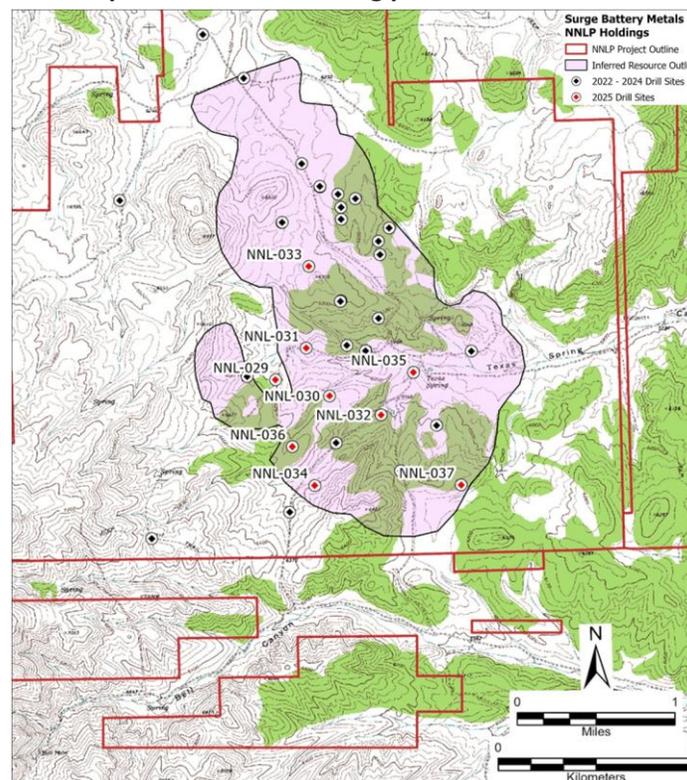


Ticker: NILI CN **Pro forma:** C\$20.5m **Project:** Nevada North
Market cap: C\$158m **Price:** C\$0.70/sh **Country:** U.S.A., NV
REC. (unc): BUY **TARGET (-70c):** C\$3.20/sh **RISK RATING (unc):** SPECULATIVE

Results from the 2025 9-hole infill and expansion program further de-risk the geological model and suggest good potential for a lift in grades and tonnes come this year's MRE update that will form the basis of the 4Q26 PFS. The average for all 9 hits was **60m @ 3,415ppm** from 13m, +16% higher than the existing 550Mt @ 2,955ppm MRE, with hits from the top layer of mineralization averaging **18m @ 4,059ppm** from shallow 13m down-hole in line with existing 4,017ppm PEA inventory grades. Diving in, we see good continuity of mineralization on grades and thicknesses (with wide ~500m step-outs sufficient for upgrading to M&I) noting last week's 640m step-out to the SE (NNL-037) hitting **31m @ 4,196ppm** from surface, with another hole (NNL-029) 42m @ 3,306ppm infilling mineralization entirely outside the existing inferred resource outline to the NW, continuing to build scale. Today's infill hits saw high-grade headliner **32m @ 4,521ppm** from 28m (NNL-030) providing a useful grade sweetener (vs. previous hit 27m @ 4,043ppm 500m to the south) in the south-central portion of the deposit. The 2025 drill program also allowed for critical technical data compilation for advanced geotechnical, hydrogeological, and metallurgical studies. Key now is delivering the Evolution-funded PFS and unlocking reserves. We update cash and shares for recent C\$25m raise and **maintain our BUY rating and lower our price target to C\$3.20/sh**, at a raised 0.4x NAV multiple (prev. 0.2x) reflecting lower project risk with JV-partner Evolution's now 25.85% stake post C\$3m investment last quarter. Upside comes from lithium prices and further project de-risking via twinned tracked engineering / permitting and signing of the JV agreement in our view.

