BLUE LAGOON RESOURCES INC.

Condensed Consolidated Interim Financial Statements

For the Three Months Ended June 30, 2025 and 2024

(Expressed in Canadian dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Blue Lagoon Resources Inc. (the "Company") have been prepared by management in accordance with International Financing Reporting Standards ("IFRS"). These condensed consolidated interim financial statements, which are the responsibility of management, are unaudited and have not been reviewed by the Company's auditors. The Company's Audit Committee and Board of Directors have reviewed and approved these condensed consolidated interim financial statements. In accordance with the disclosure requirements of National Instrument 51-102 released by the Canadian Securities Administrators, the Company's independent auditors have not performed a review of these condensed consolidated interim financial statements.

BLUE LAGOON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
As at
(Expressed in Canadian dollars)
(Unaudited)

	Note		**June 30, 2025**		**March 31, 2025**
ASSETS					
Current assets					
Cash		$	2,763,410	$	1,410,147
Receivables	5		129,750		98,653
Subscriptions receivable			112,500		1,013,000
Prepaid expenses			133,324		74,337
Investment in marketable securities	8		3,189		3,375
Total Current Assets			3,142,173		2,599,512
Non-current assets					
Reclamation deposits			694,306		694,306
Security deposits			12,534		12,534
Property, plant and equipment	7		23,810,028		23,234,864
Total Assets		$	27,659,041	$	26,541,216
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	11	$	188,913	$	368,497
Non-current liabilities					
Long-term accounts payable	9		1,729,933		1,729,933
Asset retirement obligation	10		6,319,006		6,275,637
Total Liabilities			8,237,852		8,374,067
Equity					
Share capital	12		53,259,385		51,037,233
Obligation to issue shares	12		2,842,327		2,665,517
Reserves	12		5,622,070		5,377,205
Deficit			(42,302,593)		(40,912,806)
Total Equity			19,421,189		18,167,149
Total Liabilities and Equity		**$**	27,659,041	$	26,541,216

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

Approved for issuance on behalf of the Board of Directors on August 29, 2025:

"Rana Vig"
Director

"Gurdeep Bains"
Director

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

BLUE LAGOON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
(Unaudited)

		For the three months ended,			
	Note		**June 30, 2025**		**June 30, 2024**
Expenses					
General and administrative expenses		$	238,879	$	30,502
Consulting fees	11		195,838		39,850
Exploration expenses			562,151		209,498
Marketing			17,917		222
Professional fees			22,598		27,490
Share-based compensation			331,894		-
Total Operating Expenses			(1,369,277)		(307,562)
Other Items					
Accretion	10		(43,369)		(50,161)
Interest income			23,045		12,795
Fair value gain (loss) on marketable securities	8		(186)		(150,000)
Loss and comprehensive loss		$	(1,389,787)	$	(494,928)
Basic and diluted loss per share		$	(0.01)	$	(0.00)
Weighted average number of common shares outstanding (basic and diluted)			138,023,237		114,035,246

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

BLUE LAGOON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)
(Unaudited)

	Number of shares	Share capital	Obligation to issue shares	Reserves	Deficit	Total shareholders' equity
		$	$	$	$	$
Balance, March 31, 2024	**114,035,246**	**47,404,612**	**2,271,767**	**4,570,868**	**(37,488,007)**	**16,759,240**
Loss	-	-	-	-	(494,928)	(494,928)
Balance, June 30, 2024	**114,035,246**	**47,404,612**	**2,271,767**	**4,570,868**	**(37,982,935)**	**16,264,312**
Balance, March 31, 2025	**131,424,236**	**51,037,233**	**2,665,517**	**5,377,205**	**(40,912,806)**	**18,167,149**
Shares issued pursuant to private placement	8,900,000	2,225,000	-		-	2,225,000
Share issuance costs	-	(66,484)	-	1,281	-	(65,203)
Exercise of warrants	454,545	63,636	-	-	-	63,636
Exercise of stock options	-	-	133,060	(44,560)	-	88,500
Vesting of RSU	-	-	43,750	(43,750)	-	-
Share-based compensation	-	-	-	331,894	-	331,894
Loss	-	-	-	-	(1,389,787)	(1,389,787)
Balance, June 30, 2025	**140,778,781**	**53,259,385**	**2,842,327**	**5,622,070**	**(42,302,593)**	**19,421,189**

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

BLUE LAGOON RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
(Unaudited)

