Mineral Resource Estimate for the Dome Mountain Gold Project, Smithers, British Columbia, Canada

Prepared for: Blue Lagoon Resources Inc.



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ARSENEAU Consulting Services Inc.

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1 SUMMARY

Arseneau Consulting Services Inc. (ACS) was contracted by Blue Lagoon Resources Inc. (Blue Lagoon) to prepare a mineral resource estimate in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101) for the Dome Mountain Gold Project (the "Project") located near Smithers, British Columbia, Canada.

1.1 Access and Location

The Dome Mountain property consists of 26 claims and one lease, comprising approximately 21,523ha. The Project is located approximately 38 kilometres due east of the town of Smithers in northwest British Columbia at 126°37' W longitude and 54°44' N latitude. The property is accessible from Smithers by way of all weather forest service road.

The town of Smithers, with a regional population of 15,000 and situated one hour drive from km 69 on the Chapman Forest service road (FSR), supplies transportation and retail services to the local area. The town is located on both, the Canadian National Railway line and on provincial Highway 16 connecting Prince George and Prince Rupert. Prince Rupert is an all-seasons deep water Port servicing Canada's west coast. Daily air service is available from Smithers to other cities in British Columbia. Labour, shops, supplies, and government offices are also available in Smithers.

The Dome Mountain Mine currently has an office and dry house structure as well as a shop. Generators on site provide power througout the year. Site infrastructure consists of two levels of drift development at the 1,370 and 1,290 metre elevations, and a 50 by 40 foot pre-engineered steel building hosting the water treatment plant (WTP).

1.2 History

The Dome Mountain area has a long history of successful exploration that resulted in the discovery of numerous gold bearing quartz-sulphide veins. This history is complicated by the number of previously separate properties, that are now amalgamated under the current ownership. Mineral claims were first staked at Dome Mountain in 1914.

Dome Mountain Gold Mining Company Limited was incorporated in March 1923 to develop the property. On the Forks showing, a shaft was sunk to 32.6 metres, a crosscut was driven to the vein on the 30-metre level, and "several hundred feet" of drifting carried out. On the Cabin showing, a crosscut was driven 107 metres to the vein. A drift adit was driven for 75 metres on the Snowdrop claim. On the Ptarmigan claim, an adit was



driven 122 metres. Work was carried on until June 1924 when all work was halted due to the patchy nature of the gold mineralization and excessive water in the workings. All equipment was removed, and the mine closed.

Thirty-four claims granted to the company on August 28, 1924; however, no further work was reported, and the company charter was surrendered in 1948.

In 1984, Noranda Exploration Company Limited consolidated all the original properties on Dome Mountain, except the Free Gold property. Work by Noranda in 1984 included a geochemical soil survey and geological mapping. Later in the year, Noranda optioned its interest in the property to Canadian-United Minerals Inc (CUM). Work in 1985, with Noranda as operator, included trenching, and 1,564 metres of diamond drilling in 33 holes on the Forks showing; this work indicated 91,000 tonnes at 19.2 grams per tonne gold. In October 1986, Total Erickson Resources Ltd. (Total) acquired an option on Noranda's 50 percent back-in option and an option to earn a 64 percent interest in CUM.

In 1987, a portal was developed on the Boulder Creek zone at 1,370 metres elevation, with 513 metres of drifting and 230 metres of raising developed. Diamond drilling was conducted from the adit and on other zones within the property, the Argillite vein was discovered, and air-borne geophysical surveys were conducted.

In 1992, additional drilling of the Boulder zone was conducted, and approval issued for production. A second portal was collared at the 1280 m level, 500 metres to the east of the existing portal at the 1370-metre level. In, 1993, mining was suspended due to financial and legal problems. From 1991 to 1993, 44,100 tonnes at an average grade of 12.0 g/t gold were reportedly mined from shrinkage stopes accessed from the 1290 and 1370 levels.

In 2007, Eagle Peak Resources (EPR) optioned the claims covering the Boulder, Forks and 9800 zones and in 2009, EPR sold 100% of its interest in the Dome Mountain project to Metal Mountain Resources Inc. (MMR). Gavin Mines Inc was incorporated as a wholly owned MMR subsidiary with the intent of being the operating company for the Dome Mountain Mine.

Underground development in early 2012 advanced workings to the first cut and fill stope on the 1290 level and produced 1385 tonnes (t) from the Boulder vein. Other underground activities included vent raise development and diamond drilling.

Upon completion of arrangement for offsite milling and processing with Nicola Mining, 5000 t of mineralized material from the Boulder Vein was shipped to Merritt BC for processing in 2016.



Exploration activities continued in 2015-16, including diamond drilling (6954 metres in 35 holes) and underground geological mapping.

In March 2020, Blue Lagoon, through its acquisition of Metal Mountain Resources, acquired a 50.84% interest in Gavin Mines. Concurrently with the transaction, Blue Lagoon acquired an additional 27.44 per cent of Gavin Mines, bringing its overall ownership position to 78.28 percent. Subsequently, in July 2021, Blue Lagoon acquired the remaining shares of Gavin Mines, bringing its total ownership to 100%.

1.3 Geology

The Dome Mountain project lies within the Stikine terrane, within the Intermontane belt of the Canadian Cordillera. The Project is situated in the Babine Range of west central British Columbia. The Babine Range is a northwest trending horst of folded and faulted Jurassic and Cretaceous volcanic and sedimentary rocks, known as the Hazelton Group, bounded to the west and east by grabens of Late Cretaceous and younger rocks. Locally the Hazelton Group rocks are intruded by rocks of the Early Cretaceous Bulkley Plutonic and the Eocene Nanika Plutonic suites.

The Dome Mountain area is predominantly underlain by the Lower to Middle Jurassic Hazelton Group Island arc assemblage. The Telkwa Formation, at the base of the Hazelton Group, is the thickest and most extensive formation. The Nilkitkwa Formation conformably to unconformably overlies the Telkwa Formation and is an important host for mineral occurrences.

1.4 Mineralization

Two principal zones of high-grade gold-silver mineralization are known at Dome Mountain, the Boulder and Argillite Veins. This subdivision was established by earlier mine workers and is a function of vein orientation and host rock lithology.

Veins are characterized by quartz with lesser carbonate and sulphide mineralization. Massive quartz-carbonate veins lacking sulphides are typically barren with respect to gold and silver.

Quartz occurs as both as a white, massive variety or as clear and associated with higher gold grades. Carbonate minerals (ankerite and calcite) occur as cream to beige crystals. Small scale folds in the veins attest to continued movement after their formation.

Sulphide minerals in the Boulder Vein constitute approximately 10% of the vein mineralogy. Even though gold grades as high as several grams per metric tonne are present, visible gold is rare. Microscopic examination indicates that the gold usually



occurs as minute grains along the pyrite crystal margins and in microfractures within the pyrite crystals.

1.5 Exploration

In August of 2020, an airborne geophysical program was flown over approximately 140 km² (14,000 ha). The purpose of the airborne survey was to produce high-resolution Mag, EM, and radiometric maps to identify additional potential exploration targets on a larger scale than the recent exploration area around the mine permit and lease areas.

A soil geochemistry program consisting of 1,061 samples was completed in 2020 as a follow-up on historical geological features and on the preliminary results from the geophysical exploration. Several lines were sampled over the southern and central parts of the property and 51 samples were collected from the lease area. The geochemical program was supervised by Blue Lagoon staff.

1.6 Drilling

The drill programs include drilling commissioned by Blue Lagoon as well as by the previous property owners of the Dome Mountain Project. A total of 458 drill holes totalling 51,185.5 m are in the Dome Mountain database and include work done by seven different companies.

In the summer of 2020, a drilling program consisting of 26 holes from 8 drill pads totalling 3,786 m was carried out by Gavin Mines and Blue Lagoon. The Program was followed with a second drill program in 2021 to include 31 additional holes for 7,176 m. The Blue Lagoon drilling is managed by contractors to Blue Lagoon.

The drill core is stored in a fenced-in area on the 'Old Babine Lake Road', approximately 15 km east of Smithers, BC, at UTM coordinates: E 632 080; N 6074845 and at the mine site at E 654 030; N 6 069 300.

Driftwood Diamond Drilling Ltd. of Smithers, BC provided contract drill services with the geological and field duties conducted by various hired independent consultants and contractors working on behalf of Gavin Mines and Blue Lagoon.

1.7 Mineral Resource Estimate

The resource evaluation presented in this report incorporates all drilling completed by Blue Lagoon and the previous owners of the Project. In the opinion of QP, the block model resource estimates reported herein are a reasonable representation of the global gold mineral resources found at the Dome Mountain Project at the current level of sampling. Mineral Resources for the Dome Mountain Project are reported in accordance



with the guidelines of the Canadian Securities Administrators National Instrument 43-101; and have been estimated in conformity with generally accepted CIM "Estimation and Mineral Resource and Mineral Reserve Best Practices" guidelines. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserves. The resource estimate was completed by Dr. Gilles Arseneau, P. Geo. (APEGBC#23474) an independent qualified person as defined by NI 43-101. ARSENEAU Consulting Services Inc. is licensed to operate in British Columbia under Permit to Practice number 1000256 issued by the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC) on July 2, 2021.

The database used to estimate the Dome Mountain mineral resources was reviewed and audited by the QP. Mineralization boundaries were modelled by the QP using a geological interpretation supported by Blue Lagoon staff. The QP is of the opinion that the current drilling information is sufficiently reliable to interpret with confidence the boundaries of the higher-grade mineralization domains and that the assaying data are sufficiently reliable to support estimating mineral resources.

The QP used GEMS 6.8.4 for generating gold mineralization solids, a topography surface, and resource estimation. Statistical analysis and resource validations were carried out with non-commercial software and with Sage2001.

Mineral resources for the Dome Mountain Project were estimated in a single threedimensional block model using Geovia Gems version 6.8.4 software. Gold grades within the mineralized domains were estimated in three successive passes by inverse distance squared. The first pass considered a relatively small search ellipsoid while for the second and third pass search ellipsoids were larger. Search parameters were generally set to match the vein orientation and to capture sufficient data to estimate a grade in the blocks. All assays were composited to 1.0 m and capped at the 97 or 98 percentiles before estimation.

Blocks were classified as measured mineral resource if within the Boulder or Argillite veins, within 35 m of an existing underground opening and estimated using at least four drill holes within a 20 m radius. Blocks were classified as indicated if estimated within a 75 m range with at least four drill hole or with two drill holes within a 35 m radius. Blocks were classified as inferred if estimated with at least four drill holes within a 75 m radius. Blocks or three drill holes within a 50 m radius.

To determine the quantities of material offering "reasonable prospects for eventual economic extraction" by underground mining, the QP used benchmark parameters from similar projects and considers that the blocks above cut-off located within a 75 m range of at least three drill holes satisfy the "reasonable prospects for eventual economic extraction" and can be reported as a mineral resource.



The QP estimated that the veins at Dome Mountain contained 800,000 tonnes grading 8.52 g/t gold in the Measured plus Indicated mineral resource and 85,000 tonnes of inferred mineral resource grading 6.02 g/t gold potentially accessible by underground mining. The mineral resources as estimated by the QP on October 15, 2021, are summarized in Table i.

Class	Tonnes	Au cap (g/t)	Ag Cap (g/t)	Au Oz	Ag Oz
Measured	136,000	10.32	57.31	45,000	250,000
Indicated	662,000	8.15	41.19	173,000	876,000
Inferred	85,000	6.02	26.13	16,000	71,000

Table 1 Mineral Resource Statement at 3.5 g/t cut-off, Dome Mountain Project, British Columbia, ACS October 15, 2021

Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

(1) (2) The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

(3) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

(4) The Mineral Resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

1.8 Conclusions and Recommendations

Gold mineralization at Dome Mountain is associated with guartz veins emplaced along brittle structures. The veins are structure-controlled orogenic (mesothermal) quartzcarbonate-sulphide veins with associated gold and silver mineralization. Controlling structures are east-west and northwest-southeast trending brittle fault zones that dip moderately to steeply south and southwest. The host rocks are Lower to Middle Jurassic subaerial volcanic flows, pyroclastic, and related volcanoclastic rocks.

The current drill hole database consists of over 51,186 metres of drilling from 458 drill holes. The resource model is limited to the mineralization around the Dome Mountain deposit area which is defined by 42,869 metres of drilling from 355 drill holes.

The QP recommends that Blue Lagoon continue to explore the Dome Mountain Gold Project. Specifically, the QP recommends a 5,500-metre drill program, 22 core holes targeted at expanding the mineral below the Boulder and Argillite veins. The QP also recommends that Blue Lagoon continues its regional exploration drilling program on nearby targets on the Dome Mountain Project.

The QP estimate that the above recommendations would cost approximately \$2.1 million



2 INTRODUCTION

Arseneau Consulting Services Inc. (ACS) was contracted by Blue Lagoon Resources Inc. (Blue Lagoon) to prepare a mineral resource estimate in accordance with National Instrument 43-101 *Standards of Disclosure for Mineral Projects* (NI 43-101) for the Dome Mountain Gold Project (the "Project") located near Smithers, British Columbia, Canada.

2.1 Terms of Reference

The Report was prepared to support the disclosure of mineral resource update for the Dome Mountain Gold Project (Dome Mountain or Dome Mountain Mine) by Blue Lagoon, incorporating the drill results of the 2020-21 drilling programs.

2.2 Qualified Persons

Dr. Gilles Arseneau, PhD, P. Geo., of ARSENEAU Consulting Services Inc. is an independent qualified person as the term is defined in NI 43-101. Dr. Arseneau is a member of the Association of Professional Engineers and Geoscientist of British Columbia (APEGBC) (Member 23474). ARSENEAU Consulting Services Inc. operates under Permit number 1000256 issued by APEGBC on July 2, 2021.

Gilles Arseneau visited the Project on July 19 to 22, 2021. The site visits included examination of the Dome Mountain geology and drill core stored on the property and at the core storage facility as well as the examination of the underground working and mining operation at Dome Mountain.

2.3 Effective Date

The effective date for information contained within the Report is October 31, 2021.

2.4 Information Sources and References

The primary source of information for this report was a technical report prepared for Blue Mountain by Roughstock Mining Services (Roughstock, 2020). Additional information was gathered during the stie visits and through discussions with Blue Lagoon staff.

2.5 Terms and Definitions

All units in this report are System International (SI) unless otherwise noted. Table 2.1 summarizes the commonly used abbreviations used throughout this report.