Figure 1. Plan map of the NNL showing past and new 2025 drill holes (red)



Source: Surge Battery Metals

Infill results hit shallow **32.1m @ 4,521ppm** ahead of MRE update and 4Q26 Evolution-funded PFS

Today, Surge Battery Metals announced final results (five-holes) from the 2025 drill program (9-holes, 1,412.6m) with highlights of **64.0m @ 3,610ppm Li** (and 92ppm Cs and 280ppm Rb) from 33m, **61.7m @ 3,365ppm Li** (and 105ppm Cs and 264ppm Rb) from 99m, and **32.1m @ 4,521ppm Li** (and 163ppm Cs and

346ppm Rb) from 28m. On February 17th, Surge announced results (four-holes) with highlights of **33.6m @ 4,468ppm Li** (and 159ppm Cs and 349ppm Rb) from 15m, **39.6m @ 3,425ppm Li** (and 99ppm Cs and 182ppm Rb) from 30m, and **21.3m @ 3,169ppm** (and 98ppm Cs and 239ppm Rb) from 59m. Surge reported the infill drilling to have increased data density sufficiently to support the upgrade of inferred resources to M&I. Furthermore, the drill program gathered essential geotechnical and hydrogeological data; and secured bulk samples for metallurgical test work critical to the planned 2026 Pre-Feasibility Study (PFS).

Why we like Surge Battery Metals Inc

1. Highest grade lithium clay deposit in tier-1 Nevada with >4,000ppm PEA inventory at 1.6:1 strip
2. PEA economics US\$9.2bn / 23% IRR / US\$5,097/t breakeven cost at inputs akin to Thacker Pass
3. Large 8.7Mt LCE 3Q24 attributable MRE, still open, growing towards SCPe 15Mt LCE long term
4. Best in class lithium team (formerly Millennial Lithium, acquired by LAC for US\$490m)

Catalysts

- 4Q26: MRE update and PFS
- CY26: Advance permitting

Research

Brandon Gaspar (Toronto) m +1 437 533 3142 bgaspar@scp-rf.com

Eleanor Magdzinski (Toronto) m +1 705 669 7456 emagdzinski@scp-rf.com

Ken Ilodibe (Toronto) m +1 204 963 3423 kilodibe@scp-rf.com

Omeet Singh (Toronto) m +1 647 527 7509 osingh@scp-rf.com

Moatasm Almaouie (Toronto) m +1 780 299 5151 malmaouie@scp-rf.com

Ticker: NILI CN	Price / mkt cap: C\$0.7/sh, C\$158m	Project PNAV today: 0.09x	Assets: Nevada North
Author: B Gaspar	Rec/0.4xNAV PT: BUY, C\$3.2/sh	1xNAV ₁₀₂₆ FF FD: C\$5.34/sh	Country: USA

Share data	Basic	FD for options	FD for build
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Basic shares (m)	225.7	330.2	991.8
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Commodity price	CY24A	CY25E	CY26E	CY27E	CY28E
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Lithium Carbonate Price (US\$/t)	11,985	9,855	12,396	14,983	15,500
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SOTP project valuation*	US\$m	C\$m	O/ship	NAVx	C\$/sh
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Ungeared @ build start (CY29)	2,391	3,275	74%	0.4x	2.94
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3Q25 cash + Raise		20.5	100%	1.0x	0.06
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Cash from ITM options/warrants		52.3	100%	1.0x	0.16
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Asset NAV8% US\$15500/t LCE		3,348			3.16
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*Shares diluted for options not mine build Market P/NAV8% 0.09x