		For the three months ended,		
		June 30, 2025		**June 30, 2024**
Cash flows used in operating activities				
Loss for the period	$	(1,389,787)	$	(494,928)
Items not involving cash:				
Share-based compensation		331,894		-
Accretion expense		43,369		50,161
Interest income		(7,083)		(7,533)
Fair value gain on marketable securities		186		150,000
Changes in non-cash working capital:				
Receivables		(24,014)		10,704
Prepaid expenses		(58,987)		14,566
Accounts payable and accrued liabilities		(179,584)		(26,594)
Net cash used in operating activities		(1,284,006)		(303,624)
Cash flows provided by investing activities				
Equipment acquisition		(575,164)		-
Net cash provided by investing activities		(575,164)		-
Cash flow provided by financing activities				
Proceeds from issuance of shares in private placements		3,188,000		-
Proceeds from warrant exercise		63,636		-
Proceeds from option exercise		26,000		-
Share issuance costs		(65,203)		-
Net cash provided by financing activities		3,212,433		-
Change in cash		1,353,263		(303,624)
Cash, beginning		1,410,147		816,615
Cash, ending	$	2,763,410	$	512,991
Supplemental cash flow information:				
Interest received	$	15,962	$	5,262
Non-cash transactions:				
Non-cash share issuance costs	$	1,281	$	-
Reclamation deposit interest reinvested		-		-

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

1. NATURE OF OPERATIONS AND GOING CONCERN

Blue Lagoon Resources Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act on March 17, 2017. The Company is in the business of acquiring, exploring, and evaluating mineral resource interests in Canada. The address of the Company's registered office is Suite 1200, 750 West Pender Street, Vancouver, British Columbia. The Company's common shares trade on the Canadian Securities Exchange under the stock symbol "BLLG" and in the United States on the OTCQB under the symbol "BLAGF."

The Company's main focus is on exploring and developing its Dome Mountain Gold Project located near Smithers, BC Canada. In February 2025, the Company obtained their final mine permit for its Dome Mountain Project allowing for initial production of up to 55,000 tonnes per year. The Company holds an active toll-milling agreement with Nicola Mining and will ship its mined mineralized material to their milling facilities at Merritt, B.C. for processing. In July 2025, the Company commenced pre-production work on the Dome Mountain project following the official opening of the mine on July 9, 2025.

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and upon future profitable production. There is no assurance that the Company will be able to obtain such financing or obtain financing on favorable terms. As at June 30, 2025, the Company had working capital of $2,953,260 ; however additional financing might be required in the next 12 months. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect adjustments to the carrying values of assets and liabilities or the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be deemed to be inappropriate. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 29, 2025.

Basis of Measurement and Consolidation

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise indicated. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates.

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (Continued)

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 condensed consolidated interim financial statements are disclosed in Note 4.

These condensed consolidated interim financial statements incorporate the accounts of the Company and its controlled subsidiaries, from the date of acquisition. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's wholly owned subsidiaries include ASIC Mining Inc. ("ASIC") (a Canadian corporation), Metal Mountain Resources Inc. (a Canadian corporation), which holds 100% interest in Lloyd Minerals Inc. (a Canadian corporation), and 100% interest in Gavin Mines Inc. (a Canadian corporation) whose principal place of business is British Columbia. The functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of the acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited annual consolidated financial statements for the year ended March 31, 2025 and have been consistently followed in the preparation of these condensed consolidated financial statements.

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 income in the period of the change, if the change affects that period only, or in the period of the change and future years, if the change affects both.

In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgements were the same as those applied to the audited annual consolidated financial statements for the year ended March 31, 2025.

5. RECEIVABLES

Receivables are composed of the following amounts:

		June 30, 2025		March 31, 2025
GST receivable	$	83,075	$	59,061
Related party		731		731
Other		45,944		38,861
	$	**129,750**	**$**	**98,653**

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Dome Mountain Mine	***Big Onion Project***	***Total***
	$	***$***	***$***
Balance, March 31, 2024	**22,772,809**	**-**	**22,772,809**
Acquisition costs - cash	25,000	-	25,000
Acquisition costs – non-cash	20,000	-	20,000
Transfer to development asset	(22,817,809)	-	(22,817,809)
Balance, March 31, 2025 and June 30, 2025	**-**	**-**	**-**

Dome Mountain Mine Group

On March 27, 2020, the Company acquired Dome Mountain Mine group of properties and Big Onion Project, both located near the town of Smithers in northwest British Columbia from the acquisition of Metal Mountain Resources Inc.

The Company holds a reclamation deposit of $659,306 (March 31, 2025 - $659,306) related to the Dome Mountain Mine.

