

MARGARET LAKE DIAMONDS INC.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended May 31, 2025

MARGARET LAKE DIAMONDS INC.

Management Discussion and Analysis
For the period ended May 31, 2025

The following Management's Discussion and Analysis ("MD&A"), prepared as of September 24, 2025, should be read in conjunction with the audited financial statements and related notes thereto of Margaret Lake Diamonds Inc. ("Margaret Lake" or "the Company") for the year ended May 31, 2025, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. All financial amounts are stated in Canadian dollars unless stated otherwise.

Additional information relating to the Company and its operations is available under the Company's profile on SEDAR at www.sedarplus.ca.

Forward Looking Statements

This MD&A may contain "forward-looking statements" which reflect the Company's current expectations regarding the 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", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "outlook", "forecast" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements in this MD&A include, but not limited to, the Company's current and future expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors. Information concerning mineral resource estimates and the interpretation of its airborne geophysical survey results may also be considered a forward-looking statement, as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually explored and/or developed.

Forward-looking statements are based on a number of assumptions including, but not limited to, the assumptions about the availability of financing on reasonable terms for the Company's explorations projects, ability to fulfil its current and future commitments related to its option agreements and continue exploration and development of its mineral properties, as well as general and economic conditions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors including, but not limited to, changes in commodity prices, results of exploration and development activities, regulatory changes, defects in titles, timeliness of government approvals and permits, availability of financing to continue in business. These risks and uncertainties may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

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Overall Performance

The Company is an exploration stage company engaged in the acquisition and exploration of mineral resource properties located in Canada. The Company was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on February 9, 2011. The Company's principal address and head office is Suite 501, 3292 Production Way, Burnaby, BC, V5A 4R4.

Exploration Highlights and Objectives

Letain Nickel Project

On February 10, 2025, the Company has entered into mineral property option agreement with the third parties (the "Optionors").

Pursuant to the agreement, on closing, the Company has the option to acquire up to 100% of the right, title and interest in and to the Letain Nickel Project. The closing conditions include the Company satisfying the following obligations:

- Payment of \$5,000 on TSV Venture Exchange approval and resumption of trading (Paid).
- The issuance of 125,000 common shares of the Company to the Optionors (Issued);
- Completing a qualified work program of no less than \$10,000 to be completed or a payment in lieu of exploration before October 2025;
- \$50,000 payment to the Optionors on the 2nd anniversary of the agreement (payable in cash or shares at the election of the Optionors);
- \$115,000 payment to the Optionors on the 3rd anniversary of the agreement (payable in cash or stock at the election of the Optionors); and
- 2% Net Smelter Royalty ("NSR") with one-half (1%) being able to be purchased for \$1,000,000.

Diagras Property

On November 7, 2016, the Company entered into an Option and Joint Venture Agreement ("JV Agreement") with Arctic Star (TSX-V: ADD), under which it has acquired a 60% interest in 23 mineral claims located in the Northwest Territories, Canada (the "Diagras Property"). The Company formed a joint venture with Arctic Star (the "Diagras JV") to jointly explore the Diagras Property on the 60-40 joint venture basis, with the Company acting as the operator.

On March 22, 2024, the Company divested its interest in the Diagras Property. Pursuant to a joint venture interest acquisition agreement its interest in the Property was sold for consideration of \$300,000 cash. The Company and Arctic Star also entered into a termination and release agreement releasing Arctic Star from any claims held by the Company in the Property and subsequently, the JV was terminated. In connection with the sale, the Company recognized loss of \$840,238 on sale of exploration and evaluation asset to a consolidated statement of loss

The following table summarizes the Company's exploration and evaluation asset expenditures:

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	Letain \$	Diagras \$	Total \$
Balance, May 31, 2023	-	1,184,204	1,184,204
Adjustment on JV exploration contribution	-	(43,966)	(43,966)
Sale of exploration and evaluation asset	-	(1,140,238)	(1,140,238)
Balance, May 31, 2024		-	-
Additions	15,000	-	15,000
Balance, May 31, 2025	15,000	-	15,000

Proposed Transaction

The Company entered into an amalgamation agreement dated December 17, 2023 to acquire Emerging Goldfield Resources Ltd. ("Emerging") in the form of an amalgamation agreement. The transaction would constitute a reverse takeover of the Company and upon closing the Company would carry on the business of Emerging. The transaction proposed that the Company's securities and Emerging's securities would be exchanged on a 1:1 basis for an equivalent security of the Resulting Issuer.

Pursuant to a termination agreement dated June 24, 2024, the amalgamation agreement was terminated by the Company and Emerging. All obligations and liabilities under the amalgamation agreement were terminated.