1xNAV sensitivity to LCE price and discount / NAV mu	SCP LT	PEA px
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Project NPV (C\$m)	\$12500/t	\$13500/t	\$15500/t	\$18500/t	\$24000/t
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Discount rate: 10%	315	852	1,926	3,537	6,491
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Discount rate: 8%	1,250	1,949	3,348	5,447	9,294
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Discount rate: 6%	2,720	3,662	5,546	8,373	13,555
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Ungeared project IRR:	11%	12%	15%	19%	25%
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Project NPV (C\$/sh)	\$12500/t	\$13500/t	\$15500/t	\$18500/t	\$24000/t
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0.20xNAV	0.53	0.84	1.47	2.41	4.14
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0.40xNAV	1.06	1.69	2.94	4.83	8.28
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0.60xNAV	1.59	2.53	4.41	7.24	12.43
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*Project NPV, ex fin. costs and cent G&A, discounted to build start

Group NAV over time^	Mar-26	Mar-27	Mar-28	Mar-29	Sep-32
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Nevada North Lithium (C\$m)	2,628.9	2,839.2	3,067.0	3,312.4	7,618.9
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G&A and finance costs (C\$m)	(329.6)	(346.6)	(368.2)	(393.2)	(143.0)
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Net cash prior qtr (C\$m)	2.5	19.3	73.4	2,326.1	(1,018.7)
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Cash from options (C\$m)	52.3	52.3	52.3	52.3	52.3
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NAV FF FD (C\$m)	2,354	2,564	2,825	5,298	6,510
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Shares in issue (m)	330	396	396	992	992
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1xNAV8%/sh FF FD (C\$/sh)*	7.13	8.42	7.13	5.34	6.56
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Geared NAV at 1st prod'n diluted for build, net G&A and fin. costs^

NAV at first concentrate (C\$m)	\$12500/t	\$13500/t	\$15500/t	\$18500/t	\$24000/t
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Discount rate: 10%	2,504	3,275	4,817	7,127	11,361
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Discount rate: 8%	3,671	4,617	6,510	9,346	14,544
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Discount rate: 6%	5,373	6,576	8,981	12,586	19,194
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Geared project IRR:	9%	11%	13%	17%	23%
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NAV at first concentrate (C\$/sh)*	\$12500/t	\$13500/t	\$15500/t	\$18500/t	\$24000/t
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Discount rate: 10%	0.40	1.22	3.38	7.42	16.13
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Discount rate: 8%	1.86	3.27	6.56	12.24	23.77
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Discount rate: 6%	4.76	6.99	11.87	19.81	35.28
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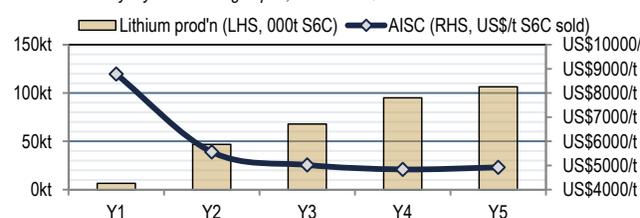
^Project NPV incl grp SG&A & fin. cost, +net cash; *diluted for build equity

Production	Y1	Y2	Y3	Y4	Y5
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Production (000t LCE)	7	47	68	95	106
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AISC cost (US\$/t LCE)	8,783	5,561	5,021	4,838	4,922
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AISC = C1 + royalty + sustaining capex, Y1 from 3Q32



Source: SCP estimates

Resource / Reserve	Mt	Li (ppm)	000t LCE	M&I
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Inferred resource on 100% ba	550	2,955	8,650	0%
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SCP inventory on 100% basis	205	4,017	4,380	
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Project: USES @ 74.2% Ownership	Funding: SOURCES @ 74.2%
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Pre-prod expl'n / G&A: C\$38m	Cash plus ITM options: C\$73m
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Build + pre-prod. exp. capex: C\$3020m	EVN funding CY26 to FS: C\$7m
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Fin. cost + WC C\$349m	SCPe funding to DFS/FID: C\$60m
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TOTAL USES: C\$3407m	Build funding @ 0.5xNAV: C\$2257m
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Buffer: C\$953m	65% geared debt @ 8%: C\$1963m
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TOTAL SOURCES: C\$4360m

