

BLUE LAGOON COMPLETES AIRBORNE GEOPHYSICAL SURVEY - REPORTS LATEST DRILL RESULTS

October 6, 2020 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (the “Company”) (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is pleased to announce completion of the field phase of airborne geophysical surveys over its Dome Mountain Gold Project, located a short 50-minute drive from the town of Smithers B.C.

These surveys, which were flown by Precision GeoSurveys Inc. of Canada, provide the Company with detailed low altitude (helicopter-borne) Magnetic, Electromagnetic (“EM”) and Radiometric data, and were completed in two different phases with 1173.3 km of mag/radiometrics and 1475.5 km of EM/mag, both at 100m line separation.

“This is an important milestone for Dome Mountain as it’s the first time that this type of leading-edge, deep-penetrating airborne survey has been flown on the property, 90% of which has never been previously explored. Most importantly, this will provide us with excellent data to be able to identify, locate and better define conductors and exploration targets for our next drill program that we plan to start later this year and expect to continue well into 2021,” said Rana Vig, President and CEO of Blue Lagoon Resources. “Having recently closed a \$7.5 million financing and no debt, we are focused and committed to rapidly move the Dome Mountain project forward and, with the help of this new technical data, we are designing what will be the largest exploration program conducted on the property to date,” he added.

The new Mag images reveal a prominent northwest trending structural zone defined by two parallel, linear magnetic anomalies interpreted to reflect mafic dikes intruded along a pair of faults. Several minor linear magnetic anomalies occur between and adjacent to these main structures and suggest a complex fracture system which may provide sites for vein-style gold mineralization. In addition, at least five positive, circular magnetic anomalies are interpreted to reflect small (approximately 400m to 800m diameter) intrusions into the volcanic and sedimentary Hazelton Group host rocks. At least one of these is surrounded by a concentric magnetic depression suggestive of possible alteration systems (see white dotted ellipse on Figure 1, number 3). These five circular magnetic anomalies present potential Porphyry Copper/Gold/Moly style exploration targets for the Company to pursue.

Ground truthing and field prospecting has not yet been completed on most of the property and will be part of the ongoing exploration program in 2021.