Unit	Abbreviation
Silver	Ag
Gold	Au
acre	ас
hectare	ha
square kilometre	km ²
square mile	mi ²
grams per metric ton	g/t
troy ounces per short ton	oz/ton
foot	ft
metre	m
kilometre	km
centimetre	cm
mile	mi
yard	yd
gram	g
kilogram	kg
troy ounce	oz
Imperial ton 2000 pounds	ton, t
metric ton	T, tonne
Dry metric tonnes	DMT
million years	Ма
cubic yard	cu yd
degrees Celsius	°C
degrees Fahrenheit	°F

Monetary 2.5.1

All monetary values are given in Canadian dollars CDN (\$) unless otherwise stated.



3 RELIANCE ON OTHER EXPERTS

3.1 Mineral Tenure

The QP has not reviewed the mineral tenure, nor independently verified the legal status, ownership of the Project area or underlying property agreements and has relied on information gathered from the British Columbia Government web site for mineral tittles information.

This information is used in Section 4.3 of the Report.

3.2 Surface Rights

The Project area is part of the Lake Babine Band (Nedut'en) and Wet'suwet'en First Nations traditional use territory. All surface rights are owned by the Crown. Property access is subject to negotiations with the First Nations. There is no privately-owned land on or near the Project.



4 PROPERTY DESCRIPTION AND LOCATION

Information in this section of the report is taken from a technical report prepared by Roughstock Mining Services LLC (Roughstock, 2020) with minor modifications.

The Dome Mountain Project located approximately 38 kilometres due east of the town of Smithers in northwest British Columbia at 126°37' W longitude and 54°44' N latitude. The property is accessible from Smithers by way of 66.5 km all weather forest service road. The Project area is within the Omineca Mining Division on NTS Map Sheet 93L 10E (Figure 4.1).



Source: Scott Wilson RPA (2008)

Figure 4.1 Location Map of Dome Mountain Project



4.1 Land Tenure and Underlying Agreements

The Dome Mountain property consists of 26 claims and one lease, comprising approximately 21,468 ha as outlined in Table 4.1 and Figure 4.2. The claims and lease are 100% held by Gavin Mines Inc. Two NSR royalties are attached to the project. The first to Dome Royalties at 1.75% and the second to a collection of individuals totaling 2.5%. The NSR royalties are detailed in Table 4.2.

Number	Name	Туре	Expiry Date	Area (ha)
308801		LEASE	20220914	54.777
1083101	DOME NORTH	CLAIM	20220618	1,545.66
1083102	DOME NORTH 2	CLAIM	20220618	1,042.91
1076256	BRIDGE	CLAIM	20261020	279.85
1077947		CLAIM	20220811	1,118.06
1077946		CLAIM	20220811	1,864.76
1076483	BRIDGE 2	CLAIM	20261027	37.31
1076481	DOME WEST	CLAIM	20251201	2,536.03
329906	DREA	CLAIM	20251201	25.00
1076338		CLAIM	20251215	5,275.90
374168	DOME 100	CLAIM	20251201	500.00
1076482	DOME MAIN	CLAIM	20251215	1,717.48
374166	DOME 400	CLAIM	20251201	500.00
507597		CLAIM	20251201	93.37
525968	HOO FRACTION	CLAIM	20251201	18.67
238538	COPE 1	CLAIM	20251201	25.00
1078877		CLAIM	20220825	1,307.04
507598		CLAIM	20251201	74.70
238086	REFER TO LOT TABLE	CLAIM	20251201	25.00
381072	НОО	CLAIM	20251201	250.00
382562	FREE GOLD - 3	CLAIM	20251201	25.00
382560	FREE GOLD - 1	CLAIM	20251201	25.00
382563	FREE GOLD - 4	CLAIM	20251201	25.00
382561	FREE GOLD - 2	CLAIM	20251201	25.00
1078875		CLAIM	20220825	1,119.23
1078833		CLAIM	20220822	1,119.23
1078876		CLAIM	20220825	1,18.16
Total				21,468.32

Table 4.1: List of Dome Mountain Mineral Tenures





Source: Blue Lagoon 2022

Figure 4.2: Dome Mountain Project Claim Map



Holder	Claims	NSR (%)
Dome Royalties (L'Orsa)	Dome	1.75
Holder 1	Dome	0.250
Holder 2	Dome	0.250
Holder 3	Dome	0.125
Holder 4	Dome	0.125
Holder 5	Dome	0.625
Holder 6	Dome	0.375
Holder 7	Dome	0.125
Holder 8	Dome	0.125
Holder 9	Dome	0.125
Holder 10	Dome	0.125
Holder 11	Dome	0.125
Holder 12	Dome	0.125

Table 4.2: List of Royalty Holders

A total of 2.25% NSR can be bought back from each of the holders by paying them \$250,000 for every 0.125% interest they hold.

4.2 Environmental Liabilities

There are no known environmental liabilities in the Project area. The Mining Operation is currently under care and maintenance and there are no processing or tailings impoundments on the Project. The Project is subject to a reclamation bond with the Province of British Columbia.

4.3 Permits

The property is within the Omineca Mining Division and holds a current Mining Permit (M-237, for up to 75,000 tonnes per year) and an effluent permit (104869).

4.4 Other Risks

There are no known risks that may affect access, title, or the right or ability to perform work on the property.



5 ACCESSIBILITY, CLIMATE, LOCAL RESOURCES, INFRASTRUCTURE, AND PHYSIOGRAPHY

Information in this section of the report is taken from a technical report prepared by Roughstock Mining Services LLC (Roughstock) (Roughstock, 2020) with minor modifications.

The Dome Mountain Project is accessible from Smithers B.C. by way of a 66.5 kilometre (km) of mostly gravel all-weather roads. From the junction on Highway at 16, 4 km south of Smithers, the route follows the Babine Lake (Eckman) Road to km 38, then turns southeast on the Chapman Forest Service Road for 16 km from km 86.5 to km 68.5, then on the Dome Mountain Mine access road, which winds generally uphill in a southwesterly direction for 4 km to the 1290 Portal.

The climate of the Dome Mountain Mine is humid continental/subarctic climate. Average annual snowfall (measured in Smithers) is 204 centimetres (cm) with the highest snow accumulation typically occurring in February with and average accumulation of 36 cm. The average total precipitation of the area is 51.3 cm. Temperatures range from an average low of -30.0 °C in the winter to an average high of 30.0 °C. in the summer. However, drilling during wintertime is possible due to the fact that the Federal Creek rarely freezes, and seperators provide the oportunity using recycled water for the drilling.

The town of Smithers, with a regional population of 15,000 and situated one hour drive from km 69 on the Chapman forest service road (FSR), supplies transportation and retail services to the local area. The town is located on both, the Canadian National Railway line and on provincial Highway 16 connecting Prince George and Prince Rupert. Prince Rupert is an all-seasons deep water Port servicing Canada's west coast. Daily air service is available from Smithers to other cities in British Columbia. Labour, shops, supplies, and government offices are also available in Smithers.

The Dome Mountain Mine currently has an office and dry house structure as well as a shop. Generators on site provide power througout the year. Site infrastructure consists of two levels of drift development at the 1,370 and 1,290 metre elevations, and a 50 by 40 foot pre-engineered steel building hosting the water treatment plant (WTP).

Dome Mountain is a glacially rounded summit that reaches an elevation of 1,753 metres above sea level and marks the most southerly occurrence of alpine terrain in the Babine Range. Mountain slopes range from gentle to steep with rare cliffs (Figure 5.1). Overburden cover ranges up to 20 metres and consists of alluvial clays, sands, and gravels overlying gravely boulder till. In the vicinity of the Boulder Vein at approximately 1,300 metre elevation the overburden ranges from one to twenty metres thick.

Vegetation consists of thick stands of mature subalpine fir, lodge pole pine, and spruce. At elevations above 1,500 metres alpine meadows are common. Outcrop exposure on the wooded slopes is poor and averages less than 1%. Several small creeks, such as Federal Creek and Boulder Creek that flow year-round, drain the area.



Figure 5.1 View from Dome Mountain Looking East



6 **HISTORY**

Information in this section of the report is taken from a technical report prepared by Roughstock Mining Services LLC (Roughstock) (Roughstock, 2020) with minor modifications.

6.1 General History

The Dome Mountain area has a long history of successful exploration that resulted in the discovery of numerous gold bearing quartz-sulphide veins. This history is complicated by the number of previously separate properties, that are now amalgamated under the current ownership.

Mineral claims were first staked at Dome Mountain in 1914, with yearly assessment work carried out into 2018. Three groups, the Bullion, Pioneer, and Homestead, comprising 14 claims, were owned by G. Hazelton, J. Probendite, J. Bourgone, and T.J. Thorpe. Work to 1918 was done in open cuts and 3 short adits. The adjoining Edith claim, owned by Chisholm and Young, was developed by a 9-metre shaft (Chisholm shaft).

In subsequent years, many of the above claims were allowed to lapse and were restaked under new names. During the winter of 1921-22, options were acquired on all the important claims by T.E. Jefferson for a New York syndicate. Work during 1922 included stripping, trenching, and sampling of the many showings. Early in 1923, the combined property was purchased by another New York syndicate, this one financed by Guggenheim capital, and management of the property was placed under the Federal Mining and Smelting Company, which was owned by the Guggenheim interests.

Dome Mountain Gold Mining Company Limited was incorporated in March 1923 to develop the property. On the Forks showing, (Figure 6.1) a shaft was sunk to 32.6 metres, a crosscut was driven to the vein on the 30-metre level, and "several hundred feet" of drifting carried out. On the Cabin showing, a crosscut was driven 107 metres to the vein. A drift adit was driven for 75 metres on the Snowdrop claim. On the Ptarmigan claim, an adit was driven 122 metres. Work was carried on until June 1924 when all work was halted due to the patchy nature of the gold mineralization and excessive water in the workings. All equipment was removed, and the mine closed.

Thirty-four claims (Lots 2888-2897 and 2899-2922) were Crown granted to the company on August 28, 1924; however, no further work was reported, and the company charter was surrendered in 1948. The claims were transferred to Karl J. Springer in December 1950. In 1973, D.W. Coates optioned the Crown-granted claims from Springer. During the year, limited geophysical and geochemical surveys (156 soil samples) were carried out. In 1979, the No. 6 (Lot 2905) and No. 2 (Lot 2909) claims were owned by W.F. McGowan and A. L'Orsa; geological mapping was reported.

Mineral Resource Estimate for the Dome Mountain Gold Project, B.C.



Source: MacIntyre et al (1987)

Figure 6.1: Dome Project Regional Geology and Historical Showings

Panther Mines Ltd. and Reako Explorations Ltd., by a January 1980 agreement, optioned a 50 per cent interest each in 12 claims from Lorne B. Warren, of Smithers. Included were six Reverted Crown grants: Hawk (Lot 2888), Snowdrop (Lot 2904), No. 1 (Lot 2908), No. 4 (Lot 2914), Wallace (Lot 2911), and Wallace Fr. (Lot 2920), and the Dome 1-6 located claims (Record Nos. 1623-1628); trenching was reported on the Hawk claim (Lot 2888).

In 1984, Noranda Exploration Company Limited consolidated all the original properties on Dome Mountain, except the Free Gold property, by way of option agreements with the various tenure holders. Work by Noranda in 1984 included a geochemical soil survey and geological mapping. Later in the year, Noranda optioned its interest in the property to Canadian-United Minerals Inc (CUM). Work in 1985, with Noranda as operator, included trenching, and 1,564 metres of diamond drilling in 33 holes on the Forks showing; this work indicated 91,000 tonnes at 19.2 grams per tonne gold (George Cross, 1985). As part of this drill program, the 9800 zone was discovered.

In November 1985, the option agreement was renegotiated to allow CUM to earn a 50 per cent interest in Noranda's option and to become operator. Then, in December 1985, CUM optioned a 75 percent interest in its agreement with Noranda to Teeshin Resources Ltd. Property ownership at that point was Reako and Panther at 10 percent each, Noranda at 40 percent, CUM at 10 percent, and Teeshin at 30 percent.

In 1986, trenching and drilling of a zinc soil anomaly on the eastern strike extension of the Cabin Vein led to the discovery of the Boulder vein. An extensive drilling program consisting of 48 holes at the Boulder vein and three additional holes (for a total of 23 holes) on the Forks vein outlined gold resources on both zones. Follow up was also done on Noranda's geochemical/geological program, with two holes on the Hawk-Gem vein zone and three out of four holes intersecting a number of narrow high-grade veins on the Jane vein zone. Trenching and bulk sampling on the 9800 zone was also conducted, with 50.8 tonnes of mineralized material shipped and processed yielding 30.17 grams per tonne gold and 771.4 grams per tonne silver. In October 1986, Total Erickson Resources Ltd. (Total) acquired an option on Noranda's 50 percent back-in option and an option to earn a 64 percent interest in CUM.

A joint venture agreement was formed with CUM, Teeshin and Total. In 1987, a portal was developed on the Boulder Creek zone at 1,370 metres elevation, with 513 metres of drifting and 230 metres of raising developed. Diamond drilling was conducted from the adit and on other zones within the property, the Argillite vein was discovered, and air-borne geophysical surveys (DIGHEM III EM, magnetometer, and VLFEM) were conducted.

Conceptual mine design and cost estimates were prepared in 1988, by Dynatec Mining Ltd. In 1989, Teeshin became the operator and conducted 26.9 kilometres of induced

polarization (IP) survey, with the intent of mapping the extent of the Boulder zone and to search for similar targets in the survey area. Additionally, 14 holes were drilled on the west and east extensions of the Boulder zone and a feasibility study was completed by M.P.D. Consultants Inc. In 1990, Teeshin acquired CUM's interest and drilled eighteen holes, eight of which tested the Boulder zone, with the remainder conducted on the Forks zone, the Elk vein, and the 9800 zone.

In 1991, Teeshin formed a joint venture with Timmins Nickel Inc (Timmins) and also changed its name to Hapsburg Resources Inc. Timmins commenced an underground bulk sample on the Boulder vein in August 1991 and initiated the 1290 crosscut. A 5,079-tonne bulk sample, from the upper level of the Boulder zone, was sent in two lots to the Equity Silver mine and the Premier mine to test for cost effectiveness of milling.

