ -	$ -	$ 24,711

(expressed in Canadian dollars)

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 year ended March 31, 2024 is as follows:

		Right-of-use asset
As at March 31, 2022	$	122,050
Amortization		(27,122)
As at March 31, 2023	$	94,928
Amortization		(27,122)
As at March 31, 2024	$	67,806

Minimum lease payments in respect of lease liabilities and the effect of discounting as at March 31, 2024 are as follows:

		Lease liability
Less than one year	$	28,733
More than one year		51,634
As at March 31, 2024	$	80,367

The continuity of the lease liability for the year ended March 31, 2024 is as follows:

		Lease liability
As at March 31, 2022	$	126,113
Principal payments		(21,080)
As at March 31, 2023	$	105,033
Principal payments		(24,666)
As at March 31, 2024	$	80,367

(expressed in Canadian dollars)

9. TRADE AND OTHER PAYABLES

The Company's trade and other payables on March 31, 2024 and 2023 are as follows:

	Note		As at March 31, 2024		As at March 31, 2023
Trade payables		$	208,796	$	71,703
Amounts due to related parties	10		272,898		215,922
Accrued expenses			26,000		26,000
		$	507,694	$	313,625

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

10. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2024 the following amounts were paid and or accrued to related parties. All comparative amounts are for the year ended March 31, 2023.

(a) Management wages and director fees of $792,511 (2023 - $750,246) 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 $131,616 (2023 - $199,650) were paid to Companies controlled by directors or officers of the Company.

(c) Included in trade and other payables is $272,898 (2023 - $215,922) owed to individuals for management fees rendered to the Company; this amount owing is unsecured, non-interest bearing, and has no specific terms of repayment.

During the year ended March 31, 2024, the Company earned $26,400 (2023 - $27,600) in office sublease revenue from a company with common officers. At March 31, 2024, this related company owed $4,400 (2023 - $Nil) to the Company which was subsequently paid.

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.

(expressed in Canadian dollars)

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, 2024	2023
Key management personnel compensation comprised of:		
Short term employee benefits:		
Management fees – mineral property costs	$ 131,616	$ 199,650
Management and administration	792,511	750,246
	$ 924,127	$ 949,896
Share-based payments	1,297,014	1,880,735
	$ 2,221,141	$ 2,830,631

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS

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

(b) Issued and Fully Paid

	Number of Shares	Amount
Balance – March 31, 2022	166,966,470	$ 60,131,106
Issued for cash – non flow through	11,539,000	1,500,070
Issued for cash – flow through	11,077,000	2,381,555
Exercise of share purchase warrants	2,533,386	326,426
RSU, DSU settlements	950,075	322,075
Flow-through share premium	-	(941,545)
Property acquisitions	1,481,481	200,000
Less: share issue costs – cash	-	(69,045)
Balance – March 31, 2023	194,547,412	$ 63,850,642
Exercise of share purchase warrants	1,876,833	168,916
Shares issued in lieu of discretionary bonuses	1,544,540	204,431
RSU, DSU settlements	2,402,252	449,566
Property acquisitions	24,078,308	1,791,587
Balance – March 31, 2024	224,449,345	$ 66,465,142

(expressed in Canadian dollars)

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(b) Issued and Fully Paid (continued)

Transactions during the Year Ended March 31, 2024

i) During the year ended March 31, 2024, 1,876,833 share purchase warrants were exercised for proceeds of $168,916.

Transactions during the Year Ended March 31, 2023

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

ii) During the year ended March 31, 2023, 2,533,386 share purchase warrants were exercised for proceeds of $326,426.

(c) Share Purchase Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2022	56,660,203	$0.26
Issued – Unit Offering	11,308,000	$0.20
Exercised	(2,533,386)	$0.13
Balance, March 31, 2023	65,434,817	$0.26
Exercised	(1,876,833)	$0.09
Expired	(63,557,984)	$0.26
Balance, March 31, 2024	-	-

As at March 31, 2024 there were no outstanding share purchase warrants.

(expressed in Canadian dollars)

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(d) Agents' warrants

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

	Number of Warrants	Weighted average exercise price
Balance, March 31, 2022	1,420,402	$0.45
No transactions	-	-
Balance, March 31, 2023	1,420,402	$0.45
Expired	(1,420,402)	$0.45
Balance, March 31, 2024	-	-

As at March 31, 2024 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) 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.

(expressed in Canadian dollars)

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

(f) Share Compensation Plan

Stock options

A summary of the Company's option transactions for the year ended March 31, 2024 and March 31, 2023 is as follows:

	Number of Options	Weighted Average Exercise Price	Weighted Average Contractual Life (years)
Balance, March 31, 2022	11,890,000	$0.59	3.90
Expired / Cancelled	(6,390,000)	$0.58	
Balance, March 31, 2023	5,500,000	$0.51	3.14
No transactions	-	-	
Balance, March 31, 2024	5,500,000	$0.51	2.13

The weighted average share price of options exercised, as at the date of exercise, during the year ended March 31, 2024 was $Nil (2023 - $Nil).

