

BLUE LAGOON RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and six months ended September 30, 2022 and 2021

BLUE LAGOON RESOURCES INC.

Management's Discussion and Analysis

For the three and six months ended September 30, 2022 and 2021

(Expressed in Canadian dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis ("MD&A") has been prepared by management, in accordance with the requirements of National Instrument 51-102 as of November 29, 2022, and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three and six months ended September 30, 2022 and 2021, 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.

COVID – 19

In March of 2020, the World Health Organization declared an outbreak of COVID-19 Global pandemic. The COVID-19 outbreak has impacted a vast array of businesses through the restrictions put in place by most governments internationally, including the Canadian federal government as well as provincial and municipal governments, regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown to what extent the impact of the COVID-19 outbreak may have on the Company as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place world-wide to fight the virus. While the extent of the impact is unknown, the COVID-19 outbreak may hinder the Company's ability to raise financing for exploration or operating costs due to uncertain capital markets, supply chain disruptions, increased government regulations and other unanticipated factors, all of which may also negatively impact the Company's business and financial condition.

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DESCRIPTION OF BUSINESS

The Company was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the Business Corporations Act (British Columbia) on March 17, 2017. The Company is in the business of acquiring, exploring, and evaluating mineral resource interests in Canada.

The address of the Company's registered office is Suite 1200, 750 West Pender Street, Vancouver, British Columbia.

The Company's common shares trade on the Canadian Securities Exchange under the stock symbol "BLLG" and in the United States on the OTCQB under the symbol "BLAGF."

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

EXPLORATION PROJECTS

The following table summarizes the balance of exploration and evaluation assets as at September 30, 2022 and March 31, 2022 and 2021 and the changes in exploration and evaluation assets for the six months ended September 30, 2022 and the year ended March 31, 2022.

	<i>Golden Wonder Project</i>	<i>Pellaire Gold Property</i>	<i>Dome Mountain Mine</i>	<i>Big Onion Project</i>	<i>Total</i>
	\$	\$	\$	\$	\$
Balance, March 31, 2021	-	5,584,354	16,624,148	6,059,114	28,267,616
Assignment of consideration	45,000	-	-	(150,000)	(105,000)
Acquisition costs – cash	-	-	255,000	-	255,000
Acquisition costs – shares	-	-	843,250	-	843,250
Impairment of exploration and evaluation assets	(45,000)	-	-	(5,209,114)	(5,254,114)
Asset retirement obligation – change in estimate	-	-	532,114	-	532,114
Balance, March 31, 2022	-	5,584,354	18,254,512	700,000	24,538,866
Acquisition costs – cash	-	-	100,000	-	100,000
Balance, September 30, 2022	-	5,584,354	18,354,512	700,000	24,638,866

During the year ended March 31, 2022, the balance of exploration and evaluation assets decreased by \$3,728,750. The decrease in exploration and evaluation assets is primarily explained by impairment losses recorded on the Big Onion Project of \$5,209,114 and the Golden Wonder Project of \$45,000. Exploration and evaluation assets also decreased as a result of the termination of a previous sale of the Golden Wonder Project which in aggregate decreased the exploration and evaluation assets by \$105,000. These decreases were partially offset by royalty payments made or accrued totaling \$255,000 and 1,937,500 common shares issued and valued at \$843,250 as consideration for the purchase of net smelter royalties on the Dome Mountain Mine. Exploration and evaluation assets increased by a further \$532,114 as a result of revising estimates related to the Company's asset retirement obligations on the Dome Mountain Mine.

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During the six months ended September 30, 2022, the balance of exploration and evaluation assets increased by \$100,000 as a result of the Company paying the deferred and current royalties on the McKendrick Property, as detailed below.

During the six months ended September 30, 2022, the Company incurred exploration and evaluation expenses of \$3,366,763 which related to the Dome Mountain Mine, including the completion of the first phase of the 2022 drilling program and related assays, and the commencement of the second phase of the 2022 drilling program and soil sampling.

During the six months ended September 30, 2021, the Company incurred exploration and evaluation expenses of \$2,619,019 which related to the Dome Mountain Mine, including the second phase of the 2021 drilling program and soil sampling program.

Refer to the Company's press releases for detailed results of the drill and soil sampling programs which are available on the SEDAR website at www.sedar.com and on the Company's website.

