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**BLUE LAGOON RESOURCES INC.**

Consolidated Financial Statements

For the Years Ended March 31, 2025, and 2024

*(Expressed in Canadian  
dollars)*

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Blue Lagoon Resources Inc.

### *Opinion*

We have audited the accompanying consolidated financial statements of Blue Lagoon Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the consolidated financial statements, which indicates that 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. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year ended. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

### *Assessment of Recoverable Amount of Exploration and Evaluation Assets on Transition to Property, Plant and Equipment ("PP&E")*

As described in Note 7 to the consolidated financial statements, the Company had property, plant and equipment with a carrying value of \$23,234,864 as at March 31, 2025. During the year ended March 31, 2025, the Company's exploration and evaluation asset transitioned to the development stage. As stated in Notes 3 and 4, this required a recoverable amount assessment pursuant to IFRS. The Company determined the recoverable amount using a value-in-use model based on discounted future cash flows.



The principal considerations for our determination that the assessment of transition and recoverable amount are key audit matters is that there was judgment made by management when assessing the appropriateness of transitioning the exploration and evaluation assets to PP&E, which necessitates an assessment of recoverable amount of the PP&E, including the use of significant estimates such as production volumes, commodity prices, and the discount rate. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence related to the estimates and judgments made by management on this transition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, but were not limited to:

- Evaluating the Company's judgment that its mineral property transitioned from an exploration and evaluation asset to PP&E, upon reaching the development stage.
- Assessing the supportability of the Company's judgment that, as of February 6, 2025, the recoverable amount of PP&E was in excess of its carrying amount, including utilizing our internal valuation expert to assess appropriateness of the model and key assumptions.
- Evaluating the reasonableness of key assumptions in the recoverable amount model, including forecast production and processing volumes, gold and silver price assumptions, and the discount rate, by comparing to external market data.
- Recomputing the mathematical accuracy of the model.

### ***Other Information***

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

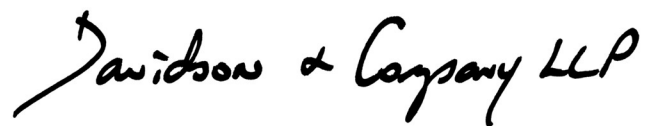
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year ended and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Hawkshaw.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 29, 2025

**BLUE LAGOON RESOURCES INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**As at**  
(Expressed in Canadian dollars)

	Note	March 31, 2025	March 31, 2024
<b><u>ASSETS</u></b>			
<b>Current assets</b>			
Cash		\$ 1,410,147	\$ 816,615
Receivables	5	98,653	63,083
Subscriptions receivable	12	1,013,000	-
Prepaid expenses		74,337	29,486
Investment in marketable securities	8	3,375	195,750
<b>Total Current Assets</b>		<b>2,599,512</b>	<b>1,104,934</b>
<b>Non-current assets</b>			
Reclamation deposits	6	694,306	661,312
Security deposits		12,534	12,534
Property, plant and equipment	7	23,234,864	-
Long-term investments	8	-	21,750
Exploration and evaluation assets	6	-	22,772,809
<b>Total Assets</b>		<b>\$ 26,541,216</b>	<b>\$ 24,573,339</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11	\$ 368,497	\$ 216,511
<b>Non-current liabilities</b>			
Long-term accounts payable	9	1,729,933	1,729,933
Asset retirement obligation	10	6,275,637	5,867,655
<b>Total Liabilities</b>		<b>8,374,067</b>	<b>7,814,099</b>
<b>Equity</b>			
Share capital	12	51,037,233	47,404,612
Obligation to issue shares	9, 12	2,665,517	2,271,767
Reserves	12	5,377,205	4,570,868
Deficit		(40,912,806)	(37,488,007)
<b>Total Equity</b>		<b>18,167,149</b>	<b>16,759,240</b>
<b>Total Liabilities and Equity</b>		<b>\$ 26,541,216</b>	<b>\$ 24,573,339</b>

Nature of operations and going concern (Note 1)

Subsequent events (Note 17)

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

"Rana Vig"

**Director**

"Gurdeep Bains"