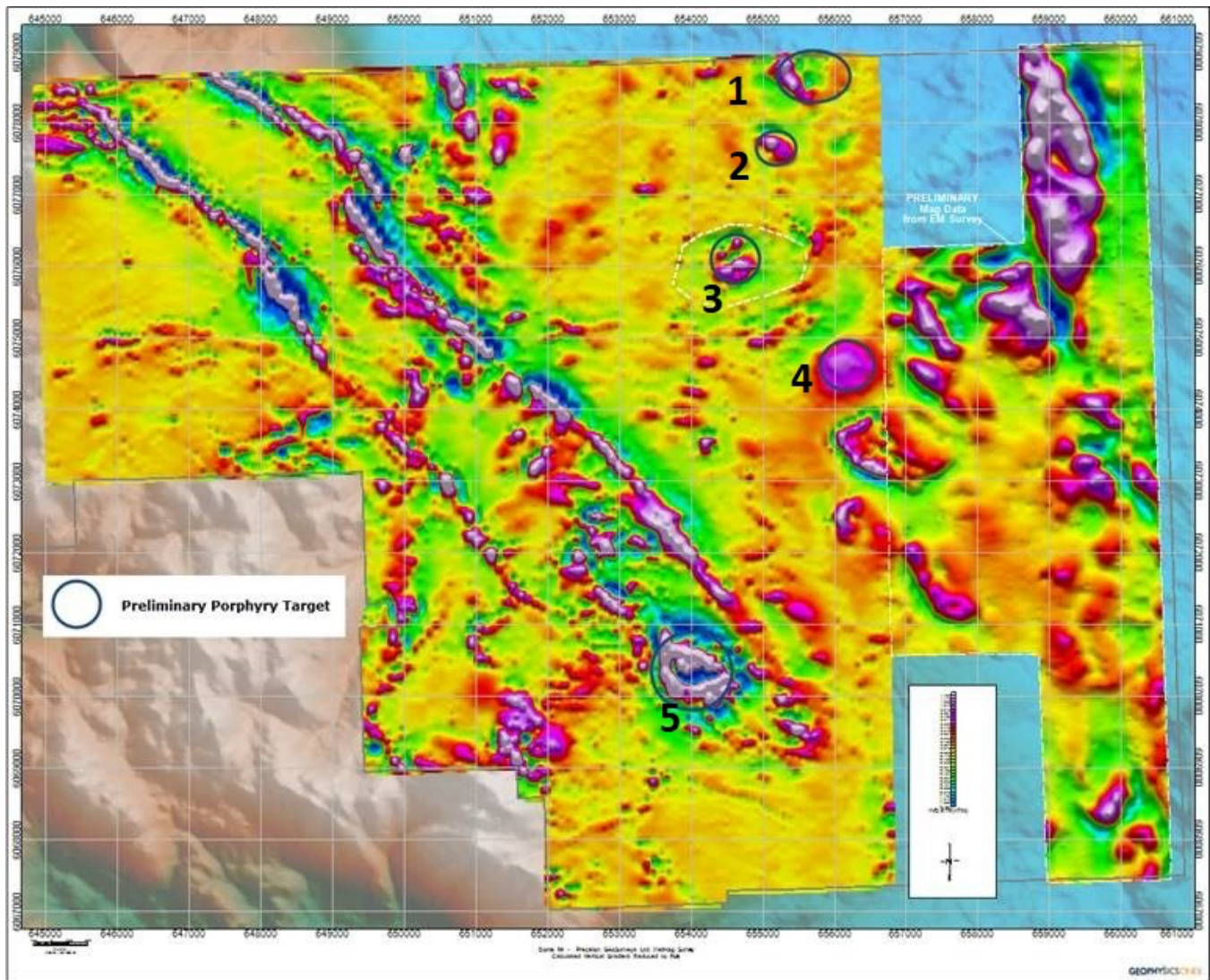


Figure 1

Based on the results of the Mag survey, conclusions can be made on specific targets within the property boundaries. For example, the Freegold showing, located about 1.4km NE from the Boulder Vein system, shows a clear and concentric Mag signature. Gold is hosted in quartz veins and assessment reports point to the anomalous nature of the samples collected. Historic maps show the Freegold veins as narrow NW trending veins hosted by both Monzonite on the eastern end and Hazleton Volcanics on their western end. Investigation and sampling in 2020 showed that these veins are indeed narrow however, where they outcrop on surface, they are found to trend nearly due west. In Figure 1 (5) the recent airborne Mag shows Freegold highlighted by a strong circular Mag feature with an inner core of very low Mag value (Figure 2). Within this low Mag zone, lies the Freegold Veins. This Low Mag zone is nearly one kilometer in length and up to 300 meters in width and offers a very good target for further drill testing.

The Freegold Showing is easily accessible by established gravel roads on the Dome Mountain Property.

