

BLUE LAGOON PROVIDES UPDATE ON ITS DOME MOUNTAIN GOLD PROJECT

August 20, 2020 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (the “Company”) (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is pleased to provide the following update on its Dome Mountain Gold Project, an all year accessible property located 50-minute drive from Smithers BC.

Core drilling of the previously announced 3,000-meter work program designed to focus on upgrading a significant portion of the inferred mineral resource to the indicated mineral resource category, is now more than half complete. As previously announced and reported within the recently filed NI43-101 technical report (Preliminary Economic Assessment Dome Mountain Mine, British Columbia, Canada dated July 13, 2020) the Dome Mountain Gold Mine contains an **indicated** resource of 81,017 ounces gold at 15.78 g/t Au (using a 3.42 g/t Au cutoff) and 397,463 ounces silver at 2.29 ounces/t Ag; and an **inferred** Resource of 149,240 ounces gold at 10.09 g/t Au and 674,656 ounces silver at 1.47 ounces/t Ag.

The current drill program is focused on infill drilling within the area of the existing inferred resource to reduce spacing between drill holes to 30 meters with the objective of upgrading the inferred resource to the indicated resource category. The drilling program will total a planned 2,800 meters of drilling from 22 holes drilled from 8 different pads. To date 1800 meters from 13 holes have been completed.

“With a minimal monthly burn rate in recent months, no debt on the balance sheet, and \$7.5 million in cash after successfully completing a financing (see the Company’s news release of August 13, 2020), Blue Lagoon is uniquely positioned to advance the Dome Mountain Gold Project during the positive current market conditions and to deliver on our defined exploration and mining milestones,” said Rana Vig, President and CEO of Blue Lagoon Resources.

With a total land package of more than 11,000 Ha, approximately 90% of the property has not seen any significant exploration. In addition to the resource already defined on the property (the Boulder Vein), 15 other high-grade known vein targets are identified and ready for follow-up exploration work currently scheduled to begin this September. To date, the current and historical work has been restricted to approximately 10% of the total land package.

Airborne Survey

The Company is pleased to announce that it has contracted to fly a Heli-borne geophysical survey (Including MAG, EM and Radiometric) over the entire Dome Mountain land package at 100m line spacing. To collect the highest quality data, the airborne program will consist of two separate flights: one with MAG and Radiometrics and one with MAG and EM. The Company will benefit greatly from a better understanding of multiple known mineralized locations (including the resource associated with the

Boulder Vein System) on the property which can be used to “tune” the geophysical response as a guide to other previously undiscovered locations within the property boundary.

This survey is scheduled to begin on or before September 1, 2020.

Furthermore, the Company is pleased to announce that it has engaged Peter Diorio, P. Geo of GeophysicsOne Inc., to do the post analysis of the data collected from the Heli-borne geophysical survey. Mr. Diorio graduated from Carleton University in 1976 with an Honours BSc in Physics and Geology.

Starting his career in 1976 as a geophysicist with *Sander Geophysics Ltd.*, he joined *BHP in 1980* as an exploration geophysicist working on a wide range of base metal, precious metal, iron ore and diamond projects worldwide and as a research application geophysicist for various initiatives including airborne gravity gradiometer and various airborne EM developments.

After departing from BHP as their Principal Geophysicist, in 2009 he founded *GeophysicsOne Inc.*, which specializes in processing, interpretation, and integration of geophysical data with geology. He has, and continues to work with some of the biggest mining companies in world.

“We’re very fortunate to be able to work with someone as experienced as Peter who has vast knowledge and experience in this space and, will greatly enhance our team’s ability to make better geological decisions,” said Rana Vig, President and CEO of Blue Lagoon Resources.

Expansion of Exploration Planned

The Company is also pleased to report that it has filed an application for a multi-year multi-use exploration permit (MX Permit) on the Dome Mountain Gold Project. This permit highlights certain exploration tasks geared toward exploring the already known high-grade vein targets on the property that lie off the current designated M-237 permit area. Tasks include (but not limited to) ground IP and drilling.

The full exploration scope of work will include mapping and sampling; underground work at the known high-grade Free Gold vein; property wide prospecting; and follow-up ground MAG and soils collection.

As the Company waits for the approval of the MX Permit, exploration and prospecting work will begin on or about September 1, 2020.

Investor Relations And Marketing Agreements

The Company also announces that it has entered into an investor relations agreement with Future Money Trends, (“FMT”) a limited liability company located in Austin, Texas. The agreement is for an initial term of one year at a cost of US\$250,000 plus 500,000 share purchase options at an exercise price of \$0.70. The options will vest in three months and will have a one year term. FMT will provide financial publishing and digital marketing services to the Company. Pursuant to the agreement, FMT will raise public awareness of the Company, including its social media presence, and will promote the Company’s business.

Furthermore, the Company has also engaged Toronto-based investor relations firm North Equities that specializes in various social media platforms, to facilitate greater investor engagement and widespread dissemination of the Company's news. The agreement is for an initial term of 6 months at a cost of CDN\$50,000 to be paid with the Company's common shares at a deemed price of \$0.68, or equal to 73,530 shares. The shares will be released to North Equities in three equal monthly tranches, with the initial release being six months from the issue date.

For the European market, the Company has engaged Hamburg based Gold Invest Consulting GmbH for European investor relations. The agreement is for an initial term of 12 months at a cost of CDN\$50,000.

The scientific and technical data contained in this news release was approved by William Cronk, P.Geo., a qualified person as defined in NI 43-101 and a consultant to the Company.

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The CSE has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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