**Director**

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

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

		<b>For the years ended,</b>	
	<b>Note</b>	<b>March 31, 2025</b>	<b>March 31, 2024</b>
<b>Expenses</b>			
General and administrative expenses		\$ 208,116	\$ 211,489
Consulting fees	11	193,977	146,325
Exploration expenses		1,064,544	1,443,770
Marketing		27,817	5,385
Professional fees		198,169	236,673
Share-based compensation	11, 12	1,382,862	-
<b>Total Operating Expenses</b>		<b>(3,075,485)</b>	<b>(2,043,642)</b>
<b>Other Items</b>			
Accretion	10	(200,645)	(73,445)
Interest income		40,402	29,202
Fair value loss on marketable securities	8	(184,425)	(1,147,500)
Impairment of exploration and evaluation asset	6	-	(650,000)
Flow-through tax expense		-	(10,465)
Loss on sale of marketable securities	8	(4,646)	-
<b>Loss and comprehensive loss</b>		<b>\$ (3,424,799)</b>	<b>\$ (3,895,850)</b>
<b>Basic and diluted loss per share</b>			
		<b>\$ (0.03)</b>	<b>\$ (0.04)</b>
<b>Weighted average number of common shares outstanding (basic and diluted)</b>			
		<b>116,329,354</b>	<b>110,811,069</b>

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

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

	Number of shares	Share capital \$	Obligation to issue shares \$	Reserves \$	Deficit \$	Total shareholders' equity \$
<b>Balance, March 31, 2023</b>	<b>101,355,960</b>	<b>45,636,506</b>	<b>2,271,767</b>	<b>4,570,868</b>	<b>(33,592,157)</b>	<b>18,886,984</b>
Non-flow through shares issued in private placement	12,679,286	1,775,100	-	-	-	1,775,100
Share issuance costs - cash	-	(6,994)	-	-	-	(6,994)
Loss	-	-	-	-	(3,895,850)	(3,895,850)
<b>Balance, March 31, 2024</b>	<b>114,035,246</b>	<b>47,404,612</b>	<b>2,271,767</b>	<b>4,570,868</b>	<b>(37,488,007)</b>	<b>16,759,240</b>
Shares issued pursuant to private placement	14,136,998	3,037,250	-	-	-	3,037,250
Share issuance costs	-	(41,223)	-	8,365	-	(32,858)
Exercise of warrants	1,181,817	165,454	-	-	-	165,454
Exercise of stock options	2,000,000	451,140	-	(191,140)	-	260,000
Vesting of RSU	-	-	393,750	(393,750)	-	-
Issuance of shares in lieu of NSR	70,175	20,000	-	-	-	20,000
Share-based compensation	-	-	-	1,382,862	-	1,382,862
Loss	-	-	-	-	(3,424,799)	(3,424,799)
<b>Balance, March 31, 2025</b>	<b>131,424,236</b>	<b>51,037,233</b>	<b>2,665,517</b>	<b>5,377,205</b>	<b>(40,912,806)</b>	<b>18,167,149</b>

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

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

	<b>For the years ended,</b>	
	<b>March 31, 2025</b>	<b>March 31, 2024</b>
<b>Cash flows used in operating activities</b>		
Loss for the period	\$ (3,424,799)	\$ (3,895,850)
Items not involving cash:		
Share-based compensation	1,382,862	-
Accretion	200,645	73,445
Interest income	(29,241)	(29,202)
Fair value loss on marketable securities	184,425	1,147,500
Loss on sale of marketable securities	4,646	-
Impairment of exploration and evaluation asset	-	650,000
Changes in non-cash working capital:		
Receivables	(39,323)	93,924
Prepaid expenses	(44,851)	15,025
Accounts payable and accrued liabilities	144,356	(38,089)
<b>Net cash used in operating activities</b>	<b>(1,621,280)</b>	<b>(1,983,247)</b>
<b>Cash flows provided by investing activities</b>		
Funds received from option agreement	-	50,000
Exploration and evaluation asset acquisition	(25,000)	(75,000)
Proceeds from sale of marketable securities	25,054	-
Equipment acquisition	(209,718)	-
<b>Net cash used in investing activities</b>	<b>(209,664)</b>	<b>(25,000)</b>
<b>Cash flow provided by financing activities</b>		
Proceeds from issuance of shares in private placements	2,024,250	1,775,100
Proceeds from warrant exercise	165,454	-
Proceeds from option exercise	260,000	-
Share issuance costs	(25,228)	(6,994)
<b>Net cash provided by financing activities</b>	<b>2,424,476</b>	<b>1,768,106</b>
Change in cash	593,532	(240,141)
Cash, beginning	816,615	1,056,756
<b>Cash, ending</b>	<b>\$ 1,410,147</b>	<b>\$ 816,615</b>
<b>Supplemental cash flow information:</b>		
Interest received	11,161	-
<b>Non-cash transactions:</b>		
Reclamation deposit interest reinvested (Note 6)	\$ 32,994	\$ -
Exploration and evaluation assets additions settled in shares (Note 6)	20,000	-
Subscriptions receivable (Note 12)	1,013,000	-
Share issuance costs in accounts payable and accrued liabilities (Note 12)	14,864	-
Non-cash share issuance costs – finders’ warrants (Note 12)	8,365	-
Vesting of RSUs (Note 12)	393,750	-
Reclassification of exploration and evaluation asset to property, plant and equipment (Note 7)	22,817,809	-
Change in estimate of asset retirement obligation (Note 10)	207,337	3,260,242