In 1992, additional drilling of the Boulder zone was conducted, and approval issued for production. Operations employed 28 employees. A second portal was collared at the 1280 m level, 500 metres to the east of the existing portal at the 1370-metre level. In, 1993, mining was suspended due to Timmins' financial and legal problems. From 1991 to 1993, 44,100 tonnes at an average grade of 12.0 g/t gold were reportedly mined from shrinkage stopes accessed from trackless drift developments on the 1290 and 1370 levels. The mineralized material was shipped off-site to either the Equity Silver mill near Houston, BC or to the Westmin Premier Mill near Stewart, BC for toll milling.

Between 1993 and 2007, during the mine closure. minimal work was conducted on the property. Guardsman Resources conducted a soil sampling grid (388 samples), silt sampling (29 samples) and rock sampling program (112 samples) in proximal to and encompassing the Ptarmigan, Gem and Eagle zones in 2000. In 2006, Christopher James Gold Corp collected 68 rock samples from several known vein zones and followed up with a geochemical program in 2007.

In 2007, Eagle Peak Resources (EPR) optioned the claims covering the Boulder, Forks and 9800 zones. EPR reopened two portals, three air vents and the mine access road, and completed a soil sampling survey, 22 km of 3D induced polarization and 23.1 km of ground magnetic survey in 2008. In 2009, EPR drilled 4817.2 metres in 42 HQ holes to fill in gaps in the Boulder Main Vein drill pattern and to confirm the results of the historic drilling. An additional four holes, totaling 888.2 metres, were drilled to test coincident 3DIP and zinc soil geochemical anomalies.

In 2009, EPR sold 100% of its interest in the Dome Mountain project to Metal Mountain Resources Inc. (MMR). A NI 43-101 mineral resource estimate was completed in early 2010 by MMR and in mid-2010 (Giroux, 2010). Gavin Mines Inc was incorporated as a wholly owned MMR subsidiary with the intent of being the operating company for the Dome Mountain Mine. Mining and Effluent Discharge permits were issued to Gavin Mines in August 2010 and the company began re-opening of the mine.

In 2012, despite substantial efforts including shipping of approximately 5000 tonnes of previous broken mineralized material, a long-term arrangement could not be reached with off-site mill operations. Underground development in early 2012 advanced workings to the first cut and fill stope on the 1290 level and produced 1385 tonnes from the Boulder vein. Other underground activities included vent raise development and diamond drilling. Surface activities involved completion of additional site infrastructure. A soil sampling program over the Chance and Free Gold occurrences and the area between, resulted in the collection of 745 samples.

Linden Mining completed a mineral resource estimate in 2010 (Cutler and Linden, 2010). In early 2013, Gavin Mines submitted applications to amend their existing Mines Act and Environmental Management Act permits to authorize onsite milling and tailings storage. Due to various delays, including regulatory changes resulting from the 2014 Mount Polley tailings breach, the permit amendments remain outstanding. In 2016, stockpiled material was processed at Nicola Mining Inc.'s custom mill facility near the town of Merritt.

Exploration activities continued in 2015-16, including diamond drilling (6954 metres in 35 holes), underground geological mapping, and preparation to resume mining. Roughstock Mining Services prepared an update to the 2013 mineral resource estimate in July 2016 (Roughstock, 2016).

In March 2020, Blue Lagoon Resources Inc., acquired Metal Mountain Resources. Concurrent with the transaction, Blue Lagoon acquired an additional 27.44 per cent of Gavin Mines Inc., and then subsequently in July 2021, acquired the remaining shares of Gavin Mines to bring its ownership position to a 100 percent. Table 6.1 summarises the historical work carried on the Project since 1914.

Year	Event
1914 -18	Claims staked to cover several showings of gold-bearing quartz veins. Yearly assessment work done, including development of open cuts and 3 short adits
1921-22	Lapsed claims are re-staked and options acquired by New York syndicate. Stripping, trenching and sampling conducted.
1923-24	Dome Mountain Mining Company Ltd conducts surface and underground work, including three shafts with a total of 225 metres of underground drifting. Mine closed and all equipment removed in 1924.
1924-80	No work recorded. Property is acquired by Silver Standard Mines Ltd., McIntyre Mines Ltd., T. L'Orsa, K. Coswan, L. Warren and B. McGowen
1980-82	Panther Mines Ltd. and Reako Exploration Ltd. option L. Warren claims and Silver Standard Mines Ltd. Claims. Reako Exploration Ltd. options McIntyre Mines Ltd. Claims
1984-85	Noranda Exploration Company Ltd. (Noranda) consolidates claims through option agreements with various parties. Extensive exploration work, consisting of geological mapping, geophysical surveys, geochemical surveys, trenching and diamond drilling is conducted. 9800 zone is discovered.

Table 6.1: Summary of Historical Work Programs

1985	Canadian United Minerals Inc. (CUM) options the Noranda interest subject to a back-in right to re- acquire 50%. CUM subsequently options a 75% interest to Teeshin Resources Inc. (Teeshin).
1986	The Boulder Vein is discovered and extensively drilled. Additional drilling conducted on Forks, Hawk-Gem and Chisholm-Jane zones. A bulk sample of the 9800 zone produces 30.17 grams per tonne gold and 771.4 grams per tonne silver. Total Erickson Resources Ltd. (Total) acquires Noranda's back-in rights.
1987	CUM forms a joint venture with Total and Teeshin. Surface and underground diamond drilling, air- borne geophysical surveys, and underground development (1370 adit) are conducted.
1988	Conceptual mine design and cost estimates were prepared by Dynatec Mining Limited.
1989	Teeshin becomes the operator and drills 14 holes on the west and east extensions of the Boulder Zone. A feasibility study is completed by M.P.D. Consultants Inc.
1990	Teeshin acquires CUM's interest and drills 18 diamond drill holes
1991	Teeshin forms a joint venture with Timmins Nickel Inc. (Timmins) and also changes its name to Habsburg Resources Inc. (Habsburg). Timmins develops an exploration drift at 1390 level and a bulk sample of the Boulder Vein is shipped to the Equity Silver Mill. The 1290 cross-cut is started.
1992	Mining Lease is approved and Timmins commences mine operations with 28 employees.
1993	Mining is suspended due to Timmins' financial and legal problems. Total production is reported as 43,900 tonnes at an average grade of 12.0 g/t gold.
1994	Habsburg changes its name to Dome Mountain Resources Ltd.
1996	Dome Mountain Resources Ltd. changes its name to DMR Resources Ltd. (DMR).
2000	DMR is delisted. Guardsmen Resources conducts a rock sampling program encompassing the Ptarmigan, Gem and Eagle zones.
2005	DMR transfers ownership of the Mining Lease and their remaining claims to Angel Jade Mines Ltd., K. Coswan, A. L'Orsa and J. L'Orsa (L'Orsa-Coswan-Angel Jade).
2007	Eagle Peak Resources Inc. (EPR) options the property from L'Orsa-Coswan-Angel Jade.
2008	EPR conducts soil geochemistry and 3D induced polarization surveys over the Boulder Vein System and its projected extension to the east.
2009	EPR drills 46 HQ diameter holes (42 in-fill holes on the Boulder zone and 4 exploration holes). EPR sells 100% interest to Metal Mountain Resources Inc. (MMR).
2010	MMR completes a NI 43-101 mineral resource estimate in 2010 and in mid-2010, Gavin Mines Inc.is incorporated as a wholly owned subsidiary of MMR to be the operating company for the Dome Mountain Mine. In August 2010, the Mines Act and Environmental Management Act permits are issued for the project.
2011-12	Gavin Mines developing underground access and mining but is unable to secure a long-term milling contract.
2013	An updated mineral resource estimate is prepared and Gavin Mines submits an application amend the Mines Act and Environmental Management Act permits to authorize onsite milling and tailings storage.
2015-6	Continued exploration drilling, geological mapping and preparation to resume mining. An updated mineral resource estimate is prepared in July 2016.
2020-21	Blue Lagoon Resources Inc. acquires MMR and additional interest in Gavin Mines Inc.

6.2 Historical Mineral Resource and Mineral Reserves Estimates

Several mineral resources estimates have been prepared for the Dome Mountain Project in the past (Table 6.2).

Year	Class	Tonnage	Au (g/t)	Ag (g/t)	Cut-off Au (g/t)	Estimation	Prepared by
	Proven +						
	Probable						
1993	Reserves	181,780	14.9	ND	0	Polygonal	RPA
	Possible						
1993	Reserves	39,650	12.6	ND	0	Polygonal	RPA
2010	Indicated	138,000	15.1	73.9	5	Kriging	G. Giroux
2010	Inferred	154,000	13.42	60.6	5	Kriging	G. Giroux
	Probable						
2013	Reserves	232,924	8.73	78.56	6	Kriging	Linden Mining
2016	Indicated	173,471	13.24	ND	3.42	Kriging	Roughstock
2016	Inferred	460,028	9.2	ND	3.42	Kriging	Roughstock
2020	Indicated	175,980	12.45	60.41	3.42	Kriging	Roughstock
2020	Inferred	408,105	8.3	36.12	3.42	Kriging	Roughstock

 Table 6.2: Previous and Historical Mineral Resource and Mineral Reserves Estimates,

 Dome Mountain Project

All previous estimates, except for the RPA mineral reserve estimate of 1993, were based on ordinary kriging interpolation into 5 by 5 by 5 m blocks. The resource estimates were reported at various cut-off grades and generally complied with the mineral resources and mineral reserves definitions outlined in NI43-101, except for the 1989 RPA estimate. The historical estimates are no longer considered current as they are being superseded by the estimate presented in Section 14 of this report and they should not be relied upon. The estimates are believed reliable to the extend that they demonstrate the general grade and tonnage that could be estimated with the data at the time. The QP has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves; and Blue Lagoon is not treating the historical estimate as current mineral resources or mineral reserves.

There are no current mineral reserves at the Dome Mountain Project.

6.3 Historical Production

The Dome Mountain operated between December 1991 and 1993. Mined material was extracted and trucked to the Equity Silver mill for processing. A total of 44,100 tonnes of material was processed at the Equity mill and 17,000 ounces of gold were produced for an average grade of 12 g/t of gold.

7 GEOLOGICAL SETTING AND MINERALIZATION

Information in this section of the report is taken from a technical report prepared by Roughstock Mining Services LLC (Roughstock) (Roughstock, 2020) with minor modifications.

7.1 Regional Geology

The Dome Mountain project lies within the Stikine terrane, within the Intermontane belt of the Canadian Cordillera (Figure 7.1). The regional geology below is derived from MacIntyre et al. (1987).

The Dome Mountain Project is situated in the Babine Range of west central British Columbia. The Babine Range is a northwest trending horst of folded and faulted Jurassic and Cretaceous volcanic and sedimentary rocks, known as the Hazelton Group, bounded to the west and east by grabens of Late Cretaceous and younger rocks. Locally the Hazelton Group rocks are intruded by rocks of the Early Cretaceous Bulkley Plutonic and the Eocene Nanika Plutonic suites.

The tectonic history of the Babine Range is divided into three significant regimes:

The first and earliest regime is a calc-alkaline island arc system (Hazelton Group), which is later succeeded by a molasse basin (Bowser Group) derived from uplifted areas to the east and south.

The second regime is represented by plate tectonism in the mid-Cretaceous, which uplifted the Coast Range and caused sediments (Skeena Group) to be shed eastward. Following deposition of the Skeena Group sediments, a volcanic–arc system developed (Kasalka Group). Faults controlled the emplacement of the intrusive rocks in the Cretaceous to Eocene time.

The third and final tectonic element consists of a tensional regime that produced the basin and range geomorphology setting thought to be similar to the Basin and Range regime found in the southwest United States.

The Babine Range is marked by a series of northwest-trending horsts and grabens. Fault blocks are tilted southwest toward the Bulkley Valley, and are stepped downward to the west, preserving progressively younger stratigraphic levels. This stepped preservation is believed to be responsible for segmentation of the Big Onion deposit, with different erosional levels represented in each block. Structures within the fault blocks are asymmetric to overturned, southeast-plunging open folds that are truncated by northeast-trending high angle faults.



Source: Nelson et al (2013) Figure 7.1: Regional Geology of British Columbia

7.2 Property Geology

The Dome Mountain area is predominantly underlain by the Lower to Middle Jurassic Hazelton Group Island arc assemblage. The Telkwa Formation, at the base of the Hazelton Group, is the thickest and most extensive formation. The Nilkitkwa Formation conformably to unconformably overlies the Telkwa Formation and is an important host for mineral occurrences.

The Lower Jurassic Telkwa Formation has been subdivided into four mappable units which are from oldest to youngest: (1) polymictic conglomerate (IJT1); (2) porphyritic andesite (IJT2); (3) fragmental volcanic rock (IJT3); and (4) phyllitic maroon tuff (IJT4). Units 2 and 3 are considered to be proximal vent facies rocks (Figure 7.2).



Source (Blue Lagoon, 2021)

Figure 7.2: Dome Mountain Property Geology

The Nilkitkwa Formation is composed of transgressive marine sediments that overlie rhyolite, basalt and red epiclastic rocks. The formation has been subdivided into four mappable units. In ascending stratigraphic order these units are (1) interbedded red epiclastics and amygdaloidal flows (IJN1); (2) rhyolitic volcanic rocks (IJN2); (3) tuffaceous conglomerate, cherty tuff and siltstone (IJN3); and (4) thin-bedded argillite, chert and limestone (IJN4).

The Smithers Formation (mJS) comprises fossiliferous sandstone and siltstone with intercalated felsic tuff that was deposited during a marine transgression. It overlies the Nilkitkwa and Telkwa Formations in a disconformable fashion. It is typically comprised of medium to thick-bedded, dark grey limy siltstone and mudstone and weathers orange to brown. At Dome Mountain, the thick-bedded siltstone grades laterally to a relatively thin unit of well-bedded dark grey argillaceous limestone, limy siltstone, and wacke, with a few thin beds of pebble conglomerate and chert.

Isolated fault bounded blocks of the Bowser Lake Group (Middle-Upper Jurassic Ashman Formation) occur locally. These rocks conformably overlie the Smithers Formation. Late Cretaceous to Tertiary lapilli tuffs and porphyritic andesite flows (uKEv) also outcrop locally in fault bounded blocks.

Outcropping intrusive rocks are rare on Dome Mountain. A few outcrops of dioritic intrusive rocks with foliations parallel to the host rocks have been mapped and are considered to be coeval with the Lower Jurassic volcanism. The 1987 airborne magnetic survey revealed several positive magnetic features which suggest the presence of buried intrusive rocks.

