

BLUE LAGOON RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended March 31, 2025 and 2024

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis

For the years ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of July 29, 2024, and should be read in conjunction with the consolidated financial statements for the years ended March 31, 2025 and 2024, and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All financial information in this MD&A has been prepared in accordance with IFRS and all dollar amounts are quoted in Canadian dollars, the reporting and functional currency of Blue Lagoon Resources Inc. ("Blue Lagoon" or the "Company") unless specifically noted.

FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding future results of operations, performance, and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as "anticipate," "believe," "estimate," "expect" and similar expressions. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties, and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

DESCRIPTION OF BUSINESS

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) 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."

Refer to "Exploration Projects" below for a detailed discussion of the Company's mineral resource interests.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis
 For the years ended March 31, 2025 and 2024
 (Expressed in Canadian dollars)

EXPLORATION PROJECTS

The following table summarizes the balance of exploration and evaluation assets as at March 31, 2025 and March 31, 2024 and the changes in exploration and evaluation assets for the periods then ended.

	<i>Dome Mountain Mine</i>	<i>Big Onion Project</i>	<i>Total</i>
	\$	\$	\$
Balance, March 31, 2023	19,437,567	700,000	20,137,567
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)
Balance, March 31, 2024	22,772,809	-	22,772,809
Acquisition costs – non-cash	20,000	-	20,000
Acquisition costs – cash	25,000	-	25,000
Transfer to development asset	(22,817,809)	-	(22,817,809)
Balance, March 31, 2025	-	-	-

During the year ended March 31, 2025, the balance of exploration and evaluation assets decreased by \$22,772,809 as a result of the reclassification of the Dome Mountain costs to mineral property development asset under property, plant and equipment.

During the year ended March 31, 2025, the Company incurred exploration and evaluation expenses of \$1,064,544 and \$1,443,770, which related to the Dome Mountain Mine and costs incurred in bringing the mine to development.

A breakdown of exploration and evaluation expenses by nature are summarized in the table below.

	2025	2024
For the year ended March 31,	\$	\$
Drilling	17,518	53,908
Salaries and wages	469,201	640,327
Geological consulting	312,763	229,377
Environmental and permitting	43,647	299,665
Sampling and assays	53,233	72,967
Equipment, vehicles, and freight	47,221	113,473
Supplies and other	120,961	158,681
Recovery	-	(124,628)
	1,064,544	1,443,770

Refer to the Company's press releases for detailed results of the drill, soil sampling, and ground geophysical programs which are available on the SEDAR+ website at <https://www.sedarplus.ca> and on the Company's website.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis

For the years ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

Additionally, on February 2, 2022, the Company filed a technical report titled "*Mineral Resource Estimate for the Dome Mountain Gold Project, Smithers, British Columbia, Canada*" (the "Technical Report") which can be found on the SEDAR+ website at <https://www.sedarplus.ca> and on the Company's website. Refer to the Technical Report and the Company's press release dated February 3, 2022 for additional detail of the resource estimate on the Dome Mountain Mine.

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 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.
- 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 on February 29, 2024. On March 4, 2025, the Company issued 70,175 common shares in settlement of the \$20,000 annual royalty payment due February 2025
- 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.
- Hilo Property; and
- Federal Creek Property
 - The interest in the property will be subject to a 3% NSR.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis

For the years ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

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

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 for a 100% ownership and beneficial interest in the Big Onion property. In order to exercise its option on the Big Onion property, 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:
 - o \$50,000 upon execution of the agreement; (received)
 - o \$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);
 - o \$50,000 on or before 24 months following the Purchaser's Listing Date;
 - o \$100,000 on or before 36 months following the Purchaser's Listing Date; and
 - o \$250,000 on or before 48 months following the Purchaser's Listing Date.
- 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 subsequently)
 - 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 Listing Date.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis

For the years ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

- \$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.

SELECTED ANNUAL INFORMATION

The following table presents a summary of selected annual financial information prepared under IFRS.

	Year ended March 31, 2025	Year ended March 31, 2024	Year ended March 31, 2023
	\$	\$	\$
Total Revenue	-	-	-
Loss and comprehensive loss	(3,424,799)	(3,895,850)	(12,213,651)
Loss per share (basic and diluted)	(0.03)	(0.04)	(0.12)
Total Assets	26,541,216	24,573,339	23,405,485
Non-current financial liabilities	1,729,933	1,729,339	1,729,933
Dividends declared	-	-	-

Loss and comprehensive loss and loss decreased by \$471,051 for the year ended March 31, 2025 compared to the year ended March 31, 2024. The decrease in loss is explained by decreased overall exploration expenses for the year ended March 31, 2025 and a decrease in impairment of exploration and evaluation asset. Further details of the losses incurred for the years ended March 31, 2025 and 2024 are described in "Results of Operations".