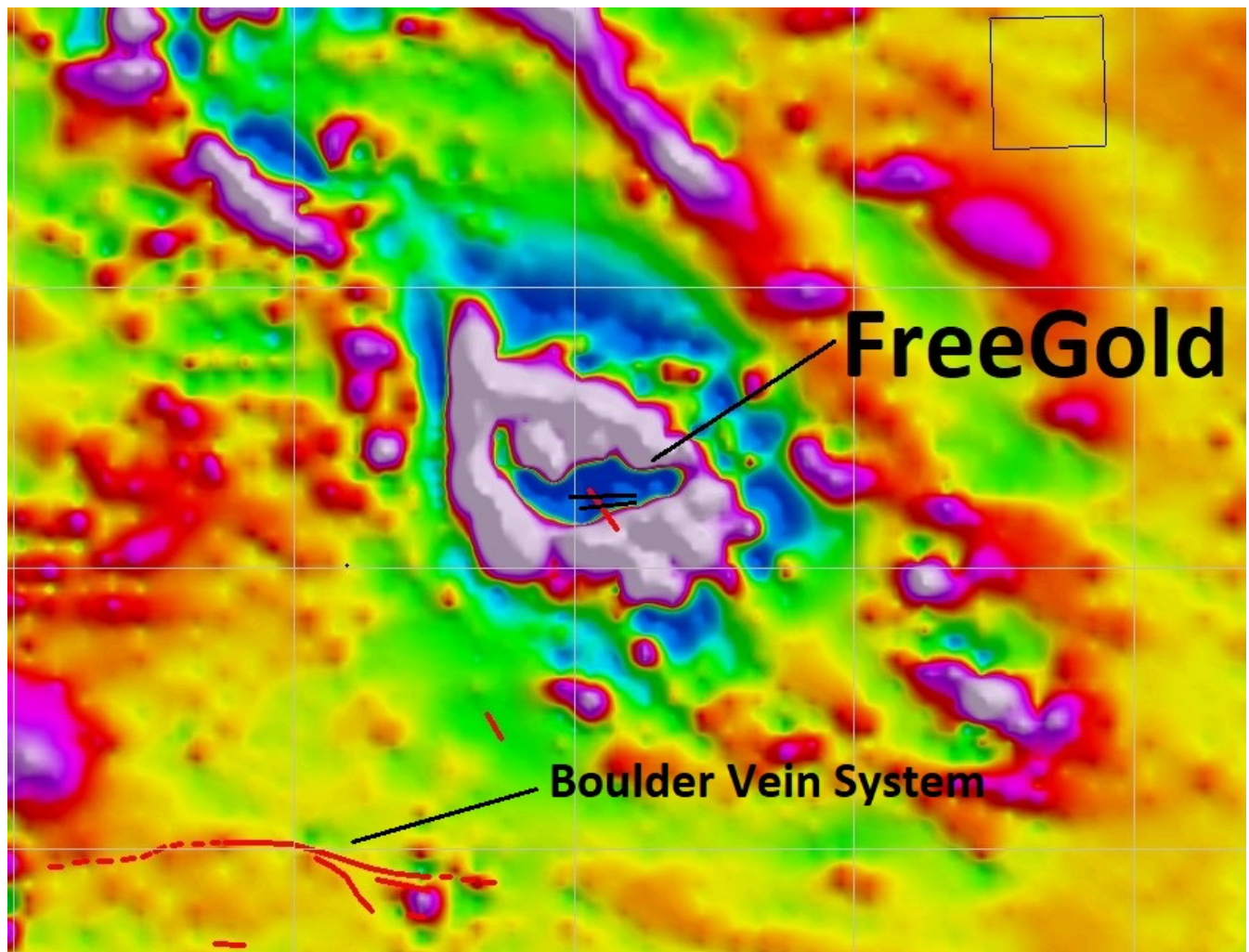


Figure 2

(Scale: Each square in the figure represents an area of 1 km X 1 km)

In addition, the new Mag data shows a clear structural association with mineralization encountered in drill hole DM-20-114 which was drilled as part of the Phase One drill program at Dome Mountain this summer.

Reported intercepts included 107 g/t Au and 278.5 g/t Ag over 1.42m and, 173.4 g/t Au and 1017 g/t Ag over 0.17m (see the Company's news release dated September 28, 2020). The importance of this drill hole drilled within the near mine inferred resource resides in the fact that it hit mineralization on the other side of a NE trending fault and may continue on strike to the east/south east along a structure clearly defined by the recent airborne Mag Survey (Figure 3). This magnetic structure trends for at least 1.5 kilometres.