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

Golden Wonder Project

On April 18, 2019, the Company entered into an agreement to purchase a 100% interest in the Golden Wonder Property located in British Columbia, Canada by:

- Payment of \$15,000 (paid) on execution of the agreement,
- Payment of \$10,000 (paid) within three days of the final receipt of the prospectus; and
- Issuance of 200,000 common shares (issued) within 10 business days of the Company commencing trading on the Canadian Securities Exchange.

On July 16, 2019, the Company executed on its rights to purchase 100% interest in the Golden Wonder property.

On February 2, 2021, the Company entered into an agreement with Gama Explorations Inc. ("Gama"), whereby the Company sold its 100% interest in the Golden Wonder property for consideration of:

- \$50,000 in cash (received);
- 1,000,000 common shares of Gama (received); and
- 0.5% net smelter return royalty.

Gama is a related company by way of a common director.

On November 12, 2021, the Company and Gama agreed to terminate the sale of the Golden Wonder property; and as a result recorded a loss on termination of \$105,000 during the year ended March 31, 2022. Pursuant to the termination agreement, the Company and Gama agreed to apply the consideration previously exchanged of \$50,000 and 1,000,000 common shares of Gama to the option or purchase of an alternate property from the Company. On December 6, 2021, this consideration was applied to an option agreement related to the Big Onion project (described below).

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During the year ended March 31, 2022, the Company recorded an impairment loss of \$45,000 with respect to the Golden Wonder Property on the basis that the Company does not intend to further advance the property.

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 six months ended September 30, 2022, the Company purchased a reclamation bond in the amount of \$7,000 with respect to the Pellaire Gold Property.

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 \$600,000 related to the Dome Mountain Mine. As at September 30, 2022 and March 31, 2022, the accrued interest on the reclamation deposit of \$7,644 has been re-invested into the reclamation deposit's principal amount.

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 will pay an NSR of 2%, or not less than \$40,000 per annum. In the event that the property is not in production by January 28, 2011, an advance royalty payment in the amount of \$40,000 per annum must be paid. An agreement was reached by both parties to defer 2016, 2017, 2018 and 2019 annual royalty payments to the one-year anniversary date of the arrival of the 1st truckload of Dome ore at the Nicola Mining Inc. mill which was made on June 15, 2021. The Company had agreed to pay 7% interest on those deferred payments. The Company had further agreed that, upon the commencement of production, royalty payments will be paid within 5 business days of the Company and Nicola Mining Inc. receiving payment from the sale of the concentrates.
 - As a result of removing the mineralized material during the year ended March 31, 2022, an agreement was reached by both parties to settle all deferred and current royalty payment and accrued interest for total cash consideration of \$210,000 which the Company paid during the six months ended September 30, 2022. As at September 30, 2022, accounts payable and accrued liabilities include \$nil (March 31, 2022 - \$210,000) related to these royalty payments.

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- During the year ended March 31, 2022, the Company issued 1,937,500 common shares valued at \$843,250 as consideration for the purchase of various NSRs. The value of the shares was estimated using the market price on grant date.
- As at September 30, 2022, the Dome Mountain Project had not commenced commercial production.
- 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.
- 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.
 - An agreement was reached by both parties to extend 2016, 2017, and 2018 annual royalty payments to the one-year anniversary date of the arrival of the 1st truckload of Dome ore at the Nicola Mining Inc. mill which was made on June 15, 2021. The Company paid the deferred and current royalty payments for total cash consideration of \$100,000 during the six months ended September 30, 2022.
- Hilo Property; and
- Federal Creek Property
 - The interest in the property will be subject to a 3% NSR.

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 Gama for a 100% ownership and beneficial interest in the Big Onion property. In order to exercise its option on the Big Onion property, Gama 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 (assigned from Golden Wonder);
 - \$50,000 on or before 12 months from the date on which the common shares of Gama are listed on a Canadian stock exchange (April 11, 2022, the "Purchaser's Listing Date");
 - \$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 Gama issued in the following installments:
 - 1,000,000 common shares upon execution of the agreement (assigned from Golden Wonder) issued into escrow and released in the following installments:

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- 100,000 on the Purchaser's Listing Date (released)
- 150,000 6 months following the Purchaser's Listing Date
- 150,000 12 months following the Purchaser's Listing Date
- 150,000 18 months following the Purchaser's Listing Date
- 150,000 24 months following the Purchaser's Listing Date
- 150,000 30 months following the Purchaser's Listing Date
- 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.
- \$1,500,000 expenditures on the Big Onion project as follows:
 - \$250,000 on or before 12 months following the Purchaser's Listing Date;
 - 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.