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

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**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.”

These consolidated 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 March 31, 2025, the Company had working capital of \$2,231,015 however, additional financing will be required in the next 12 months. These factors indicate the existence of material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. These consolidated 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 consolidated financial statements have been prepared in accordance with IFRS Accounting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

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

*Basis of Measurement and Consolidation*

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The consolidated 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.

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 consolidated financial statements are disclosed in Note 4.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**2. BASIS OF PREPARATION (Continued)**

These consolidated 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**

*Cash and Cash Equivalents*

Cash and cash equivalents include cash balances and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. The Company did not have any cash equivalents for the periods presented.

*Exploration and Evaluation Expenditures*

The cost of acquiring and maintaining the Company's interest in its exploration and evaluation assets are capitalized on a property-by-property basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a license is relinquished or a project is abandoned, the related costs are recognized in profit or loss immediately.

Exploration and evaluation costs are expensed as incurred. Costs directly related to the acquisition are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated which would be when all the necessary permits have been granted, and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

Management reviews the carrying value of capitalized mineral property interests at least annually. The review is based on management's assessment of the commercial viability of a property in addition to management's intentions for future development. Facts and circumstances which management may consider and may indicate impairment exists include: the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and sufficient data exist to indicate that, although development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

If a project does not prove viable, all unrecoverable costs associated with the project net of any previous impairment provisions are written off. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped property. Amounts shown for mineral property interests, net of write-downs and recoveries, are not intended to represent present or future values.

*Impairment of Long-lived Assets*

At the end of each reporting period, the Company reviews the carrying amounts of its equipment and finite life intangible assets to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it can identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate. This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows). If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss.

*Income Taxes*

Income tax expense comprises current and deferred income tax. Current tax and deferred tax are recognized in the statement of profit and loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income (loss).

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable income or loss.

Recognition of deferred tax assets for unused tax losses, tax credits, and deductible temporary differences is restricted to those instances where it is probable that future taxable income will be available against which the deferred tax asset can be utilized. At the end of each reporting year, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
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**3. MATERIAL ACCOUNTING POLICIES (Continued)**

*Decommissioning Liabilities*

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for a decommissioning liability is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value.

*Share-based Compensation*

The grant date fair value of share-based payment awards granted to employees is recognized as share-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the stock-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in reserves, unless exercised. Upon exercise, shares are issued from the treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

*Flow-through share private placement*

As an incentive to complete private placements the Company may issue common shares, which by agreement are designated as flow-through shares. Such agreements require the Company to spend the funds from these placements on qualified exploration expenditures and renounce the expenditures and income tax benefits to the flow-through shareholders, resulting in no exploration deductions to the Company.

The shares are usually issued at a premium to the trading value of the Company's common shares. The premium is a reflection of the value of the income tax benefits that the Company must pass on to the flow-through shareholders. On issue, share capital is increased only by the non-flow-through share equivalent value. Any premium is recorded as a flowthrough share premium liability.

The deferred income tax liability and reversal of the flow-through share premium liability are recorded on a pro-rata basis as the required exploration expenditure are completed.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

*Earnings (Loss) Per Share*

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period.