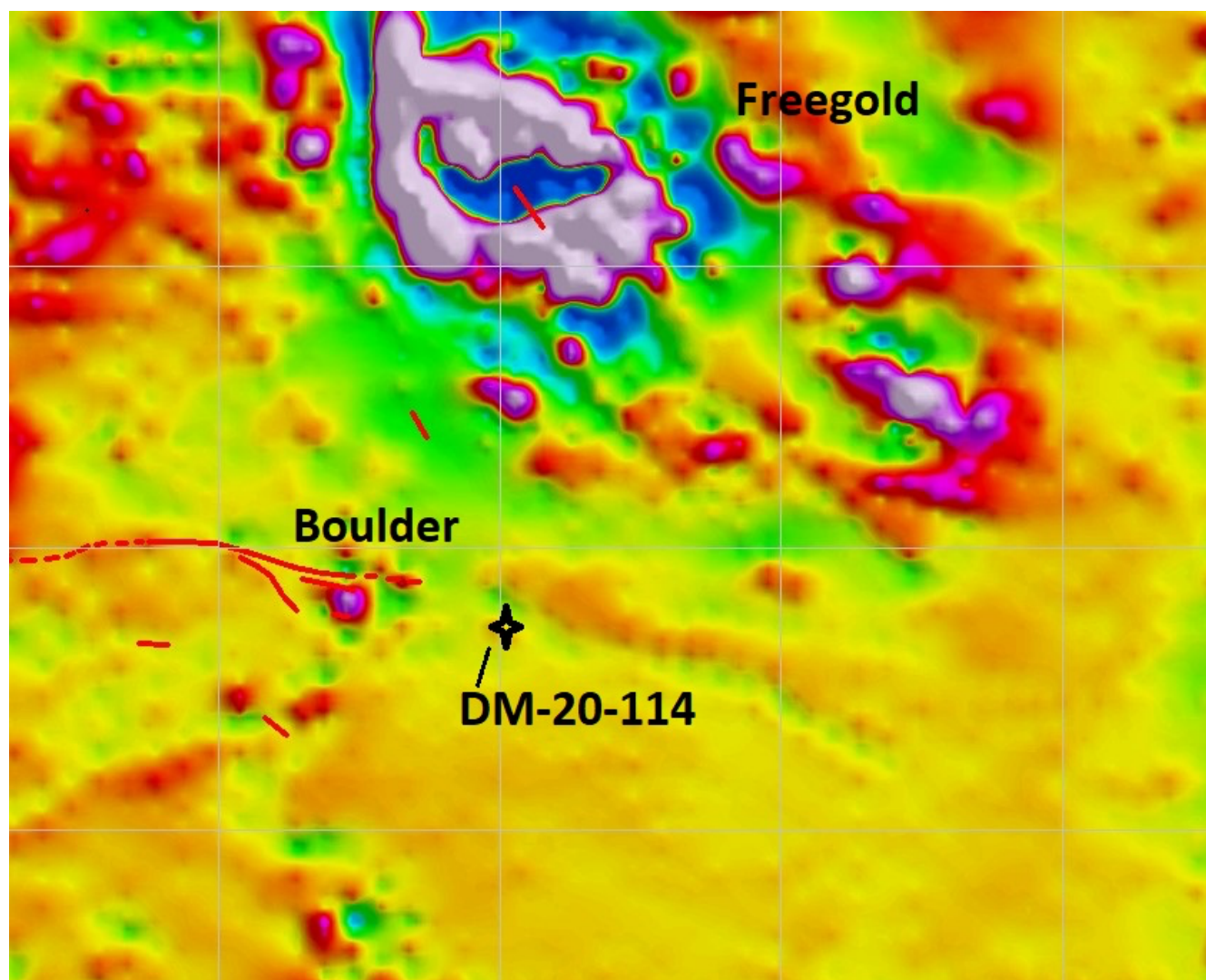


Figure 3

(Scale: Each square in the figure represents an area of 1 km X 1 km)

Further testing by drilling along strike will occur when drilling resumes later this year / early next year.

Work in the future, including drilling, soil sampling, prospecting, and mapping will focus on the presence of strong geophysical structures and intrusive bodies identified by the completed Airborne Mag program over known mineralization. Once analysis of the EM portion of the Airborne survey is completed, the Company will prioritize its exploration drill targets for its next drill program.

