BLUE LAGOON RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three months ended June 30, 2024 and 2023

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 29, 2024, and should be read in conjunction with the unaudited condensed consolidated interim financial statements for the three months ended June 30, 2024 and 2023, and the related notes contained therein which have been prepared under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

FORWARD-LOOKING STATEMENTS

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

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

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

DESCRIPTION OF BUSINESS

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

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

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

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

(Expressed in Canadian dollars)

EXPLORATION PROJECTS

The following table summarizes the balance of exploration and evaluation assets as at June 30, 2024 and March 31, 2024 and the changes in exploration and evaluation assets for the periods then ended.

	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 and June 30, 2024	**22,772,809**	**-**	**22,772,809**

During the year ended March 31, 2024, the balance of exploration and evaluation assets increased by $2,635,242 primarily as a result of an increase in the estimate for the asset retirement obligation in relation to Dome Mountain Mine, as well as acquisition costs for Dome Mountain Mine of $75,000. The increase was offset by an impairment of $650,000 on the Big Onion Project. The balance of exploration and evaluation assets also decreased by $50,000 as a result of the Company receiving payment of $50,000, pursuant to the option agreement for the 100% beneficial ownership in the Big Onion Project.

During the three months ended June 30, 2024 there was no change in the balance of exploration and evaluation assets.

During the three months ended June 30, 2024, the Company incurred exploration and evaluation expenses of $209,498 which related to the Dome Mountain Mine and the preparation for the first phase of the 2024 drilling program.

During the three months ended June 30, 2023, the Company incurred exploration and evaluation expenses of $438,411 which related to the Dome Mountain Mine and the preparation for the first phase of the 2023 drilling program.

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

For the three months ended June 30,	**2024** **$**	**2023** **$**
Drilling	3,314	1,892
Salaries and wages	65,275	265,737
Geological consulting	92,286	44,063
Environmental and permitting	29,110	55,905
Sampling and assays	15,196	8,965
Equipment, vehicles, and freight	-	19,467
Supplies and other	4,317	128,505
Recovery	-	(86,123)
	209,498	**438,411**

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.

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

Dome Mountain Mine Group

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

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 $626,312 related to the Dome Mountain Mine.

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

- Dome Mountain Project
    - Upon the property commencing production, the Company agreed to pay an NSR of 2%, or not less than $40,000 per annum. In the event that the property was not in production by January 28, 2011, an advance royalty payment in the amount of $40,000 per annum was required to be paid. An agreement was reached by both parties to defer certain 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 year ended March 31, 2023.
    - 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 a result, the annual royalty payment was reduced to $30,000 per annum beginning in January 2023. The Company made the annual royalty payment of $30,000 on January 30, 2023.
    - As at June 30, 2024, 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. The Company made the annual royalty payments of $20,000 in February 2023 and 2024.

- 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 defer certain 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 on June 30, 2022.
  - The Company paid the 2023 annual royalty payment of $25,000 on July 5, 2023.

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

- $500,000 in cash paid in the following installments:
  - $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)

(Expressed in Canadian dollars)

        - 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
        - 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 (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 Option Property resulting in a carrying value of $nil.

RESULTS OF OPERATIONS

The following table summarizes the Company's financial results for the three months ended June 30, 2024 and 2023.

Three months ended June 30,	2024 $	2023 $	Change $	Change %
General and administrative expenses	30,502	40,142	(9,640)	(24)
Consulting fees	39,850	36,700	3,150	9
Exploration expenses	209,498	438,411	(228,913)	(52)
Marketing	222	3,904	(3,682)	(94)
Professional fees	27,490	42,644	(15,154)	(36)
Total operating expenses	**307,562**	**561,801**	**(254,239)**	(45)
Accretion	50,161	18,361	31,800	173
Interest income	(12,795)	(7,902)	(4,893)	(62)
Fair value (gain) loss on marketable securities	150,000	1,125,000	(975,000)	(87)
Net loss and comprehensive loss	**494,928**	**1,697,260**	**(1,202,332)**	(71)

For the three months ended June 30, 2024, the Company incurred a loss of $494,928 compared to a loss of $1,697,260 for the prior period. The decrease in loss of $1,202,332 is explained below.

The Company experienced a decrease of $9,640 in general and administrative expenses during the three months ended June 30, 2024 with the main contributing factors being decreased insurance expenses and filing fees.

During the three months ended June 30, 2024 and 2023 the Company incurred consulting expenses of $39,850 and $36,700, respectively. The increase of $3,150 is due to the Company incurring consulting fees associated with web hosting services.

(Expressed in Canadian dollars)

Exploration expenses incurred for the three months ended June 30, 2024 totaled $209,498 (2023 - $438,411). The decrease in exploration expenses of $228,913 is due to the timing of drilling and soil sampling programs. Refer to "Exploration Projects" for additional detail.

The Company incurred marketing expenses for the three months ended June 30, 2024 and 2023 of $222 and $3,904, respectively, representing a decrease of $3,682 period over period. The decrease in marketing expenses is a result of the Company not renewing marketing service agreements with third parties for services including the creation and dissemination of digital advertising and news dissemination.

Professional fees for the three months ended June 30, 2024 totaled $27,490 (2023 - $42,644), resulting in an decrease of $15,154 compared to the same period of the prior year. Professional fees fluctuate based on the nature and timing of corporate and property related transactions.

During the three months ended June 30, 2024, the Company incurred accretion expense of $50,161, as compared to $18,361 during the same period in the prior year, which related solely to the Company's asset retirement obligation. The increase in accretion expense is due to an increase in the estimated future cashflows of the asset retirement obligation.

