

BLUE LAGOON RESOURCES INC.

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BLUE LAGOON RESOURCES PROVIDES UPDATE ON PELLAIRE PROPERTY

August 22, 2019 – Vancouver BC - Blue Lagoon Resources Inc. (CSE:BLLG) (the “Company”) is pleased to provide further information on the Pellaire project (“the Property”). The Company has an agreement to acquire 100% of the shares of ASIC Mining, an arm’s length company, which holds an option to acquire a 100% interest in the Property (see news releases of August 6 and August 19 for additional information).

The Pellaire property is located 160 km southwest of Williams Lake in the Chilcotin range of south-central British Columbia (Fig 1). The claims cover an area of 7119.69 hectares (17593.12 acres) in two separate claim blocks (Fig 3) located to the east of Tsylos Provincial Park and to the west of Taseko Lakes. The northwest section of the property is accessible by road from William’s Lake. Road access to the southern claim blocks is pending required repairs to the Tchaikazan River Bridge.



Figure 1 Location

Property Location

Further infrastructure available to the Pellaire property includes a 20-man exploration camp with cabins, a cookhouse, laundry facility and mine dry (Figure 2). Several pieces of a small-scale 200TPD gravity mill are located adjacent to the camp including a cone crusher, trammel, RMS Jigs and Falcon separator, HG water stand and spiral screw classifier. The camp as well as the equipment requires some updating and maintenance.



Figure 2 Pellaire Camp

A network of small roads carved out of side slopes or talus exist but are in need of some repair before they can be used. The roads were used to access the veins, adits, bulk sample sites, and additional stockpiles.

The Pellaire Claims

The southern claim block is known as the **Pellaire Claims** and consist of 13 contiguous claims totaling 4,081.82 hectares (figure 3). These claims represent an advanced stage Gold-Silver-Telluride vein system hosted by a Late Cretaceous equigranular biotite-hornblende granodiorite (Mt. Mcleod Granodiorite) near its contact with the Early Cretaceous Falls River Formation. There

are 10 known gold-bearing veins on the property occurring along south verging thrusts. Five of these veins have been partially mined.