As a result of executing the option agreement with respect to the Big Onion Project, the Company assessed the recoverable amount of the Big Onion Project to be \$700,000 based on the total consideration expected to be received from Gama and recorded an impairment loss of \$5,209,114 during the year ended March 31, 2022.

RESULTS OF OPERATIONS

The following table summarizes the Company's financial results for the three months ended September 30, 2022 and 2021.

Three months ended September 30,	2022	2021	Change	Change
	\$	\$	\$	%
General and administrative expenses	55,025	45,281	9,744	22%
Consulting fees	17,035	322,657	(305,622)	(95%)
Exploration expenses	2,224,072	904,918	1,319,154	146%
Investor relations fees	-	33,026	(33,026)	(100%)
Marketing	104,746	247,394	(142,648)	(58%)
Professional fees	103,252	71,837	31,415	44%
Stock-based compensation	-	505,162	(505,162)	(100%)
Total operating expenses	2,504,130	2,130,275	373,855	18%
Accretion	12,815	14,911	(2,096)	(14%)
Interest income	(35,898)	(2,900)	(32,998)	(1,138%)
Fair value gain on marketable securities	(97,500)	-	(97,500)	--
Flow-through premium recovery	(395,005)	(172,501)	(222,504)	(129%)
Net loss and comprehensive loss	1,988,542	1,969,785	18,757	1%

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For the three months ended September 30, 2022, the Company incurred a loss of \$1,988,542 compared to a loss of \$1,969,785 for the same period of the prior year. The increase in loss of \$18,757 is explained below.

The Company experienced an increase of \$9,744 in general and administrative expenses during the three months ended September 30, 2022 which is due to increased overall corporate activities.

During the three months ended September 30, 2022 and 2021 the Company incurred consulting expenses of \$17,035 and \$322,657, respectively. The decrease of \$305,622 is due to the Company incurring consulting fees to support executive management during the three months ended September 30, 2021 for services agreements which were not renewed.

Exploration expenses incurred for the three months ended September 30, 2022 totaled \$2,224,072 (2021 - \$904,918) and related to the Dome Mountain Project. The increase in exploration expenses of \$1,319,154 is due to the timing of drilling and soil programs commencement dates. Refer to "Exploration Projects" for additional detail.

Investor relations expenses for the three months ended September 30, 2022 decreased to \$nil or by \$33,026 compared to the same period of the prior year as a result of third party contracts entered into in prior years which expired and were not renewed.

The Company incurred marketing expenses for the three months ended September 30, 2022 and 2021 of \$104,746 and \$247,394, respectively, representing a decrease of \$142,648 period over period. The decrease in marketing expenses is a direct result of the Company not renewing service agreements with third parties to execute marketing campaigns, including the creation and dissemination of digital advertising and publications related to the Company's exploration results and corporate developments.

Professional fees for the three months ended September 30, 2022 totaled \$103,252 (2021 - \$71,837), resulting in an increase of \$31,415 compared to the same period of the prior year. Professional fees fluctuate based on the nature and timing of corporate and property related transactions contemplated or completed.

The Company recorded stock-based compensation for the three months ended September 30, 2022 and 2021 in the amounts of \$nil and \$505,162, respectively, to reflect the fair value of stock options issued and vested in the period. The amount of stock-based compensation recorded is a function of various factors, including the number of stock options granted and the underlying vesting terms.

Accretion expense for the three months ended September 30, 2022 and 2021 of \$12,815 and \$14,911, respectively, remained consistent period over period and related to the asset retirement obligation and CEBA loans payable.

The Company earns interest income on cash and deposit balances. Interest income increased by \$32,998 during the three months ended September 30, 2022 compared to the same period of the prior year due to higher average cash balances held in the period based on the timing of financing raised.

As of September 30, 2022, the fair value of the common shares of Gama was determined to be \$690,000 based on the closing share price of Gama on that date which exceeded the carrying value of the investment, and as a result the Company recorded a gain on fair value of \$97,500 during the three months ended September 30, 2022.

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During the year ended March 31, 2022, the Company completed flow-through financing and recognized a flow-through premium liability of \$1,307,030 to reflect the value of income tax benefits transferred to the shareholders. During the three months ended September 30, 2022, the Company reduced this liability and recognized flow-through premium recovery income of \$395,005 (2021 – \$172,501) in the statement of loss as qualifying exploration expenditures were incurred in the period.

The following table summarizes the Company's financial results for the six months ended September 30, 2022 and 2021.

