

**BLUE LAGOON HITS 34.5 g/t GOLD OVER 1.53 METERS
41.86 g/t GOLD OVER 1.32 METERS AND
15.02 g/t GOLD OVER 1.71 METERS**

October 21, 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 a short 50-minute drive from Smithers BC., which holds both an Environmental Management Act Permit (EMA) and a Mining Permit providing for up to 75,000 tonnes production annually.

The results within this release are part of the previously announced 3,700 meter work program at the Dome Mountain Gold Project that was designed to focus on upgrading a significant portion of the inferred mineral resource to the indicated category by infill drilling and drilling the upper and eastern margins of the Boulder Vein system on the Dome Mountain Gold Project.

Blue Lagoon Resources Chief Geologist, William Cronk said, “Results from the phase one drilling program continue to show the high-grade nature of the Boulder Vein system at Dome Mountain. Results to date have continued to correlate strongly with known mineralization while simultaneously identifying promising new areas that are yet to be drill tested.”

The recent results include assays from the end of hole DM-20-116 (initial results reported in a press release dated September 28, 2020), and complete results for holes DM-20-117, 125, 126, and 127 (Figure 1).

Highlights as follows:

- **DM-20-116** 34.5 g/t Au and 54 g/t Ag over 1.53 meters
- **DM-20-126** 41.86 g/t Au and 250.72 g/t Ag over 1.32 meters
- **DM-20-127** 15.02 g/t Au and 101.53 g/t Ag over 1.71 meters
- **DM-20-127** 20.6 g/t Au and 108 g/t Ag over 1.24 meters

DM-20-116 - Results from this hole show a significant intercept in a sulfide bearing quartz vein of 34.5 g/t Au and 54 g/t Ag over 1.53 meters from 80.37m to 81.90m depth. Previously reported select intercepts for this hole include 7.9 g/t Au and 13 g/t Ag over 0.4 meters from a downhole depth of 13.60m to 14.00m, and 6.2 g/t Au and 89 g/t Ag over 0.35 meters from a downhole depth of 15.90m to 16.25m. Sulfides in this vein are Pyrite, Galena, and Sphalerite (Figure 2).

DM-20-117 - This hole was designed to define the upper limit of the mineralized system and was drilled in the opposite azimuth of DM-20-116 (figure 1). As no mineralization was intercepted, this hole was not sampled.

DM-20-125 - The estimated depth of the Boulder Vein and mineralization in this hole was 200m, but this hole intersected an unmineralized fault at that depth. However, an intercept from 225.70m to 227.00m encountered an altered ash tuff with disseminated pyrite carrying 0.5 g/t Au over 1.3m. It is not often that sulfide mineralization is seen in the host rock at Dome Mountain and the mineralization found here is interpreted to have just missed a sulfide bearing quartz vein running parallel to the core axis.

Targets for holes DM-20-126 and DM-20-127 were at a depth of 110 meters and 80 meters respectively, however they hit significant mineralization unexpectedly shallow (Figure 3). The Company’s initial interpretation from this result is that the Boulder Vein is faulted upward in this location. Deeper intercepts show potential for future development below the Boulder Vein, which was unexpected. This positive result warrants follow-up drilling in the phase two program which will be designed to test the model of another deeper vein target(s) at depth.

