BLUE LAGOON RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the years ended March 31, 2026 and 2025

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 August 5, 2026, and should be read in conjunction with the consolidated financial statements for the year ended March 31, 2026 and 2025, 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 a Canadian gold and silver producer engaged in the mining, development, and exploration of mineral resource properties in British Columbia, Canada. The Company's flagship asset is its 100%-owned Dome Mountain Gold and Silver Project located near Smithers, BC, operated through its wholly-owned subsidiary, Gavin Mines Inc. The Dome Mountain Mine achieved commercial production on May 19, 2026. Mineralized material extracted at the mine is processed under a toll milling agreement with Nicola Mining Inc. at its Merritt, British Columbia facility, with the resulting gold and silver concentrate sold to Ocean Partners Holdings Ltd. under a long-term offtake arrangement.

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."

CORPORATE HIGHLIGHTS

- In February 2025, the **Company obtained their final mine permit for its Dome Mountain Project** from the Ministry of Mining and Critical Minerals and its effluent/discharge permit from the Ministry of Environment and Parks of British Columbia for its 100% owned Dome Mountain Gold Project, allowing for initial production of up to 55,000 tonnes per year.

- Immediately after the receipt of the Mining Permit in February 2025, the Company focused on finishing last **preparatory activities and tasks related to the safe and secure opening of the Dome Mountain Gold Mine**, including the required installation of a planned water treatment facility at site.

- In February and March 2025, the Company announced the formation and strengthening respectively of a **Mining Committee of industry experts**, that was tasked with successfully guiding the Company's transition from an exploration-focused company to a near-term gold and silver producer.

- On April 16, 2025, the Company **successfully concluded the last tranche of a non-brokered financing** that totaled $5,262,250, in order to be able to advance the Dome Mountain Gold Project to production.

- The Company holds an active milling agreement with Nicola Mining and is shipping its mined mineralized material to their milling facilities at Merritt, B.C. for processing. On June 23, 2025, the Company **secured a $2M unsecured, line of credit with Nicola Mining** enhancing financial flexibility ahead of production. The credit facility is still valid and hasn't been utilized to date.

- On July 9, 2025, the **Company officially inaugurated the Dome Mountain Gold Mine**. The celebration brought together over 100 guests from across Canada and abroad, including dignitaries from the Federal and the BC governments, as well as the local communities and the town of Smithers. In a powerful display of cultural heritage and support, 18 Hereditary Chiefs and Guardians from the Lake Babine Nation (LBN) attended the opening ceremonies.

- On September 15, 2025, the Company announced **the commissioning of the newly built state-of-the-art Water Treatment Plant** at site. The plant was designed to meet all regulatory discharge standards at a capacity of 400 litres per minute, more than six times the current requirements, ensuring ample capacity as operations scale. This robust infrastructure underscores Blue Lagoon's commitment to environmental stewardship while supporting safe and efficient underground development.

- On September 25, 2025, the Company announced the first blasting activities at the mine, **officially starting active mining operations at the Dome Mountain Gold Mine**.

- On September 29, 2025, the Company announced the **extension of its milling agreement with Nicola Mining to 10 years**, securing the efficient long-term processing of Dome Mountain Gold Mine's mineralized material.

- On December 15, 2025, the Company announced the delivery of the first mineralized material to the Nicola Mining's processing facilities at Merritt, BC, an update on the continued underground mining operations, as well as the fact that Blue Lagoon was selected to receive the Prospectors &

Developers Association of Canada (PDAC) 2026 Sustainability Award, recognizing leadership in environmental stewardship and meaningful community relations in mining.

- On December 30, 2025, the Company announced its first gold and silver sale of approximately $970,000 in proceeds from mineralized material that was delivered earlier December 2025 to the Company's milling partner, Nicola Mining, for processing.

- On January 5, 2026, the Company announced that underground production activities at the Dome Mountain Gold Mine had resumed following the holiday period and were ramping up, with operations expected to achieve approximately 100 tonnes per day and progress toward higher throughput levels. The Company also reported the delivery of mineralized material to its toll milling partner, Nicola Mining Inc., and receipt of its first payment related to processed material, marking an important step toward establishing operating cash flows.

- On January 13, 2026, the Company announced the addition of a second underground production shift and its transition into a higher-throughput phase of operations at the Dome Mountain Gold Mine, supported by increased mining activity, additional equipment, and continued shipments of mineralized material to Nicola Mining Inc.

- On March 5, 2026, the Company announced that it had been awarded the 2026 PDAC Sustainability Award in recognition of its leadership in environmental stewardship and its strong partnership with the Lake Babine Nation at the Dome Mountain Gold Project.

- On March 18, 2026, the Company announced that its toll milling partner, Nicola Mining Inc., had processed approximately 2,954 dry tonnes of Dome Mountain mineralized material, producing over 210 tonnes of gold and silver concentrate and achieving gold recoveries of approximately 93.4%, with additional mineralized material remaining for processing.