7.2.1 Structure

The predominant structural feature on the property is a southeast-trending, southeast plunging and southwest-verging anticline. The lack of an axial planar fabric within this structure indicates an origin due to vertical tectonic events. Doming over an inferred buried intrusive of Late Cretaceous or Early Tertiary age is probable as suggested by a positive magnetic feature which coincides with Dome Mountain. Alternatively, the vertical movements associated with the last tectonic event could be considered as the probable cause of the anticlinal structure.

On a local scale, the sulphide bearing quartz veins are situated along east-trending shear zones which are interpreted as structures reactivated during Late Cretaceous volcanism. The veins trend both northwest and east-west and are disrupted by northwest-trending post-mineral faults.

The most prominent joint orientation is northeast, roughly perpendicular to major fold axes. These steep, northwest-dipping C-joints also parallel prominent air-photo lineaments and several major high-angle faults which offset stratigraphy.

7.3 Alteration

Enveloping the Dome Mountain veins are alteration zones which extend several metres into the wall rocks. These "bleached" zones are characterized by abundant carbonate, and sericite. In proximity to the vein contacts, the sericite is a distinctive lime green color. Locally, euhedral pyrite is present in the altered zones. The alteration zones rarely contain significant gold/silver mineralization (Hanson, 2013). The Boulder Vein is characterized by a more pronounced alteration envelope than the Argillite Vein, probably a function of host rock lithology. The correlation of alteration in section is an important consideration for geological interpretation. Alteration varies both in thickness and intensity and in general, gold mineralization and intensity of alteration is positively correlated (Hanson, 2013). Intensely altered rocks are schistose with an almost white color and disseminated pyrite. Weakly altered rocks are marked by chlorite alteration of mafic minerals.

7.4 Mineralization

Two principal zones of high-grade gold-silver mineralization are known at Dome Mountain, the Boulder and Argillite Veins (Figure 7.3). This subdivision was established by earlier mine workers and is a function of vein orientation and host rock lithology. Both veins occur within folded fragmental volcanic rocks of the Telkwa Formation and within amygdaloidal basalts and altered volcanic rocks of the Nilkitkwa Formation.



Figure 7.3: Boulder and Argillite Veins Looking West

Note: Horizontal markers are 200 m apart and vertical markers are 100 m apart

Both the Boulder and Argillite Veins have hanging wall and footwall veins splays. The splays are subparallel to the main veins and locally well mineralized (Figure 7.4 and Figure 7.5).



Figure 7.4: Boulder Vein with Hanging and Foot Wall Splays

Note: Horizontal markers are 200 m apart and vertical markers are 100 m apart



Figure 7.5: Argillite vein with Hanging and Footwall Splays

Note: Horizontal markers are 200 m apart and vertical markers are 100 m apart

Veins are characterized by quartz with lesser carbonate and sulphide mineralization. Massive quartz-carbonate veins lacking sulphides are typically barren with respect to gold and silver.

Quartz occurs as both as white, massive variety or as clear and associated with higher gold grades. Carbonate minerals (ankerite and calcite) occur as cream to beige crystals. Small scale folds in the veins attest to continued movement after their formation.

Sulphide minerals in the Boulder Vein constitute approximately 10% of the vein mineralogy. In decreasing order of abundance, the sulphide minerals are pyrite (6%), sphalerite (2.5%), chalcopyrite (1%), and galena-tetrahedrite-arsenopyrite (<1%). Pyrite occurs are fine euhedral cubic crystals disseminated throughout the wall rock alteration and quartz veins. Coarse masses of pyrite also occur as well as some individual pyrite crystals up to one centimetre wide. Often the pyrite crystals show evidence of crushing with the interstices filled with other sulphides. Aggregates of fine-grained reddish-brown sphalerite occur as irregular masses associated with pyrite. Fine-grained tetrahedrite, galena and arsenopyrite occur as disseminations, as thin fracture coatings, or as fine irregular masses with the other sulphides (Hanson, 2013).

Even though gold grades as high as several grams per metric tonne are present, visible gold is rare. Microscopic examination indicates that the gold usually occurs as minute grains along the pyrite crystal margins and in microfractures within the pyrite crystals. Metallurgical testwork indicates an average grain size of 25 microns. Gold may be present as electrum since gold analyses indicate contents of 18% to 23% silver.

Silver values up to 500 grams per tonne have been reported from core assays although no silver minerals have been identified. It appears that the silver values reflect the abundance of galena and tetrahedrite as indicated by an analysis of tetrahedrite that contained 2% to 4% silver (Hanson, 2013).

In addition to the Boulder Vein System, the project is host to the Cabin, Elk, Forks, 9800, Free Gold, Ptarmigan, Eagle, Gem, Raven, Hawk, Chance, Hoopes, Jane, Elk and Pioneer veins. The Cabin Vein is interpreted as the westward extension of the Boulder Vein. The other veins mentioned are separate from the Boulder Vein system. A modest amount of drilling has been carried out on these veins, but to date, no mineral resources have been defined.

The quartz veins are mineralized with a sulphide assemblage consisting of pyrite, sphalerite, galena, and chalcopyrite. Wall rocks are typically altered and moderately deformed for several metres on either side of the veins.
8 DEPOSIT TYPES

The mineral deposits at Dome Mountain are structure-controlled orogenic (mesothermal) quartz-carbonate-sulphide veins with associated gold and silver mineralization. Controlling structures are east-west and northwest-southeast trending brittle fault zones that dip moderately to steeply south and southwest. The host rocks are Lower to Middle Jurassic subaerial volcanic flows, pyroclastic, and related volcanoclastic rocks (Figure 8.1).



Source (Buchanan, 1981) Figure 8.1: Schematic of Epithermal Vein Systems

Mesothermal veins are formed at moderate temperature and pressure, in and along fissures or fractures in rocks. Mesothermal veins are known for their large size and continuation to depth, and therefore, are a major source of the world's gold production. Veins are usually less than two meters wide and often occur in parallel sets. Typical mineralization includes the sulfides chalcopyrite, sphalerite, galena, tetrahedrite, bornite and chalcocite. Gangue includes quartz, carbonates and pyrite. Classic mesothermal



vein deposits include: the Motherlode District, California; Coeur d'Alene District, Idaho; Cassiar District, BC Archean lode gold deposits are found in Ontario, Quebec and Manitoba, and the Golden Mile Kalgoorile in Australia.

Mineralization is usually centred on large structurally controlled hydrothermal conduits. Deposits can have hundreds of metres in strike length. Vein systems can be laterally extensive, but ore shoots have relatively restricted vertical extent. High-grade mineralization is commonly found in dilatational zones in faults, at flexures, splays and in cymoid loops. Common textures include open-space filling, symmetrical and other layering, crustification, comb structure, colloform banding and multiple brecciation.

Epithermal quartz veins systems typically include pyrite, electrum, gold, silver, argentite; chalcopyrite, sphalerite, galena, tetrahedrite, silver sulphosalt and/or selenide minerals. Deposits can be strongly zoned along strike and vertically. Deposits are commonly zoned vertically over 250 to 350 m from a base metal poor, Au-Ag-rich top to a relatively Ag-rich base metal zone and an underlying base metal rich zone grading at depth into a sparse base metal, pyritic zone.



9 EXPLORATION

In August of 2020, an airborne geophysical program was flown over approximately 140 km² (14,000 ha). The purpose of the airborne survey was to produce high-resolution Mag, EM, and radiometric maps to identify additional potential exploration targets on a larger scale than the recent exploration area around the mine permit and lease areas. The current mining lease area (55 ha) represents less than 1% of the total geophysical program flown.

A geochemical soils sampling program (1,061 soil plus 117 standard samples) was completed in 2020 as a follow-up on historical geological features and on the preliminary results from the geophysical exploration. Several lines were sampled over the southern and central parts of the property and 51 samples were collected from the lease area (Westphal, 2021). The geochemical program was supervised by Blue Lagoon staff.

9.1 Geophysical survey

The airborne geophysical survey was carried out by Geophysics One Inc. in August using a helicopter with flight lines set at a 100 m spacing (Figure 9.1).



Source (Westphal, 2021)





The purpose of the survey was to collect, airborne magnetic and radiometric data to assist in geological mapping and exploration of the Property.

Main structures are defined by two magnetic dike systems interpreted to occur along NW-SE striking, steeply southwest dipping faults. Numerous minor dikes are noted within and adjacent to the corridor defined by these major structures (Figure 9.2).

The airborne TEM survey identified more than 90 linear conductive zones, many of which are expected to arise from weakly to moderately conductive lithologies or conductive sediment.

Radiometric showed only rather loose correlation with mappable units and was generally ineffective at this scale. Many of the Dome Mountain vein occurrences show distinctly elevated potassium and total count responses but this is most likely due to man-made disturbance rather than natural effects.



Source (Westphal, 2021)



9.2 Soil Geochemical Survey

The Company submitted 1178 soil samples for analysis (including QA/QC samples). All samples were collected on the Dome Mountain Gold Project in late 2020. Sample lines for the survey were selected based on existing known locations of underlying gold mineralization and or based on significant structural interpretations identified from the 2020 airborne survey. Figure 9.3 shows the location of all soils sample collected during the 2020 program. Base map is MAG from the 2020 airborne program.



Source (Westphal, 2021)

Figure 9.3: Soil Sample Location and Magnetic Total Field Map



Soil samples were collected using two-man teams equipped with pick and shovel. Samples were collected from the B-horizon at a depth ranging from 10 cm to 90 cm. Average depth of sample collected was 32 cm. Sample spacing along the lines varied from 25 to 50 m depending upon location and target, and line spacing varied from 200 to 400 m.

Sample data collected at the sample locations included UTM location, depth of sample, color, moisture content, texture (sand, silt, clay), and percentage, angularity and lithology of pebbles and or cobbles. Samples were approximately 1 kilogram in size and placed in a white soil sample bag. Wet samples were additionally placed into a 5 ml plastic zip loc bags to prevent contamination. At the end of the day, all samples were stored inside the Company's shop facility on a rack and allowed to dry for at least one week before shipping to ALS in Vancouver. Samples remained in secure storage until shipped to Vancouver.

Sample analysis at ALS consisted of drying and pass the sample through a -80-mesh sieve. Samples were then analysed for gold using fire assay (Au-AA24) and for 48 multi elements using ICP mass spectrometry (ME-MS61). ALS in Vancouver is an ISO 17025 certified and an internationally recognized assay laboratory.

Figure 9.4 shows the soil samples collected during the program and the Au results. Although sampling over the Forks and Boulder zones was meant to investigate the soils response over the known mineralization and was confirmed by the anomalous gold values as expected, the values retuned from just south of the Freegold vein (circled in blue) are new and clearly show a new zone of interest.





Source (Westphal, 2021)

Figure 9.4: Gold in Soil from 2020 Geochemical Survey

Anomalous pathfinder elements associated with gold in soils anomalies at Freegold area include antimony, copper, molybdenum, zinc, lead, mercury, bismuth, uranium and silver. Past work at Freegold includes trenching and underground work that identified high-grade gold bearing quartz veins cutting a monzonite stock. The monzonite likely contributed to the higher values of molybdenum, bismuth and uranium associated with the soils there.

Rock samples collected during 2020 from exposed veins at Freegold returned high grade gold and silver values including 53.2 g/t Au and 59 g/t Ag, 14.1 g/t Au and 61.5 g/t Ag and 90.6 g/t Au and 129 g/t Ag, from grab samples.



10 DRILLING

The drill programs described in this section of the report include drilling commissioned by Blue Lagoon as well as by the previous property owners of the Dome Mountain Project. A total of 458 drill holes totalling 51,185.5 m are in the Dome Mountain database and include work done by seven different companies (Table 10.1).

Company	Year	No of Holes	Metres	Core size
Noranda	1985	33	1,563	BQ
Canadian United	1985-1986	123	9,655	NQ
Teeshin Resources	1987-1990	102	9,916	BQ/NQ
Habsburg Resources	1992-1993	24	1,268.5	NQ
Eagle Peak	2009	46	5,706	HQ
Gavin Mines	2010- 2016	73	12,114	HQ
Blue Lagoon	2020-2021	57	10,963	HQ
Total		458	51,185.5	

Table 10.1: Dome Mountain Drill Hole Database

10.1 Noranda Drill Program

In 1985, Noranda drilled 33 holes for 1,563 m of BQ core. Holes were drilled by Core Drilling of Smithers using a Boyle BBS1 drill rig. Core was logged by Noranda geologists at site and the core was sampled by splitting or sawing the core lengthwise with a diamond saw. The information available from this work consists of lithologic and structural drill logs, collar surveys, and assays. The collars were surveyed relative to a mine grid, but downhole surveys consisted of dip readings only. Samples were collected where mineralization (veining) was present, and most samples were 0.5 m in length or greater. None of the Noranda drill holes targeted the Boulder or Argillite veins and are not part of the dataset used for the resource estimate presented in this report.

10.1.1 Recovery

No information is provided about core recovery, but it is safe to assume that recoveries would have been similar to the current drilling with good recovery in the volcanic rock and generally poorer recovery in fractured or fault zones.

10.2 Canadian United Drill Program

Between 1985 and 1986, Canadian United drilled 123 NQ holes totalling 9,655 metres. Most holes targeted the Boulder and Argillite veins. Drilling was carried out by J.T. Thomas Drilling, an independent contract drilling Company based in Smithers. All drill core was transported to Smithers for logging and sampling. Logging was by Canadian United employees and sampling was done by sawing the core lengthwise. Drill hole collar locations were surveyed but no downhole deviations were collected. A total of 855



samples were collected from the Canadian United drilling, 174 from the Argillite veins and 195 from the Boulder veins. Sampling was generally restricted to areas of visible quartz veining and most samples were 1.0 m in length with the average sample length being 0.82 m.

Most holes were drilled to intersect the mineralized zones at right angles but because of the variable dip of the veins, most true widths are about 60 to 80% of the core lengths intersected (Figure 10.1).



Figure 10.1: Section 3300E showing Canadian United Drill holes with Argillite and Boulder vein Intersections.

Note: Grid lines are 50 m apart

10.2.1 Recovery

No information is provided about core recovery, but it is safe to assume that recoveries would have been similar to the current drilling with good recovery in the volcanic rock and generally poorer recovery in fractured or fault zones.

