
EARN-IN AND OPERATING AGREEMENT

BY AND AMONG

MAG ONE PRODUCTS INC.

AND

MAG ONE OPERATIONS INC.

AND

BLUE LAGOON RESOURCES INC.

January 6, 2020

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EARN-IN AND OPERATING AGREEMENT

THIS AGREEMENT is made effective as of the 6th day of January, 2020.

AMONG:

MAG ONE PRODUCTS INC., a company incorporated under the laws of British Columbia and having an office at 600 - 777 Hornby Street, Vancouver, BC V6Z 1S4

(“**MOPI**”)

AND:

MAG ONE OPERATIONS INC., a company incorporated under the laws of Québec and having an office at 511 Place d'Armes, Suite 303, Montreal, Québec H2Y 2W7

(“**Mag One**”)

AND:

BLUE LAGOON RESOURCES INC., a company incorporated under the laws of British Columbia and having its registered office at 1200 – 750 West Pender Street, Vancouver, BC V6C 2T8

(“**Blue Lagoon**”)

WHEREAS:

- A. Mag One is a private company existing under the laws of Québec with all of the issued and outstanding shares held by MOPI, a British Columbia company with its shares listed for trading on the Canadian Securities Exchange (the “**CSE**”) under the symbol “MDD”. MOPI’s shares are also quoted on the Frankfurt Stock Exchange and the OTCQB Venture Market.
- B. Mag One has (i) exclusive access to 50M tonnes of tailings piles located at the Jeffrey mine in Asbestos, Québec; and (ii) rights to remove 60M tonnes of tailings from the tailings pile located at the Thetford mine in Thetford Mines, Québec (the “**Properties**”), through agreements with Mine Jeffrey Inc., Beausite Metal and Asbestos Corp Limited (the “**Processing Agreements**”). Prior to the First Closing Date (as defined below), Mag One will also hold an exclusive license (the “**License Agreement**”) with 8200475 Canada Inc. (“**Tech Magnesium**”) to use and option to acquire a 100% ownership of a new thermal technology to produce magnesium metal. Mag One and Tech Magnesium are collaborating to finalize the development and commercialization of the Tech Magnesium technology to produce magnesium metal, as described in Schedule A (the “**Assets**”).
- C. MOPI and Mag One have agreed to grant Blue Lagoon options to acquire up to a 70% equity joint venture ownership interest in Mag One, in accordance with the terms of this Agreement.
- D. The Parties wish to operate Mag One as a corporate joint venture for the purpose of funding the establishment and operation of one or more pilot and commercial scale plants for the purpose of producing magnesium oxide and magnesium metal, initially from tailings located at the Properties.

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained, the Parties hereto do covenant and agree each with the other as follows:

1. INTERPRETATION

1.1 Defined Terms.

In this Agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the respective meanings ascribed to them below:

- (a) “**20% Option**” means Blue Lagoon’s right and option to acquire up to an additional 20% equity joint venture ownership interest in Mag One following the exercise of the 50% Option as contemplated by this Agreement;
- (b) “**50% Option**” means Blue Lagoon’s right and option to acquire up to a 50% equity joint venture ownership interest in Mag One as contemplated by this Agreement;
- (c) “**Affiliate**” has the meaning given to that term in the *Securities Act* (British Columbia);
- (d) “**Agreement**” means this agreement, including the schedules attached hereto, as the same may be amended or supplemented from time to time;
- (e) “**Applicable Laws**” means all applicable rules, laws, policies, statutes, constitution, notices, orders and legislation of any kind whatsoever of any Governmental Authority or share exchange (including the CSE) having jurisdiction over the transactions contemplated hereby or the Parties;
- (f) “**Assets**” means the assets described in Schedule A;
- (g) “**BCBCA**” means the British Columbia *Business Corporations Act*, as amended from time to time;
- (h) “**Blue Lagoon**” means Blue Lagoon Resources Inc., a company existing under the laws of British Columbia;
- (i) “**Business Day**” means any day except Saturday, Sunday or a statutory holiday in Vancouver, British Columbia, Canada or Montreal, Québec, Canada;
- (j) “**Closing Conditions**” means the conditions to the closing as set out in Section 5 of this Agreement;
- (k) “**Confidential Information**” has the meaning set out in Section 9.2 of this Agreement;
- (l) “**Contract**” means any written contract, agreement, license, franchise, lease, arrangement or other enforceable right or binding obligation;
- (m) “**Corporate JV Agreement**” means the formal shareholder agreement to be entered into by and among MOPI and Blue Lagoon, in accordance with this Agreement;
- (n) “**CSE**” means the Canadian Securities Exchange;

- (o) “**CSE Approval**” means all necessary approvals of the CSE, including for the Transaction, subject only to the filing of documents within the times established by the CSE;
- (p) “**CSE Policies**” means the rules and policies of the CSE;
- (q) “**Due Diligence Completion Date**” means 15 Business Days from the Effective Date;
- (r) “**Due Diligence Condition**” means confirmation by Blue Lagoon that its due diligence with respect to the Due Diligence Items has been completed to its reasonable satisfaction;
- (s) “**Due Diligence Items**” means the due diligence items outstanding on the Effective Date, as enumerated in the legal due diligence request list provided by Blue Lagoon to MOPI and Mag One;
- (t) “**Earn-in Period**” means the period commencing from the First Closing Date and ending on the earlier of 24 months following the First Closing Date or the date this Agreement is terminated in accordance with its terms;
- (u) “**Effective Date**” means the date of this Agreement as first set out above;
- (v) “**Employee Plans**” means, with respect to Mag One, all employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, retirement, stock option, stock purchase, stock appreciation, stock award, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices relating to the current or former directors, officers, or employees of such Party and its Subsidiaries, maintained, funded or sponsored or required to be contributed to by the such Party or its Subsidiaries, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered, under which such Party or its Subsidiaries may have or would be reasonably expected to have any material liability, contingent or otherwise, except for any statutory plans or plans administered pursuant to applicable federal or provincial health, worker’s compensation or employment insurance legislation;
- (w) “**Encumbrance**” includes any mortgage, pledge, assignment, charge, lien, claim, Security Interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (x) “**First Closing Date**” means the date that is one Business Day after all Closing Conditions, other than the condition set out in subsection 5.1(f), have been satisfied or waived and the 50% Option has been granted to Blue Lagoon, pursuant to Section 2 of this Agreement;
- (y) “**Governmental Authority**” means any (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, agency, domestic or foreign (including the CSE); (ii) any subdivision, agent, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of

any of the foregoing;

- (z) “**Intellectual Property**” means domestic and foreign (i) patents, applications for patents and reissues, divisions, continuations, renewals, extensions, and continuations-in-part of patents and patent applications; (ii) proprietary and non-proprietary business information, including inventions, improvements, trade secrets, know-how, methods, processes, designs, technology, technical data and documentation relating to any of the foregoing; (iii) trade-marks (both registered and unregistered), trade names, business names, corporate names, domain names, website names and website addresses, trade dress and logos, and the goodwill associated with any of the foregoing; (iv) copyrights, copyright registrations and applications for copyright registrations; and (v) any other proprietary information or intellectual property;
- (aa) “**JV Date**” means the date on which the Corporate JV Agreement is entered into;
- (bb) “**Letter of Intent**” means the non-binding letter of intent among Blue Lagoon, MOPI and Mag One dated November 25, 2019;
- (cc) “**Liability**” means any debts, liabilities and obligations whether accrued, absolute or contingent, matured or unmatured or determined or determinable;
- (dd) “**Mag One**” means Mag One Operations Inc., a wholly owned subsidiary of MOPI, existing under the laws of Québec;
- (ee) “**Mag One Board**” means the board of directors of Mag One as the same is constituted from time to time;
- (ff) “**Mag One Shares**” means the common shares in the capital of Mag One;
- (gg) “**Material Adverse Change**” means with respect to a Party any event or change that has had or would reasonably be likely to have a materially adverse effect on the Party and for the purposes hereof, “**Material Adverse Effect**” means an effect that reasonably, individually or collectively with another state of facts or effects is materially adverse or may be expected to be materially adverse on the business, operations, results of operations, assets, liabilities or financial condition of the Party and their respective subsidiaries other than any change, effect, event or occurrence: relating to the global economy or securities markets in general; affecting the specialty transportation industry in general; and which does not have a materially disproportionate effect on the Party;
- (hh) “**Material Contracts**” means any Contract to which either MOPI, Mag One or Blue Lagoon (each being the “**Company**”, as the context requires) or any of the Company’s subsidiaries is a party or bound or to which any of their respective assets are subject:
 - i. which, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on the Company;
 - ii. under which the Company or any of its subsidiaries has directly or indirectly guaranteed any liabilities or obligations of a third party (other than ordinary course of business endorsements for collection) in excess of \$20,000 in the aggregate;

- iii. relating to indebtedness for borrowed money, whether incurred, assumed, guaranteed or secured by any asset, with an outstanding principal amount in excess of \$20,000;
 - iv. under which the Company or any of its subsidiaries is obligated to make or expects to receive payments in excess of \$20,000 over the remaining term of the Contract;
 - v. that limits or restricts the Company or any of its subsidiaries from engaging in any line of business or any geographic area in any material respect or that limits or restricts in any material respect the ability of the Company or any of its subsidiaries to solicit any customers or clients of other parties thereto;
 - vi. which relates to any material partnership, limited liability company agreement, joint venture, alliance agreement or similar agreement or arrangement;
 - vii. entered into in the past 12 months or in respect of which the applicable transaction has not yet been consummated for the acquisition or disposition, directly or indirectly (by amalgamation, merger or otherwise) of assets, capital stock or other equity interests of another Person for aggregate consideration in excess of \$20,000;
 - viii. which is still in force and has been filed by the Company with Securities Authorities as a material contract;
 - ix. with any Governmental Authority;
 - x. for the purchase by the Company or any of its subsidiaries of materials, supplies, products or services under which such supplier is a sole source supplier;
 - xi. providing for the payment of any commission based on sales, other than to employees of the Company or any of its subsidiaries in excess of \$10,000 over a three-month period; or
 - xii. between the Company or any of its subsidiaries, on the one hand, and any Shareholder or any of their respective officers or directors;
- (ii) “**Material Fact**” has the meaning ascribed thereto in the Securities Act;
 - (jj) “**Misrepresentation**” has the meaning ascribed thereto in the Securities Act;
 - (kk) “**MOPI**” means Mag One Products Inc., a corporation existing under the BCBCA;
 - (ll) “**MOPI Meeting**” means the special meeting of the MOPI Shareholders to be held to consider the MOPI Shareholder Resolution;
 - (mm) “**MOPI Shareholder Approval**” means the approval by the MOPI Shareholders to the MOPI Shareholder Resolution at the MOPI Meeting;
 - (nn) “**MOPI Shareholder Resolution**” means the shareholder resolution of MOPI evidencing the MOPI Shareholder Approval;

