SURGE BATTERY METALS (TSXV: NILI)

# NNLP Site Visit: Drilling for the BFS | Rebrands as Lithium X2 Mining Ahead of 2027 Nasdaq Listing

*Near-surface, free-dig clays and a drill program focused on engineering, not exploration.*

| BASE CASE NAV/SH | UPSIDE CASE NAV/SH | P/NAV (BASE) | CASH POSITION |
|---|---|---|---|
| C$5.98 | C$9.16 | 0.10x | C$75.0M |
| US$18,500/t LCE | US$24,000/t LCE | Peer avg. 0.25x | As of Jun 30, 2026 |

## Update

During the week of Oct 19, we toured Nevada North Lithium Project (NNLP) as the 2026/27 drill program got underway, a month after the Oct 2 PFS. The PFS set a 218.3 Mt @ 3,928 ppm Li reserve (4.56 Mt LCE) with no Inferred material in the mine plan. Nearly every hole in the new program feeds the BFS mine design. Separately, Surge will trade as Lithium X2 Mining Inc. from on or about Nov 9, subject to TSXV acceptance. The company will continue to pursue a Nasdaq listing in 2027.

## Highlights

- **Engineering, not exploration - Up to 25 core and 20 sonic holes target condemnation, pit definition, geotechnical work and bulk metallurgical samples, rather than resource growth.**
- **Water is the next test - Two aquifer test wells and a supply well, each paired with a VWP, will give the first direct read on aquifer capacity against ~3,280 AFA of Phase 1 demand.**
- **Path to BFS - Battery-grade lithium carbonate is in hand, and a pilot program is next. Surge is targeting first production in H2 2031.**

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### STOCK DATA

| | |
|---|---|
| Share Price | C$0.58 |
| 52-Week Range | C$0.38 - C$1.13 |
| Shares O/S (M) | 327.5 |
| FD Shares (M) | 470.0 |
| Market Cap (C$M) | 190.0 |
| Cash (C$M) | 75.0 |
| EV (C$M) | 115.0 |
| Avg. 90D Volume (k) | 1,074.7 |

### CAPITAL STRUCTURE

| | |
|---|---|
| Options (M) | 33.5 (C$0.61) |
| Warrants (M) | 109.0 (C$0.80) |
| RSUs / DSUs (M) | 0.5 |

### ASSET OVERVIEW

| | |
|---|---|
| Flagship Project | Nevada North |
| Location | Nevada, USA |
| Commodity | Li |
| Stage | PFS |
| Resource (M&I) | 10.51Mt LCE |

### MANAGEMENT

| | |
|---|---|
| CEO & Director | Greg Reimer |
| Chair & Director | Graham Harris |
| Strategic Advisor | Brian Paes-Braga |
| Strategic Advisor | Michael Hess |

### UPCOMING CATALYSTS

- 2026/27 FS Drilling (Ongoing)
- Nasdaq Listing (2027)
- Feasibility Study (H1 2028)
- FID & ROD (2028)

*Source: Company filings, 3L Capital. Market data as of Nov 4, 2026. Shares, cash, options & warrants from Q2 2026 MD&A and subsequent events. See important disclosures at the end of this report.*

## Valuation

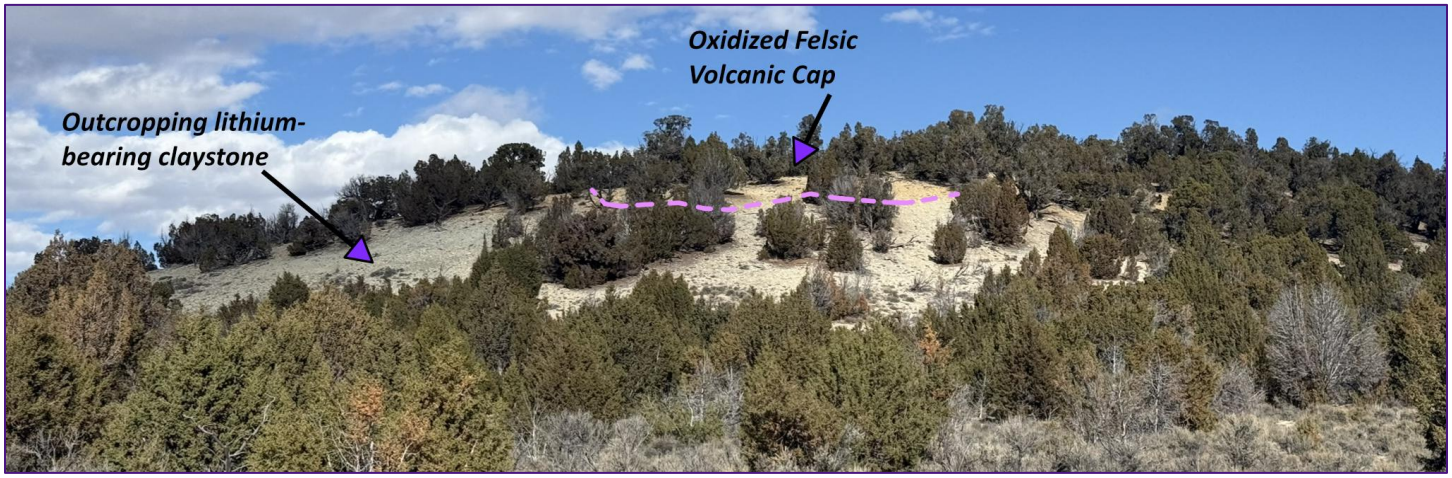
Our updated Base case NAV8% at US$18,500 LCE is C$3.8B (C$5.98/sh), and the P/NAV multiple is 0.10x. In our Upside Case, with LCE at US$24,000, we calculate a C$5.8B NAV (C$9.16/sh) and a 0.06x P/NAV multiple. If NILI can reach the average P/NAV for Sedimentary Lithium Developers we track at 0.25x, it would represent 159% of upside in our Base case scenario & 297% of upside in our Upside case.

