

**BLUE LAGOON PROVIDES FIRST DRILL RESULTS FOR
ITS DOME MOUNTAIN GOLD PROJECT – HITS 107 g/t GOLD
AND 278.5 g/t SILVER OVER 1.42 METERS**

September 28, 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 Mine Project, an all year accessible property located a short 50-minute drive from the town of Smithers B.C.

DRILLING

Core drilling of the previously announced 3,000-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 delivered for holes DM-20-114 and DM-20-115.

DM-20-114 drilled significant gold bearing quartz veins from 66.90m to 67.07m and from 69.13m to 70.55m below ground surface:

TABLE 1

From	To	Interval	Sample #	Ag (g/t)	Au (g/t)
66.90	67.07	0.17	2626152	1017	173.4
67.07	69.13	2.06	2626153	<20	0.45
69.13	69.84	0.71	2626154	398	165.3
69.84	70.55	0.71	2626155	159	48.7

Significant intercepts in hole DM-20-114

Hole DM-20-114 was drilled at an azimuth of 47 degrees and an inclination -73.

Both intercepts consist of Quartz-Carbonate veins with massive sulfide made up of Pyrite, Galena and Sphalerite. The upper contact of the deeper 1.42m intercept is at 90 degree to the core axis and the sulfide band along the lower contact is 80 degrees to the core angle. True width is expected to be at approximately 1.3m.

DM-20-114 was the first hole of the 2020 phase one program and was designed to intercept mineralization in the inferred resource in order to upgrade to the indicated category and to test for continued mineralization in the Boulder Vein east of a NE trending fault. Both goals were accomplished.