10.3 Teeshin Resource Drill Program

Between 1987 and 1990, Teeshin Resources Limited (Teeshin) drilled 102 holes for 9,916 m, 17 holes were BQ while the remainder were NQ in size. Sixty-three holes



targeted the Boulder and Argillite veins and thirty-seven were drilled on regional exploration targets. Drilling was carried out using a Longyear 44 drill rig by J.T. Thomas drilling an independent contract drilling company based in Smithers. All drill core was transported to Smithers for logging and sampling. Logging was by Teeshin employees and sampling was done by sawing the core lengthwise. Drill hole collar locations were surveyed but no downhole deviations were collected. A total of 1,291 samples were collected from the Teeshin drilling, 147 from the Argillite veins and 159 from the Boulder veins. Sampling was generally restricted to areas of visible quartz veining and most samples were 0.50 m in length with the average sample length being 0.67 m.

Most holes were drilled to intersect the mineralized zones at right angles but because of the variable dip of the veins, most true widths are about 60 to 80% of the core lengths intersected (Figure 10.2).



Figure 10.2: Cross Section 2875E showing Teeshin Drill Holes with Boulder vein Intersections.

Note: Grid lines are 20 m apart

10.3.1 Recovery

No information is provided about core recovery, but it is safe to assume that recoveries would have been similar to the current drilling with good recovery in the volcanic rock and generally poorer recovery in fractured or fault zones.



10.4 Habsburg Resources Drill Program

Habsburg Resources Inc. in joint venture with Timmins Nickel Inc. drilled 24 holes for 1,268 m between January 1992 and September 1993. All holes were NQ in size and targeted the Boulder and Argillite veins. Drilling was carried out using a Longyear 44 drill rig by J.T. Thomas an independent contract drilling Company based in Smithers. All drill core was transported to Smithers for logging and sampling. Logging was by Timmins Nickel employees and sampling was done by sawing the core lengthwise. Drill hole collar locations were surveyed but no downhole deviations were collected. A total of 191 samples were collected from the Habsburg drilling, five from the Argillite veins and 73 from the Boulder veins. Sampling was generally restricted to areas of visible quartz veining and most samples were 0.50 m in length with the average being 0.87 m.

Most holes were drilled to intersect the mineralized zones at right angles but because of the variable dip of the veins, most true widths are about 60 to 80% of the core lengths intersected (Figure 10.3).



Figure 10.3: Cross Section 3325E Showing Habsburg/Timmins Nickel Drill Holes with Boulder vein Intersections.

Note: Grid lines are 20 m apart

10.4.1 Recovery

Information on core recovery is limited but from the data available, recoveries appear to be in the 70 to 80% range or better in the mineralized intervals and generally 80 to 90% or better in the host volcaniclastic rocks.



10.5 Eagle Peak Drill Program

In 2009, Eagle Peak Resources Inc. conducted a drill program of 46 HQ holes totaling 5,706 metres. Most of the drilling was conducted on the Boulder Vein system to in-fill the existing drill pattern and to confirm the results from the pre-2009 drilling. The drill core is stored at a warehouse in Smithers. Driftwood Diamond Drilling Ltd. of Smithers, BC provided contract drill services with the geological and field duties conducted by various hired independent consultants and contractors working on behalf of Eagle Peak.

The holes were logged under the supervision of the qualified person and stored in a digital format. The complete drill-hole logs with lithology, structure, alteration and assays as well as the certificates of analysis are stored at the field office in Smithers.

Down-hole surveys were conducted by the drill crew using a Reflex EZ-Shot hole survey tool. The collar location of each hole was surveyed relative to the NAD83 UTM grid by McElhanney Consulting Services Ltd of Smithers, B.C. using a Leica 803 Total Station instrument. Samples were collected by sawing the core lengthwise with a diamond saw and most samples within the mineralized zones were generally 1.0 m in length with the smallest sample length being 0.2 m. A total of 932 samples were collected, 61 from the Argillite veins and 208 from the Boulder veins.

Most holes were drilled to intersect the mineralized zones at right angles but because of the variable dip of the veins, most true widths are about 50 to 80% of the core lengths intersected (Figure 10.4).





Note: Grid lines are 50 m apart



10.5.1 Recovery

Core recovery is good to excellent between 95 and 100% except in the fault zones where recovery was generally poorer. No sampling or geological factors possibly having effects on sample bias were reported.

10.6 Gavin Mines Drill Program

Gavin Mines drilled 73 holes totalling 12,114 m on the Dome Mountain Project. Thirtyeight holes were drilled in 2010-12 and the remainder 35 HQ core holes were drilled n 2016. Roughstock Mining Services LLC. (Roughstock) designed and managed the 2016 drilling program.

The drill core is stored at the fenced in core compound at Big Onion near Smithers. Driftwood Diamond Drilling Ltd. of Smithers, BC provided contract drill services with the geological and field duties conducted by various hired independent consultants and contractors working on behalf of Gavin Mines.

The holes were logged under the supervision of the qualified person and stored in a digital format. The complete drill-hole logs with lithology, structure, alteration and assays as well as the certificates of analysis are stored at the field office in Smithers.

Down-hole surveys were conducted by the drill crew using a Reflex EZ-Shot hole survey tool. The collar location of each hole was surveyed relative to the NAD83 UTM grid by McElhanney Consulting Services Ltd of Smithers, B.C. using a Leica 803 Total Station instrument. Samples were collected by sawing the core lengthwise with a diamond saw and most samples within the mineralized zones were generally 1.0 m in length with the smallest sample length being 0.1 m in length and the average of all sample length is 0.85 m. A total of 2,087 samples were collected from the Gavin Mines drilling, 69 from the Argillite veins and 263 from the Boulder veins.

Most intersections are close to the true thickness. For holes with a dip between 45 and 60°, and steeper than 70° the true thickness is smaller than the intersection. In general, the true thickness varies between 0.6 and 2.0 m (Figure 10.5).



Mineral Resource Estimate for the Dome Mountain Gold Project, B.C.



Figure 10.5: Cross Section 3650E showing Gavin Mines Drill Holes with Boulder veins Intersections.

Note: Grid lines are 50 m apart

The drill core is stored at a fenced in area at the 'Old Babine Lake Road', approximately 15 km east of Smithers, BC.

10.6.1 Recovery

Core recovery is good to excellent between 95 and 100% except in the fault zones where recovery was generally poorer. No sampling or geological factors possibly having effects on sample bias were reported.

10.7 Blue Lagoon Drill Program

In the summer of 2020, a drilling program consisting of 26 holes from 8 drill pads totalling 3,786 m was carried out by Blue Lagoon Resources. The Program was followed with a second drill program in 2021 to include 31 additional holes for 7,176 m. The Blue Lagoon drilling is managed by contractors to Blue Lagoon.



The drill core is stored in a fenced-in area on the 'Old Babine Lake Road', approximately 15 km east of Smithers, BC, at UTM coordinates: E 632 080; N 6074845.

Driftwood Diamond Drilling Ltd. of Smithers, BC provided contract drill services with the geological and field duties conducted by various hired independent consultants and contractors working on behalf of Blue Lagoon.

The holes were logged under the supervision of the qualified person and stored in a digital format. The complete drill-hole logs with lithology, structure, alteration and assays as well as the certificates of analysis are stored at the field office in Smithers.

Down-hole surveys were conducted by the drill crew using a Reflex EZ-Shot hole survey tool. The collar location of each hole was surveyed relative to the NAD83 UTM grid by McElhanney Consulting Services Ltd of Smithers, B.C. using a Leica 803 Total Station instrument. Samples were collected by sawing the core lengthwise with a diamond saw and most samples within the mineralized zones were generally 1.0 m in length with the smallest sample length being 0.05 m. The average length of all samples collected is 1.04 m. A total of 798 samples were collected, 38 from the Argillite veins and 199 from the Boulder veins.

Most intersections are close to the true thickness. For holes with a dip between 45 and 60°, and steeper than 70° the true thickness is smaller than the intersection. In general, the true thickness varies between 50 to 70% of the core length intersections. (Figure 10.6)



Mineral Resource Estimate for the Dome Mountain Gold Project, B.C.



Figure 10.6: Cross Section 3525E Showing Blue Lagoon Drill Holes Boulder Veins Intersections.

Note: Grid lines are 50 m apart

10.7.1 Recovery

Core recovery is good to excellent between 95 and 100% except in the fault zones where recovery was generally poorer. No sampling or geological factors possibly having effects on sample bias were reported.



11 SAMPLE PREPARATION, ANALYSES, AND SECURITY

11.1 Sampling Methods and Preparation

11.1.1 Pre 2009 Drill Programs

Drilling completed prior to 2009 does not have a complete record of sample preparation, analysis, and security. Core sampling and handling are discussed in Section 10 of this report for each individual drill program.

Samples collected by Noranda in 1985 were prepared at the Noranda Geochemical laboratory in Vancouver and assays were performed at Bondar-Clegg in Vancouver. Samples were analysed for gold and silver by AA and copper lead and zinc were assayed by standard wet chemical assay techniques.

Samples collected in 1986 by Canadian United were assayed Acme Analytica labs in Vancouver. Gold and silver were assayed by fire assay and base metal were analysed by wet chemical assay techniques.

The samples collected in 1987 by Teeshin Resources were shipped to Research and Assay Laboratory in Kamloops. Gold and silver content was determined by fire assay techniques. For the 1989, 1990 and 1992 drill programs the samples were sent to Min-En Laboratories in North Vancouver. Gold and silver values were determined by fire assays.

Bondar-Clegg & Company Ltd., Chemex Labs Ltd., Acme Analytical Laboratories Ltd., Research Assay Laboratory Ltd. and Min-En Laboratories Ltd., were all independent laboratories at the time the assays were done. The certification that these labs held at the time the assays are not known but all labs were well recognized independent assayers providing services to the mining industry. The Noranda preparation laboratory was not independent of Noranda but none of those samples form part of the data used in the resource estimate presented in this report.

11.1.2 2009 Eagle Peak Drill Program

The intervals sampled were determined by the geologist at the time of logging and lengths of the intervals were adjusted to coincide with major lithological contacts. Half core samples were taken using a diamond saw. Drilling completed in 2009 does have complete records of certificates of analysis for all samples taken. Shipping or security measures used for transporting the samples from the Project to the laboratory are not known. Samples were sent to Assayers Canada for gold and silver fire assays and ICP analysis.



Samples for gold analyses were prepared by first drying the samples for 24 hours in a 60-degree oven. The entire sample was then crushed in a jaw crusher to 3 mm and split with a Jones splitter to produce a 150 gr sub-sample. The sub-sample was pulverized to 95% passing 140 mesh. Gold was determined by fire assay with a gravimetric finished based on a 30 g sample. For the fire assay, Assayers fused the samples in batches of 24 including 22 samples, one blank and one standard. After cupellation, the precious metal beads were weighted and transferred into porcelain cups and parted for one hour with 1:6 nitric acid. After parting, gold was put in a furnace to oxidize any impurities. Gold was then weighted. Assayers determined gold to a 0.03 g/t detection limit and silver to a 0.1 g/t limit.

Assayers Canada in 2009 held Certificates of Laboratory Proficiency from the Standards Council of Canada for precious and base metals analysis as well as ISO 9001:2008.

11.1.3 2010 to 2016 Gavin Mines Drill Program

Samples from the 2010 and 2012 drill programs were sent to Assayers Canada in Telkwa for preparation and then to Assayers Canada in Vancouver for gold and silver fire assays and for ICP analysis. Sample preparation and gold assays followed the same procedures as described above for the Eagle Peak drill program described above.

The samples from the 2016 surface drilling program were shipped by trailer from the drill site to the core logging facility in Smithers, BC. Mineralized samples were taken by sawing core in half and individually bagging and sealing sample sizes under one kilogram. Samples of host rock were taken by hydraulically splitting core and individually bagging and sealing sample sizes under four kilograms. These samples along with their chain of custody sample request forms were then shipped to the Bureau Veritas (Acme Analytical Laboratories) Ltd. sample prep facility also located in Smithers, BC. These samples were crushed to approximately 0.5 cm and then approximately half the sample was pulverized to minus 100 mesh. Samples then were analyzed at Bureau Veritas (Acme) Laboratory Ltd. in Vancouver, using a standard 36-Element ICP package including both gold and silver analysis and a 30-gram Fire Assay gold and silver analysis with an AA finish. Since 2011, the Bureau Veritas laboratory in Vancouver has been certified by the Standards Council of Canada. The accreditation covers multi-element ICP as well as gold and silver fire assay mineral assay methods.

11.1.4 2020 and 2021 Blue Lagoon Drill Programs

Samples from the 2020 and 2021 drill programs were sent to Bureau Veritas in Vancouver for gold and silver fire assays and for ICP analysis. Sample preparation and gold assays followed the same procedures as described above for the Gavin Mines drill program described above.



The samples from the 2020 and 2021 drilling program were logged and sampled at site. Mineralized samples were taken by sawing core in half and individually bagging and sealing sample sizes under one kilogram to two kilograms. These samples along with their chain of custody sample request forms were then shipped to Banstra Transportation Systems Ltd in Smithers, BC for shipping to the Bureau Veritas Laboratory Ltd. in Vancouver. These samples were crushed to approximately 0.5 cm and then approximately half the sample was pulverized to minus 100 mesh. Samples then were analyzed, using a standard 36-Element ICP package including both gold and silver analysis and a 30-gram Fire Assay gold and silver analysis with an AA finish. Since 2011, the Bureau Veritas laboratory in Vancouver has been certified by the Standards Council of Canada. The accreditation covers multi-element ICP as well as gold and silver fire assay mineral assay methods.

11.2 Quality Assurance and Quality Control Programs

There is no record of quality control procedures for the drilling done before 2010.

11.2.1 2010 to 2016 Gavin Mine Drill Program

Standards from CDN Resource Laboratories Ltd. were included in the sample stream at a rate of 1 in 20 (5%), as a control on laboratory accuracy, precision, and bias.

Blank samples of limestone aggregate were inserted into the sample stream randomly at a rate of 5% as a check on laboratory contamination.

Duplicate core samples were taken at the rate of 1 in 20 (5%). The core was split and then re-split with one quarter of the total core making up each sample.

During the 2016 drill program, 2,969.2 meters were drilled in 35 holes. There were 1,157 samples submitted to ACME Laboratory in Vancouver, Canada for assay. Table 11.1 list the number of QA/QC samples that were submitted with the core samples.

QA Sample Type	Number of samples
Blanks	22
CDN-GS-7E standard	30
CDN-GS-9A standard	24
Core DUPS	20



In addition to the above QA/QC Samples, the lab performed 78 pulp duplicates and 33 prep duplicates as well as internal Standard checks.