The Company owns 100% interest in the following mineral properties of the Dome Mountain Mine Group:

- Dome Mountain Project
    - Upon the property commencing commercial production, the Company agreed to pay an NSR equal to the greater of 1.5% or $30,000 per annum as an advanced royalty. The Company made the annual royalty payment of $30,000 on January 30, 2024 and 2023. In January 2025, the optionor agreed to extend the annual royalty payment to on or before October 1, 2025.
    - As at December 31, 2024, the Dome Mountain Project had not commenced commercial production. On February 2025, the Company received permits from the Ministry of Mining and Critical Minerals and its effluent/discharge permit from the Ministry of Environment and Parks.

- Freegold Property
    - The interest in the property will be subject to a 2% NSR and the Company is required to make annual royalty payments of $20,000 per annum. The Company has the right to purchase 1% of the NSR for the aggregate sum of $1,000,000. The Company made the annual royalty payment of $20,000 in February 2024. On March 4, 2025, the Company issued 70,175 common shares in settlement of the $20,000 annual royalty payment due February 2025.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

- McKendrick Property
  - The interest in the property will be subject to an NSR of 2.5% and the Company is required to make annual royalty payment of $25,000 per annum.
  - The Company paid the 2024 and 2023 annual royalty payments of $25,000 on July 5, 2024 and 2023. The July 2025 payment was paid on July 4, 2025.
- Hilo Property; and
- Federal Creek Property
  - The interest in the property will be subject to a 3% NSR.

On December 15, 2023, the Company entered in an agreement with the Lake Babine Nation to restart the Dome Mountain Mine. The obligations for this agreement are as follows:

- $10,000 in cash payable within a week from December 15, 2023 (paid)
- $25,000 in cash payable within a week of the issuance of all Crown Authorizations for restart
- $50,000 in cash payable within a week of the mine starting production

In February 2025, upon receipt of mining permits, the Company's Dome Mountain Project met the criteria for recognition as a mining development asset. The Company determined the recoverable amount of the project on the date of transition by using the following key estimates and inputs: units of production, commodity prices, operating costs, discount rate. No impairment was noted at the time of transition, therefore the entire capitalized cost of the exploration and evaluation assets was reclassified to mining development asset under property plant and equipment (Note 7).

Big Onion Project

On March 27, 2020, the Company acquired Dome Mountain Mine group of properties and Big Onion Project, both located near the town of Smithers in northwest British Columbia from the acquisition of Metal Mountain Resources Inc.

The Company holds a reclamation deposit of $35,000 related to the Big Onion Project.

On December 6, 2021, the Company entered into an option agreement with Blackbird Critical Metals Corp. ("Blackbird") for a 100% ownership and beneficial interest in the Big Onion Project. In order to exercise its option on the Big Onion Project, Blackbird is required to make cash and share payments to the Company and incur exploration and development expenditures on the property, as summarized below. The property is subject to an aggregate 3% net smelter return held by Metal Mountain Resources Inc. (1.125%) and an unrelated third party (1.875%).

- $500,000 in cash paid in the following installments:
  - $50,000 upon execution of the agreement; (received)
  - $50,000 on or before 12 months from the date on which the common shares of Blackbird are listed on a Canadian stock exchange (April 11, 2022, the "Purchaser's Listing Date") (received);
  - $50,000 on or before 24 months following the Purchaser's Listing Date;
  - $100,000 on or before 36 months following the Purchaser's Listing Date; and
  - $250,000 on or before 48 months following the Purchaser's Listing Date.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

- 2,000,000 common shares of Blackbird issued in the following installments:
  - 1,000,000 common shares upon execution of the agreement issued into escrow and released in the following installments:
    - 100,000 on the Purchaser's Listing Date (released)
    - 150,000 6 months following the Purchaser's Listing Date (released)
    - 150,000 12 months following the Purchaser's Listing Date (released)
    - 150,000 18 months following the Purchaser's Listing Date (released)
    - 150,000 24 months following the Purchaser's Listing Date (released)
    - 150,000 30 months following the Purchaser's Listing Date (released)
    - 150,000 36 months following the Purchaser's Listing Date (released)
  - 250,000 common shares on or before 24 months following the Purchaser's Listing Date;
  - 250,000 common shares on or before 36 months following the Purchaser's Listing Date; and
  - 500,000 common shares on or before 48 months following the Purchaser's Listing Date.
- $1,500,000 expenditures on the Big Onion project as follows:
  - $250,000 on or before 12 months following the Purchaser's Listing Date (fulfilled);
  - An additional $250,000 on or before 24 months following the Purchaser's Listing Date;
  - An additional $250,000 on or before 36 months following the Purchaser's Listing Date; and
  - An additional $750,000 on or before 48 months following the Purchaser's Listing Date.

