

## 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

January 6, 2020

### 3. NEWS RELEASE

News release dated January 7, 2020 was disseminated via the facilities of Accesswire on January 7, 2020 and filed on Sedar on January 13, 2020.

### 4. SUMMARY OF MATERIAL CHANGE

Blue Lagoon enters into definitive agreement with Quebec based Mag One Operations to form Joint venture.

### 5. FULL DESCRIPTION OF MATERIAL CHANGE

**January 7, 2020 – Vancouver, British Columbia – Blue Lagoon Resources Inc.** (“**Blue Lagoon**” or “**Company**”) (CSE: BLLG; FSE:7BL; OTC: BLAGF) is pleased to announce that further to its news release dated November 26, 2019, the Company and Mag One Products Inc. (“**MOPI**”) and its wholly owned subsidiary, Mag One Operations Inc. (“**Mag One**”) have signed a definitive earn-in and operating agreement (the “**Agreement**”) dated January 6, 2020. Pursuant to the Agreement, the Company may acquire up to a 70% equity interest in Mag One by purchasing up to \$5.25 million of shares of Mag One, a wholly owned subsidiary of MOPI (the “**Transaction**”).

Mag One is a private company existing under the laws of Quebec that 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 mine tailings. Funds invested by Blue Lagoon 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 (SiO<sub>2</sub>) process from these tailings and will use the funds provided by Blue Lagoon to complete this work and begin engineering efforts towards a commercial scale demonstration facility.

Pursuant to the Agreement, Blue Lagoon may purchase a 50% interest in Mag One by making cash investments in Mag One as follows: \$100,000 upon the initial closing (the “**Closing Date**”) including stock exchange filings; \$300,000 within 3 months of the Closing Date; \$750,000 within 8 months of the Closing Date; \$1.1 million within 12 months of the Closing Date; and \$1.5 million within 18 months of the Closing Date. Blue Lagoon may acquire an additional 20% interest in Mag One, subject to MOPI obtaining shareholder approval, by making an additional payment of \$1.5 million within 24 months of the Closing Date. Closing of the Transaction is subject to various conditions, including completion of due diligence investigations, receipt of all necessary corporate and regulatory approvals, and compliance with stock exchange requirements.

Upon the Closing Date, the board of Mag One will be reconstituted to include two directors nominated by Mag One and one director nominated by Blue Lagoon. Blue Lagoon may nominate an additional director upon earning a 50% interest in Mag One, and thereafter may nominate an additional fifth

director upon earning a 70% interest in Mag One.

The parties agreed to enter into a shareholder agreement prior to the consideration payment due 8 months from the Closing Date. Mag One will be solely funded through investments by Blue Lagoon under the Agreement until it completes its 70% earn-in, and thereafter each party will be responsible to fund its pro-rata share of operations or alternatively have its interest diluted on a straight-line dilution basis. Any party whose interest is diluted below a 10% ownership interest in Mag One will have its equity interest converted into a 1.5% gross revenue royalty.

**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**

January 13, 2020