**Table 1.** Surge Battery Metals - 3L NAV Summary

| C$M unless noted | Methodology | Base Case | Upside Case |
|---|---|---|---|
| | | US$18,500/t LCE | US$24,000/t LCE |
| Nevada North DCF | NPV8% (48% Ownership) | 2,911 | 4,943 |
| Resource Outside of Mine Plan | 4.36Mt LCE @ US$15/t (48%) | 88 | 88 |
| Proceeds from Future 2% GORR Sales | 2% GORR | 149 | 149 |
| Construction Equity Proceeds | | 706 | 706 |
| Interest Expenses & Financing Fees | 6% IR + 4% on Eqty. Rses. | (151) | (151) |
| Cash | Current | 75 | 75 |
| Debt | Current | - | - |
| Corporate G&A | To Construction | (50) | (50) |
| ITM Options & Warrants Proceeds | Fully exercised | 87 | 87 |
| **Total NAV** | | **3,814** | **5,846** |
| Share Outstanding (M) | Current | 327 | 327 |
| ITM Options/Warrant (M) | 80% Fully Exercise | 114 | 114 |
| PSU/RSU (M) | | 14 | 14 |
| Construction Equity Issuance 1 (M) | Shares at C$4.25 | 83 | 83 |
| Construction Equity Issuance 2 (M) | Shares at C$5.25 | 67 | 67 |
| Shares to DOE as Part of Loan Package (M) | 5% of NILI; Shares at C$5.25 | 32 | 32 |
| Fully Diluted Shares (M) | Fully financed & diluted | 638 | 638 |
| **NAV per Share (C$)** | | **5.98** | **9.16** |
| Current Share Price (C$) | | 0.58 | 0.58 |
| **P/NAV (x)** | | **0.10x** | **0.06x** |

*Source: 3L Capital estimates, company filings. US$1.00 = C$1.35. Cash, debt, shares, options & warrants per Q2 2026 MD&A and subsequent events.*

**Figure 1.** Image of the typical terrain at Nevada North.




*Source: 3L Capital.*

## Drilling for the BFS

Drilling began in late September after BLM approval under NNL's 2025 Exploration Plan of Operations, and it will continue into the 2027 season. The program is designed to supply the data the engineers need for the mine plan, not to grow the resource.

- **Condemnation -** Core and sonic holes test the planned waste rock storage, plant and haul road sites to confirm that no mineralization sits beneath them.
- **Pit definition -** Further holes refine the ultimate pit boundary.
- **Geotech -** Core is logged and tested for pit slope, foundation and infrastructure design.
- **RC -** Up to 10 RC holes, drawn from the core and sonic plan, allow for quick confirmation drilling and VWP installation.

**Table 2.** 2026/27 Nevada North Drill Program. Meters converted from feet.

| Type | Holes | Metres | Purpose |
|---|---|---|---|
| Core | Up to 25 | ~4,570 | Condemnation, pit definition, geotech, bulk met |
| Sonic | Up to 20 | ~1,520 | Condemnation, pit definition |
| RC | Up to 10 | Within plan | Confirmation, VWP installation |
| Wells | 3 | n/a | 2 aquifer test wells, 1 supply well, each with a VWP |

*Source: Surge Battery Metals, 3L Capital.*

**Figure 2. Left)** Sonic Drill rig on hole NNL-040 on the 2026/27 program at Nevada North. **Right)** NNL-040 casing and cuttings at surface. This program is focused on condemnation & pit definition.



*Source: 3L Capital.*

**Figure 3.** Bagged Sonic drill samples by depth interval.




*Source: 3L Capital.*

**Figure 4.** NNL-017 (NN2309), box 10 (92.5-101.5 ft): Cu2 lithium-bearing clay horizon. Part of a broader intersection of 155.5ft at 3591 ppm Li.