On April 11, 2024, Blackbird terminated the option agreement. During the year ended March 31, 2024, the Company recorded an impairment with respect to the Big Option Property resulting in a carrying value of $nil.

7. PROPERTY, PLANT AND EQUIPMENT

	Mineral Property Development Asset	*Water Treatment Plant*	*Production Equipment*	*Furniture and Equipment*	*Total*
	$	*$*	*$*	*$*	*$*
Balance, March 31, 2024	**-**	**-**	**-**	**-**	**-**
Additions	-	94,048	115,670	-	209,718
Transfer to development asset (Note 6)	22,817,809	-	-	-	22,817,809
Change in estimate of ARO (Note 10)	207,337	-	-	-	207,337
Balance, March 31, 2025	**23,025,146**	**94,048**	**115,670**	**-**	**23,234,864**
Additions	-	367,939	171,432	35,793	575,164
Balance, June 30, 2025	**23,025,146**	**461,987**	**287,102**	**35,793**	**23,810,028**

As of June 30, 2025, the Company has not commenced commercial production therefore no amortization has been recognized.

8. INVESTMENTS

The Company's investments consist of common shares held in Blackbird Critical Metals Corp. ("Blackbird") (CNSX: BBRD) which were issued to the Company in connection with agreements for the sale or option of its exploration and evaluation assets (Note 6).

(Expressed in Canadian dollars)

8. INVESTMENTS (continued)

		Blackbird.
Cost, March 31, 2023 and March 31, 2024	$	240,000
Disposals		(216,000)
Cost March 31, 2025 and June 30, 2025	$	24,000
Adjustment to fair value, March 31, 2024	$	(22,500)
Disposals		186,300
Fair value adjustment for the year		(184,425)
Adjustment to fair value, March 31, 2025	$	(20,625)
Fair value adjustment for the quarter		(186)
Adjustment to fair value, June 30, 2025	$	(20,811)
Fair value, March 31, 2025	**$**	**3,375**
Fair value, June 30, 2025	**$**	**3,189**

On December 20, 2024, Blackbird consolidated its shares at a 1-for-10 ratio.

On January 22, 2025, the Company received $25,054 from the sale of 135,000 (1,350,000 before share consolidation) common shares of Blackbird. In connection with the sale, the Company recognized a loss on sale of marketable securities of $4,646.

As of June 30, 2025, the Company held 15,000 (1,500,000 before share consolidation) common shares of Blackbird, all of which were released from escrow on April 11, 2025.

As of June 30, 2025, the fair value of the common shares of Blackbird was $3,189 (March 31, 2025 - $3,375), based on the closing share price of Blackbird on that date.

During the three months ended June 30, 2025, the Company recorded a fair value loss on marketable securities of $186 (2024 – $150,000).

9. LONG-TERM ACCOUNTS PAYABLE

On March 27, 2020, the Company completed the acquisition of all the issued and outstanding shares of Metal Mountain Resources Inc. (“Metal Mountain”) in exchange for a total of 12,153,651 common shares of the Company. This transaction was accounted for as an asset acquisition, and as a result, the Company assumed $5,548,030 in long-term accounts payable.

On May 13, 2020, the Company entered into an agreement to amend a debt assignment agreement with AG Partner Holdings Ltd., initially entered into on March 27, 2020.

The Company negotiated an agreement to pay $3,818,097 of the total long-term accounts payable, by way of issuance of 1,909,048 common shares of the Company with a fair value of $2,271,767 on the date of the commencement of commercial production from the Dome Mountain Mine, subject to resale restrictions as set out below.

(Expressed in Canadian dollars)

9. LONG-TERM ACCOUNTS PAYABLE (Continued)

The shares will be subject to a hold period which will expire in accordance with the following schedule:

- 10% on each of 12 and 15 months of the date of issuance
- 15% on each of 18 and 24 months from the date of issuance; and
- 25% on each of 30 and 36 months from the date of issuance

Long-term accounts payable of $1,729,933 is unsecured, non-interest bearing, and payment is due within 30 months from the commencement date of commercial production at the Dome Mountain Mine. The payments will be made in quarterly payments from the available proceeds from the eventual sale of any gold and other metals or minerals mined and processed from the Dome Mountain Mine.

10. ASSET RETIREMENT OBLIGATION

The Company's asset retirement obligation consists of costs associated with the mine reclamation and closure activities on the Dome Mountain Mine (Note 6). These activities, which are site specific, include costs for earthworks, re-contouring, re-vegetation, water treatment and demolition. The expenditures are expected to occur in 2033 and go on for a ten-year period.