- (oo) “**MOPI Shareholders**” means the registered and/or beneficial holders of MOPI Shares, at the applicable time;
- (pp) “**MOPI Shares**” means the common shares in the capital of MOPI;
- (qq) “**ordinary course of business**”, “**ordinary course of business consistent with past practice**”, or any similar reference, means, with respect to an action taken by a Person, that such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day business and operations of such Person; provided that in any event such action is not unreasonable or unusual;
- (rr) “**Operations**” include:
- i. carrying out, or causing to be carried out, one or more pilot and commercial scale plants for the purpose of recovering magnesium oxide and magnesium metal, initially from tailings at the Properties, and any other exploration, development, pre-production, mining or reclamation work involving the Assets;
 - ii. paying wages, salaries and benefits of individuals engaged in such work and in supplying food, lodging, transportation and other reasonable needs of such individuals;
 - iii. paying insurance premiums and assessments or premiums for workers' compensation insurance, contributions for unemployment insurance or other pay allowances or benefits customarily paid in the district to such individuals;
 - iv. making payments in respect of exploration permits, leases, licenses, mining claims, taxes, rates, assessments or other governmental charges in connection with the Properties and Assets;
 - v. purchasing, leasing or renting plant, buildings, machinery, tools, appliances, equipment or supplies or incurring other capital expenses, and in installing, erecting, detaching or removing any such assets on or from the Properties; and
 - vi. managing or supervising any work which is done in respect of the Assets or in any other respects necessary or desirable, in the reasonable opinion of Mag One, or after the formation of the joint venture, in the reasonable opinion of the Mag One Board.
- (ss) “**Options**” means the 50% Option and the 20% Option;
- (tt) “**Parties**” means each of Blue Lagoon, MOPI and Mag One; and “**Party**” means any one of them, as applicable;
- (uu) “**Person**” means a natural person, partnership, limited partnership, limited liability partnership, corporation, limited liability corporation, unlimited liability company, joint share company, trust, unincorporated association, joint venture or other entity or Governmental Authority;
- (vv) “**Properties**” means the tailings piles located at the Jeffrey mine in Asbestos, Québec and

the Thetford mine in Thetford Mines, Québec, to which Mag One has access through the Processing Agreements;

- (ww) “**Qualifying Financing**” means a debt or equity financing completed by Mag One for minimum gross proceeds of \$500,000;
- (xx) “**Regulatory Approval**” means any approval, consent, waiver, permit, order or exemption from any Governmental Authority having jurisdiction or authority over any Party hereto or any Subsidiary of a Party hereto which is required or advisable to be obtained in order to permit the Transaction to be effected, including, without limitation, approval of the Exchange, and “**Regulatory Approvals**” means all such approvals, consents, waivers, permits, orders or exemptions;
- (yy) “**Representative**” means the individual appointed from time to time by a party to act as such party's representative on the Management Committee;
- (zz) “**Second Closing Date**” means the date that is one Business Day after the MOPI Shareholder Approval is obtained and the 20% Option has been granted to Blue Lagoon, pursuant to Section 2 of this Agreement;
- (aaa) “**Securities Act**” means the *Securities Act* (British Columbia), as amended;
- (bbb) “**Securities Authorities**” means the securities commissions in the applicable reporting jurisdictions and the CSE;
- (ccc) “**Securities Laws**” means the Securities Act, together with all other applicable Canadian provincial securities laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;
- (ddd) “**Security Interest**” includes a mortgage, debenture, charge, encumbrance, lien, pledge, assignment or deposit by way of security, bill of sale, lease, hypothecation, hire purchase, credit sale, agreement for sale on deferred terms, caveat, claim, covenant, interest or power in or over an interest in an asset and any agreement or commitment to give or create any such security interest or preferential ranking to a creditor including set off;
- (eee) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval;
- (fff) “**Subsidiary**” has the meaning ascribed thereto in the BCBCA;
- (ggg) “**Superior Proposal**” means any *bona fide* written proposal, other than the Transaction, by a third party, directly or indirectly that the MOPI board of directors determines in its good faith (based upon the written advice from its financial advisors and outside legal counsel) would, if consummated in accordance with its terms, result in a transaction more favourable to MOPI Shareholders from a financial point of view than the terms of the Transaction;
- (hhh) “**Tax**” and “**Taxes**” will mean all taxes, charges, fees, levies or other similar assessments or liabilities, including income, gross receipts, ad valorem, premium, value-added, excise, real property, personal property, sales, use, transfer, withholding, employment, unemployment, insurance, social security, business license, business organization, environmental, workers compensation, payroll, profits, license, lease, service, service

use, severance, stamp, occupation, windfall profits, customs, duties, franchise and other taxes imposed by the United States of America, Canada or any state, provincial, local or foreign government, or any agency thereof, or other political subdivision of the United States or any such government, and any interest, fines, penalties, assessments or additions to tax (including interest on any such interest, fines, penalties, assessments or additions) resulting from, attributable to or incurred in connection with any tax or any contest or dispute thereof;

- (iii) “**Tax Act**” means the *Income Tax Act* (Canada);
- (jjj) “**Tax Return**” means any return, election, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof;
- (kkk) “**Tech Magnesium**” means 8200475 Canada Inc., a corporation existing under the laws of Ontario;
- (lll) “**Termination Date**” means February 28, 2020, which is the date by which the First Closing Date must occur, or such later date as may be mutually agreed by the Parties hereto; and
- (mmm) “**Transaction**” means the transactions between Blue Lagoon, MOPI and Mag One, which include the Options, and any other transactions contemplated by this Agreement.

In addition, words and phrases used but not defined herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.2 Schedules

The following schedules attached hereto constitute a part of this Agreement:

- Schedule “A” – Description of the Assets
- Schedule “B” – List of Material Contracts of Mag One
- Schedule “C” – Dilution Sample Calculation

1.3 Headings

The headings in this Agreement are for reference only and do not constitute terms of the Agreement.

1.4 Interpretation

Unless the context of this Agreement otherwise requires, to the extent necessary so that each clause will be given the most reasonable interpretation, the singular number will include the plural and vice versa, the verb will be construed as agreeing with the word so substituted, words importing the masculine gender will include the feminine and neuter genders, words importing persons will include firms and corporations and words importing firms and corporations will include individuals.

1.5 Currency

Unless otherwise stated, all references to money in this Agreement will be deemed to be references to the currency of Canada.

1.6 Knowledge

Whenever in this Agreement a representation and warranty is qualified by the statement “to the best knowledge” of a Party or any similar statement, that statement will mean to the best knowledge of the Party’s directors and officers after having made due and reasonable enquiries and investigations.

1.7 Statutory References

Any reference in this Agreement to a statute includes all rules and regulations made thereunder, all amendments to that statute or the rules and regulations made thereunder in force from time to time, and any statute or rule or regulation that supplements or supersedes that statute or the rules or regulations made thereunder.

1.8 Entire Agreement

This Agreement constitutes the entire Agreement between the Parties hereto in respect of the matters referred to herein and there are no representations, warranties, covenants or agreements, expressed or implied or collateral hereto other than as expressly set forth or referred to herein. This Agreement supersedes all other prior agreements, understandings, negotiations and discussions, whether oral or written between the Parties. Upon execution of this Agreement, the Letter of Intent will be null, void and of no further force and effect.

2. THE OPTION

2.1 Grant of Option

Upon and subject to the terms of this Agreement, MOPI will grant Blue Lagoon the sole and exclusive right and options to acquire up to a 70% equity joint venture ownership interest in Mag One through the purchase of Mag One Shares as follows:

- (a) the 50% Option will be deemed to have been granted on the First Closing Date; and
- (b) the 20% Option will be deemed to have been granted on the Second Closing Date.

2.2 Exercise of Options

- (a) Blue Lagoon may exercise the 50% Option in consideration for a total of \$3,750,000 payable in cash (the “**50% Option Consideration**”) to Mag One as follows:
 - (i) \$100,000 (the “**First Consideration Payment**”) on or prior to the First Closing Date, which is inclusive of funds advanced by Blue Lagoon prior to the Effective Date;
 - (ii) an additional \$300,000 (the “**Second Consideration Payment**”) on or before the date that is three months following the First Closing Date;
 - (iii) an additional \$750,000 (the “**Third Consideration Payment**”) on or before the

date that is eight months following the First Closing Date;

- (iv) an additional \$1,100,000 (the “**Fourth Consideration Payment**”) on or before the date that is 12 months following the First Closing Date; and
 - (v) an additional \$1,500,000 (the “**Fifth Consideration Payment**”) on or before the date that is 18 months following the First Closing Date.
- (b) Subject to the MOPI Shareholder Approval and the exercise of the 50% Option, Blue Lagoon may exercise the 20% Option in consideration for a total of \$1,500,000 (the “**Sixth Consideration Payment**”) payable in cash (the “**20% Option Consideration**”) and, together with the 50% Option Consideration, the “**Consideration**”) to Mag One on or before the date that is 24 months following the First Closing Date.

2.3 Mag One Share Issuance

- (a) Blue Lagoon will be entitled to receive the Mag One Shares issued from the treasury of Mag One commencing on and after the JV Date being paid in accordance with Section 2.2, as follows:
 - (i) Mag One Shares representing a 15.33% interest of the total issued and outstanding Mag One Shares on the JV Date;
 - (ii) Mag One Shares representing an additional 14.67% interest of the total issued and outstanding Mag One Shares on the Fourth Consideration Payment;
 - (iii) Mag One Shares representing an additional 20% interest of the total issued and outstanding Mag One Shares on the Fifth Consideration Payment; and
 - (iv) Mag One Shares representing an additional 20% interest of the total issued and outstanding Mag One Shares on the Sixth Consideration Payment.

For clarity, Blue Lagoon will not have any rights to Mag One Shares until the JV Date. Notwithstanding the foregoing, Blue Lagoon will be entitled to acquire the Mag One Shares which Blue Lagoon paid for as Consideration, as at the date of termination pursuant to Section 2.5 of this Agreement.

- (b) Mag One will issue to Blue Lagoon a certificate representing the Mag One Shares to which Blue Lagoon is entitled pursuant to Section 2.3 within 10 days of the date of receipt by Mag One of the corresponding 50% Option Consideration payment and 20% Option Consideration payment, as applicable.

2.4 Option Only

The 50% Option and the 20% Option constitute options to purchase only, and Blue Lagoon shall not be obligated to make any payment of Consideration, or proceed with the acquisition of Mag One Shares as described herein other than the First Consideration Payment on the First Closing Date in accordance with this Agreement.

2.5 Termination of Option

If the payment of Consideration is not made within the timeframes provided in this Agreement, then Mag One may provide Blue Lagoon with 15 days' notice to make the payment, failing which (i) the unearned portion of the 50% Option and the 20% Option, as applicable, together with this Agreement, will be deemed to have terminated; and (ii) MOPI will be granted the right and option to purchase the Mag One Shares held by, or to which Blue Lagoon is entitled, at a price of the lesser of the aggregate Consideration paid by Blue Lagoon in connection with the Transaction, and 60% of the fair market value of Mag One, in each case as at the date of such termination. For the purposes of the foregoing fair market value will be determined by a qualified independent business valuator jointly selected by Blue Lagoon and MOPI, failing which either party may engage E&Y Canada or PWC Canada. The Parties agree that the cost of the valuation will be shared by the Parties equally.