*Source: 3L Capital.*

## PFS vs. PEA

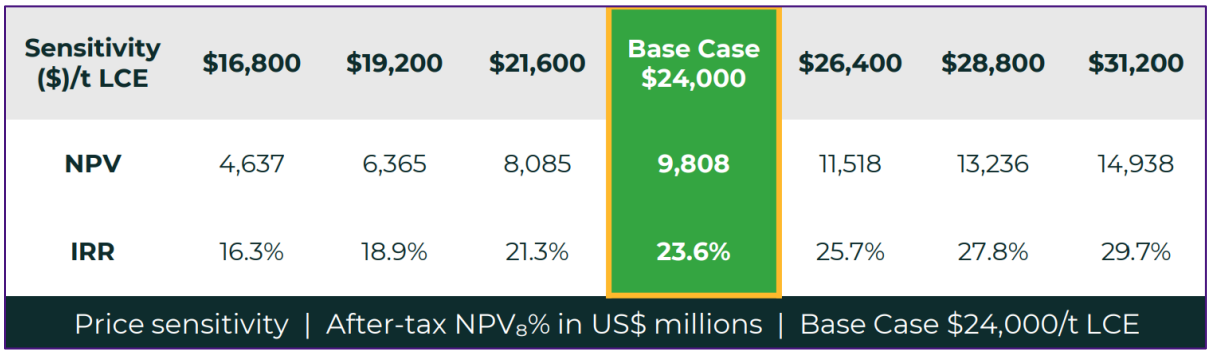
The PFS improved on the PEA almost across the board, even though Inferred material is now excluded from the mine plan. Production rose 7%, driven by 7% more ore tonnage & higher recovery, which more than offset a 2% lower grade, while the strip ratio fell 24%. Opex fell 10%, led by processing, which makes up 83% of the total. Processing should benefit further as the new beneficiation step rejects acid-consuming calcium ahead of the leach. Phase 1 capex fell 7%, partially offset by a 9% rise in sustaining capex. Together, NPV8% rose 7% to US$9.81B at the same US$24,000/t LCE price deck. We see the key takeaway as the source of the gains: they come from engineering & metallurgy rather than a more aggressive mine plan, which is what a PFS should deliver. With only 43% of the M&I resource converted to reserves, Nevada North also has ample resource outside the pit to extend the operation.

**Table 3.** Highlights of Nevada North - 2026 PFS vs. 2025 PEA.

| | PFS (2026) | PEA (2025) | % Delta |
|---|---|---|---|
| **Operational Highlights** | | | |
| Mine Life (years) | **42** | 42 | 0% |
| Strip Ratio (w:o) | **0.88** | 1.16 | -24% |
| Ore Processed (Mt) | **218.3** | 204.8 | +7% |
| Average Lithium Grade (ppm Li) | **3,928** | 4,017 | -2% |
| Average Lithium Recovery (%) | **84.9%** | 82.8% | +3% |
| LOM LCE Production (Mt) | **3.87** | 3.63 | +7% |
| Average Annual LCE Production (Ktpa) | **92.3** | 86.3 | +7% |
| Y4-14 Avg. Annual LCE Production (Ktpa) | **105.0** | 100.9 | +4% |
| Peak Annual LCE Production* | **111.4** | 109.1 | +2% |
| **Financial Highlights** | | | |
| Operating Cost (US$/t LCE) | **4,719** | 5,243 | -10% |
| - Mining (US$/t LCE) | **380** | 413 | -8% |
| - Processing (US$/t LCE) | **3,921** | 4,406 | -11% |
| - Tailings Management (US$/t LCE) | **284** | 287 | -1% |
| - G&A (US$/t LCE) | **134** | 137 | -2% |
| Total Capex (ex. Closure) (US$B) | **6.77** | 6.84 | -1% |
| - Phase 1 Initial Capex (US$B) | **2.77** | 2.97 | -7% |
| - Phase 2 Expansion Capex (US$B) | **2.35** | 2.35 | 0% |
| - Sustaining Capex (US$B) | **1.65** | 1.51 | +9% |
| **Project Economics (100% Basis)** | | | |
| After-tax NPV8% - US$24,000 LCE (US$B) | **9.81** | 9.17 | +7% |
| After-tax IRR - US$24,000 LCE (%) | **23.6%** | 22.8% | +4% |