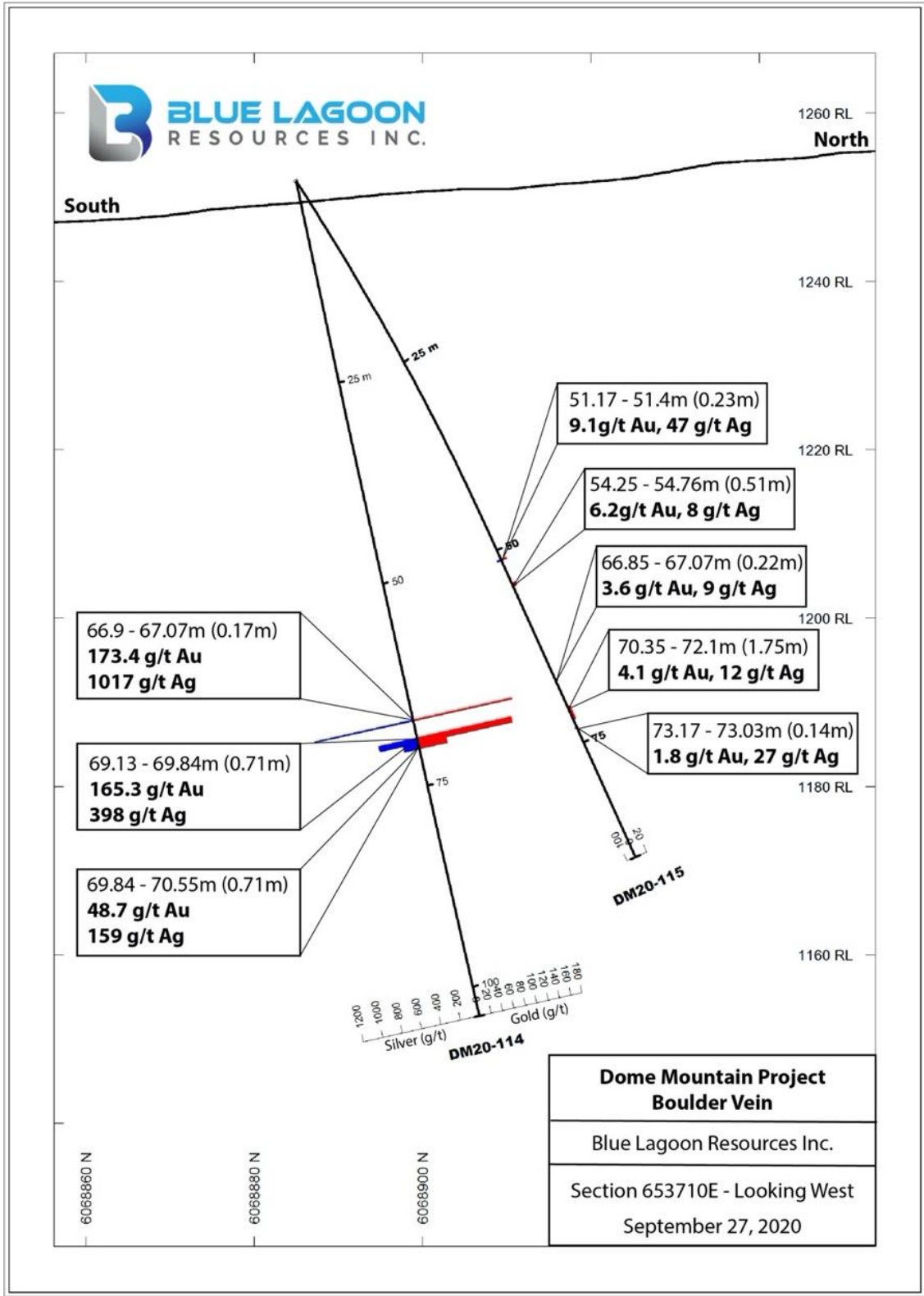


Figure 1: Hole DM-120-114 and DM-20-115

DM-20-115 was drilled from the same pad as DM-20-114 at an azimuth of 0 degrees and an inclination of -67.

TABLE 2

From	To	Interval	Sample #	Ag (g/t)	Au (g/t)
51.17	51.40	0.23	2626164	47	9.1
54.25	54.76	0.51	2626167	8	6.2
66.85	67.07	0.22	2626170	9	3.6
70.35	72.10	1.75	2626175	12	4.1
73.17	73.03	0.14	2626177	27	1.8

Hole DM-120-114

The mineralization intercepted in hole DM-20-115 is hosted by quartz veins generally running sub-parallel to the core axis and containing discreet grains and cm selvages of pyrite, sphalerite, and galena.

As with hole DM-20-114, the quartz veins themselves are hosted by Ash and Lapilli Tuff. Though the intercepts are narrow, these drill holes show that the Boulder Vein system continues to the East with good grades.

To date 26 holes have been completed for a total of 3,732m. Results from 24 more holes are still pending.

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 250grams passing 200 mesh. Each sample was analyzed by FA 550 fire assay with gravimetric finish and MA370 4-acid digestion ICP with ES 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.

AIRBORNE GEOPHYSICAL SURVEY

Precision Geophysical is near completion of the planned 1171-line kilometer airborne survey. Two flight programs were planned and consist of a MAG/Radiometric program and a MAG/EM program. The MAG/Radiometric program has been completed and the MAG/EM program is now 75% complete.

The AirTEM TS-150 time domain electromagnetic survey and the Scintrex CS-3 caesium vapor airborne magnetometer survey are being completed on 100-meter line spacing along lines oriented north and south. Analysis and interpretation of the Airborne data is on-going and is expected to be completed in the next two weeks.

Peter Diorio, P. Geo. of GeophysicsOne Inc. is the company's consultant on the airborne data.

SOILS AND PROSPECTING

The Company has engaged Tripoint Geological Services Ltd. to aid with database management, claim and property management, and to provide geological and geotechnical services to the ongoing program. At this time, a team of four Tripoint geologists are collecting soils on and along selected high priority targets. To date, 600 soil samples and 12 rock samples have been collected. All samples will be shipped to ALS in Vancouver for analysis.

It is expected that this field crew will be busy for another three weeks. Results from the soils will be analyzed within the context of available geological, geochemical, and geophysical data in order to pick and prioritize drilling targets for the planned phase two drilling program, which is expected to begin early January 2021.

EXPANSION OF EXPLORATION PLANNED

The Company is also pleased to report that it has filed an application for a multi-year exploration permit (MX Permit) on the Dome Mountain Gold Project. This permit highlights certain exploration tasks geared toward exploring the already known high-grade vein targets on the property that lie off the current designated M-237 permit area. Tasks include (but are not limited to) ground IP and drilling.

The full exploration scope of work will include mapping and sampling; underground work at the known high-grade Free Gold vein; property wide prospecting; and follow-up ground MAG and IP and soils collection.

UPDATE ON MINING PERMIT AMENDMENTS

As previously announced in the press release dated September 23, 2020, the Company has commenced work on its mining permit amendment process. This \$1.5 million budgeted program is focused on addressing the three main amendment tasks identified by the Ministry of Energy, Mines and Petroleum Resources (MEMPR), which once completed, are expected to allow for the re-start of underground mine production at the Dome Mountain Gold Mine.

WATER TREATMENT

The Company's contractor for the water treatment facility, Muddy Rivers Technologies, has completed two rounds of Bench scale testing on the mine water to date. The updated schedule shows plans for full-scale equipment preparation and transport to site by early November, installation by early December and full-scale testing and report by end of December 2020.

GROUND CONTROL MANAGEMENT

Underground bolting is on-going with approximately 175m of the planned 650m underground scope of work completed to date.

A mine refuge station has been placed in the mine and has been wired in with power and equipped with air bottles.

The Company will evaluate a production 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.

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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