The treasury stock method is used for the calculation of diluted loss per share, whereby all “in the money” stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive.

*Financial Instruments*

Financial assets

Initial recognition and measurement

A financial asset is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue, except for financial assets carried at fair value through profit or loss (“FVTPL”). On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss.

A financial asset is measured at amortized cost if it meets the conditions that:

- i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
- ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- iii) is not designated as fair value through profit or loss.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at fair value through profit or loss*

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in the statement of profit or loss.

*Financial assets through other comprehensive income*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (“FVOCI”). Movements in the carrying amount are taken through other comprehensive income (“OCI”), except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is not reclassified from equity to profit or loss and remains in accumulated OCI. Interest income from these financial assets is included as finance income using the effective interest rate method.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

*Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*Impairment of financial assets*

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost. Loss allowances for accounts receivable are always measured at an amount equal to lifetime expected credit losses if the amount is not considered fully recoverable. A financial asset carried at amortized cost is considered credit-impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant financial assets are tested for credit-impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed.

*Financial liabilities*

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss, net of any directly attributable transaction costs, or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**3. MATERIAL ACCOUNTING POLICIES (Continued)**

*Share capital*

Instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, warrants and stock options are classified as equity instruments. Incremental costs directly attributable to the issue of new equity instruments are shown in equity as a deduction, net of tax, from the proceeds. In the event that the financing is not completed, these costs are expensed to profit or loss.

The Company has adopted a residual value method with respect to the measurement of common shares and warrants issued as private placement units. The fair value of the common shares issued is first measured, based on the bid price on the date the units are priced, and then the residual value of the proceeds is allocated first to flow-through share premium liability (if any) and then to the warrants (if any).

*New and amended IFRS standards not yet effective*

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after January 1, 2027). The Company has not yet determined the impact of this new standard on the group's consolidated financial statements.

In 2024, the International Accounting Standards Board ("IASB") issued amendments to IAS 1 to clarify the criteria for determining whether to classify a liability as current or non-current and cover what additional disclosures may also be required for liabilities subject to covenants, to IFRS 16 to clarify the accounting treatment for sale and leaseback transactions, providing guidance on how to determine whether the transaction should be accounted for as a sale or a financing transaction and IAS 7, to clarify the classification of supplier finance arrangements in the statement of cash flows regarding supplier finance arrangements, effective for annual periods beginning on or after January 1, 2024. The amendment introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The Company determined there is no impact of this new standard on the group's 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 year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognizes in the financial statements are discussed below.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**

*Estimates*

Share-based compensation

The fair value of share-based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and forfeiture rates, changes in subjective input assumptions can materially affect the fair value estimate.

Impairment of property, plant and equipment

In determination of recoverable amounts of mineral properties, mine development costs or its cash-generating unit CGU, the Company considers future anticipated production levels, operating and capital costs, long-term commodity prices, discount rates, amounts of recoverable reserves and mineral resources, and environmental remediation costs.

The Company considers both internal and external sources of information in assessing its property, plant and equipment and mineral properties for impairment indicators on an annual basis. If any such indication exists, the Company determines the recoverable amount, which is the greater of its value in use and fair value less costs to sell, using discounted cash flows expected to be derived from the CGU and the appropriate discount rate.

Asset retirement obligation

Liabilities for asset retirement obligations are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future property reclamation and closure costs. The provision for asset retirement obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability.

Factors that affect the final cost of remediation include estimates of the extent and costs of rehabilitation activities, the expected timing, technological changes, cost increases and changes in discount rates. Changes in the above factors can result in a change to the asset retirement obligation. This liability is reassessed and re-measured at each reporting date.

Income taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable income will be available against which a deductible temporary difference can be utilized.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)**

This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

*Judgments*

Impairment of property, plant and equipment

The application of the Company's accounting policy for property, plant and equipment requires judgment in determining the recoverable value of the CGU, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. Management considers both internal and external sources of information when determining the recoverable value, including geological and metallurgic information, economic assessments and/or studies, future exploration programs budgeted or planned, and permitting.