11.2.2 Standards

Figure 11.1 shows the Acme Laboratory results for the gold standards as a percentage of their expected value vs. time.



Figure 11.1: Standards vs. Time Plot

In general, the results show a slight positive bias averaging around 102.5% but well within the acceptable range.

There were no QA/QC failures according to the criteria of Z-score > ABS (3) and % Diff > ABS (10). The two standards used in the 2016 drill program are plotted in Figure 11.2 and Figure 11.3 below.





Figure 11.2: CDN-GS-7E Standard vs. Time

Standard CDN-GS-7E appears to have assayed a little higher than expected, though within acceptable ranges.



Figure 11.3: CDN-GS-9A Standard vs. Time

Standard CDN-GS-9A assayed well within two standard deviations of expected value.



11.2.3 Pulp Duplicates

Acme Labs assayed gold as ppb with a lower detection limit of 0.5 ppb. As well, they assayed gold in g/t with a 0.9 g/t detection limit. If Au-ppm was <0.9 g/t, it was entered as half of the detection limit, or 0.45 g/t. If Au-ppb was <0.5 ppb, it was entered as 0.25. Au-ppb was divided by 1000 to get it to ppm.

If Au ppm was below detection limit, Au ppb/1000 was used, or else Au ppm was used, as it was considered the more accurate assay method.

Of the 78 duplicates assayed, only 14 were above the Au ppm detection limit, as shown on Figure 11.4 below.

Using only these 14 samples, the average of the original assays was 11.627 g/t, while duplicates averaged 11.504 g/t. The R^2 value of the 14 samples is 0.98 indicating a very good correlation.



Figure 11.4: Pulp Duplicates Scatter Plot



11.2.4 Reject Duplicates

The scatter plot for gold prep duplicates is shown in Figure 11.5. Original assays averaged 0.927 g/t while duplicate assays averaged 1.111 g/t.



Figure 11.5: Prep Dups vs. Originals

11.2.5 Field Duplicates

Quarter core samples are not true duplicate samples but serve as an indication that assays are reproducible. Twenty quarter core field duplicates were taken and are charted in (Figure 11.6). The chart shows a reasonable correlation between originals and duplicates.

Original samples averaged 2.18 g/t, ranging between 0.00025 and 31.8 g/t, while duplicate samples averaged 1.63 g/t and ranged between 0.00025 and 20.4 g/t.





Figure 11.6: Check Assays for Core Duplicates for 2016 Drill Program

11.2.6 2020 2021 Blue Lagoon Drill Program

Standards from CDN Resource Laboratories Ltd. were included in the sample stream at a rate of 1 in 20 (5%), as a control on laboratory accuracy, precision, and bias.

Blank samples of limestone aggregate were inserted into the sample stream randomly at a rate of 5% as a check on laboratory contamination.

Duplicate core samples were taken at the rate of 1 in 20 (5%). The core was split and then re-split with one quarter of the total core making up each sample.

During the 2020-21 drill program, 10,963 meters were drilled in 57 holes. There were 970 samples submitted to Bureau Veritas (BV) Laboratory in Vancouver, Canada for assay. Table 11.2 list the number of QA/QC samples that were submitted with the core samples.



QA Sample Type	2020	2021
Blanks	22	18
GS-7E	17	0
GS-9A	20	0
GS-30C	0	14
ME-1501	0	15
ME1802	0	6
Pulp duplicates	10	25

 Table 11.2: QA/QC Samples submitted during the 2020 and 2021 Drill Programs

11.3 Standards

A total of 72 standard reference material samples were submitted for assay between 2020 and 2021. The QP reviewed the gold assay results and compared them with the expected value for each of the standards and found that all except for one were within two standard deviations (SD) of the expected value and the sample that reported outside of the 2 SD was well within 3 SD of the expected value and just outside of the 2 SD limit.

11.3.1 Pulp Duplicates

BV Labs assayed gold as ppb with a lower detection limit of 0.5 ppb. As well, they assayed gold in g/t with a 0.9 g/t detection limit. If Au-ppm was <0.9 g/t, it was entered as half of the detection limit, or 0.45 g/t. If Au-ppb was <0.5 ppb, it was entered as 0.25. Au-ppb was divided by 1000 to get it to ppm.

If Au ppm was below detection limit, Au ppb/1000 was used, or else Au ppm was used, as it was considered the more accurate assay method.

A total of 25 pulp duplicates were assayed as part of the 2020-21 drill programs. Most pulp duplicated performed very well with an R^2 of 0.88 (Figure 11.7).





Figure 11.7: Comparison of Pulp Duplicates Check Assays for 2020-21 Drill Program

No coarse or filed duplicates were assayed during the 2020 or 2021 drill programs.

11.4 Qualified Person Comment

The Qualified person reviewed the sample preparation, security and analytical procedures for the sample data collected at the Dome Mine Project and is of the opinion that the sample collection, security and sample preparation and analytical procedures followed were in keeping with best industry practices at the time that they were collected. The QP concluded that the assay data are of sufficient quality as to be included in the estimation of mineral resources.



11.5 Density Determinations

A total of 424 specific gravity determinations were made from core samples covering all the major rock types. Core recovery was consistently between 95 and 100% and there were no other drilling factors that could materially affect the accuracy and reliability of the results.

A rock hammer or rock saw was used to break/cut an appropriately sized sample for measurement. The length of samples ranged from 10 cm to approximately 15 cm, with most samples intact (whole) core. Once a small sample was selected it was weighed on electronic scale for the dry weight measurement and immersed in water.



12 DATA VERIFICATION

Dr. Arseneau of ACS carried out visits to the Dome Mountain on July 19 to 22, 2021. During the site visits, the surface geology was examined. The mineralization was observed in drill core and underground and several drill locations were verified with hand-held GPS. Selected samples were collected from the underground workings and two samples were collected from drill core (Table 12.1). Geological logging and sampling procedures were also verified.

Check Sample	Location	Original Au (g/t)	Check Au (g/t)
1951087	Argillite Vein Lower level	N.A.	56.6
1951088	Boulder Vein Lower Level	N.A.	7.4
1951089	Boulder Vein upper level	N.A.	32.1
1951092	DM-20-134 from 101.4 to 102	8.0	10.6
1951093	DM-16-087 from 186.5 to 188	5.02	12.5

	Table 12.1	Check sam	ples collected	by ACS durin	g site visit
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Note: N.A. No original assay

While the samples collected by the QP don't match exactly the original assay results, the sampling does indicate the presence of gold at levels similar to that had been reported for the deposit by the Company. The samples collected by the QP were not true duplicates but selected grabs from the sample intervals to test for the presence of gold only. The difference between the original assays and ACS sample results is indicative of the nugget effect and the irregular gold distribution within the sample intervals which is normal for most gold deposits.

12.1.1 Database Verifications

A routine verification of the assay database was carried out by checking the digital database against original assay certificates. All assays in the database for the 2016 to 2021 drill data were verified against original assay data from the assay laboratory. Random checks of the historical data (pre-2016) were done against copies of assay certificates and no errors were noted.

12.1.2 Verification of Analytical Quality Control Data

The QP reviewed the QA/QC results for the Gavin Mines and Blue Lagoon drilling programs and found that the QA/QC procedures and data was in keeping with industry standards for this style of mineralization.

In summary, the QP is of the opinion that the drill hole database is adequate for the inclusion in a resource estimation.



13 MINERAL PROCESSING AND METALLURGICAL TESTING

13.1 Metallurgical Testwork

Material from the Dome Mine was processed in two separate batches at the Nicola mill in Merritt BC. The first batch was processed from June 13 to September 12, 2016, and the second batch from October 12 to November 16, 2016. Approximately 100 wet metric tonnes of material were processed each day through the mill. The material was transported from Smithers B.C. to Merritt via haul trucks and were weighted at the mill site on a truck scale. The first batch of ore weighed 4,583 wet tonnes and the second batch was 2,108 wet tonnes for a total of 6,691 tonnes.

At the mill, processing involved crushing, grinding, conditioning, rougher, scavenger and cleaning flotation and filtering of the flotation concentrate. The material was crushed to minus 3/8 inches and ground in a 6.5 ft x 10 ft ball mill. The average grind was 90 microns or 75% minus 200 mesh. The mineralized material was then conditioned with reagents and floated. The rougher flotation concentrate was cleaned to produce a cleaner concentrate. The recovery in the second batch of ore was higher than the first batch primarily due to additional reagents added to the scavenger cells. The average flotation time in the mill was 88 minutes at 4 tonnes/hour. The cleaner concentrates were shipped to a smelter in China. A flow sheet of the mill is shown on (Figure 13.1).

The gold recoveries for both batches were estimated at 91.0% for the first batch and 95.3% for the second batch for an overall recovery of 92.6. Silver recoveries were not estimated as there were no assays on the heads and tails. Gold assays for the heads and tails were done at ALS Labs in Kamloops, BC.

The Company is currently carrying out a second test milling project at the Nicola Mill. Trucking of the Dome Mountain mineralized material, began on June 14, 2021, and over 4,000 tonnes of the Dome Mountain mineralized material has been delivered to the Nicola mill in Merritt.

Processing is on-going but to date, 136.8 tonnes of concentrate averaging 92 g/t gold and 477 g/t silver has been produced and shipped (Blue Lagoon News Release, September 16, 2021).





Source (Blue Lagoon, 2021)

Figure 13.1: Schematic Diagram of Nicola Mill Flow Sheet



14 MINERAL RESOURCE ESTIMATE

14.1 Introduction

The resource evaluation presented in this report incorporates all drilling completed by Blue Lagoon and the previous owners of the Project. In the opinion of QP, the block model resource estimates reported herein are a reasonable representation of the global gold mineral resources found at the Dome Mountain Project at the current level of sampling. Mineral Resources for the Dome Mountain Project are reported in accordance with the guidelines of the Canadian Securities Administrators National Instrument 43-101; and have been estimated in conformity with generally accepted CIM "Estimation and Mineral Resource and Mineral Reserve Best Practices" guidelines. Mineral resources are not mineral reserves and do not have demonstrated economic viability. There is no certainty that all or any part of the mineral resource will be converted into mineral reserves. The resource estimate was completed by Dr. Gilles Arseneau, P. Geo. (APEGBC#23474) an independent qualified person as defined by NI 43-101. ARSENEAU Consulting Services Inc. is licensed to operate in British Columbia under Permit to Practice number 1000256 issued by the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC) on July 2, 2021.

This section describes the work undertaken by the QP and key assumptions and parameters used to prepare the initial mineral resource model for the Dome Mountain mineralization, together with appropriate commentary regarding the merits and possible limitations of such assumptions.

The database used to estimate the Dome Mountain mineral resources was reviewed and audited by the QP. Mineralization boundaries were modelled by the QP using a geological interpretation supported by Blue Lagoon staff. The QP is of the opinion that the current drilling information is sufficiently reliable to interpret with confidence the boundaries of the higher-grade mineralization domains and that the assaying data are sufficiently reliable to support estimating mineral resources.

The QP used GEMS 6.8.4 for generating gold mineralization solids, a topography surface, and resource estimation. Statistical analysis and resource validations were carried out with non-commercial software and with Sage2001.



14.2 Resource Database

The Dome Mountain Project database was provided to ACS in an CSV format. Current drill hole database consists of over 51,186 metres of drilling from 458 drill holes. The resource model is limited to the mineralization around the Dome Mountain deposit area which is defined by 42,869 metres of drilling from 355 drill holes.

The gold assay results reported below the detection limit, were assigned half of the detection limit. For statistical analysis and grade estimation non-sampled intervals were assigned zero grades, assuming that there were no visible reasons to collect assay samples.

A topography surface was created in GEMS using LIDAR technology.

A total of 424 specific gravity determinations were made from core samples covering all the major rock types. The QP determined that there were insufficient bulk density data to interpolate density in the model, instead, an average value was used to populate the model as outlined in Table 14.1.

Zone	Number of data	Bulk Density (tonnes/m³)
Argillite vein	2	2.75
Boulder Vein	26	2.90
Boulder East	20	3.05
Boulder Footwall	7	2.81
Boulder Hanging wall	7	2.85
Waste	362	2.80
Total	424	2.82

Table 14.1 Bulk density averages for Dome Mountain deposit

14.3 Evaluation of Extreme Assay Values

Block grade estimates may be unduly affected by very high-grade assays. Therefore, the assay data were evaluated for the high-grade outliers. The capping values were established by checking the assay data grade distributions on cumulative probability plots and evaluating the effects of capping on the average grade of the sample population. Capping levels of the raw assay data is presented in Table 14.2 and Table 14.3.



Vein	Max	Count	Cap level (g/t)	No assays Cap	CV uncap	CV Cap	Metal Loss (%)	% Capped
Boulder	1,215.0	1,111	60	22	4.12	1.66	29	2.6
Argillite	142.7	297	50	18	1.86	1.47	21	6.0
No 5 and 79er	48.0	327	30	1	5.26	4.6	9.3	0.3

Table 14.2 Capping of gold assays

*lost metal is (*Aver - AverCap*)/*Aver**100 where *Aver* is the average grade of the declustered assays before capping and *AverCap* is the average grade of declutered assays after capping. Rock codes 101 to 110 are from Golden Saddle Main zones, rock codes 201 to 203 are from the Golden Saddle Lower zones, Rock codes 301 and 302 are from the Arc and rock code 99 represent the surrounding host rock.

Table 14.	3 Capping	of silver	assays
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			Cap level	No assays	CV		Metal	%
Vein	Max	Count	(g/t)	Cap	uncap	CV Cap	Loss (%)	Capped
Boulder	1,017.0	1,111	400	7	1.83	1.65	3	0.6
Argillite	1,028.6	297	400	14	2.08	1.76	17	5.7
No 5 and 79er	252.7	327	150	1	6.7	5.6	14.7	0.3

*lost metal is (*Aver - AverCap*)/*Aver**100 where *Aver* is the average grade of the declustered assays before capping and *AverCap* is the average grade of declutered assays after capping. Rock codes 101 to 110 are from Golden Saddle Main zones, rock codes 201 to 203 are from the Golden Saddle Lower zones, Rock codes 301 and 302 are from the Arc and rock code 99 represent the surrounding host rock.

14.4 Compositing

Over 80 percent of the samples collected from the mineralized zones were 1.0 m or shorter in length, for this reason, the QP decided to composite all assay data to 1.0 m. Basic statistics of the composited gold assay data for the various mineralized veins both uncapped and capped presented in Figure 14.1.