*Source: Surge Battery Metals, 3L Capital.*

**Figure 5.** Nevada North PFS's NPV & IRR sensitivity.



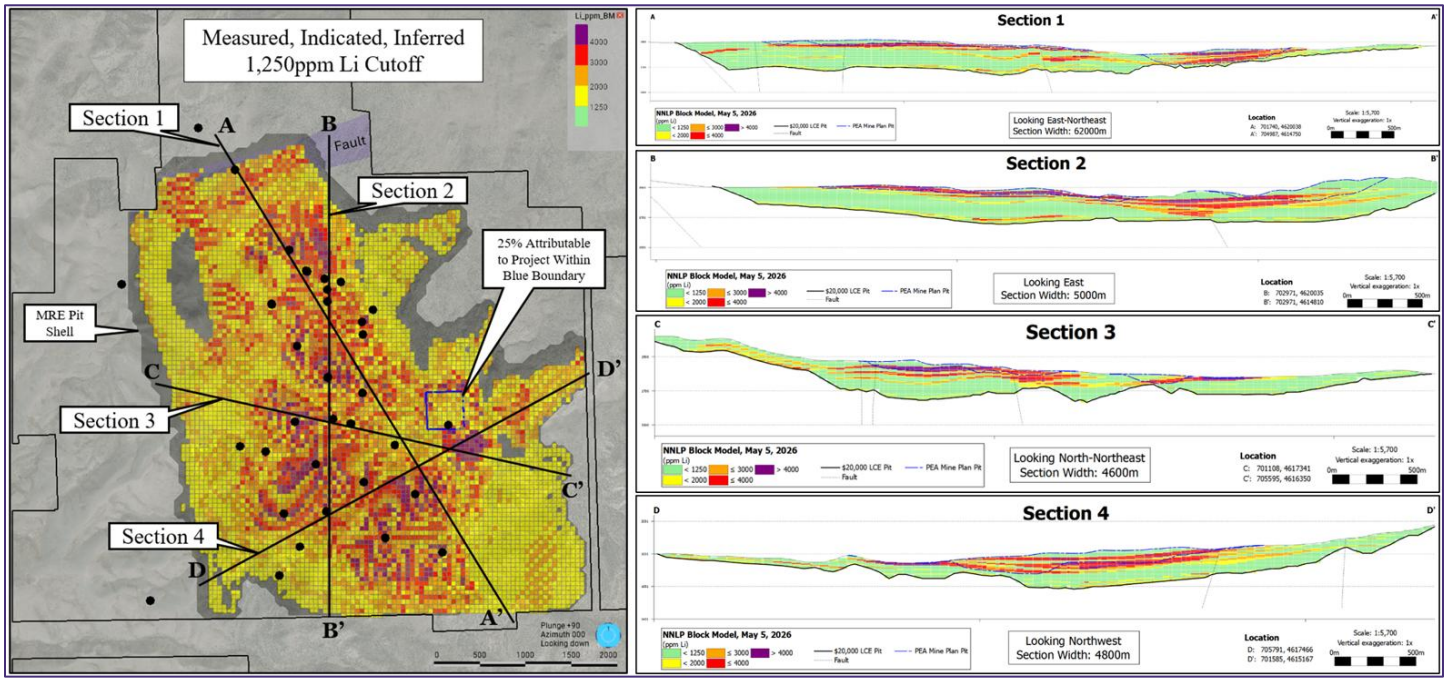

*Source: Surge Battery Metals.*

## Near-Surface, High-Grade Clays

What stood out most on the ground was how close to surface the high-grade clays sit. CU3, the highest-grade unit, outcrops across the property, and much of the reserve can be dug without blasting. This underpins the simple, low-strip mine plan and the cost advantage the PFS shows over other U.S. claystone projects.

- **CU3 -** The highest-grade unit sits closest to surface and outcrops across the property. It averages ~3,900 ppm Li at a 1,250 ppm Li cutoff.
- **Free dig -** The shallow-dipping clay beds are separated by tuff units and can be mined without blasting.
- **Grade -** The 3,928 ppm Li reserve grade compares with 2,540 ppm Li in the Thacker Pass FS. The PFS reserve covers 43% of the 10.51 Mt LCE M&I resource, which leaves room for future mine plan growth.

**Figure 6.** Plan view showing the location of 2022, 2023, 2024 & 2025 drilling and the updated May 2026 resource estimate at a 1,250 ppm Li cutoff, comprising 10.5Mt LCE Measured & Indicated (657.5Mt at 3,007ppm Li) & 3.1Mt LCE Inferred (271.3Mt at 2,160ppm Li).




*Source: Surge Battery Metals, 3L Capital.*

***The $20,000 LCE pit area is shown in dark gray. Within the blue box, Surge owns 25% of the subsurface mineral rights. The cross-sections through the May 2026 resource are shown on the right. The $20,000 LCE resource pit boundary is shown in black, and the 2025 PEA Mine Plan Pit in blue. High-grade mineralization (>3,000 ppm Li) extends both within and beyond the 2025 PEA pit boundary, highlighting the potential for more contained LCE in the PFS. Red blocks equate to US$320 - US$426/t in in-situ value before recovery, and purple blocks >US$426/t in-situ (Using US$20,000/t LCE).**

