BLUE LAGOON RESOURCES INC.

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended December 31, 2024 and 2023

(Expressed in Canadian dollars)

(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

	Note		December 31, 2024		March 31, 2024
ASSETS					
Current assets					
Cash		**$**	251,287	**$**	816,615
Receivables	5		74,532		63,083
Prepaid expenses			16,696		29,486
Investment in marketable securities	7		33,000		195,750
Total Current Assets			375,515		1,104,934
Non-current assets					
Reclamation deposits	6		694,306		661,312
Security deposits			12,534		12,534
Long-term investments	7		-		21,750
Exploration and evaluation assets	6		22,797,809		22,772,809
Total Assets		$	23,880,164	$	24,573,339
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	10	$	157,585	$	216,511
Non-current liabilities					
Long-term accounts payable	8		1,729,933		1,729,933
Asset retirement obligation	9		6,018,139		5,867,655
Total Liabilities			7,905,657		7,814,099
Equity					
Share capital	11		47,779,106		47,404,612
Obligation to issue shares	8, 11		2,271,767		2,271,767
Reserves	11		5,445,334		4,570,868
Deficit			(39,521,700)		(37,488,007)
Total Equity			15,974,507		16,759,240
Total Liabilities and Equity		$	23,880,164	$	24,573,339

Nature of operations and going concern (Note 1)

Subsequent events (Note 15)

Approved for issuance on behalf of the Board of Directors on March 3, 2025:

"Rana Vig"
Director

"Gurdeep Bains"
Director

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

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

		For the three months ended,		For the nine months ended,	
	Note	**December 31, 2024**	**December 31, 2023**	**December 31, 2024**	**December 31, 2023**
Expenses					
General and administrative expenses		$ 36,373	$ 79,371	$ 105,841	$ 164,680
Consulting fees	10	37,400	36,350	113,700	109,400
Exploration expenses		138,845	299,974	496,390	1,260,891
Marketing		1,996	248	2,338	5,267
Professional fees		43,671	62,416	137,318	159,475
Share-based compensation	11	874,466	-	874,466	-
Total Operating Expenses		(1,132,751)	(478,359)	(1,730,053)	(1,699,713)
Other Items					
Accretion	9	(50,162)	(18,361)	(150,484)	(55,084)
Interest income		8,701	8,569	31,344	21,669
Fair value loss on marketable securities	7	(19,500)	(52,500)	(184,500)	(1,252,500)
Loss and comprehensive loss		$ (1,193,712)	$ (540,651)	$ (2,033,693)	$ (2,985,628)
Basic and diluted loss per share		$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)
Weighted average number of common shares outstanding (basic and diluted)		116,466,223	104,927,389	114,848,518	102,979,337

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

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

	Number of shares	Share capital	Obligation to issue shares	Reserves	Deficit	Total shareholders' equity
		$	$	$	$	$
Balance, March 31, 2023	**101,355,960**	**45,636,506**	**2,271,767**	**4,570,868**	**(33,592,157)**	**18,886,984**
Non-flow through shares issued in private placement	3,571,429	500,000	-	-	-	500,000
Share issuance costs - cash	-	(3,035)	-	-	-	(3,035)
Loss	-	-	-	-	(2,985,628)	(2,985,628)
Balance, December 31, 2023	**104,927,389**	**46,133,471**	**2,271,767**	**4,570,868**	**(36,577,785)**	**16,398,321**
Balance, March 31, 2024	**114,035,246**	**47,404,612**	**2,271,767**	**4,570,868**	**(37,488,007)**	**16,759,240**
Shares issued pursuant to private placement	3,549,998	390,500	-	-	-	390,500
Share issuance costs - cash	-	(16,006)	-	-	-	(16,006)
Share-based compensation	-	-	-	874,466	-	874,466
Loss	-	-	-	-	(2,033,693)	(2,033,693)
Balance, December 31, 2024	**117,585,244**	**47,779,106**	**2,271,767**	**5,445,334**	**(39,521,700)**	**15,974,507**