- On April 17, 2026, the Company announced that it had achieved consistent underground production levels of approximately 100 tonnes per day at the Dome Mountain Gold Mine and continued its ramp-up toward its targeted production rate of 150 tonnes per day, supported by the engagement of a second mining contractor and cumulative concentrate sales totaling approximately US$4.1 million.

- On April 17, 2026, the Company also announced the commissioning of its on-site fire assay laboratory, enabling faster sample analysis and supporting more efficient settlement cycles for concentrate sales.

- On May 19, 2026, the Company announced that Ocean Partners UK Limited, its concentrate offtaker, agreed to make an equity investment in Blue Lagoon at market price with no warrant incentive. Nicola Mining Inc., the Company's milling partner, also holds an equity position in the Company, aligning the interests of all three parties across mining, milling, and offtake operations.

- On May 19, 2026, the Company announced that it had officially attained commercial production at the Dome Mountain Gold and Silver Project following sustained underground mining rates above 100 tonnes per day for more than 30 consecutive days.

(Expressed in Canadian dollars)

KEY OPERATING & FINANCIAL ACTIVITIES

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

The following table summarizes the balance of exploration and evaluation assets as at March 31, 2026, and March 31, 2025, and the changes in exploration and evaluation assets for the periods then ended.

		Dome Mountain mine		***Total***
Balance, March 31, 2024 – as restated	**$**	**19,840,826**	**$**	**19,840,826**
Acquisition costs - cash		20,000		20,000
Acquisition costs - non-cash		25,000		25,000
Transfer to development asset		(19,885,826)		(19,885,826)
Balance, March 31, 2025 and March 31, 2026	**$**	**-**	**$**	**-**

During the year ended March 31, 2025, the balance of exploration and evaluation assets decreased by $19,840,826 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, 2026, the Company did not incur any exploration and evaluation expenses, as the Dome Mountain property transitioned to active mine development ahead of the commencement of production on January 18, 2026. Costs incurred during the year related to the development of the Dome Mountain Mine were capitalized as mine development costs. This compares to $1,064,544 in exploration and evaluation expenses during the year ended March 31, 2025, which primarily consisted of salaries and wages, geological consulting, and supplies costs incurred in advancing the property toward production.

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

		Year ended March 31,		
Exploration and evaluation expenses		**2026**		**2025**
Drilling	$	-	$	17,518
Salaries and wages		-		469,201
Geological consulting		-		312,763
Environmental and permitting		-		43,647
Sampling and assays		-		53,233
Equipment, vehicles, and freight		-		47,221
Supplies and other		-		120,961
Total	**$**	**-**	**$**	**1,064,544**

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.

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 details 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 has made payments of $789,500 (March 31, 2025 - $nil) towards a surety bond of $1,579,000 related to the Dome Mountain Mine, and held reclamation deposits of $28,000 (March 31, 2025 - $638,306) related to the Dome Mountain Mine.

The Company's remaining commitments relating to the surety bond are as follows:

- $500.000 due March 31, 2026 (paid subsequent to year-end)
- $716,667 due December 31, 2026
- $716,667 due December 31, 2027
- $716,667 due December 31, 2028

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

- Dome Mountain Project
  - Upon the property commencing commercial production, the Company agreed to pay an NSR equal to the greater of 1.5% or $30,000 per annum as an advanced royalty. Commercial production is reached once the Company mines an average of 100 tonnes per day for more than 30 consecutive days.
  - During the year ended March 31, 2026, the Company commenced mining and shipment of gold-rich mineralized material from the Dome Mountain Project.

- 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. The Company has the right to purchase 1% of the NSR for the aggregate sum of $1,000,000. On March 4, 2025, the Company issued 70,175 common shares in settlement of the $20,000 annual royalty payment due February 2025.
  - As of March 31, 2026, the Freegold Property has not commenced production

- 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.
  - As of March 31, 2026, the Freegold Property has not commenced production

- Hilo Property; and
  - As of March 31, 2026, the Freegold Property has not commenced production

- Federal Creek Property
  - The interest in the property will be subject to a 3% NSR.
  - As of March 31, 2026, the Freegold Property has not commenced production

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 (paid)
- $50,000 in cash payable within a week of the mine starting commercial production (accrued)

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 payments totaling $500,000, issue total of 2,000,000 common shares of Blackbird to the Company and incur $1,500,000 in exploration and development expenditures on the property. 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%).

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.

The Company entered into an agreement dated April 7, 2026, and amended June 30, 2026, whereby the Company granted a British Columbia company the option to purchase the Big Onion project. The option may be exercised in exchange for payment to the Company of $500,000 in cash over two years and the issuance of 2,000,000 shares of the British Columbia company payable over three years subject to the British Columbia company completing a going public transaction within a prescribed period of time. In addition, the British Columbia company must incur at least $2,000,000 of exploration expenditures on the property within four years in order to complete the exercise of the option. The Company will retain a 1.125% net smelter returns royalty on the Big Onion property, which may be reduced at the rate of $250,000 per 0.25%.