Six months ended September 30,	2022	2021	Change	Change
	\$	\$	\$	%
Bank & interest	1,939	2,481	(542)	(22%)
Filing fees	19,069	5,063	14,006	277%
Meals & Entertainment	8,156	217	7,939	3659%
Office	78,956	47,370	31,586	67%
General and administrative expenses	108,120	55,131	52,989	96%
Consulting fees	112,646	501,858	(389,212)	(78%)
Exploration expenses	3,366,763	2,619,019	747,744	29%
Investor relations fees	-	239,774	(239,774)	(100%)
Marketing	367,751	265,169	102,582	39%
Professional fees	126,276	121,535	4,741	4%
Stock-based compensation	43,250	555,283	(512,033)	(92%)
Total operating expenses	4,124,806	4,357,769	(232,963)	(5%)
Accretion	25,567	29,767	(4,200)	(14%)
Interest income	(53,254)	(8,399)	(44,855)	534%
Fair value gain on marketable securities	(450,000)	-	(450,000)	--
Gain on sale of marketable securities	(136,555)	-	(136,555)	--
Flow-through premium recovery	(590,889)	(172,501)	(418,388)	243%
Net loss and comprehensive loss	2,919,675	4,206,636	(1,286,961)	(31%)

For the six months ended September 30, 2022, the Company incurred a loss of \$2,919,675 compared to a loss of \$4,206,636 for the same period of the prior year. The decrease in loss of \$1,286,961 is explained below.

The Company experienced an increase of \$52,989 in general and administrative expenses during the six months ended September 30, 2022 primarily due increased overall corporate activities reflected in the increase to office expenses of \$31,586 and the increase to filing fees of \$14,006 for regulatory compliance, filings and fees.

During the six months ended September 30, 2022 and 2021 the Company incurred consulting expenses of \$112,646 and \$501,858, respectively. The decrease of \$389,212 is due to the Company incurring consulting fees to support executive management during the six months ended September 30, 2021 for services agreements which were not renewed.

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Exploration expenses incurred for the six months ended September 30, 2022 totaled \$3,366,763 (2021 - \$2,619,019) and related to the Dome Mountain Project. The increase in exploration expenses of \$747,744 is due to the timing of drilling and soil programs commencement dates. Refer to "Exploration Projects" for additional detail.

Investor relations expenses for the six months ended September 30, 2022 decreased by \$239,774 compared to the same period of the prior year as a result of third party contracts entered into in prior years which expired and were not renewed.

The Company incurred marketing expenses for the six months ended September 30, 2022 and 2021 of \$367,751 and \$265,169, respectively, representing an increase of \$102,582 period over period. The increase in marketing expenses is a direct result of the Company engaging third parties to execute marketing campaigns, including the creation and dissemination of digital advertising and publications related to the Company's exploration results and corporate developments.

Professional fees for the six months ended September 30, 2022 totaled \$126,276 (2021 - \$121,535), resulting in an increase of \$4,741 compared to the same period of the prior year. Professional fees fluctuate based on the nature and timing of corporate and property related transactions contemplated or completed.

The Company recorded stock-based compensation for the six months ended September 30, 2022 and 2021 in the amounts of \$43,250 and \$555,283, respectively, to reflect the fair value of stock options vested in the period. The amount of stock-based compensation recorded is a function of various factors, including the number of stock options granted and the underlying vesting terms.

Accretion expense for the six months ended September 30, 2022 and 2021 of \$25,567 and \$29,767, respectively, remained consistent period over period and related to the asset retirement obligation and CEBA loans payable.

During the six months ended September 30, 2022, the Company sold 100,000 common shares of Gama with a carrying value of \$10,000 for proceeds of \$146,555 and recorded a gain on sale of \$136,555.

As of September 30, 2022, the fair value of the common shares of Gama was determined to be \$690,000 based on the closing share price of Gama on that date which exceeded the carrying value of the investment, and as a result the Company recorded a gain on fair value of \$450,000.

The Company earns interest income on cash and deposit balances. Interest income increased by \$44,855 during the six months ended September 30, 2022 compared to the same period of the prior year due to higher average cash balances held in the period based on the timing of financing raised.

During the year ended March 31, 2022, the Company completed flow-through financing and recognized a flow-through premium liability of \$1,307,030 to reflect the value of income tax benefits transferred to the shareholders. During the six months ended September 30, 2022, the Company reduced this liability and recognized flow-through premium recovery income of \$590,889 (2021 - \$172,501) in the statement of loss as qualifying exploration expenditures were incurred in the period.