A continuity of the asset retirement obligation is as follows:

Balance, March 31, 2024	**$**	**5,867,655**
Accretion expense		200,645
Change in estimate		207,337
Balance, March 31, 2025	**$**	**6,275,637**
Accretion expense		43,369
Balance, June 30, 2025	**$**	**6,319,006**

During the three months ended June 30, 2025, the Company incurred accretion expense of $43,369 (June 30, 2024 – $50,161).

The total undiscounted cash flow estimated to settle the obligations as at June 30, 2025 is $6,641,203 (March 31, 2025 - $6,641,203), which was adjusted for inflation at the rate of 2.14% and then discounted at a rate of 2.81%. Certain minimum amounts of asset retirement obligation will occur each year with significant amounts expected to be incurred from 2030 to 2043.

11. RELATED PARTY TRANSACTIONS

Summary of key management personnel compensation:

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's Board of Directors and corporate officers.

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

For the three months ended		**June 30, 2025**		**June 30, 2024**
Consulting fees	$	36,000	$	36,000
	$	**36,000**	**$**	**36,000**

As at June 30, 2025, accounts payable and accrued liabilities include $12,000 (March 31, 2025 - $36,000) in connection with consulting fees and $nil (March 31, 2025 - $30,163) in connection with expense reimbursements owing to the President, CEO and director of the Company. The amount payable is unsecured, non-interest bearing and has no fixed terms of repayment.

As at June 30, 2025, receivables include $731 (March 31, 2025 - $731), from a company with the same key management personnel as the Company, in connection with the use of mining software subscription purchased by the Company. This receivable is unsecured, non-interest bearing, and have no fixed terms of repayment.

12. SHARE CAPITAL AND RESERVES

Authorized: Unlimited number of common shares without par value.

COMMON SHARES

For the three months ended June 30, 2025

- On April 17, 2025, 454,545 common shares were issued upon exercise of 454,545 warrants at a price of $0.14 per warrant for gross proceeds of $63,636. Upon exercise, a fair value of $nil was reclassified from reserves into share capital.

- On April 29, 2025, the Company closed the fourth tranche of their non-brokered private placement issuing 8,900,000 units at a price of $0.25 per unit, for aggregate gross proceeds of $2,225,000. Each unit consists of one common share in the capital of the Company and one-half of one transferrable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.35 per share until April 29, 2027. A value of $2,225,000 was allocated to the common shares in accordance with the residual value method. In connection with the non-brokered private placement, the Company incurred cash finders' fees of $46,000 and issued 4,000 finder's warrants with an estimated fair value of $1,281 calculated using the Black-Scholes pricing model and following inputs: risk-free interest rate of 2.56%, expected life of 2 years, annualized volatility of 135.6%, exercise price of $0.35, and share price of $0.45. Additionally, the Company incurred cash share issuance costs of $19,203.

- On June 24, 2025, 250,000 stock options were exercised at a price of $0.25 per option for gross proceeds of $62,500. Upon exercise, the Company transferred $44,560 from reserves to share capital. As of June 30, 2025 the Company recognized an obligation to issue shares in connection with this exercise.

- During the three months ended June 30, 2025, the Company received proceeds of $26,000 in connection with 200,000 options exercised subsequent to the period end. As of June 30, 2025 the Company recognized an obligation to issue shares in connection with this exercise.

12. SHARE CAPITAL AND RESERVES (Continued)

COMMON SHARES (Continued)

For the year ended March 31, 2025

- On March 28, 2025, the Company closed a non-brokered private placement financing and issued 5,397,000 units at a price of $0.25 per unit for gross proceeds of $1,349,250. Each unit consists of one common share in the capital of the Company and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.35 per share until March 28, 2027. As of March 31, 2025, $1,013,000 of the total proceeds were recorded as subscriptions receivable and were received subsequent to March 31, 2025. A value of $1,349,250 was allocated to the common shares in accordance with the residual value method. In connection with the non-brokered private placement, the Company issued 30,520 finders' warrants with a value of $8,365 estimated using the Black Scholes Pricing model and the following inputs: risk-free interest rate of 2.49%, expected life of 2 years, annualized volatility of 418.6%, exercise price of $0.35, and share price of $0.28. Additionally, the Company incurred cash share issuance costs of $14,864 of which $14,864 are in accounts payable and accrued liabilities as of March 31, 2025.

- On March 14, 2025, the Company closed a non-brokered private placement financing and issued 2,800,000 units at a price of $0.25 per unit for gross proceeds of $700,000. Each unit consists of one common share in the capital of the Company and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.35 per share until March 14, 2027. A value of $700,000 was allocated to the common shares in accordance with the residual value method.