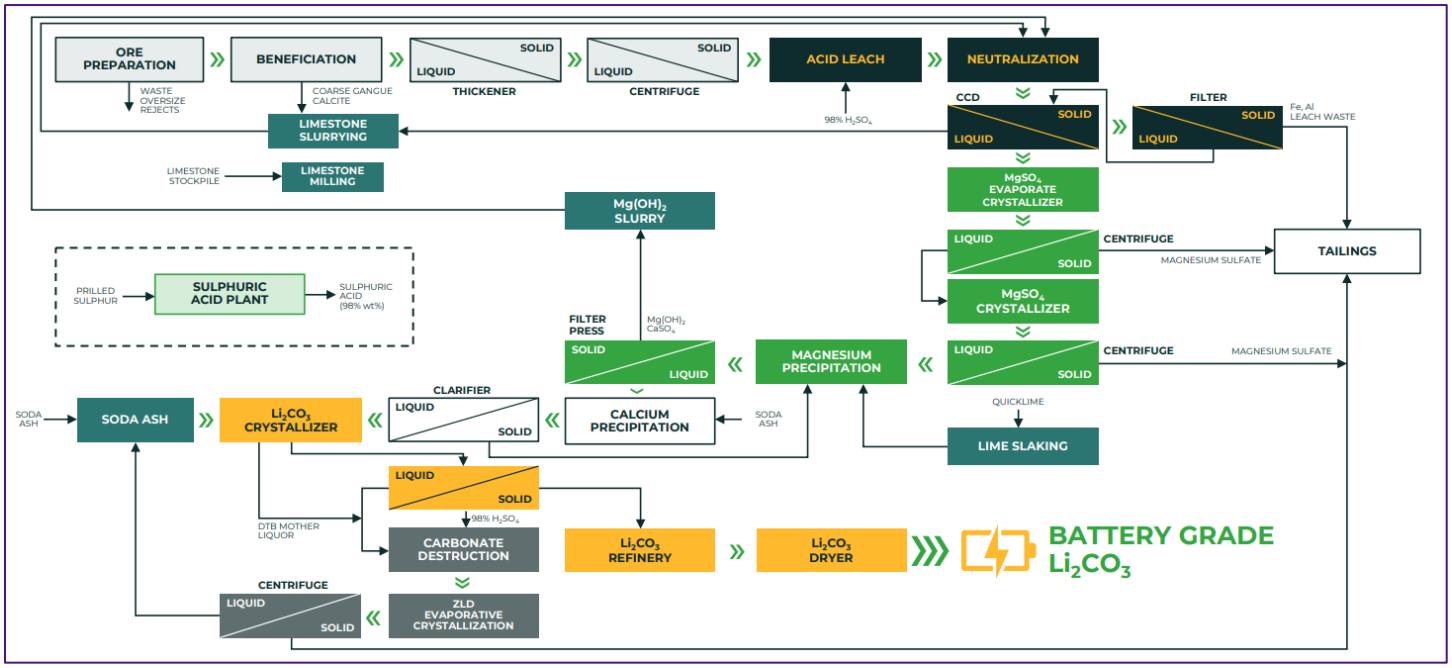
## Water

The PFS puts Phase 1 water demand at ~3,280 AFA and full build-out at ~6,240 AFA. The release also notes that a preliminary water balance shows plant raw-water demand may come in above the design basis. NNL's applications filed to date roughly cover Phase 1 demand. SRCA's September agreement to withdraw its protests covers 1,600 AFA of those applications, or ~49% of the Phase 1 requirement. Pumping tests from the two aquifer test wells will give the first direct read on aquifer capacity, ahead of NDWR decisions on the applications.

## Metallurgy

In September, Surge produced 99.95% battery-grade lithium carbonate from Nevada North material, and the PFS lifted recovery to 84.9% from 82.8% in the PEA. Deportment work on cesium and rubidium continues. We assign no value to either in our NAV, so any recovery would be upside. Bulk material from the core program will feed flowsheet optimization ahead of a pilot program planned before the BFS.

**Figure 7.** NNLP PFS's Flow Sheet.

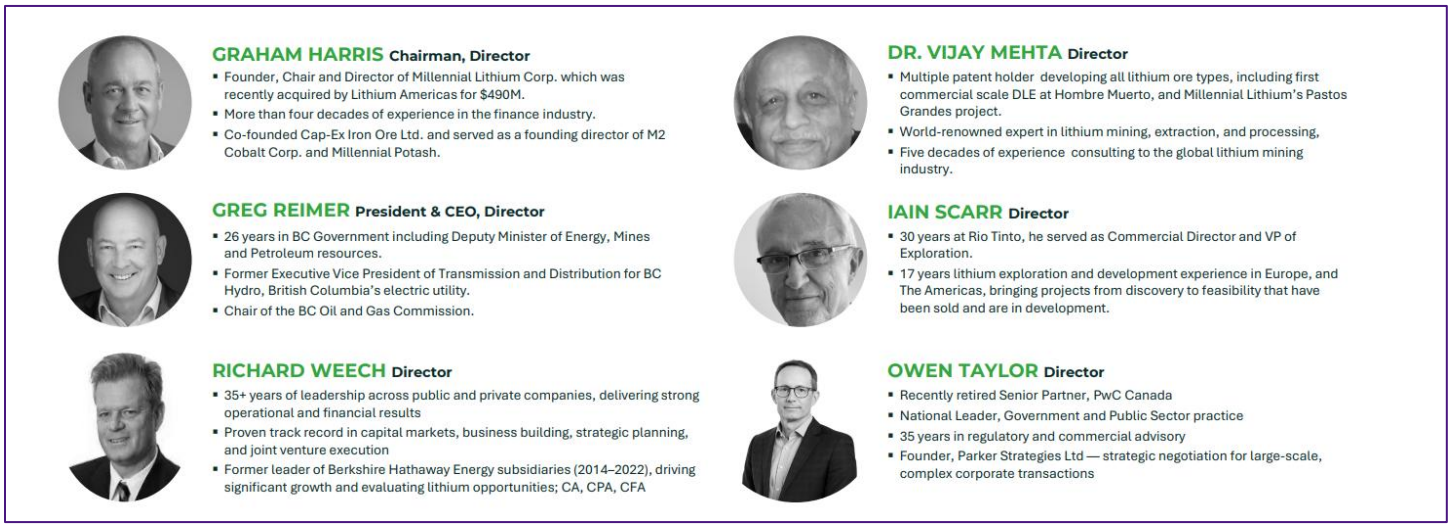



*Source: Surge Battery Metals.*

## Team

The team has taken a lithium asset from discovery to sale before. Chair Graham Harris founded Millennial Lithium, which Lithium Americas acquired for US$490M. The board adds Rio Tinto exploration, lithium processing and Berkshire Hathaway Energy experience, and the Strategic Advisory Board is led by Brian Paes-Braga and Michael Hess.

**Figure 8.** Surge Battery Metals Management and Board.



**GRAHAM HARRIS Chairman, Director**
- Founder, Chair and Director of Millennial Lithium Corp. which was recently acquired by Lithium Americas for $490M.
- More than four decades of experience in the finance industry.
- Co-founded Cap-Ex Iron Ore Ltd. and served as a founding director of M2 Cobalt Corp. and Millennial Potash.