Loss and comprehensive loss decreased by \$8,317,801 for the year ended March 31, 2024 compared to the year ended March 31, 2023. The decrease in loss is explained by decreased overall corporate activities for the year ended March 31, 2024 and a decrease in impairment losses recorded. Further details of the losses incurred for the years ended March 31, 2024 and 2023 are described in "Results of Operations".

Total assets as of March 31, 2025 increased by \$1,967,877 compared to total assets as of March 31, 2024, primarily due to increase subscriptions receivable of \$1,013,000 and an increase in cash of \$593,532 from private placements closed in March 2025.

Total assets as of March 31, 2024 increased by \$1,167,854 compared to total assets as of March 31, 2023, primarily due to increase in exploration and evaluation assets of \$2,635,242, as discussed above, which was partially offset by a decrease in the carrying value of the investments due to a change in fair value of \$1,147,000 during the year.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis
For the years ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

RESULTS OF OPERATIONS

The following table summarizes the Company's financial results for the year ended March 31, 2025 and 2024.

Year ended March 31,	2025	2024	Change	Change
	\$	\$	\$	%
General and administrative expenses	208,116	211,489	(3,373)	(2)
Consulting fees	193,977	146,325	47,652	33
Exploration expenses	1,064,544	1,443,770	(379,226)	(26)
Marketing	27,817	5,385	22,432	417
Professional fees	198,169	236,673	(38,504)	(16)
Stock-based compensation	1,382,862	-	1,382,862	100
Total operating expenses	3,075,485	2,043,642	1,031,843	50
Accretion	200,645	73,445	127,200	173
Interest income	(40,402)	(29,202)	(11,200)	38
Fair value (gain) loss on marketable securities	184,425	1,147,500	(963,075)	(84)
Gain on sale of investments	4,646	-	4,646	100
Flow-through tax expense	-	10,465	(10,465)	(100)
Impairment of exploration and evaluation assets	-	650,000	(650,000)	(100)
Net loss and comprehensive loss	3,424,799	3,895,850	(471,051)	(12)

For the year ended March 31, 2025, the Company incurred a loss of \$3,424,799 compared to a loss of \$3,895,850 for the prior period. The decrease in loss of \$471,051 is explained below.

The Company experienced an decrease of \$3,373 in general and administrative expenses during the year ended March 31, 2025 primarily due to the Company's efforts in focusing resources on the advancement of the Dome Mountain project.

During the years ended March 31, 2025 and 2024 the Company incurred consulting expenses of \$193,977 and \$146,325, respectively. The increase of \$47,652 is due to new service agreements to support the Company's expansion efforts and increase in activity.

Exploration expenses incurred for the year ended March 31, 2025 totaled \$1,064,544 (2024 - \$1,443,770). The decrease in exploration expenses of \$379,226 is due to the capitalization of certain expenditures incurred after the criteria for recognition of development assets was met. Refer to "Exploration Projects" for additional detail.

The Company incurred marketing expenses for the years ended March 31, 2025 and 2024 of \$27,817 and \$5,385 respectively, representing an increase of \$22,432 over period. The increase in marketing expenses is a result of the Company renewing service agreements with third parties and the participation in mining industry events.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis

For the years ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

Professional fees for the year ended March 31, 2025 totaled \$198,169 (2024 - \$236,673), resulting in a decrease of \$38,504 compared to the same period of the prior year. Professional fees fluctuate based on the nature and timing of corporate and property related transactions.

Stock based compensation for the year ended March 31, 2025 totaled \$1,382,862 (2024 - \$nil), resulting in an increase of \$1,382,862 compared to the same period of the prior year due to the issuance of stock options and restricted share units during the year ended March 31, 2025.

The Company earns an interest income on cash and deposit balances. Interest income increased \$11,200 during the year ended March 31, 2025 compared to the prior year due to higher average cash balances held.

As of March 31, 2025, the fair value of the common shares of Blackbird was determined to be \$3,375 based on the closing share price of Blackbird on that date which exceeded the carrying value of the investment, and as a result the Company recorded a loss on fair value of \$184,425 during the year ended March 31, 2025. The fluctuations in the fair value (gain) loss on marketable securities are due to fluctuations in the share price of Blackbird.

During the year ended March 31, 2024, the Company incurred \$10,465 (2023 - \$nil) in flow-through tax expense related to the flow-through financing from 2022.

FOURTH QUARTER

The following table summarizes the Company's financial results for the three months ended March 31, 2025 and 2024.