The decision to terminate the agreement follows a reassessment of strategic objectives by both Margaret Lake Diamonds and Emerging Goldfields. Despite significant efforts, the parties were unable to satisfy all necessary regulatory approvals and shareholder requirements within a reasonable time frame and the parties have mutually decided to terminate the proposed RTO.

Selected Annual Information

	Years ended May 31,		
	2025	2024	2023
	- \$ -	- \$ -	- \$ -
Interest income	-	-	-
Net loss	(333,711)	(1,214,146)	(1,661,733)
Loss per share	(0.06)	(0.26)	(0.53)
Total assets	286,772	155,882	1,423,987
Total long-term liabilities	-	-	-
Total equity (deficit)	(391,506)	(348,839)	865,307
Cash dividends per share for each class of share	-	-	-

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Results of Operations

Years ended May 31, 2025, and May 31, 2024:

During the year ended May 31, 2025, the Company had net loss of \$333,711 (2024 – \$1,214,146).

During the current year, the Company entered into a property option agreement for the Letain Nickel Project and has commenced increased business activities therein.

In the prior year, the Company sold the its Diagras property as further described below.

The main components of variance are described below:

- 1) Advertising and IR expenses decreased to \$nil (2024 - \$13,000) relating to services utilized during the prior year including investor marketing services, social media services, and content creation, whereas there were \$nil expenses in the current year.
- 2) Management fees decreased in the current year to \$90,000 (2024 - \$120,000) due to the transition of the CEO in the current year, where the prior year included all 12 months of services for the former CEO.
- 3) Impairment loss on exploration and evaluation asset decreased to \$nil (2024 - \$840,238) which was recorded in connection to the sale of the Diagras property in the prior year.
- 4) Consulting fees increased to \$111,000 (2024 - \$13,960) in the current year commensurate with the increases in usage of consultants due to the increased business activities during the year.
- 5) Office and administration decreased to \$63,517 (2024 - \$125,641), as the Company realized decreases for services in connection to office administration and services in the current year.

Three months ended May 31, 2025, and May 31, 2024:

During the three months ended May 31, 2025, the Company had net loss of \$167,135 (2024 – \$45,991). The change is primarily due to the following:

- 1) Impairment loss decreased in the current period to \$Nil (2024 - \$43,966) due to recording an impairment of the Diagras property in the prior period.
- 2) Office and administration expenses decreased to \$6,778 (2024 - \$53,306) mainly due to cost reductions received on related services during the period.
- 3) Professional fees increased to \$3,000 (2024 - \$14,774 credit), due to realizing decreases to legal, audit, and accounting fees and recognizing an adjustment for over accrual of audit related expenses in the prior period.
- 4) Consulting fees of \$111,000 (2024 - \$11,908) in the current period commensurate with the increased in usage of consultants due to the increased business activities during the period.
- 6) Management fees of \$10,000 (2024 - \$30,000) due to the transition of the CEO in the current period, where the comparative period included 3 months of services for the former CEO.

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Summary of Quarterly Results

The following is a summary of financial information concerning the Company for each of the last eight reported quarters.

Quarter ended	Interest Income	Earnings (Loss)	Income (Loss)
	\$	\$	per share
			\$
May 31, 2025	-	(167,135)	(0.04)
February 28, 2025	-	(29,024)	(0.01)
November 30, 2024	-	(69,712)	(0.02)
August 31, 2024	-	(67,840)	(0.01)
May 31, 2024	-	(45,989)	(0.01)
February 29, 2024	-	(992,163)	(0.21)
November 30, 2023	-	(69,712)	(0.02)
August 31, 2023	-	(106,282)	(0.02)

The increase in loss in the three months ended May 31, 2025, is due in part to the increased business activity in Q4 of 2025 as the Company entered into a property option agreement for the Letain Nickel Project and has commenced increased business activities therein.

During the quarter ended February 28, 2025, the Company was reviewing its prospective options for projects of merit and limited its business activities during the period.

The losses in the nine months and three months ended February 28, 2025, are explained in the prior section and reflect the decreased activity in the Company

The loss for the quarter ended February 29, 2024, includes an impairment loss on exploration and evaluation assets of \$884,204 (2023 - \$nil) to impair the asset down to its net realizable value in connection to its sale during the prior period.

The loss for the quarter ended November 30, 2023, includes credits in marketing expenses of \$5,000 and advertising and IR of \$3,000, to reconcile expenses recorded in Q1 and a significant decrease in professional fees to \$17,778 during the period.