**DR. VIJAY MEHTA Director**
- Multiple patent holder developing all lithium ore types, including first commercial scale DLE at Hombre Muerto, and Millennial Lithium's Pastos Grandes project.
- World-renowned expert in lithium mining, extraction, and processing,
- Five decades of experience consulting to the global lithium mining industry.

**GREG REIMER President & CEO, Director**
- 26 years in BC Government including Deputy Minister of Energy, Mines and Petroleum resources.
- Former Executive Vice President of Transmission and Distribution for BC Hydro, British Columbia's electric utility.
- Chair of the BC Oil and Gas Commission.

**IAIN SCARR Director**
- 30 years at Rio Tinto, he served as Commercial Director and VP of Exploration.
- 17 years lithium exploration and development experience in Europe, and The Americas, bringing projects from discovery to feasibility that have been sold and are in development.

**RICHARD WEECH Director**
- 35+ years of leadership across public and private companies, delivering strong operational and financial results
- Proven track record in capital markets, business building, strategic planning, and joint venture execution
- Former leader of Berkshire Hathaway Energy subsidiaries (2014–2022), driving significant growth and evaluating lithium opportunities; CA, CPA, CFA

**OWEN TAYLOR Director**
- Recently retired Senior Partner, PwC Canada
- National Leader, Government and Public Sector practice
- 35 years in regulatory and commercial advisory
- Founder, Parker Strategies Ltd — strategic negotiation for large-scale, complex corporate transactions

*Source: Surge Battery Metals.*

**Figure 9.** Surge Battery Metals Strategic Advisory Board.

## Strategic Advisory Board

Established to enhance Surge's capital markets presence globally, support the Company's Nasdaq Capital Market application, and provide strategic guidance across government relations, off-take discussions, and construction financing.

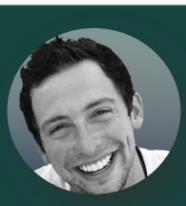


### Brian Paes-Braga

**STRATEGIC ADVISOR · CO-LEAD**

Managing Partner, SAF Group
Founder & CEO, Lithium X Energy Corp.
Chairman & CEO, The Metals Royalty Co. (Nasdaq: TMCR)

Built and sold Lithium X Energy Corp. in an all-cash transaction valued at approximately C$265 million (2018). Since 2015, involved in over US$2 billion of growth-equity financings across the mining, energy, and technology sectors.



### Michael Hess

**STRATEGIC ADVISOR · CO-LEAD**

Chief Investment Officer, Hess Capital
Co-Chairman, The Metals Royalty Co. (Nasdaq: TMCR)
Board Member, TMC the metals company (Nasdaq: TMC)

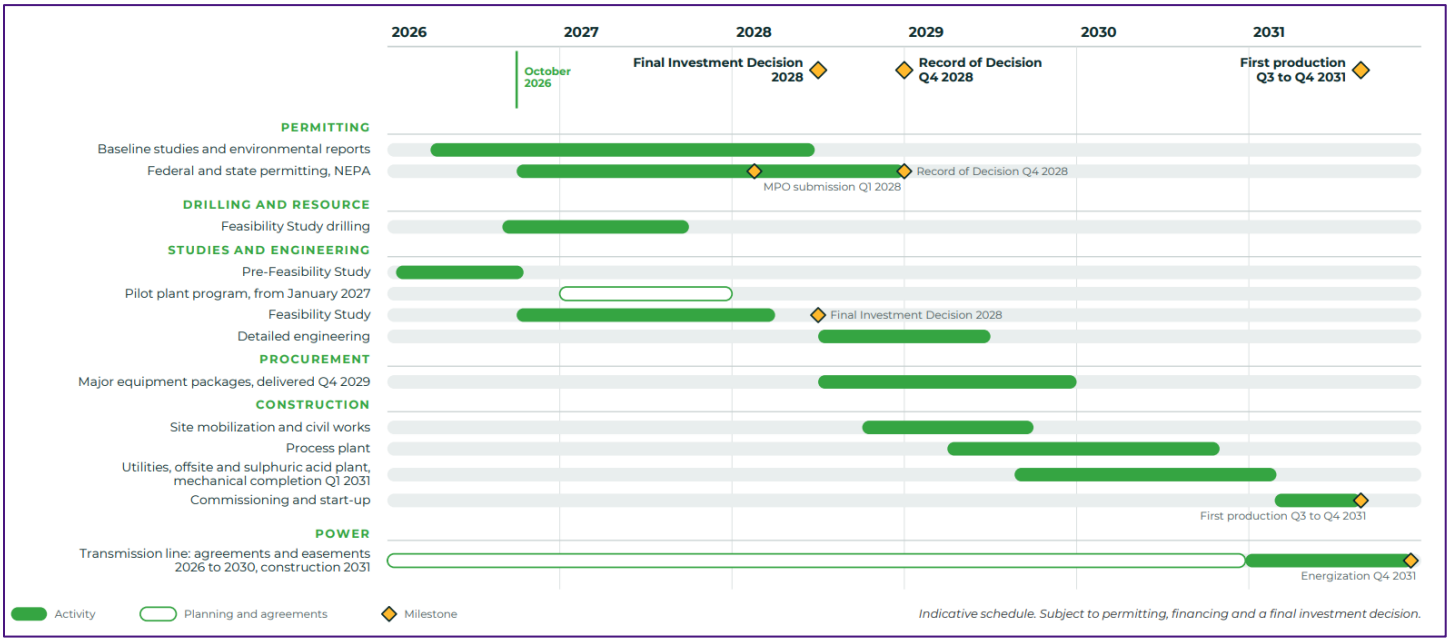
More than 15 years financing and developing U.S. energy infrastructure. Began his career at Goldman Sachs and KKR and co-founded the Bison Companies. Brings deep U.S. institutional capital, energy, and government relationships.