3. MANAGEMENT AND OPERATIONS

3.1 Board of Directors of Mag One.

- (a) MOPI and Mag One will take all necessary corporate actions to increase the board of directors of Mag One (the “**Mag One Board**”) to three directors and appoint one director nominated by Blue Lagoon, and two directors nominated by MOPI, such appointment to be effective on the First Closing Date. The Parties anticipate that Rana Vig and Gillian Holcroft will be so nominated by Blue Lagoon and MOPI respectively.
- (b) Upon exercise or deemed exercise of the 50% Option by Blue Lagoon, MOPI and Mag One will take all necessary corporate actions to increase the Mag One Board to four directors and appoint two directors nominated by Blue Lagoon and two directors nominated by MOPI, such appointments to be effective on the date of exercise of the 50% Option.
- (c) Upon exercise or deemed exercise of the 20% Option by Blue Lagoon, MOPI and Mag One will take all necessary corporate actions to increase the Mag One Board to five directors and appoint three directors nominated by Blue Lagoon and two directors nominated by MOPI, such appointments to be effective on the date of exercise or deemed exercise of the 20% Option.

3.2 Officers

As at the First Closing Date, the officers of Mag One will be as set forth below or as otherwise agreed to between the Parties in writing, and MOPI and Mag One will take all necessary corporate actions to appoint Gillian Holcroft as President and Chief Executive Officer of Mag One.

3.3 Approvals

- (a) Prior to exercise of the 50% Option, the Parties agree that the following matters will require the approval of at least one director on the Mag One Board nominated by MOPI and one director on the Mag One Board nominated by Blue Lagoon:
 - (i) any new or amended compensation arrangement, employment agreement, or consulting agreement of any officer or key person of Mag One;
 - (ii) the sale of all or substantially all of the assets or undertaking of Mag One;

- (iii) the cessation of activities of Mag One, or change in the nature of the undertaking of Mag One;
 - (iv) approval of the payment of, or change to, management fees of Mag One paid to any shareholder of Mag One;
 - (v) the borrowing of money or approval of any financial investment by a third party (other than Blue Lagoon and MOPI) into Mag One;
 - (vi) material acquisitions by Mag One;
 - (vii) dissolution or insolvency of Mag One; and
 - (viii) such other matters as may be set out in the Corporate JV Agreement.
- (b) After exercise of the 50% Option, in the event of a deadlock on approval by the Mag One Board of any matter, if Blue Lagoon provides notice to MOPI of its intention to make further payments of Consideration as necessary to exercise the 20% Option, for so long as it is not in default under this Agreement, it will be entitled to designate a director that will hold a casting vote during the period in which the 20% Option may be exercised.

3.4 Shareholder Rights

Blue Lagoon and MOPI agree to act reasonably to settle the form of a formal shareholder agreement (the “**Corporate JV Agreement**”) prior to the Third Consideration Payment, and to enter into such Corporate JV Agreement within ten Business Days of payment of the Third Consideration Payment (the date the Corporate JV Agreement is entered into being referred to as the “**JV Date**”). The Corporate JV Agreement will contain provisions concerning the operation and management of Mag One and dilution of interests consistent with this Agreement, as well as provisions concerning disposition of Mag One Shares by any Party (including rights of first refusal, piggy-back rights and drag along rights) and such other provisions as are customary for a corporate joint venture and as may be agreed upon by the Parties acting reasonably. Notwithstanding the foregoing, the Parties may by mutual agreement in writing, based on tax and legal advice, establish a newly incorporated entity in British Columbia or Canada to serve as the joint venture vehicle, and in such case, the provisions of this Section 3.4 and the Corporate JV Agreement will apply to this new entity in substitution of Mag One.

3.5 Funding During Earn-In Period

The Operations of Mag One will be fully funded by Blue Lagoon during the Earn-in Period. Blue Lagoon and MOPI may agree to payment of a management fee to one or more Parties based on services provided by such Party for the benefit of Mag One or the Parties pursuant to this Agreement.

3.6 Funding After the Earn-In Period

Upon Blue Lagoon exercising both the 50% Option and the 20% Option, each Party will fund any capital requirements pro-rata to their percentage holdings in Mag One. Capital requirements will be determined based on the budget presented by Mag One to MOPI and Blue Lagoon, and the

Mag One Board may by resolution require MOPI and Blue Lagoon to fund any operating shortfall necessary to fund the approved budget.

3.7 Dilution

- (a) Any failure by a Party to pay a pro-rata capital contribution in accordance with Section 3.6 will result in such Party's equity interest in Mag One being adjusted on a straight-line dilution basis using the following formula:

$$AI = \frac{AC + IC}{TAC + TIC} \times 100$$

where:

AI = the Party's adjusted equity interest

AC = the amount of the additional contribution of the Party before the adjustment

IC = the amount of the initial contribution by the Party

TAC = the total amount of additional contributions of all Parties before the adjustment

TIC = the total amount of initial contributions made by all Parties

For greater clarity, a sample calculation using the dilution formula is attached to this Agreement as Schedule C. For the purpose of the calculation, the initial contribution of Blue Lagoon is \$5,250,000 and the initial contribution of Mag One is \$2,250,000.

In the event a Party's holding of Mag One Shares is to be diluted, Mag One will issue additional Mag One Shares within ten Business Days of the date the capital contribution was due, as necessary to adjust the holdings of Mag One in accordance with this subsection.

- (b) Should a Party's interest in Mag One be diluted such that the number of Mag One Shares held by such Party represents less than a 10% equity interest in Mag One, then such Party will have the option to put its shares to the majority party at the fair market value determined as at the date such equity interest is first so diluted, or to have their Mag One Shares cancelled in exchange for the receipt of a royalty of 1.5% on gross revenue from the sale of magnesium oxide or magnesium metal recovered from tailings processed by Mag One (the "**Royalty Interest**"). In the event a Party elects to receive the Royalty Interest pursuant to this subsection, Mag One will prepare a royalty agreement in such form as Mag One and such Party agree, acting reasonably.

3.8 MOPI Shareholder Approval

- (a) In connection with the MOPI Shareholder Approval, MOPI will use commercially reasonable efforts to procure voting support agreements in such form as may be provided by Blue Lagoon and approved by MOPI (the "**Voting Support Agreement**"), of all the management and the board of directors of MOPI that hold voting shares of MOPI, and any significant shareholders of MOPI prior to the First Closing Date.
- (b) MOPI agrees to use commercially reasonable efforts to obtain the MOPI Shareholder

Approval at its next shareholder meeting to be held no later than April 30, 2020.

3.9 Valuation Opinion

Prior to the First Closing Date, MOPI will at its own expense engage a qualified independent business valuator to prepare a fairness opinion, and if considered necessary a valuation report, for the board of directors of MOPI in connection with its recommendation to MOPI Shareholders in obtaining the MOPI Shareholder Approval (the “**Valuation**”).

3.10 Technical Report

The Parties acknowledge that Blue Lagoon on its own behalf and on behalf of MOPI and Mag One, has engaged JPL GeoServices to prepare a resource estimate and technical report (the “**Technical Report**”) on the Normandie portion of the Thetford tailings piles to which Mag One will have non-exclusive access, and, if funds permit, on the Jeffrey Mines tailings piles, in each case in compliance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects*. Mag One agrees that the fees and expenses in connection with the preparation of the Technical Report will be paid from the proceeds of the Consideration payments. The Parties agree that the Technical Report will be addressed to both MOPI and Blue Lagoon.

3.11 Expenditures and Budget

Blue Lagoon may advance funds prior to the First Closing Date in order to engage, and fund initial technical work by, JPL GeoServices towards the preparation the Technical Report. Funds advanced prior to the First Closing Date will be credited in full towards the First Consideration Payment.

The use of proceeds of the Consideration payments shall be used for the engineering and design of a plant for the processing of tailings from the Properties to produce magnesium oxide and other metallic compounds. In addition, funds will be used to advance the Tech Magnesium technology to produce magnesium metal and for funding the technical team and administrative expenses of Mag One, and the preparation of the Technical Report. During the Earn-in Period, Mag One will prepare semi-annual budgets for presentation to Blue Lagoon and MOPI on or before August 15 and February 15 of each year, and the Mag One Board will have the right to approve the final budget prior to any expenditures being incurred thereon by Mag One.

3.12 Bank Account Control

Prior to the First Closing Date, Mag One will establish a separate bank account (the “**Consideration Bank Account**”) for the purpose of the deposit of the Consideration payments. All cheques, electronic authorizations, or other withdrawals from the Consideration Bank Account will require the prior approval of two authorized persons, which must include one representative of Blue Lagoon and one representative of MOPI. Gillian Holcroft and Rana Vig will be included as authorized persons for this purpose, and each of MOPI and Blue Lagoon may designate a second individual. The authorized representatives will undertake to Mag One to act on directions of the Mag One Board and in accordance with approved budgets.

4. COVENANTS

4.1 Covenants of Blue Lagoon

Subject to the terms of this Agreement, Blue Lagoon will perform all obligations required to be performed by Blue Lagoon under this Agreement, co-operate with MOPI and Mag One in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, Blue Lagoon agrees to use all reasonable commercial efforts to:

- (a) from and including the date of this Agreement through to and including the Second Closing Date, do all such acts and things necessary to ensure that all of the representations and warranties of Blue Lagoon contained in this Agreement remain true and correct in all material respects and not do any such act or thing that would render any representation or warranty of Blue Lagoon untrue or incorrect in any material respect;
- (b) comply with the terms of this Agreement and faithfully and expeditiously seek to close the Transaction prior to the Termination Date;
- (c) until the Second Closing Date, use its reasonable commercial efforts to preserve intact its business organization and other business relationships; it will continue to operate in the ordinary course of business and maintain its books, records and accounts in accordance with generally accepted accounting principles, consistent with past practice; and use reasonable commercial efforts to maintain its current financial condition;
- (d) apply for and to obtain all Regulatory Approvals relating to Blue Lagoon required in connection with this Agreement, the Transaction or any of the other transactions contemplated herein, and, in doing so, keep MOPI and Mag One fully informed as to the status of the proceedings related to obtaining the Regulatory Approvals, including providing MOPI and Mag One promptly with copies of all related applications and notifications, in a draft form prior to such applications and notifications being submitted, in order for MOPI and Mag One to provide its reasonable comments thereon;
- (e) comply promptly with all requirements imposed by Applicable Laws with respect to the Transaction and any other transactions contemplated herein;
- (f) cooperate with MOPI and Mag One to obtain the CSE Approval and any other requisite CSE approvals with respect to the Transaction;
- (g) not knowingly take any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or the Transaction or which is or could reasonably be expected to impede or delay the completion of the transactions contemplated under this Agreement or the Transaction except as specifically permitted by this Agreement;
- (h) provide to MOPI and Mag One such additional information and documentation as MOPI or its counsel may reasonably request in connection with its efforts to obtain the CSE Approval and use reasonable commercial efforts to assist MOPI with its efforts to obtain the CSE Approval; and
- (i) fulfil, and cause to be fulfilled, all Closing Conditions contained in this Agreement that are within Blue Lagoon's power and satisfy all provisions of this Agreement applicable

to Blue Lagoon.