Recognition of development assets

The determination of whether an exploration and evaluation asset meets the criteria for recognition as a mining development asset is subject to critical judgments of management. Significant judgment is applied by management in assessing the recognition criteria for mining development assets, such as technical and economic feasibility of the project.

Title to mineral property concessions

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing historical characteristic of many properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**5. RECEIVABLES**

Receivables are composed of the following amounts:

	<b>March 31, 2025</b>		<b>March 31, 2024</b>	
GST receivable	\$	59,061	\$	20,470
Related party		731		-
Other		38,861		42,613
	<b>\$</b>	<b>98,653</b>	<b>\$</b>	<b>63,083</b>

**6. EXPLORATION AND EVALUATION ASSETS**

	<i>Dome Mountain Mine</i>	<i>Big Onion Project</i>	<i>Total</i>
	\$	\$	\$
<b>Balance, March 31, 2023</b>	<b>19,437,567</b>	<b>700,000</b>	<b>20,137,567</b>
Cash received per option agreement with Blackbird	-	(50,000)	(50,000)
Asset retirement obligation – change in estimate	3,260,242	-	3,260,242
Acquisition costs – cash	75,000	-	75,000
Impairment of exploration and evaluation assets	-	(650,000)	(650,000)
<b>Balance, March 31, 2024</b>	<b>22,772,809</b>	<b>-</b>	<b>22,772,809</b>
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)
<b>Balance, March 31, 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>

*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 (2024 - \$626,312) 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 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.

## **BLUE LAGOON RESOURCES INC.**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

### **6. EXPLORATION AND EVALUATION ASSETS (Continued)**

- 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 (Note 12).
- 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 subsequent to March 31, 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 mine 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.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**6. EXPLORATION AND EVALUATION ASSETS (Continued)**

- 2,000,000 common shares of Blackbird issued in the following installments:
  - o 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 subsequent to March 31, 2025)
  - o 250,000 common shares on or before 24 months following the Purchaser’s Listing Date;
  - o 250,000 common shares on or before 36 months following the Purchaser’s Listing Date; and
  - o 500,000 common shares on or before 48 months following the Purchaser’s List
  
- \$1,500,000 expenditures on the Big Onion project as follows:
  - o \$250,000 on or before 12 months following the Purchaser’s Listing Date (fulfilled);
  - o An additional \$250,000 on or before 24 months following the Purchaser’s Listing Date;
  - o An additional \$250,000 on or before 36 months following the Purchaser’s Listing Date; and
  - o 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 Onion Property resulting in a carrying value of \$nil.

**7. PROPERTY, PLANT AND EQUIPMENT**

	<i>Mineral Property Development Asset</i>	<i>Water Treatment Plant</i>	<i>Production Equipment</i>	<i>Total</i>
	\$	\$	\$	\$
<b>Balance, March 31, 2023 and 2024</b>	-	-	-	-
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
<b>Balance, March 31, 2025</b>	<b>23,025,146</b>	<b>94,048</b>	<b>115,670</b>	<b>23,234,864</b>

As of March 31, 2025, the Company has not commenced commercial production and the assets are not yet in use, 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).

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**8. INVESTMENTS (continued)**

		<b>Blackbird.</b>
Cost, March 31, 2023 and March 31, 2024	\$	240,000
Disposals		(216,000)
Cost March 31, 2025	\$	24,000
Adjustment to fair value, March 31, 2023	\$	1,125,000
Fair value adjustment for the year		(1,147,500)
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)
<b>Fair value, March 31, 2024</b>	<b>\$</b>	<b>217,500</b>
<b>Fair value, March 31, 2025</b>	<b>\$</b>	<b>3,375</b>

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 March 31, 2025, the Company held 15,000 (1,500,000 before share consolidation) common shares of Blackbird, of which 15,000 (150,000 before share consolidation) were held in escrow and restricted from trading and scheduled to be released from escrow on April 11, 2025. The Company received the shares subsequent to March 31, 2025.

As of March 31, 2025, the fair value of the common shares of Blackbird was \$3,375 (March 31, 2024 - \$217,500), based on the closing share price of Blackbird on that date, of which \$3,375 (March 31, 2024 - \$195,750) is presented within current assets and relates to common shares which are free trading or become free trading within the next 12 months.

During the year ended March 31, 2025, the Company recorded a fair value loss on marketable securities of \$184,425 (2024 – \$1,147,500).