The Company earns interest income on cash and deposit balances. Interest income increased by $4,893 during the three months ended June 30, 2024 compared to the same period in prior year due to higher average cash balances held.

As of June 30, 2024, the fair value of the common shares of Blackbird was determined to be $67,500, based on the closing share price of Blackbird on that date, resulting in the recognition of a fair value loss on marketable securities during the three months ended June 30, 2024 of $150,000 (June 30, 2023 - $1,125,000).

SUMMARY OF QUARTERLY RESULTS

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

Three months ended	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
	$	$	$	$
Total Revenue	-	-	-	-
Loss and comprehensive loss	(494,928)	(910,222)	(540,651)	(747,717)
Loss per share (basic and diluted)	(0.00)	(0.01)	(0.01)	(0.01)
Loss attributable to owners of the parent	(494,928)	(910,222)	(540,651)	(747,717)
Loss per share attributable to owners of the parent (basic and diluted)	(0.00)	(0.01)	(0.01)	(0.01)

(Expressed in Canadian dollars)

Three months ended	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
	$	$	$	$
Total Revenue	-	-	-	-
Loss and comprehensive loss	(1,697,260)	(6,750,094)	(2,543,882)	(1,988,542)
Loss per share (basic and diluted)	(0.02)	(0.07)	(0.03)	(0.02)
Loss attributable to owners of the parent	(1,697,260)	(6,750,094)	(2,543,882)	(1,988,542)
Loss per share attributable to owners of the parent (basic and diluted)	(0.02)	(0.07)	(0.03)	(0.02)

Historical quarterly results of operations and loss per share data do not necessarily reflect any recurring expenditure patterns or predictable trends. The Company's expenditures are driven by the availability of financing to fund continued operations and exploration programs. The increases in net loss for the three months ended December 31, 2022 is primarily attributable to the increases in exploration activities. The increase in net loss for the three months ended March 31, 2022 was a result of an impairment loss recorded on exploration and evaluation assets of $5,686,354. The substantial decrease in the net loss for the three months ended June 30, 2023 was a result of the absence of impairment loss on exploration and evaluation assets, as compared to the previous quarter. Net loss decreased further for the three months ended September 30, 2023 and December 31, 2023 due to a decrease in the fair value loss on marketable securities as a result of fluctuations in the fair value of marketable securities compared to the previous quarter. Net loss increased for the three months ended March 31, 2024 due to impairment of the Big Onion. Net loss decreased for the three months ended June 30, 2024 due to the impairment of the Big Onion property recognized in the prior quarter.

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	June 30, 2024	Date of Report
Common shares	114,035,246	114,035,246
Warrants	Nil	Nil
Stock options	3,787,500	3,787,500
Fully diluted shares	**117,822,746**	**117,822,746**

For the three months ended June 30, 2024:

- There was no share capital activity during the three months ended June 30, 2024.

As at June 30, 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 Mine.

(Expressed in Canadian dollars)

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2024, the Company had cash of $512,991 (March 31, 2024 - $816,615) and working capital surplus of $465,406 (March 31, 2024 - $888,423). The decrease in working capital of $423,017 during the three months ended June 30, 2024 is primarily due to the decrease in the fair value of short-term investments of $128,250, and the decrease in cash of $303,624.

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

The Company's cash flows for the three months ended June 30, 2024 and 2023 are summarized below.

Three months ended June 30,	**2024** **$**	**2023** **$**
Cash used in operating activities	(303,624)	(460,546)
Cash provided by investing activities	-	50,000
Change in cash during the period	(303,624)	(410,546)
Cash, beginning of the period	816,615	1,056,756
Cash, end of the period	**512,991**	**646,210**

Operating activities

Cash used in operating activities adjusts loss for the period for non-cash items including, but not limited to, accretion expense, stock-based compensation, impairment losses, 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

During the three months ended June 30, 2024, there were no investing activities.

Investing activities for the three months ended June 30, 2023 totalled $50,000 which relate to option payment received pursuant to the option agreement for the sale of the Big Onion Project.

Financing activities

During the three months ended June 30, 2024, there were no financing activities.

During the three months ended June 30, 2023, there were no financing activities.

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

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

FINANCIAL INSTRUMENTS AND RISKS

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

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at June 30, 2024, the Company had cash of $512,991 to settle current liabilities of $189,917. 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.

(Expressed in Canadian dollars)

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 June 30, 2024, the Company does not hold any financial instruments denominated in foreign currencies; as such the Company is not exposed to currency risk.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilize off-balance sheet arrangements.

ADOPTION OF NEW STANDARDS AND INTERPRETATIONS AND RECENT ACCOUNTING PRONOUNCEMENTS

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

TRANSACTIONS BETWEEN RELATED PARTIES

Summary of key management personnel compensation:

Key management personnel include those 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		**June 30, 2024**		**June 30, 2023**
Management fees [(1)]	$	36,000	$	36,000

(1) R2A2 Holdings Inc., a company controlled by Rana Vig, President, CEO and Director

As at June 30, 2024, accounts payable and accrued liabilities include $280 (March 31, 2024 - $3,794) 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 June 30, 2024, prepaid expenses include $12,000 (March 31, 2024 - $12,000) for management fees paid to R2A2 Holdings Inc., a company controlled by Rana Vig, President, CEO and director of the Company, to be applied to services rendered subsequent to year end.

OTHER

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

APPROVAL

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