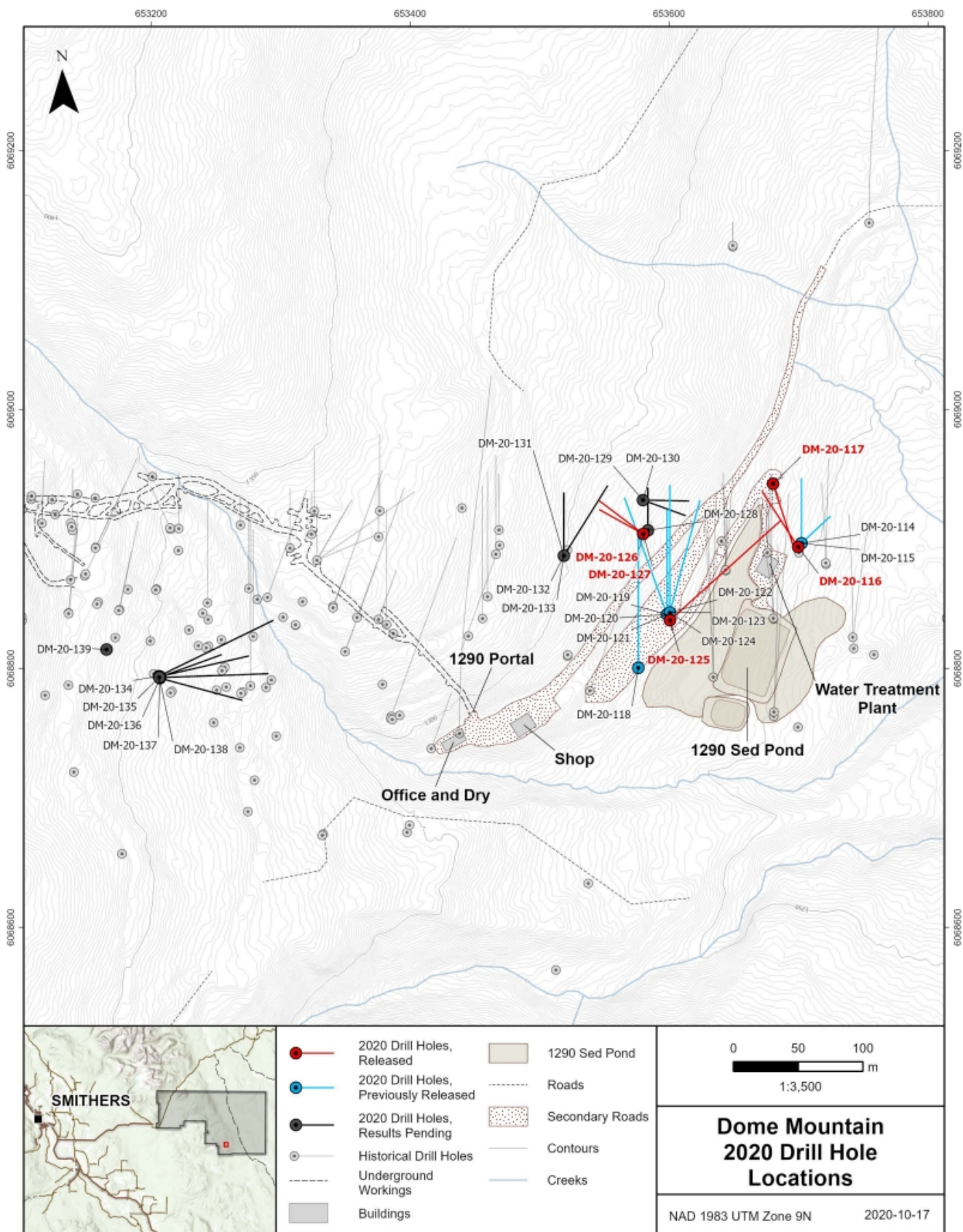


Figure 1

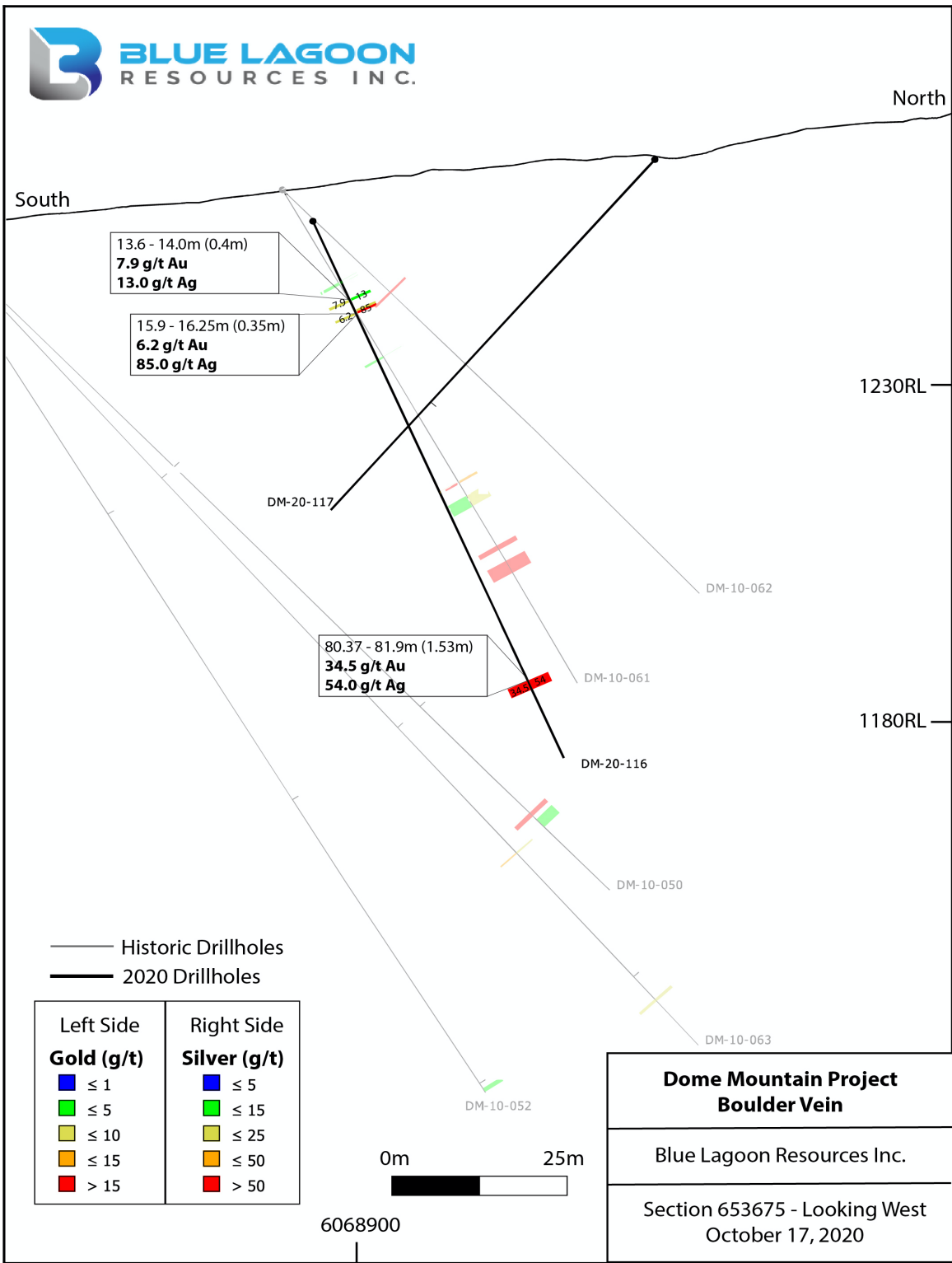


Figure 2

DM-20-126 - A summary of the drill results for DM-20-126 can be seen in Table 1. The most significant interval in DM-20-126 is 41.86 g/t Au and 250.72 g/t Ag over 1.32m (11.93m to 13.25m).

TABLE 1

Hole ID	From	To	Interval	Au (g/t)	Ag (g/t)
DM-20-126	11.93	12.34	0.41	11.1	182
DM-20-126	12.34	12.68	0.34	40.4	344
DM-20-126	12.68	13.25	0.57	64.8	244
DM-20-126	19.85	20.00	0.15	37.8	84
DM-20-126	26.68	27.07	0.39	7.5	9.0
DM-20-126	27.07	27.82	0.75	3.3	42
DM-20-126	30.28	31.13	0.85	2.4	17
DM-20-126	49.03	49.90	0.87	2.5	4.0
DM-20-126	49.90	50.04	0.14	9.7	30
DM-20-126	50.04	50.32	0.28	2.6	23
DM-20-126	50.32	50.62	0.30	2.7	11

Select intercepts for recent results of Phase One drilling hole DM-20-126

DM-20-127 - A summary of the drill results for DM-20-127 can be seen in Table 2. The most significant interval value is 15.02 g/t Au and 101.53 g/t Ag over 1.71m, (38.59m to 40.30m). In addition to this anomalous interval, 20.6 g/t Au and 108 g/t Ag was intercepted from a 1.24m interval from 35.93m to 37.17m at depth.

TABLE 2

Hole ID	From	To	Interval	Au (g/t)	Ag (g/t)
DM-20-127	14.32	14.37	0.05	89	129
DM-20-127	17.05	17.47	0.42	3.4	27
DM-20-127	34.40	34.90	0.50	24.2	187
DM-20-127	35.93	37.17	1.24	20.6	108
DM-20-127	38.59	39.60	1.01	9.7	72
DM-20-127	39.60	39.80	0.20	51.9	377
DM-20-127	39.80	40.30	0.50	11	51