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

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

	For the nine months ended,			
		December 31, 2024		**December 31, 2023**
Cash flows used in operating activities				
Loss for the period	**$**	(2,033,693)	**$**	(2,985,628)
Items not involving cash:				
Share-based compensation		874,466		-
Accretion expense		150,484		55,084
Interest income		(22,237)		(21,669)
Fair value loss on marketable securities		184,500		1,252,500
Changes in non-cash working capital:				
Receivables		(22,206)		103,829
Prepaid expenses		12,790		19,289
Accounts payable and accrued liabilities		(65,932)		43,737
Net cash used in operating activities		(921,828)		(1,532,858)
Cash flows provided by investing activities				
Funds received from option agreement		-		50,000
Exploration and evaluation assets		(25,000)		(75,000)
Net cash (used) provided by investing activities		(25,000)		25,000
Cash flow provided by financing activities				
Proceeds from issuance of shares in private placements		390,500		500,000
Share issuance costs		(9,000)		(3,035)
Net cash provided by financing activities		381,500		496,965
Change in cash		(565,328)		(1,010,893)
Cash, beginning		816,615		1,056,756
Cash, ending	**$**	251,287	**$**	45,863
Supplemental cash flow information:				
Interest received		9,107		-
Non-cash transactions:				
Reclamation deposit interest reinvested	$	32,994	$	11,668
Share issuance costs in accounts payable and accrued liabilities		7,006		-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of the business for the foreseeable future. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, and upon future profitable production. There is no assurance that the Company will be able to obtain such financing or obtain financing on favorable terms. As at December 31, 2024, the Company had working capital of $217,930; however additional financing will be required in the next 12 months. These factors indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect adjustments to the carrying values of assets and liabilities or the reported expenses and statement of financial position classifications that would be necessary should the going concern assumption be deemed to be inappropriate. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

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

The condensed consolidated interim financial statements were authorized for issue by the Board of Directors on March 3, 2025.

Basis of Measurement and Consolidation

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

It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in Note 4.

(Expressed in Canadian dollars)

2. BASIS OF PREPARATION (Continued)

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

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

3. MATERIAL ACCOUNTING POLICIES

The accounting policies followed by the Company are set out in Note 3 to the audited annual consolidated financial statements for the year ended March 31, 2024 and have been consistently followed in the preparation of these condensed consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future years, if the change affects both.

In preparing these condensed consolidated interim financial statements, the significant estimates and critical judgements were the same as those applied to the audited annual consolidated financial statements for the year ended March 31, 2024.

5. RECEIVABLES

Receivables are composed of the following amounts:

		December 31, 2024		March 31, 2024
GST receivable	$	20,378	$	20,470
Related party		22,298		-
Other		31,856		42,613
	$	**74,532**	**$**	**63,083**

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Dome Mountain Mine	*Big Onion Project*	*Total*
	$	*$*	*$*
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 - cash	25,000	-	25,000
Balance, December 31, 2024	**22,797,809**	**-**	**22,797,809**

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.

In addition, the Company acquired a 0.25% NSR in the Dome Mountain project in consideration for $75,000 (paid).

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 in February 2024 and 2023.
- 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.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

- Hilo Property; and
- Federal Creek Property
    - The interest in the property will be subject to a 3% NSR.

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

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

Big Onion Project

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

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

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

- $500,000 in cash paid in the following installments:
    - $50,000 upon execution of the agreement; (received)
    - $50,000 on or before 12 months from the date on which the common shares of Blackbird are listed on a Canadian stock exchange (April 11, 2022, the "Purchaser's Listing Date") (received);
    - $50,000 on or before 24 months following the Purchaser's Listing Date;
    - $100,000 on or before 36 months following the Purchaser's Listing Date; and
    - $250,000 on or before 48 months following the Purchaser's Listing Date.
- 2,000,000 common shares of Blackbird issued in the following installments:
    - 1,000,000 common shares upon execution of the agreement issued into escrow and released in the following installments:
        - 100,000 on the Purchaser's Listing Date (released)
        - 150,000 6 months following the Purchaser's Listing Date (released)
        - 150,000 12 months following the Purchaser's Listing Date (released)
        - 150,000 18 months following the Purchaser's Listing Date (released)
        - 150,000 24 months following the Purchaser's Listing Date (released)
        - 150,000 30 months following the Purchaser's Listing Date (released)
        - 150,000 36 months following the Purchaser's Listing Date
    - 250,000 common shares on or before 24 months following the Purchaser's Listing Date;
    - 250,000 common shares on or before 36 months following the Purchaser's Listing Date; and
    - 500,000 common shares on or before 48 months following the Purchaser's Listing Date.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

- $1,500,000 expenditures on the Big Onion project as follows:
  - $250,000 on or before 12 months following the Purchaser's Listing Date (fulfilled);
  - An additional $250,000 on or before 24 months following the Purchaser's Listing Date;
  - An additional $250,000 on or before 36 months following the Purchaser's Listing Date; and
  - An additional $750,000 on or before 48 months following the Purchaser's Listing Date.