4.2 Covenants of MOPI and Mag One

Subject to the terms of this Agreement, MOPI will perform all obligations required to be performed by MOPI under this Agreement, cause Mag One to perform all obligations required to be performed by Mag One under this Agreement, co-operate with Blue Lagoon in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated in this Agreement and, without limiting the generality of the foregoing, MOPI will use all reasonable commercial efforts to:

- (a) from and including the date of this Agreement through to and including the Due Diligence Completion Date, provide to Blue Lagoon reasonable access to the corporate records of Mag One (and MOPI to the extent relevant to Mag One's business) and related information for purposes of satisfying the Due Diligence Condition;
- (b) from and including the date of this Agreement through to and including the Second Closing Date, do all such acts and things reasonably necessary to ensure that all of the representations and warranties of MOPI and Mag One contained in this Agreement remain true and correct in all material respects and not do any such act or thing that would render any representation or warranty untrue or incorrect in any material respect;
- (c) from and including the date of this Agreement through to and including the Second Closing Date, except as set out in this Agreement, ensure that Mag One does not issue, cancel, transfer or otherwise alter its capital structure or reach any agreement or understanding with any other party to issue, cancel, transfer or amend any securities or otherwise alter its capital structure without the prior written consent of Blue Lagoon;
- (d) from and including the date of this Agreement through to and including the Second Closing Date, ensure that Mag One does not borrow any money or incur any indebtedness for money borrowed, and not make any loans, advances or other payments, excluding routine advances to directors or officers of Mag One for expenses incurred in the ordinary course of business;
- (e) comply with the terms of this Agreement and faithfully and expeditiously seek to close the Transaction prior to the Termination Date;
- (f) until the First Closing Date, use its reasonable commercial efforts to preserve intact Mag One's business organization and other business relationships; Mag One will continue to operate in the ordinary course of business and maintain its books, records and accounts in accordance with generally accepted accounting principles, consistent with past practice; and use reasonable commercial efforts to maintain its current financial condition. Mag One will not enter into any material agreements, or agreements with related parties (as defined in securities laws) make any changes to its corporate articles, or amend any share options or warrants, without the prior consent of Blue Lagoon;
- (g) apply for and obtain all Regulatory Approvals relating to MOPI and Mag One required in connection with this Agreement, the Transaction or any of the other transactions contemplated herein, and, in doing so, keep Blue Lagoon fully informed as to the status of the proceedings related to obtaining the Regulatory Approvals, including providing

Blue Lagoon promptly with copies of all related applications and notifications, in a draft form prior to such applications and notifications being submitted, in order for Blue Lagoon to provide its reasonable comments thereon;

- (h) obtain all necessary assignments, waivers, consents and approvals required to be obtained from, and to deliver all notices required to be delivered to, other parties to any of MOPI's and Mag One's Material Contracts, licenses or permits in connection with this Agreement or any of the other transactions contemplated herein;
- (i) comply promptly with all requirements imposed by Applicable Laws with respect to the Transaction and any other transactions contemplated herein;
- (j) obtain the CSE Approval and any other requisite CSE approvals with respect to the Transaction;
- (k) enter into support and voting agreements with the directors and officers of MOPI and certain other MOPI Shareholders as agreed with Blue Lagoon, pursuant to which, among other things, such directors, officers and MOPI Shareholders will have agreed to vote all of the MOPI Shares held by them in favour of approving the Transaction, on the terms and subject to the conditions set forth in such agreements;
- (l) obtain the MOPI Shareholder Approval;
- (m) subject to the approval of Blue Lagoon, disseminate and file on SEDAR a comprehensive news release prescribed by the policies of the CSE describing the Transaction;
- (n) provide Blue Lagoon with full access to all financial and tax information of Mag One (and any subsidiaries of Mag One), and maintain separate books and accounts for the business and operations of Mag One (and its subsidiaries). Mag One will prepare a quarterly financial statement of Mag One (consolidated with its subsidiaries) for delivery to Blue Lagoon within 60 days of the end of each fiscal quarter of Mag One. Upon exercise of the 50% Option by Blue Lagoon, Mag One will change its fiscal year-end of to match the fiscal year-end of Blue Lagoon;
- (o) during the Earn-in Period, Mag One will prepare semi-annual budgets for presentation to Blue Lagoon and Blue Lagoon will have the right to approve the final budget prior to any expenditures being incurred thereon by Mag One;
- (p) not knowingly take (or cause Mag One to take) to any action, refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or the Transaction or which is or could reasonably be expected to impede or delay the completion of the Transaction and any other transactions contemplated under this Agreement except as specifically permitted by this Agreement;
- (q) defend all lawsuits or other legal, regulatory or other proceedings against MOPI and Mag One challenging or affecting this Agreement or the consummation of the Transaction or any of the other transactions contemplated hereby. MOPI will also provide to Blue Lagoon's legal counsel on a timely basis copies of any notice of appearance or other documents served on MOPI or Mag One in respect of such lawsuit or proceeding. In addition, neither MOPI nor Mag One will object to legal counsel to Blue Lagoon seeking leave or standing to make such submissions in connection with such lawsuit or

proceeding as such counsel considers appropriate, provided, however, that such submissions are consistent with this Agreement;

- (r) oppose, lift or rescind any injunction or restraining or other order or decree seeking to stop, or otherwise adversely affecting MOPI or Mag One's ability to consummate the Transaction or any of the other transactions contemplated hereby; and
- (s) fulfil, and cause to be fulfilled, all Closing Conditions contained in this Agreement and satisfy all provisions of this Agreement applicable to MOPI and Mag One's and cause Mag One to satisfy all provisions of this Agreement applicable to Mag One.

5. CONDITIONS PRECEDENT

5.1 In Favour of All Parties

The obligations of the Parties under this Agreement are subject to the fulfillment of the following conditions at or prior to the First Closing Date, unless otherwise indicated, (together, the "**Closing Conditions**"):

- (a) receipt of the CSE Approval, if required;
- (b) no pending or threatened action, suit or proceeding by any Governmental Authority or other Person, in each case having a reasonable likelihood of success, and no Applicable Law or Authorization will be in effect, which:
 - (i) makes the consummation of the Transaction illegal or otherwise enjoins or prohibits the Transaction, or any transactions otherwise contemplated hereby;
 - (ii) renders this Agreement or the Transaction unenforceable in any way or frustrates the purpose and intent hereof or thereof; or
 - (iii) has had or would be reasonably expected to have a Material Adverse Effect on any Party;
- (c) the Regulatory Approvals, and any applicable third party approvals, if any, will have been obtained on terms and conditions satisfactory to the Parties, in each case acting reasonably;
- (d) Mag One and Gillian Holcroft will have entered into a consulting agreement on terms acceptable to Mag One, Blue Lagoon and Ms. Holcroft;
- (e) MOPI will have transferred to Mag One the License Agreement with Tech Magnesium, so that Mag One holds the exclusive license to use and option to acquire a 100% ownership of the thermal technology to produce magnesium metal; and
- (f) At or prior to the Second Closing Date, MOPI Shareholder Approval having been obtained in accordance with the requirements of all Applicable Laws.

The conditions precedent set forth above are for the benefit of MOPI, Mag One and Blue Lagoon and may be waived in writing, in whole or in part, by the mutual consent of MOPI, Mag One and Blue Lagoon on or before the First Closing Date, unless otherwise indicated.

5.2 In Favour of Blue Lagoon

The obligations of MOPI and Mag One under this Agreement are subject to the fulfillment of the following conditions at or prior to the First Closing Date, unless otherwise indicated:

- (a) MOPI and Mag One will have complied in all material respects with all of its covenants and agreements contained in this Agreement and all ancillary documents pertaining to the Transaction;
- (b) the representations and warranties of MOPI and Mag One contained in this Agreement being true in all material respects as if such representations and warranties had been made by MOPI and Mag One (as applicable) as of the First Closing Date (except to the extent such representations and warranties speak as to an earlier date, in which event they will be true as of such earlier date, or except as affected by transactions specifically permitted or contemplated by this Agreement);
- (c) completion of the Due Diligence Condition by the Due Diligence Completion Date;
- (d) all consents, waivers, amendments and approvals required to be obtained by MOPI and Mag One from a counter-party to a Material Contract of MOPI and/or Mag One required in connection with, or to permit the consummation of, the Transaction or any transaction otherwise contemplated hereby will have been obtained on conditions satisfactory to Blue Lagoon acting reasonably;
- (e) there being no inquiry or investigation (whether formal or informal) in relation to MOPI or its directors or officers, having been commenced or threatened by any securities commission or any securities regulatory body having jurisdiction such that the outcome of such inquiry or investigation could prevent the consummation of the Transaction; and
- (f) the absence of any Material Adverse Change in the business, affairs, financial condition, prospects, assets, liabilities or operations of Mag One since the date of this Agreement.

The conditions precedent set forth above are for the exclusive benefit of Blue Lagoon and may be waived in writing, in whole or in part, by Blue Lagoon on or before the First Closing Date unless otherwise indicated.

5.3 In Favour of MOPI and Mag One

The obligations of Blue Lagoon under this Agreement are subject to the fulfilment of the following conditions at or prior to the First Closing Date, unless otherwise indicated:

- (a) MOPI will have received the Valuation in a form satisfactory to the board of directors of MOPI;
- (b) Blue Lagoon will have complied in all material respects with all of its covenants and agreements contained in this Agreement and all ancillary documents pertaining to the Transaction;
- (c) the representations and warranties contained in this Agreement of Blue Lagoon will be true in all material respects as if such representations and warranties had been made by

Blue Lagoon as of the First Closing Date (except to the extent such representations and warranties speak as to an earlier date, in which event they will be true as of such earlier date, or except as affected by transactions specifically permitted or contemplated by this Agreement); and

- (d) all consents, waivers, amendments and approvals required to be obtained by Blue Lagoon from a counter-party to a Material Contract of Blue Lagoon required in connection with, or to permit the consummation of, the Transaction or any transaction otherwise contemplated hereby will have been obtained on conditions satisfactory to MOPI and Mag One acting reasonably.

The conditions precedent set forth above are for the exclusive benefit of MOPI and Mag One, and may be waived in writing by MOPI and Mag One in whole or in part on or before the First Closing Date, unless otherwise indicated.

