

**Surge Battery Metals Inc. (NILI.V)**

TSXV

Rating	Buy
Price (05/27/26)	C\$0.63
12-Mo.Price Target	C\$1.30

**Stock Data**

52-Week Range	C\$0.23- C\$1.04
Shares Out. (mil)	236.69
Mkt. Cap.(mil)	C\$149.11
3-Mo. Avg. Vol.	1,016,590
Cash (mil) <sup>1</sup>	C\$30.0
Tot. Debt (mil)	\$0.0

<sup>1</sup>Cash includes short-term investments and is as of last reported quarter. It does not include subsequent equity financings.

**Rev (\$M)**

Yr Dec	Q1	Q2	Q3	Q4	FY
2025A	0.0A	0.0A	0.0A	0.0A	0.0A
2026E	0.0A	0.0E	0.0E	0.0E	0.0E
2027E	0.0E	0.0E	0.0E	0.0E	0.0E

**EPS C\$**

Yr Dec	Q1	Q2	Q3	Q4	FY	P/E
2025A	(0.01)A	(0.01)A	(0.00)A	(0.02)A	(0.04)A	NM
Prior				(0.01)A	(0.02)A	NM
2026E	(0.02)A	(0.00)E	(0.00)E	(0.00)E	(0.03)E	NM
Prior	(0.01)A	(0.01)E	(0.01)E	(0.01)E	(0.02)E	NM
2027E	(0.00)E	(0.00)E	(0.00)E	(0.00)E	(0.02)E	NM

## NILI.V: Resource Update and Balance Sheet Improvement Drive Increased PT

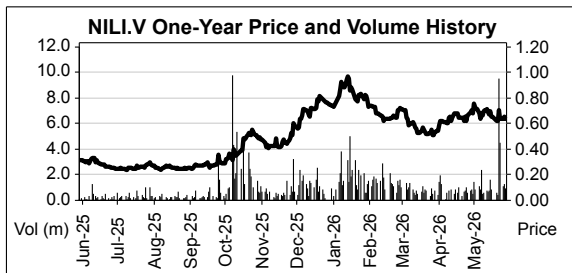
Target Price Changed

We are increasing our price target for Surge from C\$1.00 to C\$1.30 to reflect recent events. First, we highlight the company's maiden M&I resource, which provides the basis for future financial studies. Additionally, the company's balance sheet has improved significantly through a financing and warrant exercises. We are also reiterating our Buy rating as Surge continues to trade at a relatively low valuation compared to the NPV of its project.

**Maiden M&I resource sets the stage for future financial studies.** On May 14, 2026, Surge announced a maiden M&I resource estimate for the Nevada North Lithium Project (NNLP). The resource estimate outlined 657.4 million tonnes with an average grade of 3,007 ppm Li resulting in a total M&I resource of 10.51 million tonnes LCE. The resource also included an additional 3.11 million tonnes LCE in the inferred category. We view this as a significant milestone for the company and note that the M&I resource will be used to support the completion of a preliminary feasibility study (PFS). Surge is targeting completion of this PFS in Q4 2026.

**Balance sheet has improved significantly.** In addition to the positive resource update, we highlight Surge's balance sheet has improved significantly since year end 2025. As of the end of 2025 Surge had only C\$5.7 million in cash and short-term investments. As of the end of Q1 2026 cash and investments had increased to C\$30.0 million following a financing and warrant and option exercises. Additionally, subsequent to the end of Q1, Surge received an additional C\$8.4 million from a combination of warrants and options. Therefore, we believe Surge is now well funded to advance its project in the near term.

**Increasing price target to C\$1.30.** Due to the improved balance sheet and resource update, we increased our project NPV multiple from 10% to 15%. As a result, we are increasing our price target from C\$1.00 to C\$1.30. We are also reiterating our Buy rating as we believe Surge remains significantly undervalued.