Select intercepts for recent results of Phase One drilling hole DM-20-127

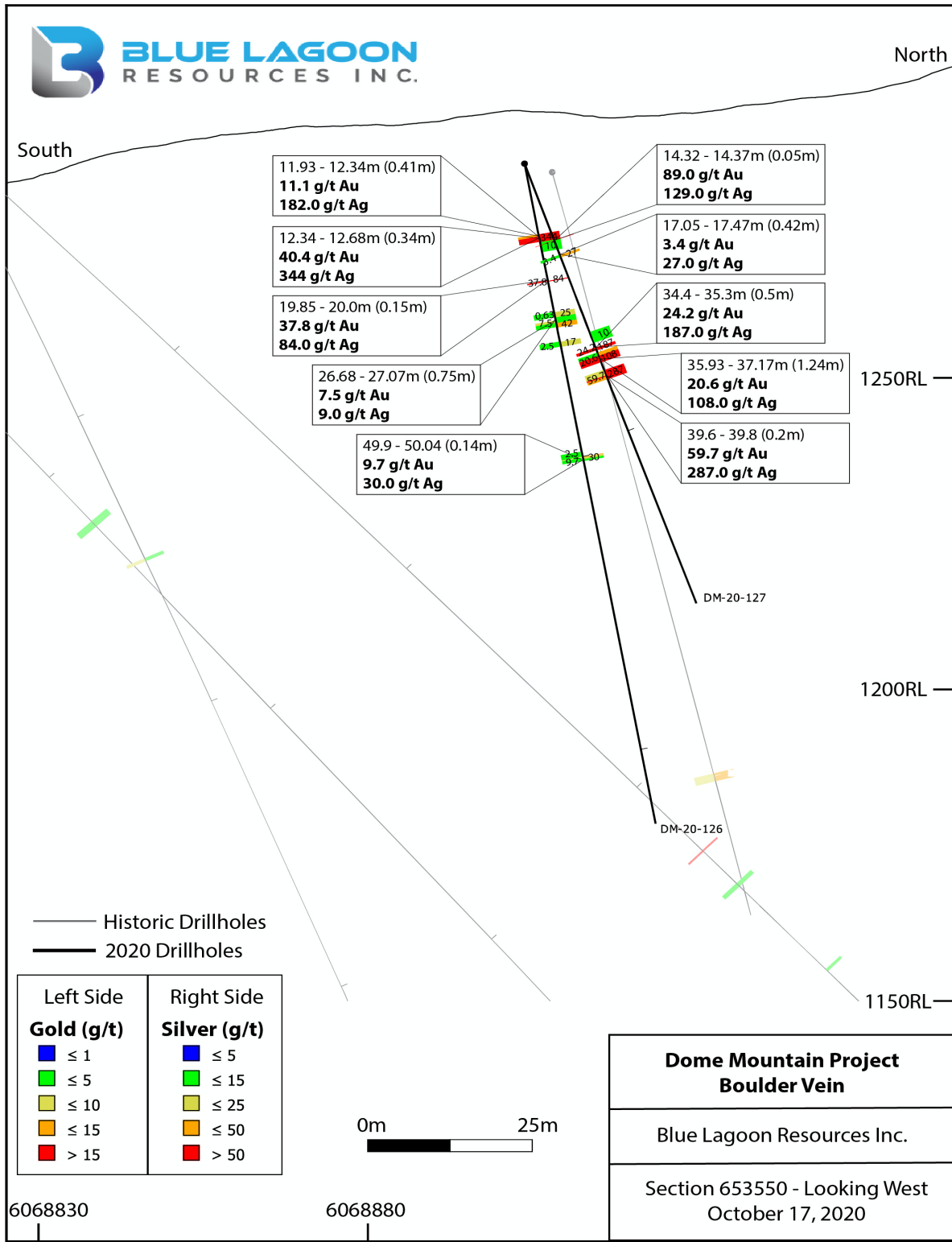


Figure 3

SOILS AND PROSPECTING

The Company has engaged Tripoint Geoservices Inc. to aid with database management, claim and property management, and to provide geological and geotechnical services to the ongoing program. At this time, the team of four Tripoint geologists have completed collecting soils on and along selected high priority targets. 1178 soil samples have been collected and shipped to ALS in Vancouver for analysis.

GROUND CONTROL MANAGEMENT

Underground bolting is on-going with approximately 350 meters of the planned 650 meters at the 1290 level completed to date.

INFRASTRUCTURE IMPROVEMENT

At this time the Dome Mountain crew has nearly finished completing a new core logging shack capable of handling core from two consecutively operating drill rigs which are planned to be used through a winter drilling program expected to begin late this year or early in 2021.

Also, construction of an Ore Storage building, capable of handling and storing up to 200 tonnes per day of mineralized material, has begun.

The Company has not made a production decision at this time and will evaluate such decision once all permit requirements are in place. Any production decision in advance of obtaining a feasibility study of mineral reserves demonstrating economic and technical viability of the project is associated with increased uncertainty and risk of failure.

QUALITY ASSURANCE AND CONTROL

All core analyses were completed by Bureau Veritas out of Vancouver. Core selected for sampling was cut with a core saw in half with one half bagged for shipping. Strict chain of custody storing, and shipping protocol were maintained. Core was crushed, split, and pulverized with 250 grams passing 200 mesh. Each sample was analyzed by MA370 4-acid digestion ICP with ES finish and FA 150 fire assay with ICP-MS finish, and all Au overlimits <1ppm were analyzed with FA 550 fire assay and gravimetric finish. Standards and Blanks were inserted by Company staff. The sampling program was undertaken by Company personnel by and under the direction of Dr. Mathias Westphal P.Geo.

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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