

BLUE LAGOON FILES POSITIVE PEA FOR ITS DOME MOUNTAIN GOLD MINE PROJECT

July 16, 2020 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (the “Company”) (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is pleased to announce that it has filed a technical report for the preliminary economic assessment (PEA) on the Company's Dome Mountain Gold Mine Project entitled “*Preliminary Economic Assessment Dome Mountain Mine, British Columbia, Canada*” dated July 13, 2020. The technical report was prepared pursuant to the form required under National Instrument 43-101 (“NI 43-101”) by Roughstock Mining Services of Bozeman, Montana. The report is available at www.sedar.com.

The Dome Mountain Gold Mine Project currently holds a Mining Permit and Environmental Management Act Permit (EMA) providing for up to 75,000 tonnes annually. The PEA considers the economics of a 100 tonnes per day mining operation, (~36K tonnes annually) which is half the tonnage provided for under the existing permit.

Over the 12 year planned mine life, the PEA projects that 85,000 payable ounces are recoverable, with the first five years recovery to be 45,000 payable ounces, at a per ounce cash cost of \$US 987 and selling price of \$US 1,450 per ounce of gold, providing on average \$CAD 2.32 million per year after tax free cash flow, using a discount rate of 5%, during that initial five year period.

The fact that this project has extensive existing development and infrastructure results in the additional projected capital cost to resume mining operations being only \$CAD 1.46 million, primarily for completing items under three required amendments to the existing mine permit. These items include the completion of the water treatment plant, underground bolting and vent raise, and the completion of the mine reclamation and closure plan. This low capital cost results in an internal rate of return of 277% using a 5% discount.

Furthermore, extensions along the Boulder Vein 43-101 resource area and the existing numerous high-grade vein targets located on the 10,970-hectare property, (41 contiguous claims and one mining lease; BLLG Press release, May 4, 2020) offer an attractive opportunity to add additional ounces to the current mineral resource through step-out and exploration drilling.

Blue Lagoon’s President and CEO, Rana Vig stated: “Dome Mountain is a technically simple gold project in a safe, politically stable jurisdiction with a long tradition of gold mining. The PEA projects positive project economics and IRR based on the relatively low capital expenditures which come from the fact that much of the investment in the mine infrastructure was already made before we acquired the project, leaving less than \$1.5 million needed to complete the three key amendments required by the existing mine permit to re-commence mining.”

Mr. Vig added: “At US \$1,450 per ounce gold, the PEA includes a projected free cash flow of \$11.6 Million using a discount rate of 5%, over the first 5 years of mining. This cash flow is prior to applying significant available tax credits of Gavin Mines, the Company’s subsidiary that holds the project. This represents potential cash that, if realized, will allow the company to focus on expanding future drill programs to explore the other multiple high grade veins that surround the mine – while reducing potential dilution to shareholders.”

Tax credits, including tax loss carry-forwards, CDE and CEE total \$23 million. After applying those tax credits, the Company projects a five year after-tax cash flow of \$13.9 million using a 5% discount rate, or approximately \$2.8 million per year for that period.

Additional information on the PEA and mineral resource estimate is provided in the Company's news release of May 19, 2020. The PEA is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA will be realized.

The Company also announces that it has issued 200,00 stock options exercisable at a price of \$1.20 that are exercisable until June 2, 2025 and 237,500 stock options exercisable at a price of \$0.50 that are exercisable until July 13, 2025 to various consultants of the Company.

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

Statement Regarding Forward-Looking Information: This release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address events or developments that Blue Lagoon Resources Inc. (the "Company") expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include results of exploration activities may not show quality and quantity necessary for further exploration and exploitation of minerals deposits, market prices, and continued availability of capital and financing, permitting and other approvals, and general economic, market or business conditions. In addition, forward-looking statements in this news release includes gold and silver price assumptions, cash flow forecasts, projected capital and operating costs, metal or mineral recoveries, mine life and production rates, and other assumptions used in the PEA. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Except as required by applicable securities laws, the Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.