Pellaire Gold Property

During the year ended March 31, 2021, the Company exercised its option to acquire the 100% interest in the Pellaire Gold Property, located in the Clinton Mining Division of British Columbia. The seller retains a 2.5% net smelter royalty interest ("NSR"). The Company has the right to purchase 2% of the NSR for US$1,000,000 at any time prior to commencement of commercial production, which if exercised would leave the vendor with a 0.5% NSR. During the year ended March 31, 2023, impaired the property to $nil.

As of March 31, 2026, the Company held a reclamation deposit of $21,000 related to the Pellaire Gold Property.

(Expressed in Canadian dollars)

OPERATING STATISTICS

Underground mining at the Dome Mountain Mine commenced in September 2025, with production taking place during fiscal 2026 and commercial production levels achieved on May 19, 2026. As a result, the Company began reporting operating statistics during the period ended March 31, 2026. These metrics provide insight into mining activity and production levels for the year ended March 31, 2026.

During the period, the Company mined 5,953 tonnes of mineralized material and delivered 5,577 dry tonnes to Nicola Mining Inc. for toll milling. Revenue of $3,719,524 was recognized during the year from the sale of gold and silver ore, representing the Company's proportionate share of gross proceeds from ore deliveries to Nicola Mining Inc. for processing. Revenue is recognized at the point of delivery to the mill based on estimated payable metal content and prevailing gold and silver market prices, with final pricing determined over the quotational period following shipment.

The following table summarizes key operating statistics for the year ended March 31, 2026:

Operating statistics	**Units**	**Oct-Dec 2025**	**Jan-Mar 2026**	**Year ended Mar 31, 2026**
Mineralized material mined	tonnes	1,490	4,463	5,953
Waste mined	tonnes	4,287	5,394	9,681
Total mined	**tonnes**	**5,777**	**9,857**	**15,634**
Mineralized material delivered to mill	tonnes	1,293	4,284	5,577
Concentrate produced	tonnes	-	341	341

RESULTS OF OPERATIONS

The following table summarizes the Company's financial results for the year ended March 31, 2026, and 2025.

Year ended March 31,	**2026 $**	**2025 (Restated) $**	**Change $**	**Change %**
Revenue	3,719,524	-	3,719,524	100%
Cost of revenue	3,235,330	-	3,235,330	100%
Gross Profit	**484,194**	**-**	**484,194**	**100%**
General and administrative expenses	930,359	208,116	722,243	347%
Depreciation	27,910	-	27,910	100%
Consulting fees	929,703	193,977	735,726	379%
Exploration expenses	-	1,064,544	(1,064,544)	-100%
Marketing	237,966	27,817	210,149	755%
Mine Operating Expenses	233,706	-	233,706	100%
Professional fees	289,942	198,169	91,773	46%
Share-based compensation	4,573,367	1,382,862	3,190,505	231%
Total operating expenses	**7,222,953**	**3,075,485**	**4,147,468**	**135%**

(Expressed in Canadian dollars)

Year ended March 31,	2026 $	2025 (Restated) $	Change $	Change %
Other items				
Accretion	231,195	356,676	(125,481)	-35%
Interest income	(39,985)	(40,402)	417	-1%
Gain on sale of investment	-	4,646	(4,646)	-100%
Interest on lease liabilities	5,979	-	5,979	100%
Gain on debt settlement	(123,660)	-	(123,660)	100%
Fair value (gain) loss on marketable securities	(1,625)	184,425	(186,050)	-101%
Loss and comprehensive loss	**6,810,663**	**3,580,830**	**3,229,833**	**90%**

For the year ended March 31, 2026, the Company incurred a loss of $6,810,663 compared to a loss of $3,580,830 for the prior period. The increase in loss of $3,229,833 is explained below.

Revenue and cost of revenue
Revenue of $3,719,524 was recognized during the year representing the Company's share of proceeds from the sale of gold and silver ore produced at the Dome Mountain Mine and received by Nicola Mining Inc. There was no revenue in the prior year as production had not yet commenced. Cost of revenue of $3,235,330 represents the direct mining, trucking, and production overhead costs associated with ore sold during the year, including depreciation of mining production assets of $188,446 capitalized to inventory and recognized in cost of sales. This resulted in gross profit of $484,194 for the year. Gross profit during the year reflects the early-stage ramp-up of mining operations, during which the Company incurred higher unit costs associated with mine start-up activities and significant underground development work. This development work was undertaken to establish access to additional mining areas and support more consistent and efficient production as the operation progresses toward steady-state conditions.

General and administrative expenses
General and administrative expenses increased by $722,243 (347%) to $930,359, primarily driven by higher office and general costs ($297,203), travel ($238,347), and investor relations and regulatory fees ($234,757), reflecting the significant increase in corporate and site-level activity associated with the Company's transition to active production, as well as higher insurance costs of $141,503 resulting from increased coverage requirements.

