
Blue Lagoon Summarizes the First Two Quarters of 2020 Highlights Plans Moving Forward

June 9, 2020 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (the “Company”) (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is pleased to provide an update on its 2020 activities to date and outline of its plans moving forward.

“Since its first trading day of July 4, 2019, management’s focus has lead Blue Lagoon from being a newly listed junior mining exploration company to one that completed two major financings – \$1.1 million at \$1.00 per share and \$1.0 million at \$1.50 per share; acquired a very promising high grade gold property in British Columbia that holds both a Mining Permit for mining up to 75,000 tonnes annually and an Environmental Management Act Permit; initiated and completed a Preliminary Economic Assessment (PEA); exercised its Pellaire property option to earn-in 100% on improved terms over the original agreement; and added its first member to a strategic advisory board to assist and guide management,” said Rana Vig, President and CEO of Blue Lagoon Resources. “I’m very pleased with our progress to date and am looking forward to the second half of 2020 as we continue to build our team and execute on our plans,” he added.

METAL MOUNTAIN ACQUISITION

The Company acquired 100% of Metal Mountain Resources Inc., which owns both the Dome Mountain Gold Project and the Big Onion Copper Porphyry (for details, see relevant corporate News Release dated March 31, 2020). The acquisition was completed in an all-stock transaction and included a release schedule that allows for the shares to be released in timed installments over a 30-month period, with the first 10% to be released 12 months from the date of the closing of the transaction.

Key Highlights of the Dome Mountain Gold Project:

- A drive-to project located a short 50 minute drive from the town of Smithers B.C.
- Holds a British Columbia Mining permit (“M-237”) and Environmental Management Act Permit (“EMA”) providing for mining up to 75,000 tonnes annually, plus a long term Milling and Mining Profit Share Agreement with Nicola Mining Inc., which operates a modern mill facility located near Merritt, B.C.
- Expenditures on the mine by past operators, including Timmins and Noranda, have totaled in excess of \$68 million, \$28 Million of which was spent in the past 12 years by the Company’s newly acquired subsidiary, Gavin Mines. The work included 500 meters of underground development, electrocoagulation water treatment plant, pipeline system for mine water, fuel storage and distribution system, mine dry and office building, ore storage facility, a mechanics shop, water and sewer for all surface facilities, as well as exploration drilling work over the main Boulder vein system.
- Blue-sky potential on the property - which consists of 41 contiguous claims and one mining lease - offers a near term opportunity to drill already defined high grade gold targets. There are 17 additional quartz vein gold targets already identified on the project, with the first three priority targets being Free Gold, Forks and

the 9800 Zone. See the Company's May 4, 2020 news release which provides more details on the project's exploration potential.

In addition to the Dome Mountain Gold Project, the Company also acquired the Big Onion property, a porphyry copper project that consists of 13 contiguous mineral claims comprising a total area of 4,493 hectares located a short 30-minute drive from the town of Smithers, B.C. "I'm pleased that we were able to have this property included in the Metal Mountain acquisition as it gives the Company exposure to copper which not only has key uses in infrastructure, but also is a critical component in the ever expanding electric vehicle market," said Rana Vig, President and CEO of Blue Lagoon Resources.

COMPLETES PEA FOR ITS DOME MOUNTAIN GOLD PROJECT

On April 23, 2020, the Company announced that it has engaged Roughstock Mining Services LLC of Bozeman, MT. to complete a Preliminary Economic Assessment (PEA) to analyze and present the economics of an underground mine utilizing an offsite milling facility. The summary results of the PEA were news released on May 19, 2020 and included the following:

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.

The PEA also highlighted a current resource of 78,260 ounces of gold at 10.71 grams per tonne in the Indicated category and 128,173 ounces of gold at 7.52 grams per tonne in the Inferred category.

Mineral resources that are not mineral reserves do not have demonstrated economic viability. 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.

Read the full summary in the Company's news release dated May 19, 2020.

The Company plans to file a technical report on the PEA on SEDAR at www.sedar.com within 45 days in accordance with NI 43-101 from the May 19, 2020 news release.

PELLAIRE GOLD PROJECT NOW 100% OWNED

In May of 2020 Blue Lagoon exercised its option to acquire a 100% interest in the Pellaire gold project after having re-negotiated improved terms with the vendor. The improved terms included a reduction in the remaining cash payments from US \$200,000 to CAD \$35,000, and a reduction in the remaining consideration shares from 700,000 shares to 600,000 shares. The consideration shares are subject to a release schedule that allows for the shares to be released in equal installments of 50,000 shares every 3 months over a 36 month period. In addition, the right to



repurchase a 2% NSR royalty from the vendor was reduced from US \$2 million to US \$1 million, which if exercised would leave the vendor with a 0.5% NSR royalty.

- The Pellaire Project is comprised of 22 claims totalling 7829 ha, located in British Columbia.
- Over \$500K spent last year on the project and all claims have ‘good-to’ dates of 2023 or 2024.
- Ten different high-grade Gold-Silver-Telluride veins identified to date.
- Plans made and contractors contacted to complete minimal infrastructure work (bridge and road repairs) and allow for 100% road access to center of claims.
- Evaluation underway of potential to process 25,000 tonnes of stockpiled mineralized material on the property.
- Long term plans include exploration drilling on identified quartz veins.

FORMATION OF STRATEGIC ADVISORY BOARD

On May 7, 2020 the Company announced the formation of its Strategic Advisory Board and appointed Yannis Tsitos, a 30 year mining veteran, as the initial member of this board. Mr. Tsitos will be a valuable addition to the team and will greatly assist Blue Lagoon in realizing its vision and future goals. To further advance its advisory board “brain trust”, the Company is in discussions with several other highly qualified and distinguished candidates with proven track records and expects to make those announcements in the coming weeks. Read Mr. Tsitos full Bio in the Company’s news release dated May 7, 2020.

PREPERATIONS FOR PHASE ONE DRILL PROGRAM AT DOME MOUNTAIN

The Company expects to proceed with its planned in-fill and expansion drill program in the next two weeks. A 2,850-meter drill program has been designed and the drill collars chosen are located on already completed drill pads and existing road infrastructure. Multiple HQ drill holes will be completed from each pad and designed to infill an already defined Inferred resource domain with planned intercepts designed to be within 30 meters area of influence with the goal of upgrading the Inferred resource to Indicated.

As a result of its focus on the Dome Mountain Gold Mine project, the Company has determined that it will not proceed with its option to earn-in an interest in the Gordon Lake project.

The scientific and technical data contained in this news release was prepared and reviewed 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.

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



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