As at March 31, 2024 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		

For the year ended March 31, 2024, $147,047 of share-based compensation expense relating to the vesting of stock options was recorded.

For the year ended March 31, 2023, $405,587 of share-based compensation expense relating to the vesting of stock options was recorded.

Restricted Share Units

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

(expressed in Canadian dollars)

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

A summary of the Company's RSU transactions for the year ended March 31, 2024 and March 31, 2023 is as follows:

	Number of RSUs		Weighted Average Value at Date of Grant
Balance, March 31, 2022	-	$	-
Granted (1)	1,919,841		0.339
Granted (2)	1,476,801		0.339
Granted (3)	5,286,914		0.132
Settled	(639,947)		0.339
Balance, March 31, 2023	8,043,609	$	0.202
Settled	(2,402,252)		0.187
Balance, March 31, 2024	5,641,357	$	0.202

1) RSUs granted on January 4, 2022. Shareholder approval was received on September 21, 2022. Vesting 1/3, after 12, 24 and 36 months
2) RSUs granted on January 4, 2022. Shareholder approval was received on September 21, 2022. Vesting subject to performance criteria over a 36-month period.
3) RSUs granted on February 27, 2023. Vesting 1/3, after 12, 24 and 36 months

For the year ended March 31, 2024, Nil RSUs were forfeited, Nil RSUs were settled in cash and 2,402,252 RSUs were settled in issuance of shares.

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

For the year ended March 31, 2024, $727,741 of share-based compensation expense relating to the vesting of RSUs was recorded.

For the year ended March 31, 2023, $683,621 of share-based compensation expense relating to the vesting of RSUs was recorded.

Deferred Share Units

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

(expressed in Canadian dollars)

11. SHARE CAPITAL AND CONTRIBUTED SURPLUS (continued)

A summary of the Company's DSU transactions for the year ended March 31, 2024 and March 31, 2023 is as follows:

	Number of DSUs		Weighted Average Value at Date of Grant
Balance, March 31, 2022	-	$	-
Granted (1)	2,215,201		0.339
Granted (2)	3,506,059		0.132
Settled	(310,128)		0.339
Balance, March 31, 2023	5,411,132	$	0.205
No transactions	-		-
Balance, March 31, 2024	5,411,132		0.205

1) DSUs granted on January 4, 2022. Shareholder approval was received on September 21, 2022. 12-month minimum vesting period.
2) DSUs granted on February 27, 2023. 12-month minimum vesting period.

For the year ended March 31, 2024, Nil DSUs were forfeited, Nil DSUs were settled in cash and Nil DSUs were settled in issuance of shares.

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

For the year ended March 31, 2024, $422,226 of share-based compensation expense relating to the vesting of DSUs was recorded.

For the year ended March 31, 2023, $791,527 of share-based compensation expense relating to the vesting of DSUs was recorded.

(g) Contributed Surplus

A continuity of contributed surplus is as follows:

		For the Year Ended March 31, 2024		2023
Balance, beginning of year	$	12,211,778	$	10,653,118
Stock-based compensation - expensed		1,297,014		1,880,735
Settlements, RSUs and DSUs		(449,566)		(322,075)
Balance, end of year	$	13,059,226	$	12,211,778

12. FINANCIAL INSTRUMENTS, MANAGEMENT OF CAPITAL AND FINANCIAL RISK

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

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

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

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

The capital of the Company consists of shareholders' equity - $46,427,660 (March 31, 2023 - $44,700,301).

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

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

13. SEGMENTED INFORMATION

During the year ended March 31, 2024 and March 31, 2023 the Company operated in one reportable operating segment, being the acquisition, exploration and development of mineral properties in British Columbia. Administrative expenses and working capital balances are located in Canada.

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.

<u>During the year ended March 31, 2024:</u>

The issuance of 2,857,143 common shares valued at $200,000 for exploration and evaluation assets.

The issuance of 21,221,165 common shares valued at $1,591,587 for exploration and evaluation assets.

On January 31, 2024 and March 4, 2024, the Company settled 639,947 RSUs and 1,762,305 RSUs with a realized value of $449,566.

<u>During the year ended March 31, 2023:</u>

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

(expressed in Canadian dollars)

14. NON-CASH TRANSACTIONS (continued)

On January 4, 2023, the Company recorded $1,475,147 as share-based payments in relation to the vesting of 639,947 RSUs and 2,215,201 DSUs.