Depreciation
Depreciation of $27,910 was recognized for the first time in the current year, commencing with the recognition of the mine asset on January 18, 2026. This represents depreciation of right-of-use assets and other non-production assets not capitalized through inventory.

Consulting fees
Consulting fees increased by $735,726 (379%) to $929,703, reflecting higher operational and strategic consulting activity supporting the production ramp-up at the Dome Mountain Mine during the year.

Exploration expenses
Exploration expenses decreased by $1,064,544 (100%) to nil. Upon recognition of a mine development asset and subsequent reclassification to a mine asset, all Dome Mountain expenditures were capitalized as mine development costs or expensed through cost of revenue. The prior year balance of $1,064,544

primarily consisted of salaries and wages, geological consulting, and supplies costs incurred in advancing the property toward production.

Marketing
Marketing expenses increased by $210,149 (755%) to $237,966, primarily reflecting the engagement of a marketing and corporate awareness program during the year to support the Company's transition to producer status.

Mine operating expenses
Mine operating expenses of $233,706 were incurred for the first time in the current year, representing site-level operating costs at the Dome Mountain Mine not directly attributable to the production of inventory, including site management services, technical and environmental consulting, supplies, and crew accommodation.

Professional fees
Professional fees increased by $91,773 (46%) to $289,942, reflecting higher audit, legal, and compliance costs associated with the Company's increased operational activity and reporting obligations as a producing company.

Share-based compensation
Share-based compensation increased by $3,190,505 (231%) to $4,573,367, driven by a higher volume and value of equity grants during the year compared to the prior period. During the year ended March 31, 2026, the Company granted stock options on April 1, May 15, June 9, August 7, December 19, 2025, and March 20, 2026. The Company also granted 350,000 RSUs on May 15, 2025, vesting 25% immediately and 25% every three months thereafter, resulting in share-based compensation of $175,000.

Accretion expense
Accretion expense of $231,195 decreased by $125,481 as compared with the prior year (restated $356,676), representing the unwinding of the discount on the asset retirement obligation of $173,478, the unwinding of the discount on the long-term accounts payable of $38,386, and the financing component of the related party loans of $19,331. During the year ended March 31, 2026, the Company completed an updated ARO assessment reflecting revised cost estimates for site reclamation and closure activities at the Dome Mountain Mine, resulting in a change in estimate of $1,016,508 which increased the ARO balance to $7,465,623 (March 31, 2025 - $6,275,637). The updated estimate reflects an increase in the total undiscounted cash flows from $6,641,203 to $8,072,147, discounted at a revised rate of 3.30% (2025 - 2.81%) and adjusted for inflation at 2.20% (2025 - 2.14%). The change in estimate was capitalized to the mineral property development asset and does not impact the income statement.

Interest on lease liability
Interest on lease liabilities of $5,979 were recognized for the first time in the current year, relating to IFRS 16 lease obligations for leases entered into during the year.

Interest income
Interest income of $39,985 was broadly consistent with the prior year ($40,402).

Fair value (gain) loss on marketable securities
A fair value gain of $1,625 was recognized in the current year compared to a loss of $184,425 in the prior year, representing the change in fair value of the Company's investment in LIR Life Sciences Corp. (formerly Blackbird Critical Metals Corp.).

(Expressed in Canadian dollars)

FOURTH QUARTER

The following table summarizes the Company's financial results for the three months ended March 31, 2026, and 2025.

Three months ended March 31,	2026 $	2025 (Restated) $	Change $	Change %
Revenue	3,719,524	-	3,719,524	100%
Cost of revenue	3,235,330	-	3,235,330	100%
Gross Profit	**484,194**	**-**	**484,194**	**100%**
General and administrative expenses	375,404	102,275	273,129	267%
Depreciation	18,925	-	18,925	100%
Consulting fees	236,360	80,277	156,083	194%
Exploration expenses	(1,336,972)	568,154	(1,905,126)	-335%
Marketing	119,305	25,479	93,826	368%
Mine Operating Expenses	233,706	-	233,706	100%
Professional fees	3,658	60,851	(57,193)	-94%
Share-based compensation	1,465,779	508,396	957,383	188%
Total operating expenses	**1,116,165**	**1,345,432**	**(229,267)**	**-17%**
Other items				
Accretion	99,807	89,169	10,638	12%
Interest income	(13)	(9,058)	9,045	-100%
Gain on sale of investment	-	4,646	(4,646)	-100%
Interest on lease liabilities	4,993	-	4,993	100%
Gain on debt settlement	(123,660)	-	(123,660)	-100%
Fair value (gain) loss on marketable securities	13,300	(75)	13,375	-17833%
Loss and comprehensive loss	**626,398**	**1,430,114**	**(803,716)**	**-56%**

For the three months ended March 31, 2026, the Company incurred a loss of $626,398 compared to a loss of $1,430,114 for the prior period. The decrease in loss of $803,716 (56%) is explained below.