**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.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(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 2030 and go on for a twenty-one-year period.

The obligation also consists of costs associated with the restoration of the Pellaire property of \$102,000.

A continuity of the asset retirement obligation is as follows:

<b>Balance, March 31, 2023</b>	<b>\$</b>	<b>2,533,968</b>
Changes in estimates (note 6)		3,260,242
Accretion expense		73,445
<b>Balance, March 31, 2024</b>	<b>\$</b>	<b>5,867,655</b>
Accretion expense		200,645
Change in estimate (note 7)		207,337
<b>Balance, March 31, 2025</b>	<b>\$</b>	<b>6,275,637</b>

During the year ended March 31, 2025, the Company incurred accretion expense of \$200,645 (2024 – \$73,445).

The total undiscounted cash flow estimated to settle the obligations as at March 31, 2025 is \$6,641,203 (March 31, 2024 - \$6,641,203), which was adjusted for inflation at the rate of 2.14% (2024 – 2.17%) and then discounted at a rate of 2.81% (2024 – 3.48%). 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 consist of members of the Company's Board of Directors and corporate officers.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**11. RELATED PARTY TRANSACTIONS (continued)**

<b>For the year ended</b>	<b>March 31, 2025</b>	<b>March 31, 2024</b>
Consulting fees	\$ 144,000	\$ 144,000
Share-based compensation	1,089,839	-
	<b>\$ 1,233,839</b>	<b>\$ 144,000</b>

As at March 31, 2025, accounts payable and accrued liabilities include \$36,000 (March 31, 2024 - \$nil) in connection with consulting fees and \$30,163 (March 31, 2024 - \$3,794) 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 March 31, 2025, receivables include \$731 (March 31, 2024 - \$nil), 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. The amount receivable is unsecured, non-interest bearing and has no fixed terms of repayment.

As at March 31, 2025, prepaid expenses include \$nil (March 31, 2024 - \$12,000) for management fees paid to a company controlled by the President, CEO and director of the Company which were applied to services during fiscal 2025.

**12. SHARE CAPITAL AND RESERVES**

Authorized: Unlimited number of common shares without par value.

**COMMON SHARES**

*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.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**12. SHARE CAPITAL AND RESERVES (Continued)**

- On March 4, 2025, the Company closed a non-brokered private placement financing and issued 2,390,000 units at a price of \$0.25 per unit for gross proceeds of \$597,500. 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 4, 2027. A value of \$597,500 was allocated to the common shares in accordance with the residual value method. In connection with the non-brokered private placement, the Company incurred share issuance costs of \$1,991.
- On October 30, 2024, the Company closed a non-brokered private placement financing and issued 3,549,998 units at a price of \$0.11 per unit for gross proceeds of \$390,500. Each unit consists of one common share in the capital of the Company and 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 \$0.14 per share until October 30, 2026. A value of \$390,500 was allocated to the common shares in accordance with the residual value method. In connection with the non-brokered private placement, the Company incurred share issuance costs of \$16,003.
- During the year ended March 31, 2025, 70,175 common shares were issued to settle an annual royalty payment of \$20,000 (Note 6).
- During the year ended March 31, 2025, 2,000,000 common shares were issued upon exercise of 2,000,000 stock options for proceeds of \$260,000. Upon exercise, the Company transferred \$191,140 from reserves to share capital.
- During the year ended March 31, 2025, 1,181,817 common shares were issued upon exercise of 1,181,817 warrants for gross proceeds of \$165,454. Upon exercise, a fair value of \$nil was reclassified from reserves into share capital.

*For the year ended March 31, 2024*

- On January 29, 2024, the Company closed a non-brokered private placement financing and issued 1,250,000 common shares at a price of \$0.14 per share for gross proceeds of \$175,000.
- On January 16, 2024, the Company closed a non-brokered private placement financing and issued 7,857,857 common shares at a price of \$0.14 per share for gross proceeds of \$1,100,100. In connection with the non-brokered private placement, the Company incurred share issuance costs of \$3,959.
- On August 28, 2023, the Company closed a non-brokered private placement financing and issued 3,571,429 common shares at a price of \$0.14 per share for gross proceeds of \$500,000. In connection with the non-brokered private placement, the Company incurred share issuance costs of \$3,035.