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

15. INCOME TAXES

	For the year ended March 31,			
		2024		2023
Current expense	$	-	$	-
Deferred tax expense (recovery)		(309,000)		246,000
	$	(309,000)	$	246,000

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,			
		2024		2023
Loss before income taxes	$	(2,044,000)	$	(1,866,000)
Income taxed at statutory rates – 27.00% (2021 – 27.00%)		(552,000)		(504,000)
Deductible and non-deductible expenses		189,000		128,000
Share issuance costs		-		(19,000)
Exploration and evaluation costs		-		643,000
Previously-unrecognized deferred tax liabilities		54,000		(2,000)
Deferred tax expense	$	309,000	$	246,000

(expressed in Canadian dollars)

15. INCOME TAXES (continued)

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, 2024 and 2023 are summarized as follows:

	March 31, 2024	March 31, 2023
Non-capital losses	$ 3,422,000	$ 2,995,000
Undeducted financing costs	133,000	200,000
Capital assets and other	114,000	112,000
	3,669,000	3,307,000
Exploration and evaluation costs	(7,680,000)	(7,627,000)
Deferred tax liability	$ (4,011,000)	$ (4,320,000)

As at March 31, 2024, the Company has estimated non-capital losses of $12,662,042 which expire from 2034 to 2044, 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, 2024, the Company received $Nil (2023 - $2,381,555) from the issue of flow-through shares, of which $Nil (2023 - $941,545) was attributed to a premium over the fair value of the shares issued and recorded as a liability for accounting purposes. Of this premium, $597,428 (2023 - $1,406,193) was subsequently recognized in income as the related expenditures were incurred, and $314,123 (2023 - $911,551) remained outstanding at March 31, 2024 as it relates to remaining flow-through obligations.

At March 31, 2024, the Company has unspent flow-through funds on hand of approximately $794,544 (2023 - $2,305,688), all of which is required to be incurred on qualifying exploration expenditures prior to December 31, 2024.

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.

(expressed in Canadian dollars)

16. 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:

2025	$ 36,104
2026	$ 37,120
2027	$ 18,815

17. SUBSEQUENT EVENTS

i) On April 24, 2024, the Company completed a non-brokered private placement consisting of 10,000,000 common shares for total gross proceeds of $1,000,000. The common shares are subject to a hold period of four months and one day from the date of issuance. The Company paid finders fees totalling $6,000.

ii) On May 31, 2024, the Company completed a non-brokered private placement with a strategic investor, African Rainbow Minerals Limited ("ARM"), consisting of 41,373,414 common shares, representing a 15.0% interest in the Company on a non-diluted basis, at a price of $0.095 per share for total gross proceeds of $3,930,474. The common shares are subject to a hold period of four months and one day from the date of issuance.

The Company and ARM have entered into an investor rights agreement (the "IRA") which grants ARM certain rights in the event it maintains minimum ownership thresholds in the Company, including the right to maintain its ownership position through future equity financings, and the right to appoint a member to a technical advisory committee to be formed following closing of the Strategic Placement. Additionally, the IRA includes a covenant from ARM, for a period of two years, to vote in favour of management's recommendations on routine matters to be approved by the shareholders of the Company. Furthermore, ARM has agreed in the IRA to a two-year standstill with respect to the acquisition of additional securities of the Company which would result in ARM owning greater than 19.9% of the then issued and outstanding common shares of the Company on a non-diluted basis, subject to exceptions customary for a standstill of this nature. In the event that ARM's ownership interest increases, subsequent to the expiry of the standstill, to at least 19.9% of the Company's issued and outstanding common shares on a non-diluted basis, ARM will have the right to nominate one director to the Company's board of directors.

iii) On June 21, 2024, the Company completed a non-brokered private placement consisting of 8,966,668 charity flow-through shares ("CFT shares") at a price of $0.245 for total gross proceeds of $2,196,834. The CFT Shares qualify as "flow-through shares" within the meaning of the Income Tax Act (Canada) (the "Tax Act"). The aggregate gross proceeds raised from the Offering must be used before December 31, 2025 for exploration expenditures that constitute "Canadian exploration expenses" qualifying as "flow-through critical mineral mining expenditures". The common shares are subject to a hold period of four months and one day from the date of issuance. The Company paid finders fees totaling $4,410.

17. SUBSEQUENT EVENTS (continued)

iv) On June 19, 2024, the Company awarded a total of 10,933,334 restricted share units and deferred share units to various employees, executives, and directors of the Company pursuant to the Company's Share Compensation Plan. The restricted share units will vest annually over a three-year period from the award date and the deferred share units awarded to Non-Executive Directors will vest upon their departure from the Company.

v) On July 18, 2024, the Company completed a non-brokered private placement with ARM consisting of 1,582,353 common shares at a price of $0.15 for total gross proceeds of $237,353. This investment represents ARM exercising its right to top up their share holdings to maintain its 15.0% interest in the Company on a non-diluted basis. The common shares are subject to a hold period of four months and one day from the date of issuance.

vi) On July 18, 2024, the Company has granted 175,000 incentive stock options to a consultant with an exercise price of $0.15. The stock options vest in four equal tranches every six months over a period of two years and expire five years from the date of grant.