Three months ended March 31,	2025	2024	Change	Change
	\$	\$	\$	%
General and administrative expenses	102,275	46,809	55,466	118
Consulting fees	80,277	36,925	43,352	117
Exploration expenses	568,154	182,879	385,275	211
Marketing	25,479	118	25,361	21492
Professional fees	60,851	77,198	(16,347)	-21
Stock-based compensation	508,396	-	508,396	100
Total operating expenses	1,345,432	343,929	1,001,503	291
Accretion	50,161	18,361	31,800	173
Interest income	(9,058)	(7,533)	(1,525)	20
Fair value (gain) loss on marketable securities	(75)	(105,000)	104,925	(100)
Flow-through tax expense	-	10,465	(10,465)	(100)
Impairment of exploration and evaluation asset	-	650,000	(650,000)	(100)
Gain on sale of investment	4,646	-	4,646	100
Net loss and comprehensive loss	1,391,106	910,222	480,884	53

For the three months ended March 31, 2025, the Company incurred a loss of \$1,391,106 compared to a loss of \$910,222 for the prior period. The increase in loss of \$480,884 is explained below.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis

For the years ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

The Company experienced an increase of \$55,466 in general and administrative expenses during the three months ended March 31, 2025 primarily due to an increase in insurance expense and investor relations.

During the three months ended March 31, 2025 and 2024 the Company incurred consulting expenses of \$80,277 and \$36,925, respectively. The increase of \$43,352 is due to new service agreements to support the Company's expansion efforts and increase in activity.

Exploration expenses incurred for the three months ended March 31, 2025 totaled \$568,154 (2024 - \$182,879). The increase in exploration expenses of \$385,275 is due to an increase in activity as the Company prepares to enter production. Refer to "Exploration Projects" for additional detail.

The Company incurred marketing expenses for the three months ended March 31, 2025 and 2024 of \$25,479 and \$118, respectively, representing a decrease of \$92,531 over period. The decrease in marketing expenses is a result of the Company renewing service agreements with third parties and the participation in mining industry events.

Professional fees for the three months ended March 31, 2025 totaled \$60,851 (2024 - \$77,198), resulting in a decrease of \$16,347 compared to the same period of the prior year. Professional fees fluctuate based on the nature and timing of corporate and property related transactions.

Stock based compensation for the three months ended March 31, 2025 totaled \$508,396 (2024 - \$nil), resulting in an increase of \$508,396 compared to the same period of the prior year due to the issuance of stock options and restricted share units during the three months ended March 31, 2025.

The Company incurred accretion expense for the three months ended March 31, 2025 of \$50,161 which related to accretion on the Company's asset retirement obligation. During the three months ended March 31, 2024, the Company incurred accretion expense of \$18,361. The increase in accretion expense is due to an increase in the estimated future cashflows of the asset retirement obligation.

The Company earns interest income on cash and deposit balances. Interest income increased by \$1,525 during the three months ended March 31, 2025 compared to the same period in prior year due to higher average cash balances held.

During the three months ended March 31, 2025, the Company incurred \$nil (2024 - \$10,465) in flow-through tax expense related to the flow-through financing from 2022. This is was a one time expense associated with the 2022 financing.

SUMMARY OF QUARTERLY RESULTS

The following table summarizes the financial results of the Company for each of the eight most recently completed three-month periods prepared under IFRS.

Three months ended	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss and comprehensive loss	(1,391,106)	(1,193,712)	(345,053)	(494,928)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.00)	(0.00)

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis

For the years ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

Three months ended	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss and comprehensive loss	(910,222)	(540,651)	(747,717)	(1,697,260)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.02)

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company's expenditures are driven by the availability of financing to fund continued operations and exploration programs. The substantial decrease in the net loss for the three months ended June 30, 2023 was a result of the absence of impairment loss on exploration and evaluation assets, as compared to the previous quarter. Net loss decreased further for the three months ended September 30, 2023 and December 31, 2023 due to a decrease in the fair value loss on marketable securities as a result of fluctuations in the fair value of marketable securities compared to the previous quarter. Net loss increased for the three months ended March 31, 2024 due to impairment of the Big Onion. Net loss decreased for the three months ended June 30, 2024, due to the impairment of the Big Onion property recognized in the prior quarter. The net loss decreased for the three months ended September 30, 2024, was due to the decrease in exploration costs due to reduced activity. The net loss increase for the three months ended December 31, 2024, was due to share-based compensation recognized in relation to the October 30, 2024 grant. The net loss increase for the three months ended March 31, 2025, was due to an increase in accretion expenses, exploration expenses and share-based compensation.

SHARE CAPITAL

The Company has authorized an unlimited number of common shares without par value for issuance.