Ratio analysis	CY24A	CY25E	CY26E	CY27E	CY28E
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Average shares out (m)	158.9	176.7	222.2	283.4	435.8
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EPS (C\$/sh)	-	-	-	-	-
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CFPS (C\$/sh)	-	-	-	-	-
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EV (C\$m)	110.3	121.2	136.3	125.0	(2,021.1)
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FCF yield (%)	-	-	-	-	-
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PER (x)	-	-	-	-	-
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P/CF (x)	-	-	-	-	-
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EV/EBITDA (x)	-	-	-	-	-
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Income statement	CY24A	CY25E	CY26E	CY27E	CY28E
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Net revenue (C\$m)	-	-	-	-	-
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COGS (C\$m)	-	-	-	-	-
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Gross profit (C\$m)	-	-	-	-	-
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D&A, attrib (C\$m)	-	-	-	-	-
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G&A + sh costs (C\$m)	13.5	4.9	6.2	6.2	6.2
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Finance cost (C\$m)	2.2	1.0	4.0	0.8	(0.8)
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Taxes (C\$m)	-	-	-	-	-
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Net income (C\$m)	(15.7)	(5.9)	(10.1)	(7.0)	(5.3)
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Cash flow, attrib.	CY24A	CY25E	CY26E	CY27E	CY28E
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EBIT (C\$m)	(13.5)	(4.9)	(6.2)	(6.2)	(6.2)
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Add back D&A (C\$m)	-	-	-	-	-
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Less tax / interest (C\$m)	2.2	1.0	4.0	0.8	(0.8)
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Net change WC (C\$m)	0.7	(0.1)	-	-	-
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Other non-cash (C\$m)	5.8	(0.3)	(6.8)	(0.5)	2.8
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Cash flow ops (C\$m)	(4.8)	(4.2)	(9.0)	(5.9)	(4.2)
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PP&E - build + sust. (C\$m)	5.2	1.0	-	-	-
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PP&E - expl'n (C\$m)	(5.0)	(1.8)	-	-	-
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Cash flow inv. (C\$m)	(0.2)	0.8	-	-	-
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Share issue (C\$m)	-	3.6	18.8	60.0	2,256.9
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Debt draw (repay) (C\$m)	-	-	-	-	-
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Cash flow fin. (C\$m)	-	3.6	18.8	60.0	2,256.9
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Net change in cash (C\$m)	(5.0)	0.1	9.8	54.1	2,252.8
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EBITDA (C\$m)	(15.8)	(5.9)	(10.2)	(7.2)	(6.2)
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Balance sheet	CY24A	CY25E	CY26E	CY27E	CY28E
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Cash (C\$m)	0.9	2.5	19.3	73.4	2,326.1
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Acc rec., inv, prepaid (C\$m)	0.0	0.0	0.0	0.0	0.0
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PP&E + other (C\$m)	11.3	12.4	12.4	12.4	12.4
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Total assets (C\$m)	12.3	14.9	31.7	85.8	2,338.5
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Debt (C\$m)	-	-	-	-	-
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Accounts payable (C\$m)	0.3	0.6	0.6	0.6	0.6
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Others (C\$m)	0.1	0.0	0.0	0.0	0.0
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Total liabilities (C\$m)	0.4	0.6	0.6	0.6	0.6
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Issued capital (C\$m)	55.1	60.4	80.4	141.5	2,399.6
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Retained earnings (C\$m)	(43.3)	(46.2)	(49.3)	(56.3)	(61.7)
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Liabilities + equity (C\$m)	12.3	14.9	31.7	85.8	2,338.5
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NEUTRAL: The stock's total returns are expected to be in line with the overall market

SELL: The stocks total returns are expected to be materially lower than the overall market

TENDER: The analyst recommends tendering shares to a formal tender offering

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NOT RATED (N/R): The stock is not currently rated

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Summary of Recommendations as of February 2026	
BUY:	56
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	56

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