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

7. INVESTMENTS

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

		Blackbird Critical Metals Corp.
Cost, March 31, 2023 and 2024 and December 31, 2024	$	240,000
Adjustment to fair value, March 31, 2023	$	1,125,000
Fair value adjustment for the year		(1,147,500)
Adjustment to fair value, March 31, 2024	$	(22,500)
Fair value adjustment for the period		(184,500)
Adjustment to fair value, December 31, 2024	$	(207,000)
Fair value, March 31, 2024	**$**	**217,500**
Fair value adjustment for the period		(184,500)
Fair value, December 31, 2024	**$**	**33,000**

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

As of December 31, 2024, the Company held 150,000 (1,500,000 before share consolidation) common shares of Blackbird, of which 15,000 (150,000 before share consolidation) were held in escrow and restricted from trading and scheduled to be released from escrow on April 11, 2025.

As of December 31, 2024, the fair value of the common shares of Blackbird was determined to be $33,000 (March 31, 2024 - $217,500), based on the closing share price of Blackbird on that date, of which $33,000 (March 31, 2024 - $195,750) is presented within current assets and relates to common shares which are free trading or become free trading within the next 12 months.

During the three and nine months ended December 31, 2024, the Company recorded a fair value loss on marketable securities of $19,500 and $184,500, respectively (2023 – $52,500 and $1,252,500).

(Expressed in Canadian dollars)

8. LONG-TERM ACCOUNTS PAYABLE

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

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

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

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

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

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

9. ASSET RETIREMENT OBLIGATION

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

A continuity of the asset retirement obligation is as follows:

Balance, March 31, 2023	**$**	**2,533,968**
Changes in estimates		3,260,242
Accretion expense		73,445
Balance, March 31, 2024	**$**	**5,867,655**
Accretion expense		150,484
Balance, December 31, 2024	**$**	**6,018,139**

During the three and nine months ended December 31, 2024, the Company incurred accretion expense of $50,162 and $150,484, respectively (2023 – $18,361 and $55,084).

The total undiscounted cash flow estimated to settle the obligations as at December 31, 2024 is $6,641,203 (March 31, 2024 - $6,641,203), which was adjusted for inflation at the rate of 2.17% and then discounted at a rate of 3.48%. Certain minimum amounts of asset retirement obligation will occur each year with significant amounts expected to be incurred from 2030 to 2043.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTIONS

Summary of key management personnel compensation:

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

For the nine months ended		December 31, 2024		December 31, 2023
Management fees	$	108,000	$	108,000
Share-based compensation		683,326		-
	$	**791,326**	**$**	**108,000**

As at December 31, 2024, accounts payable and accrued liabilities include $10,768 (March 31, 2024 - $3,794) 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 December 31, 2024, receivables include $22,298 (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 December 31, 2024, 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.

11. SHARE CAPITAL AND RESERVES

Authorized: Unlimited number of common shares without par value.

COMMON SHARES

For the nine months ended December 31, 2024

- 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 of which $7,006 are in accounts payable and accrued liabilities as of December 31, 2024.

For the year ended March 31, 2024

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

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (Continued)

- 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.

OBLIGATION TO ISSUE SHARES

As at December 31, 2024 and March 31, 2024, the balance of obligation to issue shares includes long-term accounts payable to be settled of $2,271,767 on the date of the commencement of commercial production on the Dome Mountain Project (Note 8).

STOCK OPTIONS

Stock Option Plan

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

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

Omnibus Plan

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

Stock Option Activity

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, March 31, 2023 and 2024	3,787,500	$0.81
Granted	9,150,000	$0.13
Cancelled	(1,390,000)	$1.23
Outstanding and exercisable, December 31, 2024	**11,547,500**	**$0.22**

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (Continued)

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

During the nine months ended December 31, 2024, 1,390,000 vested stock options with a weighted average exercise price of $1.23 were cancelled upon the consultants terminating their service agreement with the Company.