Revenue and cost of revenue
The quarter represents the Company's first full quarter of production. Revenue of $3,719,524 and cost of revenue of $3,235,330 were recognized during the quarter, resulting in gross profit of $484,194. There was no comparable revenue or cost of revenue in the prior year quarter. Gross profit during the year reflects the early-stage ramp-up of mining operations, during which the Company incurred higher unit costs associated with mine start-up activities and significant underground development work. This development work was undertaken to establish access to additional mining areas and support more consistent and efficient production as the operation progresses toward steady-state conditions.

General and administrative expenses
General and administrative expenses increased by $273,129 (267%) to $375,404, primarily driven by higher office and general costs ($192,541), investor relations and regulatory fees ($108,788), and insurance ($41,024), reflecting the significant increase in corporate activity associated with the Company's first full quarter in production.

Depreciation
Depreciation of $18,925 was recognized for the first time in the current quarter, commencing with the reclassification of the mine development asset to a mine asset on January 18, 2026. This represents depreciation of right-of-use assets and other non-production assets not capitalized through inventory. Depreciation of mining production assets of $188,446 is capitalized to inventory and recognized in cost of revenue when the related inventory is sold, and is therefore not included in this line.

Consulting fees
Consulting fees increased by $156,083 (194%) to $236,360, reflecting higher operational and strategic consulting activity supporting the production ramp-up at the Dome Mountain Mine during the quarter.

Exploration expenses
Exploration expenses reflect a recovery of $1,336,972 in the current quarter, compared to an expense of $568,154 in the prior year quarter. The recovery represents the reclassification of exploration and evaluation costs expensed in earlier quarters of FY2026 to mine development costs, following the reclassification of the mine development asset to a mine asset. There were no exploration expenses for the full year ended March 31, 2026.

Marketing
Marketing expenses increased by $93,826 (368%) to $119,305, reflecting the Company's ongoing corporate awareness and investor relations program associated with its transition to producer status.

Mine operating expenses
Mine operating expenses of $233,706 were incurred for the first time in the current quarter, representing site-level operating costs at the Dome Mountain Mine not directly attributable to the production of inventory, including site management services, technical and environmental consulting, supplies, and crew accommodation. There were no comparable costs in the prior year quarter.

Professional fees
Professional fees decreased by $57,193 (94%) to $3,658, as the prior year quarter included higher legal and advisory costs associated with financing and regulatory activities that did not recur at the same level in the current quarter.

Share based compensation
Share-based compensation increased by $957,383 (188%) to $1,465,779, driven primarily by the grant of stock options on March 20, 2026, which resulted in a charge of $1,387,574 recognized upon grant. Excluding this grant, the remaining charge of $78,205 would have represented a significant decrease from the prior year quarter, as the majority of FY2026 option grants were recognized in Q3. Share-based compensation is a non-cash expense.

Accretion expense
Accretion expense increased by $10,638 (12%) to $99,807, primarily reflecting the higher ARO balance following the change in estimate of $1,016,508 recognized during the year, which increased the base on which accretion is calculated, partially offset by a higher discount rate of 3.30% (2025 - 2.81%).

Interest on lease liability
Interest on lease liabilities of $4,993 was recognized for the first time in the current quarter, reflecting the financing cost on vehicle and office leases entered into during FY2026 to support the commencement of production operations.

(Expressed in Canadian dollars)

Interest income
Interest income of $13 decreased by $9,045 compared to $9,058 in the prior year quarter, reflecting significantly lower average cash balances during the quarter as production-related expenditures drew down the Company's treasury.

Fair value (gain) loss on marketable securities
A fair value loss of $13,300 was recognized in the current quarter compared to a gain of $75 in the prior year quarter, representing the decline in the quoted market price of the Company's investment in LIR Life Sciences Corp. (formerly Blackbird Critical Metals Corp.) during the three months ended March 31, 2026. On a full-year basis, the Company recognized a net fair value gain of $1,625, reflecting gains recognized in the first three quarters of FY2026 that more than offset the Q4 decline.

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.

	March 31, 2026 $	December 31, 2025 $	September 30, 2025 $	June 30, 2025 $
Total revenue	3,719,524	-	-	-
Loss and comprehensive loss	(626,398)	(2,210,451)	(2,584,027)	(1,389,787)
Loss per share (basic and diluted)	(0.00)	(0.02)	(0.02)	(0.01)

	March 31, 2025 (Restated) $	December 31, 2024 (Restated) $	September 30, 2024 (Restated) $	June 30, 2024 (Restated) $
Total revenue	-	-	-	-
Loss and comprehensive loss	(1,430,114)	(1,232,720)	(384,061)	(533,936)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.00)	(0.00)

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company's results have been significantly influenced by non-cash items, changes in exploration and development activity, and the commencement of production on January 18, 2026, with the initial ramp-up period taking place between September 24, 2025, and January 17, 2026.

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, due to a decrease in exploration costs driven by reduced activity. The net loss increased for the three months ended December 31, 2024, due to share-based compensation recognized in relation to the October 30, 2024, grant. The net loss increased for the three months ended March 31, 2025, due to increases in accretion expense, exploration expenses, and share-based compensation.