The loss for the quarter ended August 31, 2023, included marketing expenses of \$10,000, advertising and IR fees of \$16,000, consulting fees of \$33,000, and office costs of \$24,491 which all contributed to the main components of net loss in the period.

Liquidity and Capital Resources

At May 31, 2025, the Company reported a working capital deficit of \$406,506 compared to a working capital deficit of \$348,839 at May 31, 2024.

The Company's cash balance increased to \$139,946 at May 31, 2025, from \$32,325 as May 31, 2024.

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During the year ended May 31, 2025, the Company closed a non-brokered private placement of 4,479,445 units priced at \$0.065 per unit for gross proceeds of \$291,164.

Each unit consisted of one common share and one transferrable common share purchase warrant. Each warrant entitles the holder to purchase one additional share of the Company at a price of \$0.085 per share for a period of 36 months from the date of issuance (Note 7 to the financial statements).

To date, the other sources of funds potentially available to the Company are through the exercise of outstanding stock options and share purchase warrants. Certain amounts have been advanced by the current directors. There can be no assurance that any or all of these outstanding exercisable securities will be exercised or that further amounts may be loaned to the Company by directors.

The Company has not yet realized profitable operations to date and has relied on equity and convertible debt financings to fund its operations and exploration activities. The Company currently requires additional financing to continue in business and there can be no assurances that such financing will be available or if available, will be on reasonable terms.

The financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Risk and Uncertainties

The Company is engaged in the acquisition and exploration of mineral properties. These activities involve significant risks even with careful evaluation, experience and knowledge may not, in some cases, be eliminated. The Company's success depends on a number of factors, many of which are beyond its control.

The primary risk factors affecting the Company include the inherent risks in the mining industry and development business, environmental and health risks, regulatory constraints, economic or political conditions and commodities price fluctuation.

The commercial viability of any mineral deposit depends on many factors, not all of which are within the control of management. Some of the factors will affect the financial viability of a given mineral deposit include its size, grade and proximity to infrastructure. Government regulation, taxes, royalties, land tenure and use, environmental protection and reclamation and closure obligations could also have a profound impact on the economic viability of a mineral property. Mining activities also include risks such as unexpected or unusual geological operating conditions, floods, fires, earthquakes, other natural or environmental occurrences and political and social instability.

It is not possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or for other reasons. The Company does not currently maintain insurance against political or environmental risks. Should any uninsured

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liabilities arise, they could result in increased costs, reductions in profitability, and a decline in the value of the Company's securities.

There is no assurance at this time that the mineral properties the Company is investigating will be economically viable for development and production.

FINANCIAL INSTRUMENTS

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company's receivables consist of GST receivable due from the Federal Government of Canada. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Price Risk

The Company may be 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.

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Transactions with Related Parties

Key management personnel are persons responsible for planning, directing and controlling activities of an entity, and include executive and non-executive directors and officers.

Key management compensation during the periods ended May 31, 2025, and May 31, 2024, was as follows:

	May 31, 2025 \$	May 31, 2024 \$
Management fees to a former related party ¹	80,000	120,000
Management fees to the CEO ⁵	10,000	-
Directors fees ^{2,3,4}	25,000	12,000
Total	115,000	132,000

¹ Yari Nieken, Former CEO

² Quinn Field-Dyde, Director

³ Andreas Schleich, Director

⁴ Daryn Gordon, Director

⁵ Robert Nicholas Horsley, CEO, Director

As at May 31, 2025 and May 31, 2024, the Company had the following balances due to related parties:

- Due to the former CEO¹, \$105,000 (May 31, 2024 - \$3,520)
- Due to the CEO⁵, \$5,500 (May 31, 2024 - \$nil)
- Due to related parties^{2,3,4} - \$18,000 (May 31, 2024 - \$nil).

Other Requirements

Summary of Outstanding Share Data as of May 31, 2025 and the current date:

Authorized: Unlimited number of common shares without par value.

Issued and outstanding:	9,345,675
Stock options outstanding	5,000
Warrants outstanding	6,479,445

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During the year ended May 31, 2025, the following warrants expired unexercised.

Expiry Date	Exercise Price -\$-	Number of warrants outstanding
June 17, 2024	2.80	482,084
June 17, 2024	3.00	68,300
June 17, 2024	2.80	5,064
June 17, 2024	3.00	7,584
July 18, 2024	2.80	555,029
July 18, 2024	3.00	265,033
July 18, 2024	2.80	25,714
July 18, 2024	3.00	3,733
August 5, 2024	2.80	80,688
November 3, 2024	2.80	89,286

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certification of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the financial statements for the year ended May 31, 2025, and this accompanying MD&A.