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.

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Three months ended	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss and comprehensive loss	(1,988,542)	(931,133)	(8,104,563)	(3,217,831)
Loss per share (basic and diluted)	(0.02)	(0.01)	(0.09)	(0.04)
Loss attributable to owners of the parent	(1,988,542)	(931,133)	(8,245,386)	(3,217,831)
Loss per share attributable to owners of the parent (basic and diluted)	(0.02)	(0.01)	(0.09)	(0.04)

Three months ended	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
	\$	\$	\$	\$
Total Revenue	-	-	-	-
Loss and comprehensive loss	(1,969,785)	(2,236,851)	(1,338,365)	(2,221,323)
Loss per share (basic and diluted)	(0.02)	(0.03)	(0.03)	(0.03)
Loss attributable to owners of the parent	(1,973,542)	(1,862,269)	(801,711)	(1,904,114)
Loss per share attributable to owners of the parent (basic and diluted)	(0.02)	(0.03)	(0.01)	(0.03)

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company's expenditures are driven by the availability of financing to fund continued operations and exploration programs. Quarterly net loss remained relatively consistent from the period ended December 31, 2020 to the period ended September 30, 2021 which is explained by the completion of financings to support exploration and evaluation projects and expenditures. The slight decrease for the period ended March 31, 2021 is explained by non-recurring and non-cash transactions, including gains on the modification of debt and sale of property and flow-through premium recovery. The further increase in net loss for the periods ended December 31, 2021 and March 31, 2022 is explained by increased exploration activities, including ongoing drilling and soil sampling and updates to the Technical Report. Net loss for the period ended March 31, 2022 also includes an impairment loss recorded on exploration and evaluation assets of \$5,254,114. The decrease in net loss for the three months ended June 30, 2022 is primarily attributable to the gains on the sale of and change in fair value of marketable securities and flow-through premium recovery. The increase in net loss for the three months ended September 30, 2022 is primarily attributable to the increase in exploration expenditures.

SHARE CAPITAL

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

The Company has securities outstanding as follows:

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Security Description	September 30, 2022	Date of Report
Common shares	101,355,960	101,355,960
Warrants	13,355,889	13,313,889
Stock options	3,487,500	3,487,500
Fully diluted shares	118,199,349	118,157,349

For the six months ended September 30, 2022:

- On April 11, 2022, the Company closed a second tranche of its non-brokered private placement of 2,753,636 units at a price of \$0.55 per unit for aggregate proceeds of \$1,514,500. Each unit is comprised of one common share of the Company and one-half of one warrant. Each full warrant is exercisable into one common share of the Company at an exercise price of \$0.78 per share until April 15, 2024. The Company paid finders' fees in cash of \$48,400 and issued 88,000 finders' warrants with a fair value of \$22,784 estimated using the Black-Scholes pricing model. The finders' warrants may be exercised to acquire common shares of the Company at a price of \$0.78 per common share until April 15, 2024.
- The Company issued 395,214 common shares pursuant to the exercise of 395,214 warrants for gross proceeds of \$197,607. In connection with the warrant exercises, an amount of \$58,546 was reclassified from reserves to share capital.

As at September 30, 2022 and March 31, 2022, 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 Mine.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2022, the Company had cash of \$5,741,363 (March 31, 2022 - \$8,688,697) and working capital of \$5,938,521 (March 31, 2022 - \$8,082,871). The decrease in working capital of \$2,144,350 during the six months ended September 30, 2022 is primarily due to the decrease in cash of \$2,947,334 which cash flows are summarized below. This decrease to working capital was partially offset by increases in short-term investments of \$389,000 as a result of additional common shares purchased and the change in the fair value of the investment, prepaid expenses of \$85,793 related to consulting agreements for services to be incurred in future periods, and receivables of \$22,741 due to the timing of sales tax refunds. The decrease to accounts payable and accrued liabilities of \$363,760 also partially offset the cash decrease due to the timing of payments to third parties, including royalty payments made on exploration projects.

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.

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(Expressed in Canadian dollars)

The Company's cash flows for the six months ended September 30, 2022 and 2021 are summarized below.

