

Ticker: NILI CN

Cash: C\$5.4m

Project: Nevada North

Market cap: C\$64m

Price: C\$0.39/sh

Country: U.S.A., NV

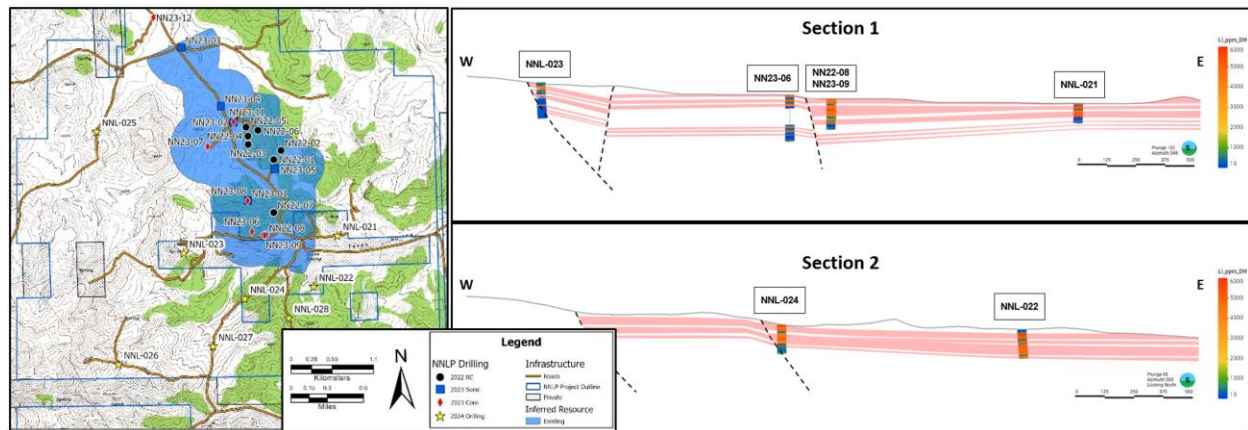
REC. (unc): BUY

TARGET (unc): C\$3.00/sh

RISK RATING (unc): VENTURE

Today's four holes signal growth at Nevada North. The southernmost drillhole (>500m from MRE) returned an impressive **81m @ 3,286ppm Li from surface**—equating to roughly +1.1Mt of LCE on a nominal 750m diameter by our math. Better still, another hit nearly 1km to the east returned **91m @ 3,800ppm Li**. This bodes well for SCPe +50% MRE growth potential after this year's program. While we think the existing MRE is already 'big enough' at ~4.7Mt LCE @ 2,839ppm Li, and has the highest grade among U.S. peers, further growth is important to demonstrate a long mine life. More relevant today, these hits are almost entirely at surface with multiple thick intercepts grading >4,000-4,600ppm Li in the top 40m, which talks to the high-margin potential vs peers. We think this differentiator makes it a strategic asset for the U.S. DOE, potentially unlocking additional funding to advance the project. For now, we **maintain our BUY rating and C\$3.00/sh PT** based on nominal US\$100/t LCE in situ for its maiden 4.7Mt LCE resource. Looking ahead, this is a catalyst-heavy year, with step out drilling to provide continued news flow in the coming months, followed by an updated MRE, a maiden PEA and permitting updates (Plan of Operations exploration permit), all before YE24.

Figure 1. Nevada North drilling in plan view and cross section highlighting today's results



Step out drilling expands resource with 81-91m @ 3,236-3,800ppm Li ahead of MRE / PEA

Today, Surge Battery Metals announced results from its 2024 drilling program at the Nevada North Lithium Project (NNLP), highlighted by NNL-021 with **50.3m @ 3,813 ppm Li** (incl. 45.7m @ 4,051 ppm Li), NNL-022 with **91.4m @ 3,800 ppm Li** (incl. 82.3m @ 4,038 ppm Li), and **NNL-024 with 80.8m @ 3,236 ppm Li** (incl. 51.8m @ 4,020 ppm Li). The drilling extended lithium mineralization 1,300m south, increasing the strike length by 43% to 4.3km. Lithium mineralization is present within 15m of the surface, even starting at the surface in two holes, and extends to 122m depth. Mineralization remains open, with further results pending ahead of an updated MRE and maiden PEA before YE24.

Of the remaining four holes in the 2024 drilling program, two (NNL-025 & 026) were drilled on property held with M3 Metals Corp. to explore for deep mineralization continuity but did not reveal known clays. The other two holes (NNL-027 & 028), drilled south of the private parcel, confirmed the presence of mineralized clay horizons found in 2022 and 2023. Assay results for all four holes are still pending.

Why we like Surge Battery Metals Inc

1. Highest grade lithium clay deposit in tier-1 Nevada with >3,000ppm Li at surface
2. Initial 4.7Mt LCE 1Q24 MRE, still open, growing towards SCPe 15Mt LCE long term
3. Best in class lithium team (formerly Millennial Lithium, acquired by LAC for US\$490m)

Catalysts

- 2H24: Follow up drill results and surface exploration
- 3Q24: Updated MRE
- 4Q24: Exploration Plan of Operations / PEA

Research

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Ticker: NILI CN	Price / mkt cap: C\$0.39/sh, C\$64m	Project PNAV today: 0.13x	Assets: Nevada North			
Author: B Gaspar	Rec / xNAV PT: BUY, C\$3/sh	1xNAV FF FD: C\$2.99/sh	Country: USA/Canada			
SOTP project valuation*						
	C\$m	O/ship	NAVx	C\$/sh		
SCPe Nevada North NAV @ US\$100/t LCE	603	100%	1.00x	2.79		
Private land upside @ US\$65/t LCE	86	25%	1.00x	0.10		
Cash at 1Q24	5.4	100%	1.00x	0.02		
Cash from ITM options/warrants	16	100%	1.00x	0.07		
SCPe Group 1xNAV	710		PT: 2.99			
*Ex G&A and fin. costs			Market P/NAV	0.13x		
Source: SCP estimates						
Commodity price		CY22A	CY23E	CY24E	CY25E	CY25E
LCE (US\$/t)		68,579	20,000	20,000	20,000	20,000
Resource		Mt	Li (ppm)	000t LCE		
1Q24 Inferred 43-101		309	2,839	4,674		
		SCPe 'blue sky' potential		17,000		
Share Data		Basic	FD			
Shares (m)		164.024	216.0			

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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

UNDER REVIEW: The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

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

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Summary of Recommendations as of July 2024	
BUY:	48
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	1
NOT RATED:	0
TOTAL	49

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