Bill Cronk, Chief Geologist for Blue Lagoon Resources stated “The contrast shown by the recent Mag survey clearly identifies promising targets for follow-up. Several of these targets have already been sampled by soils as well as prospecting and the Freegold feature (number 5 in figure 1 and, Figure 2) is clearly a drill ready target. In addition, we are very excited to see that our recent drilled intercept in hole DM-20-114 shows a clear structural association identified by the MAG and further drilling will be a priority once drilling starts again in late December or early January (Figure 3)”.

DRILLING UPDATE

The latest assay results from more holes completed during the Phase One drill program have been received. Core drilling of the previously announced 3,700-meter work program which was designed to

focus on upgrading a significant portion of the inferred mineral resource to the indicated category, is now complete and the first assay results have been reported for holes DM-20-114 and DM-20-115. Figure 4 shows all the drill holes completed during the Phase One Program, highlighting holes DM-20-114 and DM-20-115 (in blue) announced last week, and shows holes in green with the new results.

Further, Figure 4 shows the location of the drill holes relative to the near mine infrastructure including locations of the phase one drill collars and historic drilling relative to the 1290 portal, the office and dry, the mine shop and the water treatment plant.

Recent assay results include DM-20-116, DM-20-118, DM-20-119, DM-20-120, DM-20-121, DM-20-122, DM-20-123 and DM-20-124 with select results given in Table 1 below.

Figure 5 shows the down-hole sections.

TABLE 1

Hole ID	Sample #	From	To	Interval	Ag (g/t)	Au (g/t)
DM-20-116	2626178	13.60	14.00	0.40	13	7.9
DM-20-116	2626181	15.90	16.25	0.35	89	6.2
DM-20-118	2626197	172.60	173.74	1.14	4	4.0
DM-20-118	2626199	182.60	183.20	0.60	39	6.4
DM-20-118	2626202	188.48	189.40	0.92	59	11.3
DM-20-119	2626209	142.40	142.97	0.57	16	8.1
DM-20-120	2626220	159.88	160.28	0.40	85	16
DM-20-120	2626223	166.12	167.70	1.58	4	1.0
DM-20-121	2626244	160.04	160.36	0.32	6	1.9
DM-20-122	2626254	150.87	151.20	0.33	4	2.9
DM-20-123	2626258	119.93	120.43	0.50	34	12.7
DM-20-123	2626264	123.48	124.35	0.87	16	3.9
DM-20-123	2626265	124.35	125.80	1.45	21	7.1
DM-20-124	2626273	116.26	116.41	0.15	14	3.6
DM-20-124	2626276	117.87	118.20	0.33	61	12.1
DM-20-124	2626277	118.20	118.68	0.48	87	18.8
DM-20-124	2626279	118.68	119.00	0.32	17	2.7
DM-20-124	2626281	119.00	119.45	0.45	15	2.9

Select intercepts for recent results of Phase One drilling

Significant Drill Results Include:

- **Hole DM-20-118** 11.3 g/t Au and 59 g/t Ag over 0.92 meters
- **Hole DM-20-119** 8.1 g/t Au and 16 g/t Ag over 0.57 meters
- **Hole DM-20-120** 4.03 g/t Au and 20.36 g/t Ag over 1.98 meters
- **Hole DM-20-123** 12.7 g/t Au and 34 g/t Ag over 0.50 meters
- **Hole DM-20-124** 9.61 g/t Au and 46.88 g/t Ag over 1.58 meters