Net loss increased for the three months ended June 30, 2025, due to higher exploration and development costs as the Company advanced preparations for the opening of the Dome Mountain Gold Mine, which was officially inaugurated on July 9, 2025. Net loss increased for the three months ended September 30, 2025, due to higher development activity at the Dome Mountain Mine, including the commencement of underground mining operations on September 25, 2025, and share-based compensation related to equity grants issued on September 29, 2025. The net loss increased significantly for the three months ended December 31, 2025, primarily driven by higher non-cash share-based compensation related to equity grants issued on December 19, 2025, as well as increased operating costs associated with the Company's transition to active production at the Dome Mountain Mine.

(Expressed in Canadian dollars)

For the three months ended March 31, 2026, the Company recorded a net loss of $626,398 compared to a net loss of $2,210,451 for the three months ended December 31, 2025. During the three months ended March 31, 2026, the Company recognized revenue of $3,719,524 and gross profit of $484,194 from gold and silver ore sales for the first time, and a recovery of exploration expenses of $1,336,972 reflecting the reclassification of costs upon determination of the January 18, 2026 production date, the net loss position was primarily driven by share-based compensation of $1,465,779 which includes a charge of $1,387,574 relating to stock options granted on March 20, 2026. Gross profit during the year reflects the early-stage ramp-up of mining operations, during which the Company incurred higher unit costs associated with mine start-up activities and significant underground development work. This development work was undertaken to establish access to additional mining areas and support more consistent and efficient production as the operation progresses toward steady-state conditions.

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, 2026	Date of report
Common shares	151,552,056	156,916,629
Restricted share units vested	350,000	-
Restricted share units unvested	-	-
Warrants	6,985,135	6,862,895
Stock options vested	14,808,500	13,249,500
Stock options unvested	1,621,500	-
Fully diluted shares	**172,762,321**	**177,940,069**

For the year ended March 31, 2026:

- On April 29, 2025, the Company closed the fourth tranche of their non-brokered private placement issuing 8,900,000 units at a price of $0.25 per unit, for aggregate gross proceeds of $2,225,000. Each unit consists of one common share in the capital of the Company and one-half of one transferrable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.35 per share until April 29, 2027. A value of $2,225,000 was allocated to the common shares in accordance with the residual value method. In connection with the non-brokered private placement, the Company incurred cash finders' fees of $46,000 and issued 4,000 finder's warrants with an estimated fair value of $1,281 calculated using the Black-Scholes pricing model and following inputs: risk-free interest rate of 2.56%, expected life of 2 years, annualized volatility of 135.6%, exercise price of $0.35, and share price of $0.45. Additionally, the Company incurred cash share issuance costs of $115,987.

- On January 20, 2026, the Company issued 116,884 common shares to employees as a discretionary bonus. The shares were issued on January 20, 2026, and were measured at their fair value on the date of issuance.

- During the year ended March 31, 2026, 3,570,000 common shares were issued upon the exercise of stock options, generating gross proceeds of $1,515,600. Upon exercise, $981,440 was transferred from reserves to share capital.

- During the year ended March 31, 2026, 5,290,936 common shares were issued upon the exercise of warrants, generating gross proceeds of $1,417,351. Upon exercise, $7,700 was transferred from reserves to share capital.

- During the year ended March 31, 2026, the Company issued 2,250,000 common shares in settlement of restricted share units ("RSUs") previously granted to key management personnel. The RSUs were fully vested, and upon settlement, the Company reclassified the related obligation to issue shares to share capital.

As at March 31, 2026, the balance of obligation to issue shares is $2,067,881 and includes:

- $192,000 (March 31, 2025 - $nil) relating to management fees owing to the President and CEO. This amount will be settled through the issuance of common shares at the market price on the date of issuance.
- Long-term accounts payable to be settled of $1,539,843 (March 31, 2025 restated - $1,539,843) over 30 months beginning on the date of the commencement of commercial production on the Dome Mountain Project (Note 8). 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
- $175,000 (March 31, 2025 - $393,750) relating to restricted share units ("RSUs") that vested during the period and had not yet been settled.
- $115,867 (March 31, 2025 - $nil) relating to equity instruments issuable as consideration for the related party loans described in Note 14, comprising: (i) 151,515 common shares issuable under the December 2025 loan; and (ii) 129,870 common shares issuable under the March 2026 loan. All instruments remain unissued as at March 31, 2026.
- $45,171 (March 31, 2025 – $nil) relating to the exercise of options for which shares had not been issued as of March 31, 2026.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2026, the Company had cash of $851,764 (March 31, 2025 - $1,410,147) and a working capital deficit of $1,693,674 (March 31, 2025 - working capital surplus of $2,231,015). The decrease in working capital of $3,924,689 was primarily driven by a significant increase in deferred revenue of $1,562,950, accounts payable and accrued liabilities from $368,497 to $3,102,562, reflecting production-related payables outstanding at year end, as well as new current liabilities including related party loans of $888,897 and current lease obligations of $71,975. These were partially offset by an increase in receivables of $2,467,492 arising from ore sales and GST refunds.