RESTRICTD SHARE UNITS (RSUs)

For the three months ended June 30, 2025

On May 15, 2025, the Company issued 350,000 RSUs with 25% immediate vesting and 25% to vest every three months thereafter. Upon issuance, the Company recognized share-based compensation of $175,000estimated using the fair-value of the shares based on the market trading price on issue date. As of June 30, 2025, the Company recognized an obligation to issue shares of $43,750 in connection with the obligation to issue 87,500 common shares for RSUs vested in the period.

For the year ended March 31, 2025

On February 6, 2025, the Company issued 2,250,000 RSUs with immediate vesting. Upon issuance, the Company recognized share-based compensation of $393,750 estimated using the fair-value of the shares based on the market trading price on issue date. As of March 31, 2025, the Company recognized an obligation to issue shares of $393,750 in connection with the obligation to issue 2,250,000 shares upon vesting of the RSUs.

OBLIGATION TO ISSUE SHARES

As at June 30, 2025, the balance of obligation to issue shares includes:

- long-term accounts payable to be settled of $2,271,767 (March 31, 2024 - $2,271,767) over 30 months beginning on the date of the commencement of commercial production on the Dome Mountain Project (Note 8).
- $437,500 (March 31, 2025 - $393,750) in connection with 2,337,500 (March 31, 2025 – 2,250,000) common shares to be issued for RSUs vested.
- Proceeds of $26,000 received in advance as of June 30, 2025 (March 31, 2025- $nil) in connection with 200,000 common shares to be issued upon the exercise of 200,000 stock options on July 3, 2025. (Note 15).

(Expressed in Canadian dollars)

12. SHARE CAPITAL AND RESERVES (Continued)

OBLIGATION TO ISSUE SHARES (Continued)

- $107,060 in connection with the exercise of 250,000 stock options for gross proceeds of $62,500. Upon exercise, the Company transferred $44,560 from reserves to share capital.

STOCK OPTIONS

Stock Option Plan

The Stock Option Plan was adopted by the Company's board of directors on December 19, 2023. The aggregate number of securities reserved for issuance, set aside and made available for issuance under the Stock Option Plan may not exceed 10% of the issued and outstanding shares of the Company at the time of granting of options (including all options granted by the Company to date). The exercise price of any stock options granted under the Option Plan shall be determined by the Board, but may not be less than the greater of the closing market price of the Common Shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.

The term and vesting conditions of any stock options granted under the Stock Option Plan shall be determined by the Board at the time of grant but, subject to earlier termination in the event of termination or in the event of death.

Omnibus Plan

On October 30, 2024, the Company adopted an omnibus equity incentive compensation plan (the “Omnibus Plan’) in order to provide the Company and the Board with flexibility in respect of the types of non-transferable equity-based incentive awards (“Awards’’) that are available to the Board for grant to eligible Participants (as defined in the Omnibus Plan”), which Awards include stock options (“Options”), restricted share units (“RSUs”), share appreciation rights (“SARs”), deferred share units (“DSUs”), and performance share units (“PSUs”). Pursuant to the Omnibus Plan, the number of common shares in the capital of the Company reserved for issuance pursuant to Options granted under the Omnibus Plan will not, in the aggregate, exceed 10% of the then issued and outstanding Common Shares on a rolling basis. The number of common shares reserved for issuance pursuant to RSUs, SARs, DSUs, and PSUs granted under the Omnibus Plan will not, in the aggregate, exceed 11,758,524.

Stock Option Activity

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, March 31, 2024	**3,787,500**	**$0.81**
Granted	9,850,000	$0.14
Exercised	2,000,000	$0.13
Cancelled	(1,390,000)	$1.23
Outstanding and exercisable, March 31, 2025	**10,247,500**	**$0.24**
Granted	940,000	$0.40
Exercised	(250,000)	$0.25
Outstanding and exercisable, June 30, 2025	**10,937,500**	**$0.25**

12. SHARE CAPITAL AND RESERVES (Continued)

STOCK OPTIONS (Continued)

For the three months ended June 30, 2025

On April 1, 2025 the Company granted 540,000 stock options with an exercise price of $0.30 to consultants of the Company. The options expire after 5 years from date of issuance and vest immediately. The options were determined to have a fair value of $0.21 using the Black-Scholes model with the following inputs: risk-free interest rate of 2.57%, expected life of 5 years, annualized volatility of 95.67%, exercise price of $0.30, and share price of $0.30.