Figure 14.1 Basic statistics for uncapped and capped gold composited assay data for Argillite (ARG), Boulder (BLD) and No5 and 79er (OTH) veins



14.5 Solid Modelling

Gold mineralization at Dome Mountain is hosted in quartz veins within folded fragmental volcanic rocks of the Telkwa Formation and within amygdaloidal basalts and altered volcanic rocks of the Nilkitkwa Formation. Mineralization is present in quartz veins and stockwork or breccia with disseminated pyrite. Drill hole intersected gold mineralization is spatially co-incident with structures, and structures or faults are interpreted to be the primary conduits for hydrothermal fluids responsible for gold deposition. The thicknesses of the mineralization are variable from 10 cm to over 3 m and expand and contract along strike.

Wireframes representing the vines were constructed using Leapfrog Geo to outline the Argillite and Boulder veins and their respective splays as well as for the No5 and 79er veins (Figure 14.2) and



Table 14.4.

Note: markers are 200 m on the X axis and 100 m on the Z axis

Figure 14.2 Perspective view of mineralized veins at Dome Mountain

Table 14.4 LISCOLTOCK COULS USED TO THE DOME MOUNTAIN TOJECT
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Rock code	Description	
100	Argillite (Main Vein)	
120	Lower Argillite	
130	Upper Argillite	
200	Boulder (Main Vein)	
210	Boulder (East extension)	



Mineral Resource Estimate for the Dome Mountain Gold Project, B.C.

220	Boulder Footwall					
221	Boulder Footwall (East extension)					
250	Boulder Hanging wall					
251	Boulder Hanging wall (East extension)					
500	No 5					
790	79er					
99	Host rock					

14.6 Variography

Attempts were made to construct experimental variogram for the Boulder and Argillite veins but because of the high variability of grades over very short distance, a robust variogram couldn't be constructed with any confidence. For this reason, the QP decided not to use Ordinary Kriging for grade estimation.

14.7 Resource Estimation Methodology

Mineral resources for the Dome Mountain gold deposit were estimated in a single threedimensional block model using Geovia Gems version 6.8.4 software. The geometrical parameters of the block model are summarized in Table 14.5.

	Minimum	Maximum	Extent	Block Size	Number of blocks	
Easting	652,600	654,000	1,400	5	280	
Northing	6,068,600	6,069,200	600	5	120	
Elevation	600	1,500	900	5	180	

Table 14.5 Golden Saddle and Arc block model parameters

Gold and silver grades within the mineralized domains were estimated in three successive passes as outlined in Table 14.6. The first pass considered a relatively small search ellipsoid while for the second and third pass search ellipsoids were larger. Search parameters were generally set to match the vein orientation and to capture sufficient data to estimate a grade in the blocks.

All blocks were estimated by inverse distance squared (ID²). In addition to the various grade estimates, the block model parameters also include distance to nearest sample, the average distance of composites used, and the number of drill holes used to estimate a block.



Vein	Search Pass	Rotation		Search Radii			Number of Composites		Max. Samples	
		Z	Y	Z	X (m)	Y (m)	Z (m)	Min.	Max.	per DDH
Boulder	1	0	-35	0	35	10	35	5	20	3
	2	0	-35	0	75	20	75	5	20	3
	3	0	-35	0	125	20	125	5	20	3
Boulder East	1	0	-14	0	35	10	35	5	20	3
	2	0	-14	0	75	20	75	5	20	3
	3	0	-14	0	125	20	125	5	20	3
Argillite	1	0	30	0	35	35	10	5	20	3
	2	0	30	0	75	75	20	5	20	3
	3	0	30	0	125	125	20	5	20	3
	1	-34	55	0	35	35	10	5	20	3
Lower Argillite	2	-34	55	0	75	75	20	5	20	3
	3	-34	55	0	125	125	20	5	20	3
Upper Argillite	1	-30	25	0	35	35	10	5	20	3
	2	-30	25	0	75	75	20	5	20	3
	3	-30	25	0	125	125	20	5	20	3
No5	1	-80	35	10	35	35	10	5	20	3
	2	-80	35	10	75	75	20	5	20	3
	3	-80	35	10	125	125	20	5	20	3
79er	1	58	-50	0	35	35	10	5	20	3
	2	58	-50	0	75	75	20	5	20	3
	3	58	-50	0	125	125	20	5	20	3

Table 14.6 Grade estimation parameters for Dome Mountain deposit


14.8 Mineral Resource Classification

Mineral resources were estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserve Best Practices" Guidelines. Mineral resources are not mineral reserves and do not have demonstrated economic viability. Mineral Resources were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014) by Dr. Gilles Arseneau, P. Geo. (APEGBC#23474) an "independent qualified person" as defined by NI 43-101.

Mineral resource classification is typically a subjective concept, industry best practices suggest that resource classification should consider both the confidence in the geological continuity of the mineralized structures, the quality and quantity of exploration data supporting the estimates and the geostatistical confidence in the tonnage and grade estimates. Appropriate classification criteria should aim at integrating both concepts to delineate regular areas at similar resource classification.

The QP is satisfied that the geological modelling honours the current geological information and knowledge. The location of the samples and the assay data are sufficiently reliable to support resource evaluation. The sampling information was acquired primarily by core drilling on sections spaced at about 25 to 35-metre spacing for most of the deposits with the central parts of the Dome Mountain Boulder and Argillite veins and about 35 to 50 m spacing for the fringes of the deposit. At the current stage of drilling, the QP considers that the mineralization at Dome Mountains satisfies the definition of measured, indicated and inferred mineral resource as defined by CIM.

Mineral reserves can only be estimated based on the results of an economic evaluation as part of a preliminary feasibility study or feasibility study. As such, no mineral reserves have been estimated as part of this study. There is no certainty that all or any part of the mineral resources will be converted into a mineral reserve.

The estimated blocks were classified according to:

- Confidence in interpretation of the mineralized zones;
- Number of drill holes and composites used to estimate a block;
- Average distance to the composites used to estimate a block.

Blocks were classified as measured mineral resource if within the Boulder or Argillite veins, within 35 m of an existing underground opening and estimated using at least four drill holes within a 20 m radius. Blocks were classified as indicated if estimated within a 75 m range with at least four drill hole or with two drill holes within a 35 m radius. Blocks



were classified as inferred if estimated with at least four drill holes within a 75 m radius or three drill hoes within a 50 m radius.

The mineral resources may be impacted by further infill and exploration drilling that may result in increase or decrease in future resource evaluations. The mineral resources may also be affected by subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic and other factors. There is insufficient information in this stage of study to assess the extent to which the mineral resources will be affected by these factors that are more suitably assessed in a conceptual study.

14.9 Validation of the Block Model

The Dome Mountain resource block model was validated by completing a series of visual inspections and by:

- Comparison of estimated block grades against composited grades on sections and in plan view; and
- Comparison of average assay grades with average block estimates along different directions – swath plots.

Figure 14.3 shows a comparison of estimated gold block grades with drill hole composite data for the Dome Mine Project in cross section and Figure 14.4 shows the estimated blocks and drill hole grades for the Boulder vein in longitudinal section. On average, the estimated blocks are similar to the composite data.





Note: Grid lines are 50 by 50 m

Figure 14.3 Section view looking east comparing estimated gold grades with drill hole composites for the Dome Mine Project



Note: Grid lines are 100 by 100 m

Figure 14.4 Longitudinal Section looking North comparing estimated gold grades with drill hole composites for the Boulder Vein at Dome Mountain



As a final check, average composite grades and average block estimates were compared along different directions. This involved calculating de-clustered average composite grades and comparison with average block estimates along east-west, north-south, and horizontal swaths. Figure 14.5 shows the swath plots for the Boulder Vein. The average composite grades and the average estimated block grades are quite similar in all directions. Overall, the validation shows that current resource estimates are good reflection of drill hole assay data.



Figure 14.5 Swath plot for Boulder Vein



14.10 Mineral Resource Statement

CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014) defines a mineral resource as:

"A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling."

The "material of economic interest" refers to diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial minerals.

The "reasonable prospects for economic extraction" requirement generally implies that the quantity and grade estimates meet certain economic thresholds and that the mineral resources are reported at an appropriate cut-off grade taking into account extraction scenarios and processing recoveries. To meet this requirement, the QP evaluated the Dome Mountain deposit as a potential underground mining operation.

To determine the quantities of material offering "reasonable prospects for eventual economic extraction" by underground mining, the QP used reasonable mining assumptions derived from similar projects and from actual costs at Dome Mountain to evaluate the proportions of the block model that could be "reasonably expected" to be mined from an underground mining operation.

The parameters used to identify an appropriate "potentially economic' cut off were selected based on experience and benchmarking against similar projects (Table 14.7). The reader is cautioned that these costs are used solely for the purpose of testing the "reasonable prospects for eventual economic extraction" by a potential underground mining operation and do not represent an attempt to estimate mineral reserves. There are no mineral reserves on the Dome Mountain Project. The results are used as a guide to assist in the preparation of a mineral resource statement and to select an appropriate resource reporting cut-off grade.



Parameter*	Value	Unit
Gold Price	1700.00	US\$ per ounce
Underground mining cost	90.00	CDN\$ per tonne mined
G&A	20.00	CDN\$ per tonne of feed
Exchange	0.77	US\$:CDN\$
Trucking	90.00	CDN\$ per tonne of feed
Custom mill	60.00	CDN\$ per tonne of feed
Gold Recovery	94	Percent
Cut-off	3.5	g/t

Table 14.7 Assumptions Considered for Conceptual Underground Mining.

*Note: Metal prices are derived from Energy Metals Consensus Forecast long-term pricing.

The QP considers that the blocks above cut-off located within a 75 m range of at least three drill holes satisfy the "reasonable prospects for eventual economic extraction" and can be reported as a mineral resource.

Table 14.8 summarizes the mineral resources for the Dome Mountain Project as estimated by ACS on October 15, 2021. Table 14.9 shows the mineral resources by class and veins.

Table 14.8 Mineral Resource Statement at 3.5 g/t cut-off, Dome Mountain Project, BritishColumbia, ACS October 15, 2021

Class	Tonnes	Au cap (g/t)	Ag Cap (g/t)	Au Oz	Ag Oz
Measured	136,000	10.32	57.31	45,000	250,000
Indicated	662,000	8.15	41.19	173,000	876,000
Inferred	85,000	6.02	26.13	16,000	71,000

(1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

(2) The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

(3) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to Measured and Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

(4) The Mineral Resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

Table 14.9 Mineral Resource Statement at 3.5 g/t cut-off by vein, Dome Mountain Project,British Columbia, ACS October 15, 2021

Vein	Class	Tonnes	Au Cap (g/t)	Ag Cap (g/t)	Au Oz	Ag Oz
Boulder	Measured	98,000	4.11	21.69	33,000	182,000
Argillite	Measured	38,000	4.28	22.95	12,000	68,000
Total	Measured	136,000	10.29	57.17	45,000	250,000



-						
Boulder	Indicated	578,000	2.67	14.33	149,000	748,000
Argillite	Indicated	71,000	11.48	39.72	22,000	120,000
Other	Indicated	13,000	0.00	0.00	2,000	9,000
Total	Indicated	662,000	8.15	41.19	173,000	876,000
Boulder	Inferred	85,000	6.02	26.13	16,000	71,000
Total	Inferred	85,000	6.02	26.13	16,000	71,000

Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.
The estimate of Mineral Resources may be materially affected by environmental, permitting, le

(2) The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

(3) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to Measured and Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

(4) The Mineral Resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.

14.11 Grade sensitivity analysis

The mineral resources are sensitive to the selection of cut-off grade. Table 14.10 shows the sensitivity of the mineral resource within the resource model to the selection of a cut-off grade. The reader is cautioned that these figures should not be misconstrued as a mineral resource. The reported quantities and grades are only presented as a sensitivity of the resource model to the selection of cut-off grade. Grade tonnage curves are presented in Figure 14.6 for both the measured and indicated mineral resources and the inferred mineral resource is shown in Figure 14.7.

Cut-off	Tonnes (M+I)	Au g/t (M+I)	Ag g/t (M+I)	Tonnes (Inf)	Au g/t (Inf)	Ag g/t (Inf)
10.00	220,255	15.00	76	9,720	12.87	44
8.00	321,842	13.09	66	16,924	11.22	39
7.00	392,373	12.08	61	21,510	10.43	37
6.00	479,888	11.06	56	26,237	9.72	34
5.00	590,204	10.02	51	36,270	8.52	30
4.50	663,352	9.44	48	47,727	7.61	28
4.00	729,733	8.97	46	65,055	6.71	25
3.50	797,556	8.52	44	84,603	6.02	25
3.00	962,953	7.59	39	117,078	5.24	25
2.00	1,125,026	6.86	36	165,555	4.44	23

Table 14.10 Sensitivity analysis of inferred mineral resource at various cut-off grades





Figure 14.6 Grade Tonnage Curves for Measured and Indicated Mineral Resources, Dome Mountain Project



Figure 14.7: Grade Tonnage Curve for Inferred Mineral Resources, Dome Mountain Project



14.12 Risks and Opportunities

Mineral resources were estimated in conformity with generally accepted CIM "Estimation of Mineral Resource and Mineral Reserve Best Practices" Guidelines. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

The mineral resources may be impacted by further infill and exploration drilling that may result in increase or decrease in future resource evaluations. The mineral resources may also be affected by subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic and other factors. There is insufficient information in this stage of study to assess the extent to which the mineral resources will be affected by these factors that are more suitably assessed in a conceptual study. The mineral resources are also sensitive to the selection of cut-off grade which is in part determined by the commodity prices.

The Mineral resources at Dome Mountain have been partially mined by previous operators. The exact location and size of the historical excavation have been determined from longitudinal sections. While these sections are detailed and believed to be accurate, the exact vein mined was not indicated. There is the possibility that some of excavations have not been recorded the longitudinal section which would negatively impact the estimated resources presented in this report. To minimise this risk, the QP assumed that all veins were mined from all the stopes, and tonnages were removed from all the veins that intersected the stope shapes on the longitudinal section. Once an accurate survey of the underground workings is available, the mineral resource could be adjusted to only remove the mined-out volume for individual vein instead of all of the veins.