The Company has securities outstanding as follows:

Security Description	March 31, 2025	Date of Report
Common shares	131,424,236	143,978,781
Restricted share units vested	2,250,000	87,500
Restricted share units unvested	-	262,500
Warrants	7,692,201	11,641,656
Stock options	10,247,500	10,237,500
Fully diluted shares	151,613,937	166,207,937

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 (a "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 year-end. A gross fair 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 fair value of \$8,365 estimated using the Black Scholes Pricing model. Additionally, the Company incurred

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis

For the years ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

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 (a "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 gross fair value of \$700,000 was allocated to the common shares in accordance with the residual value method.

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 (a "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 gross fair 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, resulting in the issuance of 3,549,998 shares. A gross fair 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 \$16,006.

During the year ended March 31, 2025, 70,175 common shares were issued to settled 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 in relation to the fair value of the options on issue date.

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 in relation to the fair value of the warrants on issue date.

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.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis

For the years ended March 31, 2025 and 2024

(Expressed in Canadian dollars)

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) on the date of the commencement of commercial production on the Dome Mountain Project.
- \$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.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2025, the Company had cash of \$1,410,147 (2024 - \$816,615) and working capital surplus of \$2,231,015 (2024 - \$888,423). The increase in working capital of \$1,342,592 during the year ended March 31, 2025 is primarily due the increase in cash of \$593,532 and the increase in subscriptions receivable of \$1,013,000 in connection with the private placements closed in March 2025.

The Company may have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

The Company's cash flows for the year ended March 31, 2025 and 2024 are summarized below.

Year ended March 31,	2025	2024
	\$	\$
Cash used in operating activities	(1,621,280)	(1,983,247)
Cash provided by (used in) investing activities	(209,664)	(25,000)
Cash provided by financing activities	2,424,476	1,768,106
Change in cash during the period	593,532	(240,141)
Cash, beginning of the period	816,615	1,056,756
Cash, end of the period	1,410,147	816,615

Operating activities

Cash used in operating activities adjusts loss for the period for non-cash items including, but not limited to, accretion expense, stock-based compensation, impairment losses, and gains and losses recorded on investments. Cash used in operating activities also reflects changes in working capital items, such as receivables, prepaid expenses and amounts payable, which fluctuate in a manner that does not necessarily reflect predictable patterns for the overall use of cash, the generation of which depends almost entirely on sources of external financing to fund operations. Refer also to "Results of Operations" above.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis
For the years ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

Investing activities

Cash used in investing activities for the year ended March 31, 2025 totalled \$209,664 which primarily relate to additions to property, plant and equipment in connection with the development of the Dome Mountain property.

Cash used by investing activities for the year ended March 31, 2024 totalled \$25,000 which relate to a \$50,000 option payment received pursuant to the option agreement for the sale of the Big Onion Project, offset by a royalty payment totaling \$75,000 for the McKendrick, Dome Mountain and Freegold Properties.

Financing activities

During the year ended March 31, 2025, the Company received total gross proceeds of \$2,024,250 from the issuance of common shares through the closing of private placements and incurred share issuance costs of \$25,228. The Company also received proceeds of \$425,454 in connection with the exercise of options and warrants.

During the year ended March 31, 2024, the Company received total gross proceeds of \$1,775,100 from the issuance of common shares and incurred share issuance costs of \$6,994.

The Company has no operating revenues and therefore must utilize its cashflows from financing transactions to maintain its capacity to meet ongoing operating activities.

The Company has minimal debt, and its credit and interest rate risk is minimal. Accounts payable and accrued liabilities are short-term and non-interest-bearing.

FINANCIAL INSTRUMENTS AND RISKS

The fair values of the Company's 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.

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.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash, deposits and receivables. The Company limits its exposure to credit loss by placing its 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.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis
For the years ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

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. 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.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

ADOPTION OF NEW STANDARDS AND INTERPRETATIONS AND RECENT ACCOUNTING PRONOUNCEMENTS

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any new standards and has determined that there are no new standards that are relevant to the Company.

TRANSACTIONS BETWEEN RELATED PARTIES

Summary of key management personnel compensation:

Key management personnel include those people who have 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.

Management's Discussion and Analysis
For the years ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

Remuneration attributable to key management personnel is summarized in the table below.

For the year ended	March 31, 2025	March 31, 2024
Management fees ⁽¹⁾	\$ 144,000	\$ 144,000
Consulting fees ⁽²⁾	-	-
	\$ 144,000	\$ 144,000

(1) R2A2 Holdings Inc. and Troy Minerals, companies controlled by Rana Vig, President, CEO and Director

As at March 31, 2025, accounts payable and accrued liabilities \$36,000 (March 31, 2024 - \$nil) in connection with management 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 rendered subsequent to the period end.

OTHER

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR+ website at <https://www.sedarplus.ca>.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

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.

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis
For the years ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

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

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.