*Source: Surge Battery Metals.*

## Upcoming Catalysts

- 2026/27 Feasibility Study Drilling (Ongoing)
- Nasdaq Listing (2027)
- Feasibility Study (H1 2028)
- Engineering and Permit Advancement (Ongoing)
- Final Investment Decision & Record of Decision (2028)
- First Production from Nevada North (H2 2031)

**Figure 10.** Timeline to Production.




*Source: Surge Battery Metals.*

## Financial Snapshot

- **Cash Position (C$75M) -** As of August 2026, Surge has C$75M in cash
- **Recent Financings -**
  - **JV:** Aug 2026: C$3.2M from Evolution Mining (Evolution's NNLP stake increased from 29.46% to 32.5%)
  - June 2026: C$36M @ C$0.60 Unit (Full 3-yr warrant @ C$0.90 expiring June 2029)
  - **JV:** Apr 2026: C$2.1M from Evolution Mining (Evolution's NNLP stake increased from 25.85% to 29.46%)
  - Feb 2026: C$25.0M @ C$0.90 Unit (Half 3-yr warrant @ C$1.35 expiring February 2029)
  - **JV:** Dec 2025: C$3.0M from Evolution Mining (Evolution's NNLP stake increased from 2.85% to 25.85%)
  - Oct 2025: C$5.0M @ $0.25 Unit (1 full 3-yr warrant @ C$0.40 expiring October 2028)
  - Apr 2025: C$3.106M @ $0.30 Unit (1 full 3-yr warrant @ C$0.45 expiring April 2028)

## Company Data Sheet

| General Data | |
|---|---|
| Ticker | TSXV: NILI |
| Share Price (C$) | C$0.58 |
| Shares Outstanding (M) | 327.5 |
| Market Cap (C$M) | 190.0 |
| Cash (C$M) | 75.0 |
| Enterprise Value (C$M) | 115.0 |
| 52-Week Range (C$) | C$0.38 - C$1.13 |
| 20-Day VWAP (C$) | C$0.63 |
| Avg. 90D Volume ('000) | 1,075.0 |

| Resource & Reserve | Tonnes (Mt) | Li (ppm) | LCE (Mt) |
|---|---|---|---|
| *Reserves (P&P)* | | | |
| Probable | 81.6 | 4,013 | 1.74 |
| Proven | 136.7 | 3,877 | 2.82 |
| **Total Reserve** | **218.3** | **3,928** | **4.56** |
| *Resources (incl. reserves)* | | | |
| Measured | 210.8 | 3,150 | 3.53 |
| Indicated | 446.7 | 2,940 | 6.98 |
| **Measured & Indicated** | **657.5** | **3,007** | **10.51** |
| Inferred | 271.3 | 2,160 | 3.12 |
| **Total Resource** | **928.8** | **2,756** | **13.63** |

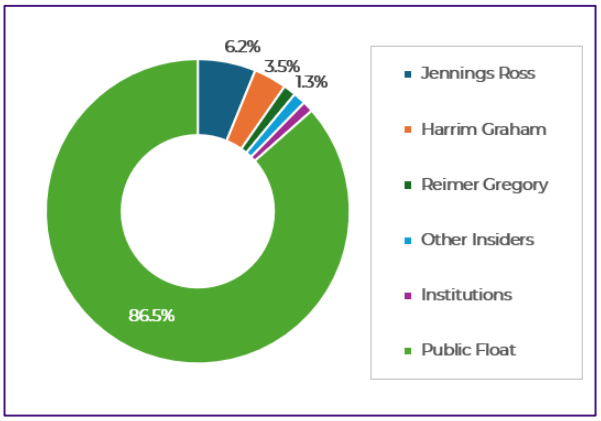
| Financial Summary (YE Dec 31) | Unit | 2022A | 2023A | 2024A | 2025A | 2026E |
|---|---|---|---|---|---|---|
| *Income Statement* | | | | | | |
| Operating Expenses | C$M | 2.7 | 9.1 | 7.6 | 6.6 | 19.0 |
| Operating Income / (Loss) | C$M | (2.7) | (9.1) | (7.6) | (6.6) | (19.0) |
| Net Income / (Loss) | C$M | (3.0) | (8.9) | (9.8) | (6.7) | (17.6) |
| EPS | C$/sh | (0.03) | (0.07) | (0.06) | (0.04) | (0.06) |
| *Cash Flow Statement* | | | | | | |
| Operating Cash Flow | C$M | (2.1) | (3.6) | (2.7) | (3.7) | (7.2) |
| Investing Cash Flow | C$M | (1.6) | (6.8) | (0.6) | (3.4) | (28.0) |
| Financing Cash Flow | C$M | 0.7 | 12.7 | 1.0 | 8.8 | 70.3 |
| *Balance Sheet* | | | | | | |
| Cash & Short-term Investment | C$M | 1.0 | 6.4 | 1.9 | 5.7 | 63.0 |
| Total Debt | C$M | - | - | - | - | - |
| *Share Outstanding* | | | | | | |
| Common Share Out. (End of Period) | M | 103.0 | 160.1 | 165.0 | 199.8 | 314.4 |