Six months ended September 30,	2022	2021
	\$	\$
Cash used in operating activities	(4,290,596)	(4,731,178)
Cash used in investing activities	(320,445)	(150,000)
Cash provided by financing activities	1,663,707	9,025,857
Change in cash during the period	(2,947,334)	4,144,679
Cash, beginning of the period	8,688,697	3,539,683
Cash, end of the period	5,741,363	7,684,362

Operating activities

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

Investing activities

Investing activities for the six months ended September 30, 2022 totalled \$320,445 and included the purchase of additional common shares of Gama Explorations Inc. for \$150,000, the payment of royalties of \$310,000 related to the Dome Mountain Mine Group which included royalties of \$210,000 accrued as of March 31, 2022, and a reclamation deposit paid on the Pellaire Gold Property in the amount of \$7,000. These cash outflows were partially offset by proceeds of \$146,555 received from the sale of marketable securities during the period.

Investing activities for the six months ended September 30, 2021 reflect the Company acquiring the remaining 21.72% ownership interest in Gavin Mines Inc. which included cash consideration of \$125,000. The Company also paid a royalty of \$25,000 related to the Dome Mountain Mine Group.

Financing activities

During the six months ended September 30, 2022, the Company received total gross proceeds of \$1,712,107 (2021 - \$9,225,986) from the issuance of common shares, net of share issuance costs of \$48,400 (2021 - \$200,129). Refer to "Share Capital" for additional detail on the issuance of common shares.

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

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

FINANCIAL INSTRUMENTS AND RISKS

The fair values of the Company's assets and current financial liabilities are assumed to approximate their carrying values due to their short-term nature. The carrying values of the CEBA loan approximate

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its fair value given the market rate of interest. The fair value of the Company's long-term accounts payable is assumed to approximate their carrying value, due to the nature of the item and are classified as long-term as the Company is not expected to reach commercial production within the next 12 months.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at September 30, 2022, the Company had cash of \$5,741,363 to settle current liabilities of \$610,917. The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt, or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash, deposits and receivables. The Company limits its exposure to credit loss by placing its cash and deposits with high credit quality financial institutions. The Company's receivables primarily consist of input tax credits due from the Government of Canada, and as such, receivables are not subject to significant credit risk. The Company's maximum credit risk is equal to the carrying amount of its cash, receivables, and deposits.

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.

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 September 30, 2022, the Company does not hold any financial instruments denominated in foreign currencies; as such the Company is not exposed to currency risk.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

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ADOPTION OF NEW STANDARDS AND INTERPRETATIONS AND RECENT ACCOUNTING PRONOUNCEMENTS

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

TRANSACTIONS BETWEEN RELATED PARTIES

Summary of key management personnel compensation:

Key management personnel include those 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.

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

For the three months ended	September 30, 2022	September 30, 2021
Management fees ⁽¹⁾	\$ 72,000	\$ 72,000
Stock-based compensation	-	289,416
	\$ 72,000	\$ 361,416

(1) Company controlled by Rana Vig, President, CEO and Director - \$72,000 (2021 - \$72,000)

As at September 30, 2022, accounts payable and accrued liabilities include \$280 (March 31, 2022 - \$280) owing to Rana Vig, President, CEO and director of the Company. The amount payable is unsecured, non-interest bearing and has no fixed terms of repayment.

As at September 30, 2022, prepaid expenses include \$nil (March 31, 2022 - \$12,000) for consulting fees paid to a company controlled by Rana Vig, President, CEO and director of the Company to be applied to services rendered in a subsequent period.

As at September 30, 2022, receivables include \$1,717 (March 31, 2022 - \$1,717) due from Gurdeep Bains, a director of the Company, for an amount paid on behalf of the director. The amount is unsecured, non-interest bearing and has no fixed terms of repayment.

As at September 30, 2022, receivables include \$1,717 (March 31, 2022 - \$1,717) due from Norman Brewster, a director of the Company, for an amount paid on behalf of the director. The amount is unsecured, non-interest bearing and has no fixed terms of repayment.

As at September 30, 2022, receivables include \$3,166 (March 31, 2022 - \$3,166) due from Rana Vig, President, CEO and director of the Company, for an amount paid on his behalf. The amount is unsecured, non-interest bearing and has no fixed terms of repayment.

During the year ended March 31, 2022, the Company entered into agreements with Gama with respect to exploration and evaluation assets and a subscription agreement for the purchase of common shares. Gama is a related company by way of a common director being Norman Brewster. Refer to "Exploration Projects". During the six months ended September 30, 2022, the Company acquired an additional \$150,000 in Gama in connection with a private placement.

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OTHER

Additional disclosures pertaining to the Company's material change reports, press releases and other information are available on the SEDAR website at www.sedar.com.

APPROVAL

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