On May 15, 2025 the Company granted 150,000, stock options with an exercise price of $0.51 to consultants of the Company. The options expire after 5 years from date of issuance and vest 25% immediately, and 25% to vest every three months thereafter. The options were determined to have a fair value of $0.36 using the Black-Scholes model with the following inputs: risk-free interest rate of 2.76%, expected life of 5 years, annualized volatility of 95.74%, exercise price of $0.51, and share price of $0.50.

On June 9, 2025 the Company granted 250,000, stock options with an exercise price of $0.55 to consultants of the Company. The options expire after 5 years from date of issuance and vest quarterly commencing 3 months from date of issuance. The options were determined to have a fair value of $0.40 using the Black-Scholes model with the following inputs: risk-free interest rate of 2.96%, expected life of 5 years, annualized volatility of 95.52%, exercise price of $0.55, and share price of $0.54.

During the three months ended June 30, 2025, the Company recognized share-based compensation of $156,894 in connection with the vesting of stock options.

For the year ended March 31, 2025

On February 24, 2025, the Company granted 500,000 stock options with an exercise price of $0.25 to directors of the Company. The options expire on February 24, 2030 and vest immediately. The options were determined to have a fair value of $0.18 using the Black-Scholes model with the following inputs: risk-free interest rate of 2.76%, expected life of 5 years, annualized volatility of 98.6%, exercise price of $0.25, and share price of $0.24.

On February 6, 2025, the Company granted 200,000 stock options with an exercise price of $0.175 to directors of the Company. The options expire on February 6, 2030 and vest immediately. The options were determined to have a fair value of $0.13 using the Black-Scholes model with the following inputs: risk-free interest rate of 2.63%, expected life of 5 years, annualized volatility of 94.8%, exercise price of $0.175, and share price of $0.175.

On October 30, 2024, the Company granted 9,150,000 stock options with an exercise price of $0.13 to consultants, and directors of the Company. The options expire on October 30, 2029 and vest immediately. The options were determined to have a fair value of $0.10 using the Black-Scholes model with the following inputs: risk-free interest rate of 3.05%, expected life of 5 years, annualized volatility of 95.40%, exercise price of $0.13, and share price of $0.13.

During the year ended March 31, 2025, the Company recognized $989,112 in share-based compensation expense (2024: $nil) in relation to the issuance of stock options with immediate vesting.

During the year ended March 31, 2025, 1,390,000 vested stock options with a weighted average exercise price of $1.23 were cancelled upon the consultants' terminating their service agreement with the Company.

(Expressed in Canadian dollars)

12. SHARE CAPITAL AND RESERVES (Continued)

STOCK OPTIONS (Continued)

Details of stock options outstanding and exercisable as at June 30, 2025 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Vested	Exercise Price
July 13, 2025 (i)	237,500	237,500	$0.50
August 20, 2025	350,000	350,000	$0.60
March 19, 2026	100,000	100,000	$0.55
July 15, 2026	960,000	960,000	$0.70
January 11, 2027	450,000	450,000	$0.45
February 17, 2028	300,000	300,000	$0.35
October 30, 2029	7,150,000	7,150,000	$0.13
February 6, 2030	200,000	200,000	$0.18
February 24, 2030	250,000	250,000	$0.25
April 1, 2030	540,000	540,000	$0.30
May 15, 2030	150,000	37,500	$0.51
June 9, 2030	250,000	-	$0.55
Total	10,937,500	10,575,000	

(i) 137,500 expired unexercised subsequent to June 30, 2025.

As of June 30, 2025, the weighted average remaining life for outstanding options was 3.26 years (March 31, 2025 – 3.85 years).

As of June 30, 2025 the weighted average exercise price for outstanding options was $0.25 (March 31, 2024 - $0.24)

WARRANTS

Warrant activities are summarized in the table below.

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, March 31, 2024	5,372,782	$0.79
Granted	8,874,018	$0.26
Exercised	(1,181,817)	$0.14
Expired	(5,372,782)	$0.79
Outstanding and exercisable, March 31, 2025	**7,692,201**	**$0.29**
Granted	4,454,000	$0.35
Exercised	(454,545)	$0.14
Outstanding and exercisable, June 30, 2025	**11,691,656**	**$0.18**

On April 28, 2025, the Company issued 4,450,000 warrants issued to subscribers and 4,000 finders' warrants in connection with the closing of a non-brokered private placement financing.

On April 17, 2025, 454,545 warrants were exercised for gross proceeds of $63,636. Upon exercise, a fair value of $nil was reclassified from reserves into share capital.

