

FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **NAME AND ADDRESS OF COMPANY**

Blue Lagoon Resources Inc., #610 – 700 Pender Street, Vancouver, BC V6C 1G8

2. **DATE OF MATERIAL CHANGE**

November 26, 2019

3. **NEWS RELEASE**

News release dated November 26, 2019 was disseminated via the facilities of Accesswire on November 26, 2019 and filed on Sedar on November 27, 2019.

4. **SUMMARY OF MATERIAL CHANGE**

Blue Lagoon announces LOI for joint venture with Quebec based Mag One Products Inc.

5. **FULL DESCRIPTION OF MATERIAL CHANGE**

November 26, 2019 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (“Blue Lagoon” or “Company”) (CSE: BLLG; FSE:7BL; OTC: BLAGF) is pleased to announce that the Company has signed a letter of intent dated November 25, 2019 with Mag One Products Inc. (“**MOPI**”) and its wholly owned subsidiary, Mag One Operations Inc. (“**Mag One**”), pursuant to which the Company may acquire up to a 70% equity joint venture ownership interest in Mag One by purchasing up to \$5.25 million of shares of Mag One (the “**Transaction**”).

Mag One, a private company existing under the laws of Quebec, is a wholly owned subsidiary of MOPI a company trading on the CSE under the symbol “MDD”. Mag One has an exclusive license with Tech Magnesium and is currently testing its proprietary process for the production of pure magnesium metal (99.9% Mg) from tailings. The proceeds from the sale of the Mag One Shares to the Company would allow Mag One to rapidly complete this phase of test work and move towards larger scale pilot plant demonstration testing. Mag One has already done extensive pilot scale testing of its patent pending high purity magnesium oxide (MgO) and amorphous silica (SiO₂) process from these tailings and will use these funds to complete this work and begin engineering efforts towards a commercial scale demonstration facility.

The proceeds would also be used to upgrade the historical resource to a current NI 43-101 compliant resource. The parties have engaged MRB & Associés of Val d’Or Quebec to conduct the technical work and to prepare a NI43-101 technical report.

“With Mag One’s proprietary technology and scientific team, that includes Gillian Holcroft, the 2019 recipient of the MetSoc Environmental Award, we believe there’s a unique opportunity to continue the development of Mag One’s technology to produce magnesium metal and value added products and by-products. Current magnesium production is mostly from China using a process that emits a significant amount of polluting gasses into the environment. Mag One’s approach is to cost effectively transform waste tailings into products without producing any waste. With this approach Mag One has the potential to produce magnesium metal in a low cost and environmentally friendly manner” said Rana Vig, President & CEO of Blue Lagoon Resources. “The only thing that seems to have been missing for Mag One is the money needed to fund and advance its patent pending process – something that Blue Lagoon

hopes to alleviate in short order, subject to the completion of a definitive agreement” he said.

The LOI provides that Blue Lagoon may purchase up to 50% interest in Mag One by making cash payments to Mag One of \$100,000 upon signing of the definitive agreement, and \$300,000, \$750,000, \$1.1 million and \$1.5 million, within 3, 8, 12 and 19 months from the closing under the Definitive Agreement. Blue Lagoon may acquire an additional 20%, subject to MOPI shareholder approval, by making a final payment of \$1.5 million within 24 months of closing. The LOI is non-binding other than customary provisions including standstill and confidentiality provisions. Closing of the Transaction is subject to various conditions, including completion of technical and other due diligence investigations, an independent valuation report, entering into a definitive agreement, receipt of all necessary corporate and regulatory approvals, and compliance with stock exchange requirements. The transaction was negotiated at arm’s length and no finder’s fee is payable.

Technical content of this news release was approved by William Cronk, P.Geo., and a Qualified Person.

6. RELIANCE ON SUBSECTION 7.1(2) OF NATIONAL INSTRUMENT 51-102

Not applicable.

7. OMITTED INFORMATION

Not applicable.

8. EXECUTIVE OFFICER

Rana Vig, CEO
Telephone: 604-218-4766

9. DATE OF REPORT

November 27, 2019