*Source: Technical reports, company filings, FactSet, 3L Capital estimates. All figures in C$ unless noted.*

## Company Overview

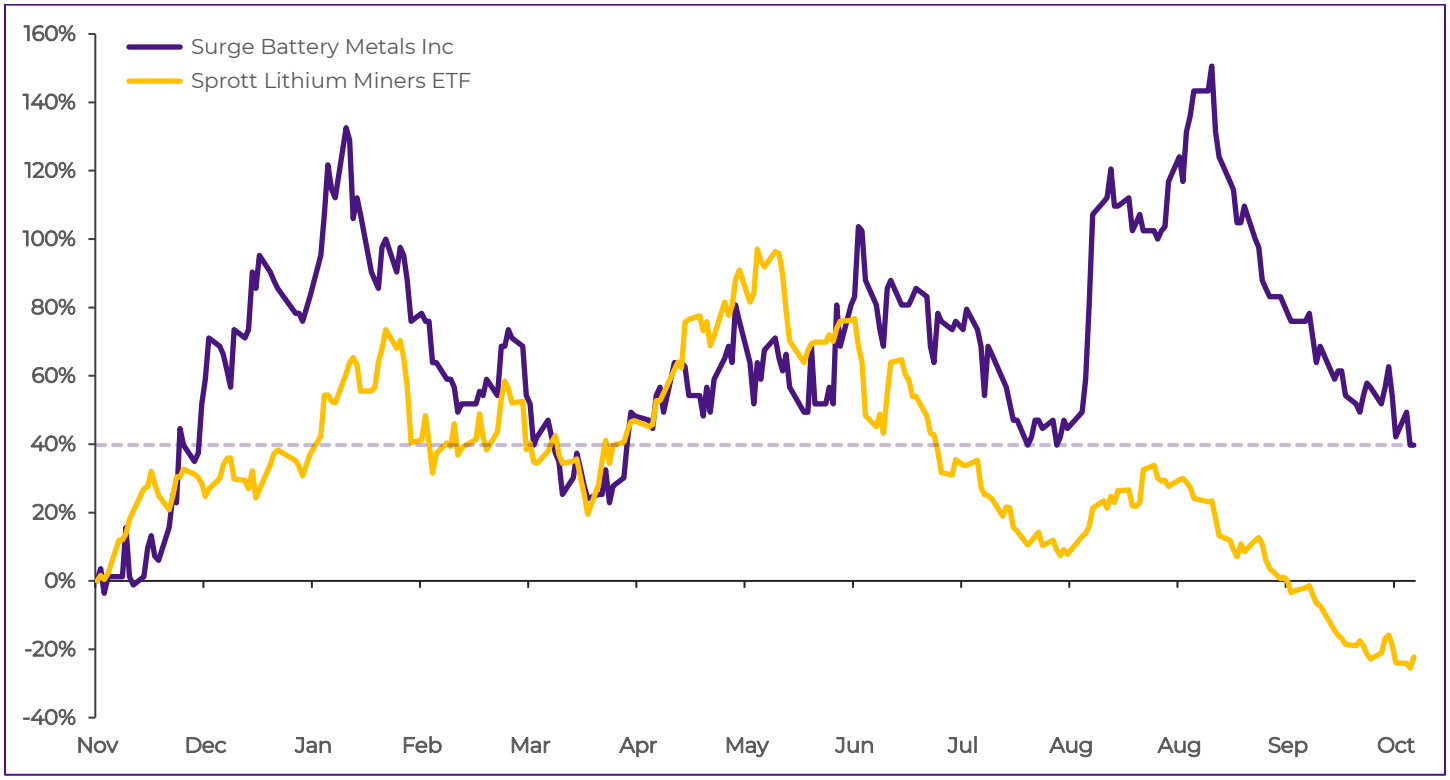
Surge Battery Metals (NILI) is a junior exploration and development company focused on advancing its Nevada North Lithium Project (NNLP), a high-grade lithium clay asset located in NE Nevada, USA. NNLP hosts exceptional grade, near surface lithium clay mineralization with total M&I resources of 10.51Mt LCE at 3,007 ppm Li. Surge advanced the project from discovery to PFS in ~4 years, with the 2026 PFS establishing an initial P&P reserve of 4.56Mt LCE & outlining a US$9.8B NPV8% project (at US$24,000 LCE) with average annual production of 92ktpa LCE over a 42yr LOM. Surge is following in the footsteps of Lithium Americas' Thacker Pass, a comparable claystone-hosted deposit now in construction & backed by U.S. gov. funding. Surge holds the NNLP through a JV with Evolution Mining (Surge 67.5% / Evolution 32.5%). Surge is currently targeting a BFS in H1 2028, with a final investment decision (FID) & Record of Decision (ROD) shortly after. First production is targeted for H2 2031.

**Figure 11.** Share Ownership of Surge Battery Metals.




*Source: FactSet & SEDI.*

**Figure 12.** Surge Battery Metals' One-Year Share Price Performance vs. LITP.




*Source: FactSet & 3L Capital.*

## Disclosures & Disclaimers

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For a detailed discussion of company-specific risks, please refer to the "Risk Factors" segment in the company's MD&A section.

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