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.

(Expressed in Canadian dollars)

The Company's cash flows for the year ended March 31, 2026, and 2025 are summarized below.

Year ended March 31,	2026 $	2025 $	Change $
Cash used in operating activities	(897,181)	(1,621,280)	724,099
Cash used by investing activities	(6,687,684)	(209,664)	(6,478,020)
Cash provided by financing activities	7,026,482	2,424,476	4,602,006
Change in cash during the period	(558,383)	593,532	(1,151,915)
Cash, beginning of the period	1,410,147	816,615	593,532
Cash, end of the period	**851,764**	**1,410,147**	**(558,383)**

Operating activities

Cash used in operating activities totaled $897,181 compared to $1,621,280 in the prior-year period, representing an improvement of $724,099. Despite a higher net loss of $6,810,663 (2025 restated - $3,580,830), cash used in operations was substantially reduced by higher non-cash charges, primarily share-based compensation of $4,573,367, depreciation of $216,356, and accretion of $231,195. This was partially offset by non-cash gain on debt settlement of $123,660. Changes in non-cash working capital also contributed to the lower outflow, with accounts payable and accrued liabilities increasing by $2,734,065 reflecting production-related payables outstanding at year end, partially offset by an increase in receivables of $2,467,492 from ore sales and GST refunds, an inventory build of $155,685, and higher prepaid expenses of $279,779. Refer also to "Results of Operations" above.

Investing activities

Cash used in investing activities totaled $6,687,684 compared to $209,664 in the prior-year period, an increase of $6,478,020. The increase was primarily attributable to capital expenditures of $6,502,074 related to the continued development and commissioning of the Dome Mountain Mine, including the water treatment plant, assay laboratory, production equipment, and leasehold improvements. Additional outflows included an increase in reclamation deposits of $179,194 relating to the Company's surety bond obligations. The prior-year period primarily reflected initial infrastructure expenditures at the mine site.

Financing activities

Net cash provided by financing activities totaled $7,026,482 compared to $2,424,476 in the prior-year period, an increase of $4,602,006. During the year, the Company received $3,238,000 from private placements including the April 29, 2025, non-brokered private placement and the collection of $1,013,000 in subscriptions receivable outstanding at March 31, 2025, $1,515,600 from the exercise of stock options, $1,417,351 from the exercise of warrants, and $1,000,000 from two unsecured related party loans advanced by the President and CEO. These inflows were partially offset by share issuance costs of $118,821 and lease payments of $25,648.

During the year ended March 31, 2026, the Company recognized revenue of $3,719,524 from the sale of gold and silver ore following the commencement of production. While the Company has begun generating revenue from operations, additional financing will be required to fund ongoing working capital requirements and the continued development of the Dome Mountain Mine. The Company intends to meet these requirements through a combination of operating cash flows, existing cash reserves, and equity or debt financing as needed. The Company has minimal long-term debt and limited exposure to credit and interest rate risk. Accounts payable and accrued liabilities are primarily 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. Long-term accounts payable are measured at amortized cost and approximate their carrying value. These liabilities are classified as non-current based on their contractual terms, which require settlement beyond twelve months from the reporting date.

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, 2026, the Company had cash of $851,764 to settle current liabilities of $5,626,384. The Company intends to finance future requirements from its existing cash reserves, revenue from ore sales, share issuances, the exercise of options and 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 of financial loss arising from the non-performance by counterparties of contractual financial obligations. The Company's primary credit risk exposures are as follows:

Cash and reclamation deposits are held with high-quality Canadian financial institutions, and the Company considers the credit risk associated with these instruments to be minimal.

Receivables consist primarily of input tax credits receivable from the Government of Canada, for which the Company considers credit risk to be negligible.

Trade receivables arising from the sale of ore are subject to the credit risk of the purchaser under the contract described in Note 11. Management actively reviews the risk of the purchaser failing to meet its obligations and adjusts expected credit losses if and when any undue risk identified. As all of the Company's ore sales are made to a single counterparty, the Company's trade receivable balance is subject to customer concentration risk. The Company mitigates this concentration risk through the advance payment mechanism under its sales arrangement, under which a substantial portion of the estimated sale proceeds is received prior to or upon shipment, limiting the Company's outstanding exposure at any point in time.

As at March 31, 2026, the Company's maximum credit risk exposure is equal to the carrying amount of its financial assets, of which $2,417,849 relates to the trade receivable from the purchaser.

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 Gama. 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.

Commodity price risk

The Company is exposed to commodity price risk arising from its gold and silver ore sales. Revenue from ore sales is provisionally priced at the time of shipment by reference to prevailing gold and silver market prices, with final pricing determined over the quotational period following shipment. Movements in gold and silver prices between the provisional pricing date and final settlement affect the amount of revenue and any outstanding trade receivables recognized by the Company. The Company does not currently use derivative instruments to manage commodity price risk. The Company's ability to raise capital to fund its operations is also subject to risks associated with fluctuations in commodity prices. The Company is also exposed to equity price risk with respect to its investment in marketable securities (March 31, 2026 - $5,000, March 31, 2025 - $3,375). The Company monitors this position but does not hedge its exposure.

Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will affect the Company's financial results or the value of its financial instruments. The Company's ore sales are invoiced in United States dollars and translated to Canadian dollars at the exchange rate prevailing at the transaction date. As at March 31, 2026, the Company held trade receivables of $1,217,941 USD, representing the outstanding balance on provisional ore sales pending final settlement. These receivables are subject to foreign currency risk as movements in the USD/CAD exchange rate between the reporting date and final settlement will affect the Canadian dollar equivalent received. The Company does not currently use derivative instruments to manage foreign 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. IFRS 18 Presentation and Disclosure in Financial Statements is effective for annual periods beginning on or after January 1, 2027. The Company has not yet determined the impact of this new standard on its consolidated financial statements.

TRANSACTIONS BETWEEN RELATED PARTIES

Related party loan

During the year ended March 31, 2026, the Company received two unsecured, interest-free loans from the President, CEO and director of the Company (the "Lender") totaling $1,000,000, to support short-term working capital requirements. Both loans are classified as related party transactions under IAS 24.

(Expressed in Canadian dollars)

In accordance with IFRS 9, each loan was initially recognized at fair value, determined by discounting the contractual cash flows at a market rate of 15% per annum, being management's estimate of the rate a market participant would require for an unsecured instrument with a comparable credit profile. The difference between the face amount and the present value was recognized in equity as a capital contribution.

In connection with each loan, the Company agreed to issue equity instruments to the Lender as consideration for providing financing. These instruments were assessed as transaction costs directly attributable to the issuance of the financial liability, recognized as a reduction of the initial carrying amount of the loan with a corresponding credit to obligation to issue equity instruments within equity. Each loan is subsequently measured at amortized cost using the effective interest method.

December 2025 loan

$500,000 received December 20, 2025, maturing December 19, 2026. The fair value adjustment on initial recognition was $65,217. During the year, the Company recognized accretion of $17,321 relating to the unwinding of the fair value discount. In connection with the loan, the Company agreed to issue 151,515 common shares with a fair value of $65,217 on initial recognition. As at March 31, 2026, the 151,515 shares had not been issued.

March 2026 loan

$500,000 received March 19, 2026, maturing March 19, 2027. The fair value adjustment on initial recognition was $65,217. During the year, the Company recognized accretion of $2,010 relating to the unwinding of the fair value discount. In connection with the loan, the Company agreed to issue 129,870 common shares with a fair value of $50,650 and 129,870 warrants exercisable for two years with a fair value of $14,568. The 129,870 warrants were issued on March 20, 2026. As at March 31, 2026, the 129,870 shares had not been issued.

The following table summarizes the movement in the combined carrying amount of the related party loans during the year:

Balance, March 31, 2025	**$**	**-**
Proceeds received		1,000,000
Less: fair value adjustment		(130,434)
Initial carrying amount		869,566
Accretion for the period		19,331
Balance, March 31, 2026	**$**	**888,897**

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.

(Expressed in Canadian dollars)

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

		Year ended March 31, 2026		2025
Management fees [1]	$	300,000	$	144,000
Share-based compensation		2,813,574		1,089,839
	$	**3,113,574**	**$**	**1,233,839**

[1] R2A2 Holdings Inc, a company controlled by Rana Vig, President, CEO and Director

As at March 31, 2026, accounts payable and accrued liabilities include $87,700 (March 31, 2025 - $36,000) in connection with consulting fees and $299,837 (March 31, 2025 - $30,163) in connection with the Company's mining and operating expense reimbursements owing to the President, CEO and director of the Company. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

As at March 31, 2026, the Company has recorded the following obligations to issue equity instruments to the President, CEO and director of the Company: (i) $192,000 (March 31, 2025 - $nil) in connection with management fees to be settled through the issuance of common shares; (ii) $100,000 for 151,515 common shares issuable as consideration for the December 2025 related party loan; and (iii) $100,000 for 129,870 common shares issuable as consideration for the March 2026 related party loan. All of the above equity instruments remain unissued as at March 31, 2026.

During the year ended March 31, 2026, the Company entered into a commercial lease for office premises in Smithers, British Columbia with the spouse of the President, CEO and director of the Company. The lease was reviewed and approved by the disinterested directors of the Company. As at March 31, 2026, accounts payable and accrued liabilities include $2,600 (March 31, 2025 - $nil) in connection with lease payments owing under this arrangement. The related right-of-use asset and lease liability are described in Note 9 of the financial statements.

RETROSPECTIVE RESTATEMENT

The 2024 and 2025 comparative figures have been restated for the correction of errors as disclosed in Note 21 of the annual consolidated financial statements for the year ended March 31, 2026.

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.