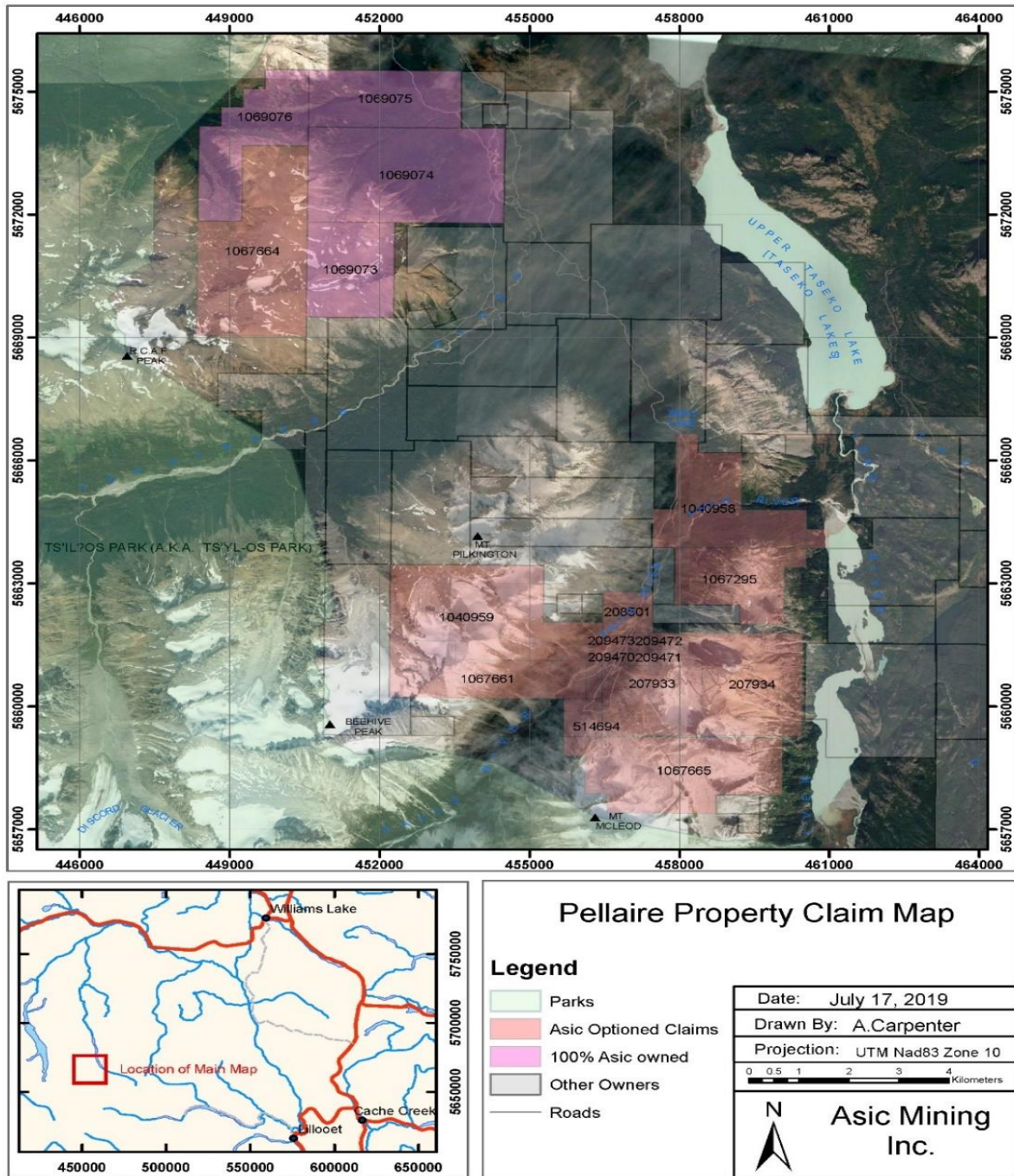


Figure 3 Pellaire Property Claims

The Pellaire veins are fractured and vuggy, limonitic quartz veins, <1-7.5m in width, with up to 3% metallic minerals in the quartz mass, including pyrite, chalcopyrite, galena, hessite, altaite,

gold and magnetite. Strike lengths of these veins have been identified to 350m and down dip extents to 200m. They are considered open along strike and dip.

A small amount of drilling in the past has been conducted on the property with minimal success. This was due to issues relating to core recovery which plagued many of the programs due to the sheared quartz vein material and the clay rich, fractured wallrock. Vugs and open spaces were commonly encountered causing additional drilling difficulties. In addition, core drilling fluids are known to 'wash' away gold values exposed to the fluids. The variable core recovery, coupled with the erratic nature of gold values, makes core drill-hole delineation of the deposit difficult. However, in the future, the Company plans to utilize what it believes will be a much more effective program using RC drilling to define and expand a gold resource at Pellaire. RC drilling will allow for fast efficient drilling to depth without the use of drilling fluids and provide for large samples collected in highly blocky and fractured vein ore zones. These samples can easily be used for later metallurgical test work.

Past drilling in 1987 and 1998 totaled 1687m of core from 21 holes.

Most work conducted on Property was focused on a "mine now" philosophy. The Company plans to utilize a "good science" approach to understanding the depositional environment at Pellaire in order to define the volume and grade of mineralized material.

Bulk Sampling & Metallurgy:

Bulk sampling programs were conducted on the Property between 1996-1998 and the material from these programs are distributed in a number of stockpiles throughout the property, including 1,000 tons stored next to the mill site at the Falls River Camp.

Work conducted by Jaguar International Equities Inc.

In 1996, Jaguar International Equities extracted 1,270 tonnes of mineralized material from the #4 and #5 veins, of which 780 tonnes was sent to the Cominco smelter in Trail, B.C. The smelter returned average grades of 46.5g/t Au and 152.5g/t Ag (MINFILE 0920 045 report).

In 1997, a total of 1,138 dry tons of mineralized material was mined from the #4 and #5 veins. All of this material was processed at the Cominco smelter. The smelter returned average grades of 23.65 g/t Au and 74.95 g/t Ag (Gaboury, 1997). The following table summarizes the smelter grades of the 1997 mined material by lot number.