Details of stock options outstanding and exercisable as at December 31, 2024 are as follows:

Expiry date	Number of Options Outstanding	Number of Options Vested	Exercise Price
July 13, 2025	237,500	237,500	$0.50
August 20, 2025	350,000	350,000	$0.60
March 19, 2026	100,000	100,000	$0.55
July 15, 2026	960,000	960,000	$0.70
January 11, 2027	450,000	450,000	$0.45
February 17, 2028	300,000	300,000	$0.35
October 30, 2029	9,150,000	9,150,000	$0.13
Total	11,547,500	11,547,500	

Details of stock options outstanding and exercisable as at March 31, 2024 are as follows

Expiry date	Number of Options Outstanding	Number of Options Vested	Exercise Price
February 17, 2025	250,000	250,000	$0.60
March 26, 2025	840,000	840,000	$1.50
April 11, 2025	100,000	100,000	$0.65
June 2, 2025	200,000	200,000	$1.20
July 13, 2025	237,500	237,500	$0.50
August 20, 2025	350,000	350,000	$0.60
March 19, 2026	100,000	100,000	$0.55
July 15, 2026	960,000	960,000	$0.70
January 11, 2027	450,000	450,000	$0.45
February 17, 2028	300,000	300,000	$0.35
Total	3,787,500	3,787,500	

As of December 31, 2024, the weighted average remaining life for outstanding options was 4.16 years (March 31, 2024 – 1.85 years).

As of December 31, 2024, the weighted average exercise price for outstanding options was $0.22 (March 31, 2024 - $0.81)

During the three and nine months ended December 31, 2024, the Company recognized $874,466 in share-based compensation expense (2023: $nil).

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (Continued)

WARRANTS

Warrant activities are summarized in the table below.

	Number of Warrants	Weighted Average Exercise Price
Outstanding and exercisable, March 31, 2023	13,313,889	$0.83
Expired	(7,941,107)	$0.85
Outstanding and exercisable, March 31, 2024	5,372,782	$0.79
Granted	3,549,998	$0.14
Expired	(5,372,782)	$0.79
Outstanding and exercisable, December 31, 2024	**3,549,998**	**$0.14**

On October 30, 2024, the Company issued 3,549,998 units on closing of a non-brokered private placement financing. Each unit consists of one common share in the capital of the Company and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one additional common share of the Company at an exercise price of $0.14 per share until October 30, 2026. A fair value of $nil was allocated to the warrants in accordance with the residual value method..

As of December 31, 2024, the weighted average remaining life for outstanding warrants was 1.83 years (March 31, 2024 - 0.04 years).

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment – mineral exploration. The Company’s resource properties are all located in Canada and its long-term assets are located in Canada. The Company is in the exploration stage, and accordingly, has no reportable segment revenues.

13. CAPITAL MANAGEMENT

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its business objectives. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company’s primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. The Company considers its capital structure to include equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms. The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company’s approach to capital management during the nine months ended December 31, 2024.

(Expressed in Canadian dollars)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values

	Level		December 31, 2024		March 31, 2024
FINANCIAL ASSETS					
FVTPL					
Investment	1	$	33,000	$	217,500
Other assets, at amortized cost					
Cash	1	$	251,287	$	816,615
Reclamation deposits	1		694,306		661,312
Receivables			54,154		42,613
Total financial assets		$	1,032,747	$	1,738,040
FINANCIAL LIABILITIES					
Other liabilities, at amortized cost					
Accounts payable and accrued liabilities		$	157,585	$	216,511
Long-term accounts payable			1,729,933		1,729,933
Total financial liabilities		$	1,887,518	$	1,946,444

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

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

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

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at December 31, 2024, the Company had cash of $251,287 to settle current liabilities of $157,585. 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.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash, deposits and receivables. The risk arises from the non-performance by counterparties of contractual financial obligations. To minimize credit risk, the Company places cash and deposits with high credit quality financial institutions. The Company's receivables primarily consist of input tax credits due from the Government of Canada, and as such, receivables are not subject to significant credit risk. The Company's maximum credit risk is equal to the carrying amount of its cash, receivables, and deposits.

Interest rate risk

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

Price Risk

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

The Company is also exposed to price risk with respect to its investment in Blackbird (Note 7). 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 December 31, 2024, the Company does not hold any financial instruments denominated in foreign currencies, as such the Company is not exposed to currency risk.

15. SUBSEQUENT EVENTS

On January 22, 2025, the Company received $25,054 from the sale of 135,000 (1,350,000 before share consolidation) common shares of Blackbird.

On February 6, 2025, 2,000,000 common shares were issued pursuant to the exercise of stock options with an exercise price of $0.13.

On February 6, 2025, the Company granted 200,000 stock options, to management and consultants, with an exercise price of $0.175. The options vest immediately and expire on February 6, 2030.

On February 6, 2025, the Company granted 2,250,000 RSUs to management and a director. The RSUs vest immediately.

On February 2025, the Company issued 1,181,817 common shares pursuant to the exercise of warrants with an exercise price of $0.14.

On February 24, 2025, the Company granted 500,000 stock options to consultants with an exercise price of $0.25. The options vest immediately and expire on February 24, 2030.