The veins at Dome Mountain are known to pinch and swell from less than 0.5 m up to 4 m. The volume of the veins is estimated from drill hole intercepts that range from 15 up to 50 m apart. It is very likely that the volume estimated between drill holes could vary from what has been estimated. This variation could increase or reduced the tonnages represented in this report. Further drilling is necessary to estimate the vein volume variation more accurately between drill holes.

Finally, the Dome Mountain veins remain open in all direction, the mineral resources could increase with addition drilling along strike and down dip for the Boulder and Argillite veins. Additional mineralized veins are also known to occur on the Property, these could provide additional resources with additional drilling.



15 **ADJACENT PROPERTIES**

There are no significant adjacent Properties next to the Dome Mountain Project



16 OTHER RELEVANT DATA AND INFORMATION

Blue Lagoon's land package associated with the Dome Mine includes additional exploration targets that warrant further exploration. Past mine owners Eagle Peak Resources and Metal Mountain Resources have compiled exploration information with respect to these additional exploration targets. Blue Lagoon has compiled this information which is documented in BC Minefile reports which are shown in Table 16.1 below. These reports provide historic documentation that describe the targets and exploration or mining work that has been completed on them.

Minefile Number
093L 277
093L 275
093L 278
093L 022
093L 023
093L 285
093L 282
093L 279
093L 283
093L 281

Table 16.1: Additional Exploration Targets

This information is reported to show that additional exploration potential exists to expand the resources at Dome Mountain. No reported resources or economic evaluation of these veins was completed as part of this technical report. All mineral showings are shown on Figure 16.1 below.

The Cabin Vein is interpreted to be an extension of the Boulder Vein and was explored historically since 1922, including a historic shaft and drift and crosscut work in 1923. Surface sampling of the outcropping Cabin Vein in 1986 returned values of 5.5 g/t Au, 126 g/t Ag, 0.8% Cu, 48.8% Pb and 24.2% Zn. Other samples containing 8.2 g/t Au, 4.1 g/t Au and 7.5 g/t Au and 12.3 g/t Au also show anomalous silver and base metals (MacIntyre et al, 1987). The Cabin Vein extends the Boulder Vein mineralized trend an additional 500 meters plus to the west.

The Forks Vein was drilled by Noranda from 1985-87 with 23 diamond drill holes completed. The Forks consists of two veins that are found to be striking west south/west and dipping at a shallow angle towards the Boulder structure. The Forks Gold Deposit is a flat lying, extremely sheared and altered quartz breccia vein structure with a thickness of up to 12 metres. Drilling in 1987 (Noranda) intersected intervals up to 7.6 meters grading 10.42 g/t gold and 53.38 g/t silver (Myers, 1985). Both the 9800 Zone



651000 m 652000 m 653000 m 654000 m 6072000 6072000 6071000 m 6071000 m O P 013 6070000 m 6070000 m UT3 m 0006909 UN2 m 0006909 UT4 UT4 Legend vo. IN3 6068000 m 6068000 **Geologic Units** mJS - sandstone, siltstone IJN4 - argillite, chert, limestone IJN3 - cherty tuff, siltstone 500 m 0 IJN2 - rhyolitic volc. rx IJN1 - amygdaloidal flows IJT4 - maroon tuff Geology from MacIntyre et al (1987) IJT3 - fragmental volc. rx IJT2 - porphyritic andesite Dome Mountain Project VV Fault British Columbia, Canada Quartz vein Figure 3 Vein Locations Access Rd 651000 m 652000 m 653000 m 654000 m

and the Hoopes Vein are considered extensions of the Forks structure and consist of mineralization within a gently north dipping breccia structure up to 12 meters thick.

Source: MacIntyre et al (1987)

Figure 16.1: Location of Additional Exploration Targets on Dome Mountain Project



The 9800 Vein has historic trenching and drilling with historic grab samples with gold and base metal values. The 9800 Zone has seen little drilling with low gold and silver values as a result although, surface trenching did recover high grade mineralization. The 9800 Zone is similar to the Forks vein system and contains semi-massive sulfides. Mineralization in the 9800 zone is a discordant vein which cuts stratigraphy and cleavage. Mineralization occurs as: (1) foliated to massive sphalerite-galena-pyritechalcopyrite layers and lenses; and (2) white guartz veins and stringers with disseminated pyrite, sphalerite, and galena. Quartz and massive sulfide contacts with host rock shale and grey tuff are sharp. The Geological Survey Branch analyzed five surface grab samples and one sample from a trench contained 76.62 g/t Au, 1809 g/t Ag, 29.8% Zn, 14.7% Pb and 0.7% Cu. (MacIntyre et al, 1987) Noranda Exploration Corporation Limited consolidated all the claims on Dome Mountain in 1984 and conducted a program of soil geochemistry surveys, geological mapping, trenching and 33 diamond-drill holes. The 9800 zone was first discovered in 1985 by Canadian-United Minerals. In 1986, Teeshin Resources completed trenching and bulk sampling on the occurrence. In 1986, 50.8 tonnes of ore were shipped from the 9800 Showing and produced 30.17 g/t gold and 771.4 g/t silver (MacIntyre et al, 1987).

The Hawk Veins were drilled by two holes in 1987 with a reported high-grade gold intersection. In 1985, Teeshin Resources Ltd followed up on Noranda's geochemical/geological program with two holes on the Hawk-Gem vein zone. In 2000, Guardsmen Resources collected rock samples from the Hawk zone. a northwest trending quartz-sulphide vein (possible extension of Ptarmigan vein trend) assayed up to 4.16 g/t gold with silver, bismuth, copper, lead, zinc, cadmium and iron plus moderate enrichment in arsenic and antimony (Gravel, 2001).

The Gem veins consist of 4 parallel veins and with reported high gold values. Four parallel quartz veins, 0.3 to 1 meter wide, strike southeast and dip moderately northeast to steeply southwest. The host rock is medium to thickly bedded tuffs of the Lower Jurassic Telkwa Formation (Hazelton Group), which are weak to moderately foliated. The veins contain shattered pyrite and lesser amounts of chalcopyrite, arsenopyrite, sphalerite and galena. This northwest trending quartz sulfide vein reports gold grade as high as 129 g/t (Gravel, 2001).

The Ptarmigan Veins have been explored with historic mining and reported high gold values. Four parallel quartz veins are exposed up to 75 centimeters wide, dipping steeply southwest or northeast. The host rock is strongly schistose (but unaltered) andesite of the Lower Jurassic Telkwa Formation (Hazelton Group). On the surface the veins contain pyrite and arsenopyrite rich bands and underground the No. 2 vein is reported to contain lenses of galena, pyrite and sphalerite. In 2000, the northwest trending quartz-sulphide Ptarmigan vein yielded from 7.6 to 75 g/t gold along with associated high arsenic, lead, zinc and iron and moderate enrichment in silver, antimony, bismuth and copper (Gravel, 2001).



The Raven Vein has been explored with historic mining and reported high gold values.

The Free Gold Area is reported to contain 5 major veins. Multiple historic bulk samples have been shipped from the Free Gold veins with reported high-grade gold values. Unlike the other showings on Dome Mountain which occur in foliated and altered tuff, the Free Gold veins are hosted in massive dark green andesite which is only slightly altered and lacks foliation. Interbedded andesite, tuff, and breccia of the Lower Jurassic Nilkitkwa Formation (Hazelton Group) strike northwest and are intruded by irregular dike-like quartz porphyry bodies and several small diorite plugs and dikes. The andesitic tuffs exhibit moderate chlorite alteration with minor epidote along fractures. The quartz feldspar porphyry intrusive shows weak potassium feldspar flooding and clay alteration. Three bulk samples are described in the database with the last one collected in 1980. In 1980, 295 tonnes of vein material were shipped to the Trail smelter and reportedly to average 41.83 g/t gold and 85.71 g/t silver.

The Elk Vein has historic drilling with a reported high-grade gold intercept.

The Eagle Vein has historic sampling that indicates high grade gold potential.

A qualified person has not verified the above sampling results on behalf of the Company. Additional sampling and testing work is required to verify these results.



17 INTERPRETATION AND CONCLUSIONS

17.1 Conclusions

Gold mineralization at Dome Mountain is associated with quartz veins emplaced along brittle structures. The veins are structure-controlled orogenic (mesothermal) quartzcarbonate-sulphide veins with associated gold and silver and base metal mineralization. Controlling structures are east-west and northwest-southeast trending brittle fault zones that dip moderately to steeply south and southwest. The host rocks are Lower to Middle Jurassic subaerial volcanic flows, pyroclastic, and related volcanoclastic rocks.

The current drill hole database consists of over 51,186 metres of drilling from 458 drill holes. The resource model is limited to the mineralization around the Dome Mountain deposit area which is defined by 42,869 metres of drilling from 355 drill holes.

The QP estimated that the veins at Dome Mountain contained 800,000 tonnes grading 8.52 g/t gold in the Measured plus Indicated mineral resource and 85,000 tonnes of inferred mineral resource grading 6.02 g/t gold potentially accessible by underground mining. The mineral resources as estimated by the QP on October 15, 2021, are summarized in Table 17.1.

Table 17.1 Mineral Resource Statement at 3.5 g/t cut-off, Dome Mountain Project, British Columbia, ACS October 15, 2021

Class	Tonnes	Au cap (g/t)	Ag Cap (g/t)	Au Oz	Ag Oz
Measured	136,000	10.32	57.31	45,000	250,000
Indicated	662,000	8.15	41.19	173,000	876,000
Inferred	85,000	6.02	26.13	16,000	71,000

(1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

(2) The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

(3) The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.

(4) The Mineral Resources in this report were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.



18 **RECOMMENDATIONS**

The QP recommends that Blue Lagoon continue to explore the Dome Mountain Gold Project. Specifically, the QP recommends a 5,500-metre drill program, 22 core holes targeted at expanding the mineral below the Boulder and Argillite veins (Table 18.1).

Hole-ID	Easting	Northing	Elevation	Length	Azimuth	Dip
P2201	652962.08	6068681.24	1397.58	282	360	-52
P2202	652963.43	6068632.17	1384.61	339	360	-53
P2203	652935.3	6068745.41	1424.66	260	360	-54
P2204	652937.43	6068668.14	1396.45	311	360	-53
P2205	652938.94	6068613.44	1382.35	366	360	-56
P2206	652908.33	6068816.35	1430.31	207	360	-61
P2207	652884.41	6068776.75	1425.23	240	360	-56
P2208	652886.8	6068690.45	1404.35	283	360	-51
P2209	652858.94	6068793.54	1424.66	214	360	-52
P2210	652860.47	6068738.27	1419.59	270	360	-54
P2211	652805.41	6068920.75	1429.18	110	360	-57
P2212	652807.37	6068849.69	1429.18	169	360	-59
P2213	653184.61	6068773.74	1348.5	198	360	-63
P2214	653235.42	6068745.23	1334.95	200	360	-57
P2215	653235.42	6068745.23	1334.95	263	360	-75
P2216	653296.6	6068747.7	1324.5	288	360	-62
P2217	653256.8	6068800.8	1336.8	198	360	-64
P2218	653079.69	6068748.91	1383.78	244	360	-58
P2219	653055.02	6068754.13	1393.81	262	360	-66
P2220	653031.51	6068774.91	1407.74	225	360	-55
P2221	653031.51	6068774.91	1407.74	298	360	-76
P2222	653004.02	6068742.89	1408.3	245	360	-57

Table 18.1: Proposed Drill Program at Dome Mountain

The QP estimates that the above recommendations would cost approximately \$2.1 million as outlined in Table 18.2.



Item	Amount (m)	Unit Cost (CDN\$)	Total (CDN\$)
DDH Drilling (metres)	5,500	\$200	\$1,100,000
Regional exploration targets	4,000	\$200	\$800,000
Total Recommendations			\$1,900,000.00
Contingency @10%			\$190,000
TOTAL			\$2,090,000.00

Table 18.2: Estimated Cost of Proposed Program

Note: Unit costs include camp costs, support staff, fuel costs, mobilization/demobilization costs.



SIGNATURE PAGE 19

This technical report was written by Dr. Gilles Arseneau, P. Geo. The effective date of this technical report is October 15, 2021.

Original "signed and sealed"

Dr. Gilles Arseneau, P. Geo.



20 CERTIFICATE OF QUALIFIED PERSON

I, Dr. Gilles Arseneau, P. Geo., do hereby certify that:

- I am President of ARSENEAU Consulting Services Inc. ("ACS"), a corporation with a business address of Suite 900, 999 West Hastings Street, Vancouver, British Columbia, Canada and operating under Permit to Practice number 1000256 issued by the Association of Professional Engineers and Geoscientists of British Columbia on June 2, 2021.
- 2. I am the author of the technical report entitled "Mineral Resource Estimate for the Dome Mountain Gold Project, Smithers, British Columbia" dated January 31, 2022 with an effective date of October 15, 2021 (the "Technical Report") prepared for Blue Lagoon Resources Inc.
- 3. I am a graduate of the University of New Brunswick with a B.Sc. (Geology) degree obtained in 1979, the University of Western Ontario with an M.Sc. (Geology) degree obtained in 1984 and the Colorado School of Mines with a Ph.D. (Geology) obtained in 1995.
- 4. I have practiced my profession continuously since 1995. I have worked in exploration in North and South America and have extensive experience with gold mineralization similar to that found on the Dome Mountain Project.
- 5. I am Professional Geoscientist registered as a member, in good standing, with the Association of Professional Engineers & Geoscientists of British Columbia (no. 23474).
- 6. I have read the definition of "qualified person" set out in National Instrument 43–101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") and certify that by reason of my education, affiliation with a professional association (as defined in NI 43-101) and past relevant work experience, I am a "qualified person" within the meaning of NI 43-101.
- 7. My most recent personal inspection of the Project occurred from July 19 to July 22, 2021.
- 8. I am responsible for all the sections of the Technical Report and accept professional responsibility for all sections of the Technical Report.
- 9. I am independent of Blue Lagoon Resources Inc. as defined in Section 1.5 of NI 43-101.
- 10. I have had no prior involvement with the Dome Mountain Project.
- 11. I have read NI 43-101, Form 43-101F1 and the Technical Report has been prepared in compliance with that instrument and form.
- 12. As of the effective date of the Technical Report, to the best of my knowledge, information and belief, the Technical Report contains all scientific and technical information that is required to be disclosed to make the Technical Report not misleading.

Dated this 31^{rst} day of January 2022 in Vancouver, British Columbia.

[Original "signed and sealed"] Dr. Gilles Arseneau, P. Geo.



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