(Expressed in Canadian dollars)

12. SHARE CAPITAL AND RESERVES (Continued)

WARRANTS (Continued)

As at June 30, 2025, the weighted average remaining life for outstanding warrants was 1 year (March 31, 2025 – 1.85 years).

As at June 30, 2025, the following warrants were outstanding:

Expiry date	Number of Options Outstanding	Exercise Price
October 30, 2026	1,913,636	$0.14
March 4, 2027	1,195,000	$0.35
March 14, 2027	1,400,000	$0.35
March 28, 2027	2,729,020	$0.35
April 28, 2027	4,454,000	$0.35
Total	11,691,656	

13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment – mineral exploration and development after transitioning the Company's exploration and evaluation assets to property, plant, and equipment. The Company's resource and development properties are all located in Canada and its long-term assets are located in Canada. The Company is in the exploration and development stage, and accordingly, has no reportable segment revenues.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its business objectives. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. The Company considers its capital structure to include equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms. The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the three months ended June 30, 2024.

(Expressed in Canadian dollars)

15. FAIR VALUE OF FINANCIAL INSTRUMENTS– FINANCIAL RISK MANAGEMENT

Fair values

	Level		June 30, 2025		March 31, 2025
FINANCIAL ASSETS					
FVTPL					
Investment in marketable securities	1	$	3,189	$	3,375
Other assets, at amortized cost					
Cash		$	2,763,410	$	1,410,147
Reclamation deposits			694,306		694,306
Receivables			46,675		39,592
Subscriptions receivable			112,500		1,013,000
Total financial assets		$	3,620,080	$	3,160,420

FINANCIAL LIABILITIES				
Other liabilities, at amortized cost				
Accounts payable and accrued liabilities	$	188,913	$	368,497
Long-term accounts payable		1,729,933		1,729,933
Total financial liabilities	$	1,918,846	$	2,098,430

The judgments and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in the condensed consolidated interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, The Company has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of the of the Company's financial assets and current financial liabilities are assumed to approximate their carrying values due to their short-term nature. The fair value of the Company's long-term accounts payable is assumed to approximate their carrying value, due to the nature of the item and are classified as long term as the Company is not expected to reach commercial production within the next 12 months (Note 8).

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at June 30, 2025, the Company had cash of $2,763,410 to settle current liabilities of $188,913 . The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt, or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, deposits and receivables. The risk arises from the non-performance by counterparties of contractual financial obligations. To minimize credit risk, the Company places cash and deposits with high credit quality financial institutions.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

The Company's receivables primarily consist of input tax credits due from the Government of Canada, and as such, receivables are not subject to significant credit risk. The Company's maximum credit risk is equal to the carrying amount of its cash, receivables, and deposits.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate because of changes in market interest rates. The Company does not have any variable rate debt, The interest earned on cash is insignificant and the Company does not rely on interest to fund its operations. As a result, the Company is not exposed to significant interest rate risk.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

The Company is also exposed to price risk with respect to its investment in Blackbird (Note 8). The Company closely monitors those prices to determine the appropriate course of action. There can be no assurance that the Company can exit its position, if required, resulting in proceeds approximating the carrying value of the investment.

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. As at June 30, 2025, the Company does not hold any financial instruments denominated in foreign currencies, as such the Company is not exposed to currency risk.

Currency Risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. As at June 30, 2025, the Company does not hold any financial instruments denominated in foreign currencies, as such the Company is not exposed to currency risk.

16. SUBSEQUENT EVENTS

On July 13, 2025, 37,500 vested stock options with an exercise price of $0.50 expired unexercised.

On July 22, 2025, 50,000 warrants were exercised at a price of $0.35 per warrant for gross proceeds of $17,500.

On August 8, 2025, the Company granted an aggregate of 3,500,000 stock options to certain consultants of the Company. Each option is exercisable at a price of $0.57 per common share and expires on August 8, 2027. The options vested immediately upon grant.

On August 20, 2025, 100,000 stock options were exercised at a price of $0.60. The related common shares have not been issued as of the date of this report.

16. SUBSEQUENT EVENTS (Continued)

Subsequent to the three months ended June 30, 2025, the Company issued 2,250,000 shares in connection with RSUs that vested as of June 30, 2025.

Subsequent to the three months ended June 30, 2025, 250,000 common shares were issued in connection with 250,000 stock options exercised as of June 30, 2025, for gross proceeds of $26,000 which were received during the three months ended June 30, 2025.

Subsequent to the three months ended June 30, 2025, 650,000 common shares were issued in connection with 650,000 stock options exercised for gross proceeds of $276,000.