**RESTRICTD SHARE UNITS (RSUs)**

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 March 31, 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).
- \$393,750 (March 31, 2024 - \$nil) in connection with 2,250,000 common shares to be issued upon vesting of RSUs on February 6, 2025.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**STOCK OPTIONS**

*Stock Option Plan*

The Stock Option Plan was adopted by the Company's board of directors on October 30, 2024. 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*

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
<b>Outstanding and exercisable, March 31, 2023 and 2024</b>	3,787,500	\$0.81
Granted	9,850,000	\$0.14
Exercised	2,000,000	\$0.13
Cancelled	(1,390,000)	\$1.23
<b>Outstanding and exercisable, March 31, 2025</b>	<b>10,247,500</b>	<b>\$0.24</b>

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.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**12. SHARE CAPITAL AND RESERVES (Continued)**

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.

During the year-ended March 31, 2025, 2,000,000 stock options were exercised for proceeds of \$260,000. Upon exercise, the Company transferred \$191,140 from reserves to share capital in relation to the fair value of the options on issue date.

Details of stock options outstanding and exercisable as at March 31, 2025 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Vested	Exercise Price
July 13, 2025 <sup>(i)</sup>	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	\$0.175
February 24, 2030	500,000	500,000	\$0.25
<b>Total</b>	10,247,500	10,247,500	

(i) Expired unexercised subsequent to March 31, 2025.

As of March 31, 2025, the weighted average remaining life for outstanding options was 3.85 years (March 31, 2024 – 1.85 years).

As of March 31, 2025, the weighted average exercise price for outstanding options was \$0.24 (March 31, 2024 - \$0.81)

**WARRANTS**

Warrant activities are summarized in the table below.

	Number of Warrants	Weighted Average Exercise Price
<b>Outstanding and exercisable, March 31, 2023</b>	13,313,889	\$0.83
Expired	(7,941,107)	\$0.85
<b>Outstanding and exercisable, March 31, 2024</b>	5,372,782	\$0.79
Granted	8,874,018	\$0.26
Exercised	(1,181,817)	\$0.14
Expired	(5,372,782)	\$0.79
<b>Outstanding and exercisable, March 31, 2025</b>	<b>7,692,201</b>	<b>\$0.29</b>

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**12. SHARE CAPITAL AND RESERVES (Continued)**

On March 28, 2025, the Company issued 2,698,500 warrants. and 30,520 finders' warrants in connection with the closing of a non-brokered private placement financing.

On March 14, 2025, the Company issued 1,400,000 warrants in connection with the closing of a non-brokered private placement financing.

On March 4, 2025, the Company issued 1,195,000 warrants in connection with the closing of a non-brokered private placement financing.

On October 30, 2024, the Company issued 3,549,998 warrants in connection with the closing of a non-brokered private placement financing.

During the year ended March 31, 2025, 1,181,817 warrants were exercised for gross proceeds of \$165,454, Upon exercise, a fair value of \$nil was reclassified from reserves into share capital.

As of March 31, 2025, the weighted average remaining life for outstanding warrants was 1.85 years (March 31, 2024 - 0.04 years).

As of March 31, 2025, the following warrants were outstanding:

<b>Expiry date</b>	<b>Number of Warrants Outstanding</b>	<b>Exercise Price</b>
October 30, 2026	2,368,181	\$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
<b>Total</b>	<b>7,692,201</b>	

**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 year ended March 31, 2025.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**15. FAIR VALUE OF FINANCIAL INSTRUMENTS**

*Fair values*

	Level	March 31, 2025		March 31, 2024	
<b>FINANCIAL ASSETS</b>					
<b>FVTPL</b>					
Investment in marketable securities	1	\$	3,375	\$	217,500
<b>Other assets, at amortized cost</b>					
Cash		\$	1,410,147	\$	816,615
Reclamation deposits			694,306		661,312
Receivables			39,592		63,083
Subscriptions receivable			1,013,000		-
<b>Total financial assets</b>		\$	3,160,420	\$	1,758,510
<b>FINANCIAL LIABILITIES</b>					
<b>Other liabilities, at amortized cost</b>					
Accounts payable and accrued liabilities		\$	368,497	\$	216,511
Long-term accounts payable			1,729,933		1,729,933
<b>Total financial liabilities</b>		\$	2,098,430	\$	1,946,444

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 consolidated 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 they are due thirty months after the Company commences commercial production (Note 9).