Date	Lot#	Dry Tons	Au oz/ton	Ag oz/ton
August 20, 1997	6	67.1335	1.20	4.250
Nov 5 1997	7	442.137	0.6050	1.90
NOV 5 1997	8	168.9600	0.6050	1.90
DEC 9 1997	9	84.6795	0.6050	1.90
Dec 8 1997	10	287.4940	0.8960	2.50
Jan 8 1998	11	87.9940	0.3850	1.850
TOTAL		1,138.3985		

In 1998, 800 lbs of material were extracted from the surface of the #3 vein which were also used for metallurgical testing. Samples collected from this bulk sample ranged from 15 g/t to 205 g/t Au.

In 1999, 1400 tonnes of vein material were removed from flexures in the #3 vein structure and brought down to camp. The material was removed from surface between the 2238-2243 level. The grades were much lower than expected, which led to select resampling in 2001. Resampling indicated that the low grades from the 1999 bulk sample might be due to a sampling bias caused by excavator removal of loose material, which increased the proportion of altered wallrock (dilution) to gold bearing quartz (Smith 2000).



Figure 4 Bulk Sample locations

From 2000 to 2001, Zelon Chemicals expanded the bulk sample from the open cuts on the #3 and #4 veins. This sample involved the removal of 65,000 t of rock in order to excavate 15,000 t of vein and alteration material. A total of 1,200 tons of material was crushed to <2 inches, then trucked to the camp site.

In October of that year, the newly installed gravity plant was used to concentrate mineralized material from camp stockpiles producing 72 barrels containing 30 tons of fines and about 1,500 tons of -1/4 inch washed rocks. 157 samples were taken from these barrels, subset into 381 analyses. Some of these results were released in subsequent assessment reports (Hajek, 2014).

Historical Resource Estimates:

The Pellaire Property does not have a current NI43-101 compliant resource and there is very little record of the grades and tonnage of the ore material that was removed through underground workings. Any early estimates were only concerning mineralized material restricted to already defined mineralization shoots in the veins.

In 1947, Dr. A.C. Skerl made a rough estimate of the immediately available resource to be ~34,000 tons grading 0.67 oz Au/ton, with a geologic potential of hundreds of thousands of tons. Underground sampling data is only available in longitudinal section compilations completed by Lord River Gold Mines. The source data has not been located (Ash, 1995).

In 1989, Max Holtby of Consolidated Silver Standard Mines provided an estimate for the # 4 vein of 12,057 tons at 1.11 oz Au/ton.

In 1995, Ash & Associate consulting Ltd. completed a property evaluation report including a resource estimate for International Jaguar subsequent to the acquirement of the Pellaire project. This included underground sampling to confirm Lord River Gold Mines data. An estimate was calculated for the northeast section of the #4 vein at 30,003 tons at 0.516 oz/t Au.

The foregoing mineralization estimates were not prepared in accordance with current NI 43-101 standards and there is no current mineral resource on the Property. A qualified person has not done sufficient work to classify the historical estimates as a current mineral resource. The Company is not treating these historical estimates as a current mineral resource.

Additional claims acquired from ASIC Mining - Northwest Copper

The northwest claim block is known as the Northwest Copper Claims and consists of 5 claims totaling 3,027.87 hectares. The Northwest Copper claims represent an early stage Cu-Gold-Silver porphyry system hosted by rocks of the Powell Creek and the Tchaikazan River Formations.

Qualified Person

The technical information contained in this news release has been reviewed and approved by William Cronk, BSc, P.Geo., consultant to ASIC, who is a qualified person as defined under National Instrument 43-101.

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

Certain information contained herein constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to: the entering into a definitive agreement and completion of the acquisition of ASIC. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "intends", "believes", "plans to", "expects" or "it is expected", or variations of such words and phrases or statements that certain actions, events or results "will" occur. Forward-looking statements are based on information as of the date such statements are made and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, to be different, including due to: the receipt of all necessary regulatory approvals, the ability to conclude the Share Exchange, capital expenditures and other costs, and

financing and additional capital requirements. Readers should not place undue reliance on forward-looking statements and forward-looking information. Blue Lagoon does not undertake to update any forward-looking statements or forward-looking information that are incorporated by reference herein, except as required by applicable securities laws.