6. **REPRESENTATIONS AND WARRANTIES**

6.1 **Representations and Warranties of MOPI and Mag One**

In order to induce Blue Lagoon to enter into this Agreement and complete its obligations hereunder, MOPI and Mag One represent and warrant to Blue Lagoon as follows:

- (a) **Incorporation and Qualification** – MOPI is a company that was incorporated under the laws of British Columbia and has the corporate power to carry on its business and enter into and perform its obligations under this Agreement. Mag One is a company that is governed by the laws of Québec, and has the corporate power to carry on its business and enter into and perform its obligations under this Agreement. Neither the nature of its activities nor the location or character of the assets owned, operated or leased by MOPI or Mag One require MOPI or Mag One to be registered, licensed or otherwise qualified as a foreign corporation or to be in good standing in any jurisdiction other than the jurisdictions where it is so registered, licensed or qualified, except where the failure to be so registered, licensed or qualified or remain in good standing would not reasonably be expected to have a Material Adverse Effect on MOPI or Mag One.
- (b) **Reporting Issuer** – MOPI is a reporting issuer in British Columbia, Alberta, and Ontario, and its common shares are listed for trading on the CSE. No Governmental Authority nor the CSE has issued any order preventing the consummation of the Transaction.
- (c) **CSE Compliance** – MOPI is in material compliance of all of the policies of the CSE.
- (d) **Disclosure Documents** – MOPI has filed all required disclosure documents (“**MOPI Disclosure Documents**”) with the Governmental Authorities in accordance with the Applicable Laws. As of the time the MOPI Disclosure Documents were filed with the Governmental Authorities and on SEDAR (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the MOPI Disclosure Documents complied in all material respects with the requirements of the Applicable Laws; and (ii) none of the MOPI Disclosure Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein to the best of MOPI’s knowledge, in the light of the circumstances under which they were made, not misleading.

- (e) **Material Facts** – Other than the transactions described herein, there is no ‘material fact’ or ‘material change’ (as those terms are defined in Applicable Laws) in the affairs of Mag One that has not been generally disclosed to Blue Lagoon.
- (f) **No Conflict** – The entering into, and the performance by MOPI and Mag One of the transactions contemplated in this Agreement:
 - (i) do not and will not require any consent, permit, approval, Authorization or order of any Governmental Authority, except that which may be required under applicable securities legislation or the rules of the CSE and any approval or authorization required under the BCBCA for the Transaction;
 - (ii) do not and will not contravene any Applicable Laws, where such contravention would reasonably be expected to have a Material Adverse Effect on MOPI or Mag One; and
 - (iii) subject to receipt of the MOPI Shareholder Approval, does not and will not violate, result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of (i) the constating documents of MOPI or Mag One, or any resolution of the directors or shareholders of MOPI or Mag One, or (ii) any Contract to which MOPI or Mag One is a party or by which their assets or business is bound or affected, or (iii) any judgment, decree or order or any term or provision thereof applicable to MOPI or Mag One or any of their assets or business, which breach, conflict or default would reasonably be expected to have a Material Adverse Effect on MOPI or result in the creation of any Encumbrance upon any of the assets of MOPI or Mag One.
- (g) **Required Approvals** – Other than approvals described herein, there is no requirement to obtain any Regulatory Approval or other third party waiver or approval as a condition to the completion by MOPI or Mag One of the transactions contemplated by this Agreement.
- (h) **Corporate Authority** – Subject to receipt of the MOPI Shareholder Approval, the execution, delivery and performance by MOPI and Mag One of this Agreement and the completion of the transactions contemplated hereunder, have been duly authorized by all necessary corporate action on the part of MOPI and Mag One. This Agreement constitutes a legal, valid and binding agreement of each of MOPI and Mag One and is enforceable against each of MOPI and Mag One in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity.
- (i) **Board Approval** – The MOPI Board has unanimously determined that the Transaction and entry into this Agreement are in the best interests of MOPI, and resolved to recommend that the MOPI Shareholders vote in favour of the MOPI Shareholder Resolution.
- (j) **Corporate Records** – The corporate records of Mag One that have been provided to Blue Lagoon, including all constating documents, minutes of meetings and resolutions of shareholders, directors and any committees, the share certificates, register of

securityholders and register of directors of Mag One are complete and accurate in all material respects and all corporate proceedings and actions reflected in such corporate records have been conducted or taken in compliance with all Applicable Laws and with the constitution of Mag One. The constating documents of Mag One are in the form contained in its respective minute books and no modifications or alterations have been proposed or approved by its shareholders. Mag One is not subject to, or affected by, any unanimous shareholders agreement.

- (k) **Authorized and Issued Capital** – Mag One is authorized to issue an unlimited number of common shares without par value, of which the fully paid and non-assessable common shares set out in the corporate records of Mag One are validly issued and outstanding as of the date hereof.
- (l) **Outstanding Securities** – As of the date hereof, other than the securities set out in the corporate records of Mag One, there are no outstanding equity securities or securities of Mag One that are convertible into equity securities.
- (m) **No Other Agreements to Purchase** – As of the date hereof, other in connection with the Transaction, there are no options, agreements, rights of first refusal or other rights capable of becoming such to acquire any Mag One Shares or any securities or other ownership interest in Mag One.
- (n) **Dividends and Distributions** – Mag One has not declared or authorized dividends or other distributions of any kind whatsoever on any shares in the capital of Mag One.
- (o) **Compliance with Laws** – Mag One has conducted and is conducting its business in compliance in all material respects with all Applicable Laws in the jurisdictions in which such business is carried on.
- (p) **No Unlawful Payments** – Neither Mag One nor any director, officer, agent, employee or other person associated with or acting on behalf of Mag One have (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (iii) violated or is in violation of any provision of applicable foreign corrupt practices legislation, or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.
- (q) **Financial Condition** –
 - (i) The financial statements of MOPI (“**MOPI Financial Statements**”) are, true and correct in every material respect and present fairly and accurately the financial position and results of the operations of Mag One as applicable, for the periods reported upon;
 - (ii) The MOPI Financial Statements were prepared in accordance with IFRS applied on a consistent basis throughout the periods involved, in each case, except as otherwise indicated in the notes thereto;

- (iii) The books and records of MOPI and Mag One disclose all material financial transactions of MOPI and Mag One, and such transactions have been fairly and accurately recorded;
- (iv) Mag One has cash of approximately \$555 as of the date of this Agreement which represents substantially all of the assets of Mag One, other than intangible assets;
- (v) There are no material liabilities of Mag One, whether direct, indirect, absolute, contingent or otherwise, which are not disclosed in the MOPI Financial Statements or reflected in the books and records of MOPI or Mag One;
- (vi) Mag One does not have any assets or liabilities and has not carried on any business operations, other than in connection with the transactions contemplated in this Agreement;
- (vii) Since June 30, 2019 (unless otherwise disclosed in subsequent event notes in the MOPI Financial Statements):
 - A. there has not been any Material Adverse Change of any kind whatsoever to the financial position or condition of MOPI or Mag One or any damage, loss or other change of any kind whatsoever in circumstances materially affecting the business or assets of MOPI or Mag One or the right or capacity of MOPI or Mag One to carry on its business;
 - B. except as disclosed to Blue Lagoon in writing, neither MOPI nor Mag One have transferred, assigned, sold or otherwise disposed of any of the assets shown or reflected in the MOPI Financial Statements or cancelled any debts or claims except in each case in the ordinary and usual course of business;
 - C. Mag One has not incurred or assumed any Liability, except Liabilities incurred in the ordinary and usual course of business and in relation to the transactions contemplated in this Agreement;
 - D. Mag One has not discharged or satisfied any encumbrances, or paid any Liability, other than current liabilities or the current portion of long term liabilities disclosed in the MOPI Financial Statements, or current liabilities incurred since the date thereof in the ordinary and usual course of business;
 - E. Mag One has not declared, made, or committed itself to make any payment of any dividend or other distribution in respect of any of its shares other than in the usual course, nor has it purchased, redeemed, subdivided, consolidated, or reclassified any of its shares other than as contemplated hereunder;
 - F. other than in respect of the Transaction, neither MOPI nor Mag One have entered into any material commitment or transaction not in the ordinary and usual course of business;

- G. neither MOPI nor Mag One have mortgaged, pledged, subjected to any lien, granted an option or a Security Interest in respect of or otherwise encumbered any of its assets or properties, whether real or personal and whether tangible or intangible;
 - H. neither MOPI nor Mag One have authorized or agreed or otherwise have become committed to do any of the foregoing; and
 - I. to the knowledge of MOPI, there has been no fraud, whether or not material, that involves management or other employees who have a significant role in MOPI or Mag One's internal control over financial reporting. MOPI and Mag One have received no (i) material complaints from any source regarding accounting, internal accounting controls or auditing matters, or (ii) expressions of concern from employees of MOPI or Mag One regarding questionable accounting or auditing.
- (vi) Except as publicly disclosed in the most recent financial statements as filed on SEDAR, neither MOPI nor Mag One is not indebted to, or does not have any Liability (contingent or otherwise) to, any of MOPI Shareholders, directors, officers or insiders of MOPI or Mag One. None of the MOPI Shareholders, nor any director, officer or other insider of MOPI or Mag One is indebted or under obligation to MOPI or Mag One on any account whatsoever; and
 - (vii) Neither MOPI nor Mag One have guaranteed or agreed to guarantee any debt, liability or other obligation of any kind whatsoever of any Person.
- (r) **Related Party Transactions** – Other than as disclosed pursuant to Applicable Laws and in the MOPI Financial Statements, no director, officer, employee or agent of MOPI or Mag One or any other insider of MOPI or Mag One, or any affiliate or associate of any of them is a party to any loan, contract, arrangement or understanding or other transactions with MOPI or Mag One.
- (s) **Taxes** –
 - (i) Mag One is a “taxable Canadian corporation” within the meaning of the *Income Tax Act* (Canada);
 - (ii) All tax returns and reports of Mag One required by law to have been filed have been filed and are materially true, complete and correct and all taxes and other government charges of any kind whatsoever of Mag One have been paid;
 - (iii) Adequate provision has been made for taxes payable Mag One for the current period for which tax returns are not yet required to be filed and there are no agreements, waivers or other arrangements of any kind whatsoever providing for an extension of time with respect to the filing of any tax return by, or payment of, any tax or governmental charge of any kind whatsoever by Mag One;
 - (iv) Mag One has made all collections, deductions, remittances and payments of any kind whatsoever and filed all reports and returns required by it to be made or filed under the provisions of all applicable statutes requiring the making of collections,

deductions, remittances or payments of any kind whatsoever in those jurisdictions in which Mag One carries on business;