*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 March 31, 2025, the Company had cash of \$1,410,147 to settle current liabilities of \$368,497. 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.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**15. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

*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.

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*

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 March 31, 2025, the Company does not hold any financial instruments denominated in foreign currencies, as such the Company is not exposed to currency risk.

**16. INCOME TAXES**

The reconciliation of the provision for income taxes at the federal statutory rate compared to the Company's income tax expense as reported is as follows:

<b>For the years ended</b>	<b>March 31, 2025</b>	<b>March 31, 2024</b>
Net loss	\$ (3,424,799)	\$ (3,895,850)
Statutory rate	27%	27%
Expected income tax expense (recovery)	(924,000)	(1,051,000)
Tax effect of:		
Change in statutory, foreign tax, foreign exchange rates and other	(131,000)	112,000
Permanent differences	400,000	152,000
Impact of flow-through shares	-	-
Share issue costs	(2,000)	-
Change in unrecognized deferred income tax assets	657,000	787,000
<b>Income tax provision</b>	<b>\$ -</b>	<b>\$ -</b>

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**16. INCOME TAXES (continued)**

The significant components of deferred income tax assets at March 31, 2025 and March 31, 2024 are as follows:

	March 31, 2025	March 31, 2024
Non-capital losses carried forward	\$ 4,289,000	\$ 4,072,000
Allowable capital losses	143,000	143,000
Property and equipment	712,000	709,000
Exploration and evaluation assets	4,117,000	3,747,000
Asset retirement obligation	1,694,000	1,584,000
Share issuance costs	37,000	80,000
Unrecognized deferred income tax assets	(10,992,000)	(10,335,000)
	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	March 31, 2025	Expiry Date	March 31, 2024	Expiry Date
Exploration and evaluation assets	\$15,367,000	No expiry date	\$13,878,000	No expiry date
Property and equipment	2,638,000	No expiry date	2,628,000	No expiry date
Share issue costs	138,000	2042 to 2047	297,000	2042 to 2047
Asset retirement obligation	6,276,000	No expiry date	5,868,000	No expiry date
Allowable capital losses	531,000	No expiry date	531,000	No expiry date
Non-capital losses available for future periods	15,887,000	2028 to 2045	15,080,000	2028 to 2044

The potential future tax benefits of these expenses and losses carried-forward have not been reflected in these financial statements due to the uncertainty regarding their ultimate realization. Tax attributes are subject to review, and potential adjustment by tax authorities.

**17. SUBSEQUENT EVENTS**

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. In connection with the private placement, the Company issued 4,000 finders' warrants with an exercise price of \$0.35 expiring on April 28, 2027.

On April 1, 2025, the Company granted 540,000 stock options to management and consultants with an exercise price of \$0.30 per share. The options vest immediately and expire on April 1, 2030.

On May 15, 2025, the Company granted 150,000 stock options to consultants with an exercise price of \$0.51 per share and expiring on May 15, 2030. The options vest 25% immediately and 25% to vest every three months thereafter.

On May 15, 2025, the Company issued 350,000 RSUs vesting 25% immediately, and 25% to vest every three months thereafter. No shares have been issued in connection with the vesting of the RSUs.

On June 9, 2025 the Company granted 250,000 stock options to consultants with an exercise price of \$0.55 per share and expiring on May 9, 2030. The options vest 25% quarterly commencing three months after issuance.

**BLUE LAGOON RESOURCES INC.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MARCH 31, 2025 AND 2024  
(Expressed in Canadian dollars)

**17. SUBSEQUENT EVENTS (continued)**

Subsequent to the year-ended March 31, 2025, 504,545 warrants were exercised for gross proceeds of \$81,136. The Company has issued 454,545 common shares in connection with these exercises.

Subsequent to the year-ended March 31, 2025, the Company issued 2,250,000 shares in connection with RSUs that vested during the year-ended March 31, 2025.

Subsequent to the year-ended March 31, 2025, 950,000 stock options were exercised for gross proceeds of \$368,500 of which \$30,000 are receivable.