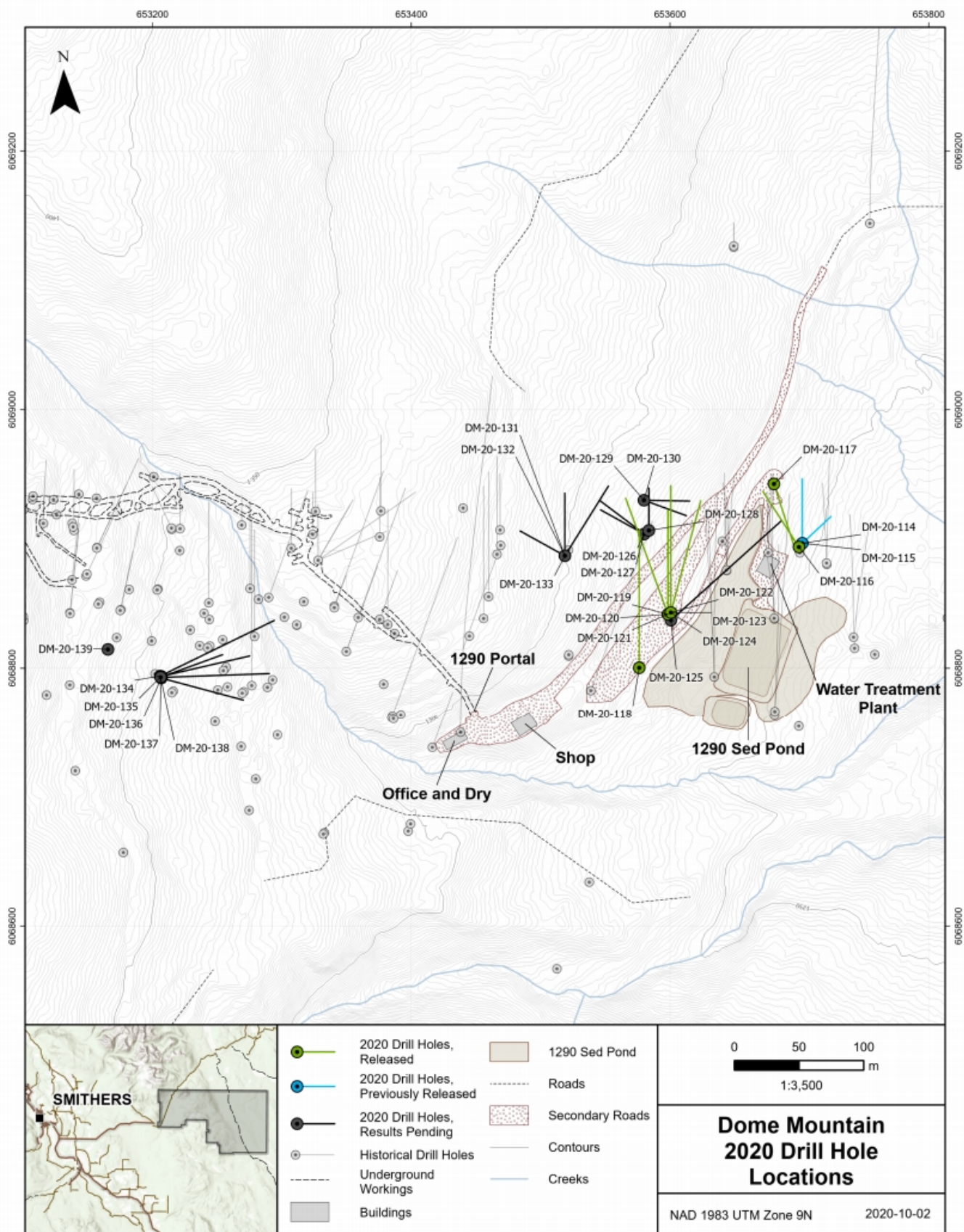


Figure 4

1300RL

North

South

DM-16-096

DM-16-102

1210RL

1120RL

— Historic Drillholes
— 2020 Drillholes

Left Side Silver (g/t)	Right Side Gold (g/t)
≤ 5	≤ 1
≤ 15	≤ 5
≤ 25	≤ 10
≤ 50	≤ 15
> 50	> 15

0 50
Meters

**Dome Mountain Project
Boulder Vein**

Blue Lagoon Resources Inc.

Section 653600E - Looking West
October 3, 2020

6068770

6068850

Figure 5

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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