- (v) No Tax Return of Mag One is being audited by the relevant taxing authority. There are no outstanding waivers, objections, extensions, or comparable consents regarding the application of the statute of limitations or period of reassessment with respect to any Taxes or Tax Returns that have been given or made by Mag One (including the time for filing of Tax Returns or paying Taxes). To the knowledge of Mag One, there are no pending requests for any such waivers, extensions, or comparable consents. Mag One has not received a ruling from any Governmental Authority or signed an agreement with any Governmental Authority that could reasonably be expected to have a Material Adverse Effect on Mag One;
- (vi) There are no actions, suits, examinations, proceedings, investigations, audits or claims now pending or threatened or, to the knowledge of Mag One, contemplated against Mag One in respect of any Taxes and there are no matters under discussion with any Governmental Authority relating to any Taxes; and
- (vii) Mag One has not been subject to nor is currently subject to any investigation, audit or visit by any Governmental Authority relating to Tax which has been notified to Mag One, and Mag One is not aware of any such investigation, audit or visit planned for the next 12 months.
- (t) **Litigation** – There are no outstanding actions, suits, arbitrations, litigation, inquiries, judgments, investigations or proceedings of any kind whatsoever against or affecting Mag One at law or in equity or before or by any Governmental Authority or other governmental department, commission, board, bureau or agency of any kind whatsoever nor are there, to the best knowledge of Mag One, any pending or threatened.
- (u) **Employment and Employee Plan Matters** – Except as set out in Schedule B:
 - (i) There are no written Contracts between MOPI or Mag One and (i) any of their employees or contractors or (ii) any other party relating to payment, remuneration or compensation for work performed or services provided (other than professional advisors engaged by MOPI or Mag One to provide services in connection with the Transactions) or that would require any payment to be made as a result of the completion of the transactions contemplated in this Agreement;
 - (ii) Other than the MOPI Stock Option Plan, neither MOPI nor Mag One have any Employee Plans of any nature whatsoever, nor has MOPI or Mag One ever had any such plans;
 - (iii) Mag One does not have, and has not had at any time since incorporation, employees;
 - (iv) To the knowledge of MOPI and Mag One, there are no complaints or threatened complaints against Mag One before any employment standards branch or tribunal or human rights commission or tribunal, nor, any occurrence which might lead to a complaint under any human rights legislation, employment standards legislation,

health and safety legislation, workers' compensation legislation or pay equity legislation;

- (v) There are no outstanding decisions or settlements or pending settlements under employment standards, human rights legislation, health and safety legislation, workers' compensation legislation, payment equity legislation or labour relations legislation which place any obligation upon Mag One to do or refrain from doing any act or place a material financial obligation on Mag One;
 - (vi) There are no actions, suits or claims pending, threatened or reasonably anticipated (other than routine claims for benefits) against any Employee Plan or its assets, and there are no audits, inquiries or proceedings pending or, to the knowledge of Mag One, threatened by any Governmental Authority with respect to any Employee Plan, which in either case reasonably could be expected to result in material Liability to Mag One; and
 - (vii) Neither the execution and delivery of this Agreement nor the performance of the obligations of MOPI or Mag One thereunder will entitle any person to any severance pay, bonus or other similar payment.
- (v) **No Breach of Laws** – Neither MOPI nor Mag One is in breach of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever except for such breaches as would not reasonably be expected to have a Material Adverse Effect on Mag One.
- (w) **Insurance** – Neither MOPI nor Mag One is in default of any of the material provisions contained in the insurance policies or the payment of any premiums under any insurance policy, and neither has failed to give any notice or to present any claim under any insurance policy in a due and timely fashion.
- (x) **Assets and Property** –
- (i) Schedule A sets forth a true, accurate and complete description of the Assets owned or used by Mag One and all material agreements entered into with respect to the Assets. Mag One owns all right, title or interest in and to all Assets owned by it free and clear of all Encumbrances;
 - (ii) To the knowledge of MOPI and Mag One, there are no third parties who have, or will be able to establish, rights (including any license) to the Assets or any trade-mark applications, trade-mark registrations, patent applications or patents owned by MOPI and Mag One (or rights in the subject matter of such trade-mark applications, trade-mark registrations, patent applications or patents);
 - (iii) MOPI and Mag One have not assigned any interest to the Assets or Processing Agreements concerning the Properties to any third parties;
 - (iv) Other than as disclosed to Blue Lagoon, neither MOPI nor Mag One has received any written notice of (i) any infringement by third parties of any Assets owned by MOPI or Mag One, (ii) any conflict with a third party whereby it is alleged that either MOPI or Mag One infringes or otherwise violates any Assets of others, or (iii) any conflict with a third party whereby MOPI or Mag One's rights in or to

any Assets or the validity or scope of any Assets is challenged, which infringement or conflict (if the subject of any unfavourable decision, ruling or finding), would reasonably be expected to have a Material Adverse Effect on MOPI and Mag One.

- (y) **Material Contracts** – All of the Material Contracts of Mag One have been disclosed to Blue Lagoon. Mag One has performed all of the obligations required to be performed by it and, Mag One is entitled to all benefits under its material contracts. Mag One is not in default of any such Material Contract.
- (z) **Material Transactions** – All of the material transactions of Mag One have been promptly and properly recorded or filed in, or with, the books or records of Mag One and the minute books of Mag One contain all records of the meetings and proceedings of shareholders and directors of Mag One since its incorporation.
- (aa) **Subsidiaries:**
 - (i) Mag One has no subsidiaries or affiliates and Mag One is duly incorporated and validly existing and in good standing under the laws of its jurisdiction of incorporation and no proceedings have been instituted or are pending for the dissolution or liquidation or winding-up of Mag One;
 - (ii) MOPI directly owns one-hundred percent (100%) of the shares of Mag One and all such shares are legally and beneficially owned by MOPI free and clear of all liens, charges and encumbrances of any kind whatsoever; and
 - (iii) Mag One has the corporate power and capacity to own the assets owned by it and to carry on the business carried on and proposed to be carried on by it.
- (bb) **Complete Disclosure** –
 - (i) All documents and written information delivered by MOPI, Mag One or each of its representatives under or in connection with this Agreement to Blue Lagoon or their respective representatives are complete and correct in all material respects as of the date of this Agreement; and
 - (ii) neither MOPI, Mag One nor the directors, officers or other insiders of MOPI or Mag One have withheld from Blue Lagoon any material information necessary to enable Blue Lagoon to make an informed assessment and valuation of the business, assets and liabilities of MOPI and Mag One.
- (a) **Capitalization** – All outstanding shares of Mag One and other securities of Mag One have been issued and granted in compliance in all respects with Applicable Laws.
- (b) **Finder's Fee** – No Person is entitled to any brokerage fee, financial advisory fee, finder's fees or similar fee in connection with this Agreement or any of the transactions contemplated herein.

6.2 Representations and Warranties of Blue Lagoon

In order to induce MOPI and Mag One to enter into this Agreement and complete its obligations

hereunder, Blue Lagoon represents and warrants to MOPI and Mag One as follows:

- (a) **Incorporation and Qualification** – Blue Lagoon is a company incorporated under the laws of British Columbia, existing under the laws of British Columbia and has the corporate power to own and operate its property, carry on its business and enter into and perform its obligations under this Agreement. Neither the nature of its activities nor the location or character of the assets owned, operated or leased by Blue Lagoon or any of its Subsidiaries require Blue Lagoon or any of its Subsidiaries to be registered, licensed or otherwise qualified as a foreign corporation or to be in good standing in any jurisdiction other than the jurisdictions where it is so registered, licensed or qualified, except where the failure to be so registered, licensed or qualified or remain in good standing would not reasonably be expected to have a Material Adverse Effect on Blue Lagoon.
- (b) **Reporting Issuer** – Blue Lagoon is a reporting issuer in British Columbia, Alberta, Ontario, and its common shares are listed for trading on the CSE. Blue Lagoon is not subject to any regulatory decision or order prohibiting or restricting trading in its shares.
- (c) **CSE Compliance** – Blue Lagoon is in material compliance of all of the policies of the CSE.
- (d) **Disclosure Documents** – Blue Lagoon has filed all required disclosure documents (“**Blue Lagoon Disclosure Documents**”) with the Governmental Authorities in accordance with the Applicable Laws. As of the time the Blue Lagoon Disclosure Documents were filed with the Governmental Authorities and on SEDAR (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Blue Lagoon Disclosure Documents complied in all material respects with the requirements of the Applicable Laws; and (ii) none of the Blue Lagoon Disclosure Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein to the best of Blue Lagoon’s knowledge, in the light of the circumstances under which they were made, not misleading.
- (e) **No Conflict** – The entering into, and the performance by Blue Lagoon of the transactions contemplated in this Agreement:
 - (i) do not and will not require any consent, permit, approval, Authorization or order of any Governmental Authority, except that which may be required under applicable securities legislation or the rules of the CSE and any approval or authorization required under the BCBCA for the Transaction;
 - (ii) do not and will not contravene any Applicable Laws, where such contravention would reasonably be expected to have a Material Adverse Effect on Blue Lagoon; and
 - (iii) does not and will not violate, result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of (i) the constating documents of Blue Lagoon or any of its Subsidiaries, or any resolution of the directors or shareholders of Blue Lagoon or any of its Subsidiaries, or (ii) any Contract to which Blue Lagoon or any of its Subsidiaries is a party or by which their

assets or business is bound or affected, or (iii) any judgment, decree or order or any term or provision thereof applicable to Blue Lagoon or any of its Subsidiaries or any of their assets or business, which breach, conflict or default would reasonably be expected to have a Material Adverse Effect on Blue Lagoon or result in the creation of any Encumbrance upon any of the assets of Blue Lagoon or any of its Subsidiaries.

- (f) **Corporate Authority** – The execution, delivery and performance by Blue Lagoon of this Agreement and the completion of the transactions contemplated hereunder, have been duly authorized by all necessary corporate action on the part of Blue Lagoon. This Agreement constitutes a legal, valid and binding agreement of Blue Lagoon and is enforceable against Blue Lagoon in accordance with its terms and conditions, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors and the general principles of equity.
- (g) **Board Approval** – The board of directors of Blue Lagoon has unanimously determined that the Transaction and entry into this Agreement are in the best interests of Blue Lagoon.
- (h) **Required Approvals** – Other than as set out in this Agreement, there is no requirement to obtain any Regulatory Approval or other third party waiver or approval as a condition to the completion by Blue Lagoon of the transactions contemplated by this Agreement.
- (i) **Corporate Records** – Other than as previously disclosed, the corporate records of Blue Lagoon including all constating documents, minutes of meetings and resolutions of shareholders, directors and any committees, the share certificates, securities registers and register of directors of Blue Lagoon are complete and accurate and all corporate proceedings and actions reflected in such corporate records have been conducted or taken in material compliance with all Applicable Laws and with the constating documents of Blue Lagoon. Blue Lagoon’s constating documents are in the form contained in its minute book and no modifications or alterations have been proposed or approved by its shareholders.
- (j) **Books and Records** – The books and records of Blue Lagoon disclose all material agreements and material financial transactions of Blue Lagoon, and such transactions have been fairly and accurately recorded.
- (k) **Compliance with Laws** – Blue Lagoon has and is conducting its business in compliance in all material respects with all Applicable Laws in the jurisdictions in which such business is carried on.
- (l) **No Unlawful Payments** – Neither Blue Lagoon, nor, to the best knowledge of Blue Lagoon, any director, officer, agent, employee or other person associated with or acting on behalf of Blue Lagoon has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (iii) violated or is in violation of any provision of applicable foreign corrupt practices legislation, including the *U.S. Foreign Corrupt Practices Act*; or (iv) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