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**NILI.V Key Estimates**

Amounts in CAD\$ million	1Q 25A	2Q 25A	3Q 25A	4Q 25A	2025A	1Q 26A	2Q 26E	3Q 26E	4Q 26E	2026E	1Q 27E	2Q 27E	3Q 27E	4Q 27E	2027E
Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	1.1	1.5	0.8	3.2	6.6	4.7	1.2	1.2	1.2	8.3	1.2	1.2	1.2	1.2	4.8
Operating Income	(1.1)	(1.5)	(0.8)	(3.2)	(6.6)	(4.7)	(1.2)	(1.2)	(1.2)	(8.3)	(1.2)	(1.2)	(1.2)	(1.2)	(4.8)
Other Expenses	(0.0)	0.0	0.0	0.0	0.1	(0.1)	-	-	-	(0.1)	-	-	-	-	-
Pretax Income	(1.1)	(1.5)	(0.8)	(3.3)	(6.7)	(4.7)	(1.2)	(1.2)	(1.2)	(8.3)	(1.2)	(1.2)	(1.2)	(1.2)	(4.8)
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Income	(1.1)	(1.5)	(0.8)	(3.3)	(6.7)	(4.7)	(1.2)	(1.2)	(1.2)	(8.3)	(1.2)	(1.2)	(1.2)	(1.2)	(4.8)
Basic Shares	165.0	184.5	194.8	194.8	178.0	223.0	257.2	257.2	257.2	248.6	257.2	257.2	257.2	257.2	257.2
FD Shares	165.0	184.5	194.8	194.8	178.0	223.0	346.3	346.3	346.3	315.5	346.3	346.3	346.3	346.3	346.3
Basic EPS	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.02)	(\$0.04)	(\$0.02)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.03)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.02)
FD EPS	(\$0.01)	(\$0.01)	(\$0.00)	(\$0.02)	(\$0.04)	(\$0.02)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.03)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.02)

Source: SEDAR Filings, ROTH Capital Partners estimates

Note: NILI.V reports under IFRS

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## Valuation: Surge Battery Metals Inc. (NILI.V)

We base our valuation of Surge shares on a percent NPV basis. Based on the PEA NPV at \$15,000 per tonne LCE (\$2.8 billion) and a factor of 15%, we arrive at a value of USD\$295.4 million for Surge's share of NNLP (70.54%). After adjusting for a USD-to-CAD ratio of 1.38:1 and for estimated current cash of C\$38.4 million, we arrive at a total value of C\$446.1 million, or C\$1.29 per fully diluted share (346.3 million). We round this up to reach our C\$1.30 price target, and we are reiterating our Buy rating.

Factors that could impede Surge shares from reaching our price target include, but are not limited to: unanticipated capital raises, poor exploration results, unfavorable regulatory decisions, permitting delays, unfavorable resource estimates compared to our expectations, and other unforeseeable events.

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## Risks: Surge Battery Metals Inc. (NILI.V)

**Political risk.** Natural resource companies are subject to significant political risk. Although most mining jurisdictions have known laws, potential exists for these laws to change. Surge has similar political risk to other Nevada-based exploration companies.

**Commodity price risk.** All natural resource companies have some form of commodity price risk. This risk is not only related to final products, but can also be in regard to input costs and substitute goods. Surge's biggest commodity risk is to the price of lithium.

**Operational and technical risk.** Natural resources companies have significant operational and technical risks. Despite completing NI 43-101 compliant (or similar) resource estimates, deposits can still vary significantly compared to expectations. Additionally, numerous unforeseeable issues can occur with operations and exploration activities. Surge has similar operational and technical risk to other PEA-stage exploration companies.

**Pre-revenue risk.** Surge is a pre-revenue company. As such, it is likely it will need to raise additional capital to continue to support operations. Additionally, no guarantee can be made that the company will ever generate revenue or that doing so will generate positive cash flow.

**Market risk.** Although most natural resource companies are more closely tied to individual commodity price performance, large business cycle forces or economic crises can impact a company's valuation significantly. Surge has similar market risk to other lithium exploration companies.

Cautionary note to U.S. Investors: Surge does not have any resources currently, but would likely report resources under NI 43-101 if/when it establishes one.

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## Company Description: Surge Battery Metals Inc. (NILI.V)

Surge Battery Metals, Inc. is an exploration stage company, which engages in the acquisition, exploration, and development of mineral properties. Its projects include Nevada North Lithium, Teels Marsh Lithium, and The Galt Property - San Emidio Desert. The company was founded on June 19, 1987 and is headquartered in Coquitlam, Canada. *Source: FactSet as of 5/1/2025*

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Shares of Surge Battery Metals Inc. may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 months.

**Distribution of IB Services Firmwide**

Rating	Count	Percent	IB Serv./Past 12 Mos. as of May 25, 2026	
			Count	Percent
Buy [B]	371	74.95	102	27.49
Neutral [N]	84	16.97	7	8.33
Sell [S]	3	0.61	1	33.33
Under Review [UR]	36	7.27	16	44.44

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

Ratings System Definitions - ROTH Capital employs a rating system based on the following:

**Buy:** A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return of at least 10% over the next 12 months.

**Neutral:** A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

**Sell:** A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

**Under Review [UR]:** A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

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