- (m) **Litigation** – There are no outstanding actions, suits, litigation, judgments, investigations or proceedings of any kind whatsoever against or affecting Blue Lagoon at law or in equity or before or by any Governmental Authority or other governmental department, commission, board, bureau or agency of any kind whatsoever nor are there, to the best knowledge of Blue Lagoon, any pending or threatened.
- (n) **No Breach of Laws** – Blue Lagoon is not in breach of any law, ordinance, statute, regulation, by-law, order or decree of any kind whatsoever; except for such breaches as would not reasonably be expected to have a Material Adverse Effect on Blue Lagoon.
- (o) **Material Contracts** – Copies of all of the Material Contracts of Blue Lagoon have been provided to MOPI. All such Material Contracts are valid and subsisting agreements, enforceable in accordance with their terms. Blue Lagoon has performed all of the obligations required to be performed by it and, to the best of the knowledge of Blue Lagoon, Blue Lagoon is entitled to all benefits under its Material Contracts. Neither Blue Lagoon nor, to Blue Lagoon’s knowledge, any other party to any Material Contract is in default of any such Material Contract. To the knowledge of Blue Lagoon, no event has occurred which, with the giving of notice, the lapse of time or both, would constitute an event of default by any other party to any such Blue Lagoon Material Contract, neither Blue Lagoon nor the Blue Lagoon Subsidiary is alleged to be in default of any of the provisions of such Blue Lagoon Material Contracts, and Blue Lagoon is not aware of any disputes with respect thereto.
- (p) **Subsidiaries** –
 - (i) Other than ASIC Mining Inc., Blue Lagoon has no subsidiaries or affiliates; and
 - (ii) Blue Lagoon does not own, possess or have the right to acquire any securities of any other corporate entity.
- (q) **Complete Disclosure** –
 - (i) All documents and written information delivered by Blue Lagoon or its representatives under or in connection with this Agreement to MOPI or their respective representatives are complete and correct in all material respects as of the date of this Agreement; and
 - (ii) neither Blue Lagoon nor the directors, officers or other insiders of Blue Lagoon have withheld from MOPI any material information necessary to enable MOPI to make an informed assessment and valuation of the business, assets and liabilities of Blue Lagoon.
- (r) **Capitalization** – All outstanding shares of Blue Lagoon and other securities of Blue Lagoon have been issued and granted in compliance in all respects with Applicable Laws.
- (s) **Finder’s Fee** – No Person is entitled to any brokerage fee, financial advisory fee, finder’s fees or similar fee in connection with this Agreement or any of the transactions contemplated herein.

6.3 Survival

No investigation by or on behalf of any Party prior to the execution of this Agreement will mitigate, diminish or affect the representations and warranties made by the other Party. The representations and warranties of the Parties contained in this Agreement will not survive the completion of the Transaction and will expire and be terminated on the earlier of the Second Closing Date and the date on which this Agreement is terminated in accordance with its terms. This Section will not limit any covenant or agreement of any of the Parties, which, by its terms, contemplates performance after the Second Closing Date or the date on which this Agreement is terminated, as the case may be.

7. CLOSING DELIVERIES

7.1 Deliveries by MOPI

- (a) On the First Closing Date, MOPI will deliver or cause Mag One to deliver to Blue Lagoon the following documents:
 - (i) a certified true copy of the resolutions of the directors evidencing that the board of directors of MOPI has approved this Agreement, the Transaction and all of the transactions of Mag One contemplated hereunder;
 - (ii) a certified true copy of the resolutions of the directors evidencing that the board of directors of Mag One has approved this Agreement, the Transaction and all of the transactions of Mag One contemplated hereunder;
 - (iii) evidence of any required Regulatory Approval to the transactions of MOPI and Mag One contemplated hereunder;
 - (iv) executed 'consents to act' for all of the nominees to act as directors of Mag One pursuant to the reconstitution of the Mag One Board;
 - (v) executed employment or consulting agreements for all officers of Mag One;
 - (vi) executed consulting agreement between Mag One and Gillian Holcroft;
 - (vii) a certificate of good standing of Mag One in its jurisdiction of organization as of the First Closing Date; and
 - (viii) such other materials that are, in the opinion of Blue Lagoon acting reasonably, required to be delivered by MOPI and Mag One in order for them to meet their obligations under this Agreement.

- (b) On the Second Closing Date, MOPI will deliver to Blue Lagoon the following documents:
 - (i) a certified true copy of the resolutions of the MOPI Shareholders evidencing the MOPI Shareholder Approval; and
 - (ii) such other materials that are, in the opinion of Blue Lagoon acting reasonably, required to be delivered by MOPI and Mag One in order for them to meet their obligations under this Agreement.

7.2 Deliveries by Blue Lagoon

- (a) On the First Closing Date, Blue Lagoon will deliver to MOPI and Mag One:
 - (i) certified true copies of the resolutions of the Blue Lagoon Board evidencing the approval of this Agreement, the Transaction and all of the transactions of Blue Lagoon contemplated hereunder;
 - (ii) a certificate of good standing of Blue Lagoon in its jurisdiction of organization as of the First Closing Date; and
 - (iii) such other materials that are, in the opinion of MOPI and Mag One acting reasonably, required to be delivered by Blue Lagoon in order for it to meet its obligations under this Agreement.
- (b) On the Second Closing Date, Blue Lagoon will deliver to MOPI and Mag One materials that are, in the opinion of MOPI and Mag One acting reasonably, required to be delivered by Blue Lagoon in order for it to meet its obligations under this Agreement.

8. TERMINATION

8.1 By Any Party

- (a) Each of MOPI, Mag One and Blue Lagoon will, in its sole discretion, have the right to terminate this Agreement if the First Closing Date does not occur on or before the Termination Date, provided, that the right to terminate this Agreement under this Section 8.1 shall not be available to any Party whose failure to fulfill any of its obligations under this Agreement has been the cause of or resulted in the failure to consummate the transactions contemplated hereby by such date.
- (b) The Parties agree that any funds advanced by Blue Lagoon to Mag One prior to the First Closing Date will be refundable by Mag One in the event that the Closing Conditions are not met or waived by the Termination Date, provided that the refund date may be deferred, by Mag One providing written notice to Blue Lagoon, to the date that Mag One has completed its next Qualifying Financing.
- (c) The Parties agree that if MOPI Shareholder Approval is not obtained by April 30, 2020, and such requirement to obtain the MOPI Shareholder Approval is not waived in writing by the Parties, then any funds advanced by Blue Lagoon to Mag One will be refundable by Mag One and MOPI, provided that the refund date may be deferred, by Mag One and MOPI providing written notice to Blue Lagoon, to the earlier of the date that Mag One has completed its next Qualifying Financing and the date that MOPI has completed its next financing.
- (d) The Parties agree that the Options and this Agreement may be terminated in accordance with Section 2.5 of this Agreement.

8.2 By MOPI and Mag One

- (a) This Agreement may be terminated by MOPI and Mag One prior to the First Closing Date in the event of a breach of any representation or warranty or failure to perform any covenant or agreement on the part of Blue Lagoon set forth in this Agreement, that will

have occurred that would cause the conditions set forth in Sections 5.1 or 5.3, of this Agreement not to be satisfied, and such conditions are incapable of being satisfied by the Termination Date, as reasonably determined by MOPI and Mag One; provided, however, that (i) each of MOPI and Mag One is not then in material breach of any of its representations, warranties or covenants under this Agreement and (ii) that if such breach is capable of being cured prior to the Termination Date, Blue Lagoon has been given notice of and 10 days to cure any such misrepresentation, breach or non-performance and fails to cure such misrepresentation, breach or non-performance by the end of such 10 day period.

- (b) This Agreement may be terminated by MOPI and Mag One by providing written notice to Blue Lagoon prior to the First Closing Date (the “**Superior Proposal Notice**”) if MOPI or Mag One, as the case may be, receives a Superior Proposal. The Superior Proposal Notice shall set out the terms of the Superior Proposal and provide confirmation that it meets the definition of a Superior Proposal. For a period of five Business Days from Blue Lagoon’s receipt of the Superior Proposal Notice, Blue Lagoon shall have the right, but not the obligation, to propose in writing to amend the terms of this Agreement in order to match or exceed the terms of the Superior Proposal. In the event that this Agreement is terminated pursuant to this Section 8.2(b), then Mag One will pay Blue Lagoon a break fee of \$100,000, payable upon the later of closing of the transaction pursuant to the Superior Proposal and a Qualifying Financing. The break fee is payable regardless of whether or not MOPI or Mag One completes a transaction pursuant to the Superior Proposal.

8.3 By Blue Lagoon

This Agreement may be terminated by Blue Lagoon prior to the First Closing Date in the event of any breach of any representation or warranty or failure to perform any covenant or agreement on the part of MOPI and Mag One set forth in this Agreement that will have occurred that would cause the conditions set forth in Sections 5.1 or 5.2 of this Agreement not to be satisfied, and such conditions are incapable of being satisfied by the Termination Date, as reasonably determined by Blue Lagoon ; provided, however, that (i) Blue Lagoon is not then in material breach of any of its representations, warranties or covenants under this Agreement and (ii) that if such breach is capable of being cured prior to the Termination Date, Mag One has been given notice of and 10 days to cure any such misrepresentation, breach or non-performance and fails to cure such misrepresentation, breach or non-performance by the end of such 10 day period.

- 8.4 Notice of Termination** – The Party desiring to terminate this Agreement pursuant to this Section 8 shall give written notice of such termination to the other Party, specifying in reasonable detail the basis for such Party’s exercise of its termination right.

- 8.5 Consequences of Termination** – In the event this Agreement is terminated pursuant to this Section 8 or Section 2.5, this Agreement shall become void and be of no further force or effect without liability of any Party (or any shareholder or representative of such Party), except that the provisions of Sections 8.5, 9 and 10.3 of this Agreement will survive the termination.

9. PUBLIC DISCLOSURE

9.1 Restrictions on Disclosure

No disclosure or announcement, public or otherwise, in respect of this Agreement, the

Transaction, the reconstitution of the Mag One Board, or the other transactions contemplated herein will be made by any Party without the prior agreement of MOPI and Blue Lagoon as to timing, content and method, provided that the obligations herein will not prevent any Party from making such disclosure as its counsel (acting reasonably) advises is required by Applicable Laws. Where such an announcement is required by Applicable Laws, the Party required to make the announcement will inform the other Parties of the contents of the proposed announcement and will make reasonable efforts to obtain the other Parties' approval for the announcement, which approval may not be unreasonably withheld.

9.2 Confidentiality

All of the information that is non-public, confidential, and proprietary in nature, records, books and data to which each Party and/or their respective representatives (including but not limited to respective employees, officers, directors, shareholders, agents, lawyers, accountants, advisors, affiliates), are given access as set forth above including, but not limited to, that which relates to information, books, records, research, products, services, customers, markets, business policies or practices, unreleased developments, inventions, processes, designs, drawings, engineering, marketing, business plans or finances, the terms of any draft of this Agreement and all discussions between the Parties (the "**Confidential Information**"), will be used by such party for the purpose of the Transaction and be treated on a confidential basis. MOPI and Mag One covenant to Blue Lagoon, and Blue Lagoon covenants to MOPI and Mag One, that it will not at any time, other than in accordance with the terms of this Agreement, disclose the Confidential Information of the other to any person or entity without the prior written approval of the disclosing party, or use any such Confidential Information for any purpose, other than for the specific purpose of evaluating and negotiating the terms of the Transaction, unless specifically pre-approved in writing by the disclosing party, subject to required disclosure to regulatory authorities and as otherwise required by Applicable Laws. Each Party will maintain the confidential nature of the Confidential Information of the other in its possession by taking commercially reasonable steps to protect the information from unauthorized use, access and disclosure, which will be no less than those efforts made by the receiving party to protect its own confidential information. The receiving party may disclose Confidential Information of the other only to its employees, shareholders and consultants who have a 'need-to-know' for the purposes of evaluating and negotiation the Transaction. The parties covenant and agree to keep confidential all of the information including the Confidential Information obtained by it concerning the business and assets of the other including the terms of this Agreement except such information which:

- (a) prior to the date of this Agreement, was already in the possession of the other Party on a non-confidential basis;
- (b) is generally available to the public absent any breach of Confidential Information;
- (c) is required to be disclosed by a party to any regulatory body having jurisdiction over the Parties of this Agreement;
- (d) is made available to the other party on a non-confidential basis from a source other than a party to this Agreement, or their representatives.

The Parties further agree that such information will be disclosed only to those of its shareholders, creditors and the employees and representatives of their advisors who need to know such information for the purposes of evaluating and implementing the transactions contemplated

hereby. Notwithstanding the foregoing provisions of this paragraph, the obligation to maintain the confidentiality of such information will not apply to the extent that disclosure of such information is required in connection with governmental, regulatory or other applicable filings or disclosures related to the transactions contemplated under this Agreement.

All such Confidential Information in written or electronic form will, at a Party's request, be promptly returned to the Party originally delivering them in the event that the transactions provided for in this Agreement are not completed.

10. GENERAL

10.1 Time

Time and each of the terms and conditions of this Agreement will be of the essence of this Agreement and any waiver by the Parties of this Section or any failure by them to exercise any of their rights under this Agreement will be limited to the particular instance and will not extend to any other instance or matter in this Agreement or otherwise affect any of their rights or remedies under this Agreement.

10.2 Further Assurances

The Parties hereto will execute and deliver all such further documents and instruments and do all such acts and things as any Party may, either before or after the First Closing Date, reasonably require of the others in order that the full intent and meaning of this Agreement is carried out. The provisions contained in this Agreement which, by their terms, require performance by a Party to this Agreement subsequent to the First Closing Date, will survive the First Closing Date. The provisions contained in this Agreement which, by their terms, require performance by a Party to this Agreement subsequent to the Second Closing Date, will survive the Second Closing Date.

10.3 Expenses

The Parties will, other than as provided herein, pay their own costs, fees and expenses incurred in connection with the transactions contemplated herein.

10.4 Amendments

No alteration, amendment, modification or interpretation of this Agreement or any provision of this Agreement will be valid or binding upon the Parties hereto unless such alteration, amendment, modification or interpretation is in written form executed by all of the Parties to this Agreement.

10.5 Notices

Any notice, request, demand, election and other communication of any kind whatsoever to be given under this Agreement will be in writing and will be delivered by hand, emailed or mailed by prepaid registered post to the Parties at their following respective addresses:

- (a) To Blue Lagoon:

Blue Lagoon Resources Inc.
610-700 West Pender Street

Vancouver, BC V6C 1G8
 Attention: Rana Vig
 Email: ranavig@gmail.com

with a copy (which will not constitute notice) to:

Morton Law LLP
 Suite 1200 – 750 West Pender Street
 Vancouver, British Columbia, V6C 2T8
 Attention: Edward L. Mayerhofer
 Email: elm@mortonlaw.ca

(b) To MOPI and Mag One:

Mag One Operations Inc.
 511 Place d'Armes, Suite 303
 Montreal, QC H2Y 2W7

Attention: Gillian Holcroft
 Email: Gillian@magoneproducts.com

with a copy (which will not constitute notice) to:

Forooghian & Company Law Corporation
 Suite 1050 – 400 Burrard Street
 Vancouver, British Columbia, V6C 3A6
 Attention: Farzad Forooghian
 Email: farzad@forooghianlaw.com

or to such other addresses as may be given in writing by the Parties hereto in the manner provided for in this Section. Any notice delivered or emailed prior to 5:00 p.m. (*Vancouver time*) on a Business Day will be deemed to have been given and received on date of delivery or emailing, as the case may be. Any notice delivered or emailed after 5:00 p.m. (*Vancouver time*) on a Business Day, or on a day that is not a Business Day, will be deemed to have been given and received on the next Business Day following the date of delivery or emailing, as the case may be.

10.6 Assignment

This Agreement may not be assigned by any Party hereto without the prior written consent of all of Blue Lagoon, MOPI and Mag One.

10.7 Governing Law

This Agreement will be subject to, governed by, and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein, and the Parties hereby attorn to the exclusive jurisdiction of the courts of British Columbia.

10.8 Counterparts

This Agreement may be executed in counterpart and by electronic means, and each copy so signed will be deemed to be an original, and all such counterparts together will constitute one and the

same instrument.

10.9 Severability

If any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions will not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby, unless in either case as a result of such determination this Agreement would fail in its essential purpose.

10.10 Entire Agreement

This Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto, including for greater certainty the Letter of Intent. The parties agree that the Letter of Intent is terminated upon the execution hereof. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

10.11 Enurement

This Agreement will enure to the benefit of and be binding upon the Parties hereto and their respective successors, permitted assigns, trustees, representatives, heirs and executors.

[Signature page follows]

IN WITNESS WHEREOF the Parties hereto have duly executed this Agreement as of the date first written above.

MAG ONE PRODUCTS INC.

Per:

Signed: "Gillian Holcroft"

Name: Gillian Holcroft

Title: President and CEO

MAG ONE OPERATIONS INC.

Per:

Signed: "Gillian Holcroft"

Name: Gillian Holcroft

Title: President and CEO

BLUE LAGOON RESOURCES INC.

Per:

Signed: "Rana Vig"

Name: Rana Vig

Title: President and CEO

SCHEDULE “A”**MAG ONE OPERATIONS INC.****Description of Assets**

- Tech Magnesium Technology IP Acquisition Agreement dated January 3, 2019 between Mag One Products Inc. and 8200475 Canada Inc.
- Provisional Patent Application for the Production Of Fine Grain Magnesium Oxide And Fibrous Amorphous Silica from Serpentinite Mine Tailings, 2019/08/06
- Key Technical Reports set out below:

CIMMS – Centre d’innovation manière de la MRC des Sources	
2018-04-18	HYDROMETALLURGICAL PROCESS OF PRODUCTION OF HIGH PURITY SILICA AND MAGNESIUM NITRATE: TEST 8 <i>Funded by Ministry for Economy, Science and Innovation and Mag One</i>
2018-04-18	Continuous Operation Summary (Test 9) <i>Funded by Ministry for Economy, Science and Innovation and Mag One</i>
2019-05-31	Rapport du Pilotage au CIMMS-MEI 2018-2019 <i>(Piloting Report at CIMMS-MEI 2018-2019)</i> <i>Funded by Ministry for Economy and Innovation and Mag One</i>

University of Sherbrooke – Chemical Engineering Department	
2017-05-29	New hydro metallurgical process for magnesium oxide (MgO) production : Phase III - EFFECT OF FEED SOURCE AND PARTICLE SIZE DISTRIBUTION FOR MgO LEACHING; SYNTHESIS OF MgO AND NO_x RECUPERATION <i>Funded by Ministry for Economy, Science and Innovation and Mag One</i>
2018-09-10 Corrected (2018-05-31)	Mise à l’échelle des procédés hydrométallurgiques pour le Li, terres rares, Mg et graphite : Sous-projet 4 <i>Funded by Ministry for Economy, Science and Innovation and Mag One</i>
2019-05-31 (Revision expected early 2020)	Mise à l’échelle des procédés hydrométallurgiques pour le Mg et le graphite : Projet 1 <i>Funded by Ministry for Economy and Innovation and Mag One</i>
2019-09-12	Decomposition of Magnesium Nitrate Solution into Magnesium Oxide Powder <i>(Summary Powerpoint - Full Results to be included in revised May 31st, 2019 report)</i>

CTTEI – Centre de transfert technologique en écologie industrielle	
2018-11-28	Développement de débouchés à valeur ajoutée pour la silice amorphe de Mag One <i>(Development of a Value-Added Market for Mag One’s Amorphous Silica)</i> <i>Funded by NSERC Engage & Mag One</i>
2020-01 (Expected)	Potentiel d'application à haute valeur ajoutée de la silice amorphe de Mag One comme charge inerte/agent rhéologique pour les membranes bitumineuses d'étanchéité <i>(Potential for High Value-Added Applications for Mag One’s Amorphous Silica as filler / rheological additive for Bituminous Waterproofing Membranes)</i> <i>Funded by NSERC Engage Plus and Mag One</i>

SCHEDULE "B"

MAG ONE OPERATIONS INC.

List of Material Contracts

- Tech Magnesium Technology IP Acquisition Agreement dated January 3, 2019 between Mag One Products Inc. and 8200475 Canada Inc.
- Processing Agreement dated November 29, 2019 between Mag One Products Inc., Mag One Operations Inc., Mine Jeffrey Inc. and Beausite Metal Inc.
- Agreement regarding Tailings at Thetford: Offer to Option dated May 19, 2017 between Mag One Products Inc. and Asbestos Corp. Ltd.
- Revised Agreement on the Access and Exploitation of the Serpentine Tailings of the Mine Jeffrey Site dated July 12, 2018 between Mag One Products Inc., Mine Jeffrey Inc. and Beausite Metal Inc.
- Sale Purchase Agreement dated May 19, 2017 between Mag One Products Inc. and Dundee Sustainable Technologies Inc.

SCHEDULE "C"**Sample Calculation of the Dilution Formula**

$$AI = \frac{AC + IC}{TAC + TIC} \times 100$$

where:

AI = the Party's adjusted equity interest

AC = the amount of the additional contribution of the Party before the adjustment

IC = the amount of the initial contribution by the Party

TAC = the total amount of additional contributions of all Parties before the adjustment

TIC = the total amount of initial contributions made by all Parties

Assumptions**Initial Contributions**

Blue Lagoon	\$5,250,000
Mag One	\$2,250,000
	\$7,500,000

Equity Interests

Blue Lagoon	70%
Mag One	30%

Budget

Proposed	\$3,000,000		
Blue Lagoon Pro Rata	\$2,100,000	Blue Lagoon Actual	\$1,000,000
Mag One Pro Rata	\$900,000	Mag One Actual	\$900,000

Adjusted Equity Interests**Blue Lagoon**

AC	\$1,000,000
IC	\$5,250,000

TAC	\$1,900,000
TIC	\$7,500,000

AI 66.5%

Mag One

AC	\$900,000
IC	\$2,250,000

TAC	\$1,900,000
TIC	\$7,500,000

AI 33.5%