

Blue Note Mining and First Gold Exploration announce positive prefeasibility study for the Croinor gold project

Montreal, Québec, July 15, 2010 – Blue Note Mining Inc. (TSXV: BNT) (“Blue Note”) and First Gold Exploration Inc. (TSXV: EFG) (“First Gold”) are pleased to report positive results from the Prefeasibility Study (the “Study”) for their jointly owned Croinor gold project located near Val-d’Or, Quebec. The Study confirms the project’s robust economics and excellent potential for long term growth through a focused exploration program. The Study was completed by InnovExplo Inc. with the participation and contribution of Golder Associates and other contractors, consultants and suppliers.

The Study indicates that the Croinor gold project has a 97% internal rate of return using Bloomberg consensus gold prices and exchange rates for 2011 through to 2015.* It outlines an underground mining operation using custom milling at a fully permitted milling facility near Val-d’Or and displays significant improvements over the Preliminary Economic Assessment prepared by Golder Associates filed in July 2009 including more than doubling the mine production.

The Technical Report in accordance with Regulation 43-101 for the Prefeasibility Study will be filed on www.sedar.com within 45 days of this news release. Highlights from the Study are presented in the following table. All currency in this report is in Canadian dollars unless otherwise noted.

HIGHLIGHTS OF PREFEASIBILITY STUDY

Parameters	Results
Proven & probable mineral reserve	689,829 tonnes at 8.35g/t
Total contained gold reserve	185,260 oz
Mine life (including 14-month preproduction)	5 years
Daily mine production	500 tonnes per day
Gold recovery	97.5%
Annual gold production	39,181 to 45,631 oz
LOM recovered gold	170,556 oz
Average cash operating cost	\$160/tonne
Average cash operating cost	US\$572/oz
Capital cost (including \$7.4M sustaining/working capital)	\$ 26 million *
Total cost per ounce	US\$715/oz
Total revenue	\$182 million
Total operating cost	\$104 million
Total project cost	\$130 million
Total operating cash flow (before tax & royalties)	\$52.4 million
Net cash flow (pretax after royalties)	\$47.4million
NPV (pretax @ 7% discount)	\$35.9 million

IRR (pretax)	97%
Payback period	25 months
Pre-production period (including 42,000t of production)	14 months

*Includes capitalized preproduction operating cost net of associated revenue

*Bloomberg base case consensus forecasts: 2011 to 2015
Gold Price (\$US/oz) 1,178; 1,165; 1,123; 850; 850
Exchange Rate (\$C/\$US) 1.04/1.06/1.09/1.05/1.05

"We are very pleased with the results of the Prefeasibility Study which substantiates the quality of the Croinor gold project," commented Leon Methot, Blue Note's Chairman and Chief Executive Officer. "The present reserve base is an excellent starting point for the project and can be significantly expanded by upgrading the resource through a combination of infill and deep exploration drilling. We are progressing well with the permitting process and will continue to work expediently to bring this robust project into production."

"I'm very pleased that our project is now ready for development with 185,000 ounces of reserves, a short payback period and a whopping 97% IRR. The future cash flows of the project will greatly benefit both Blue Note and First Gold Exploration.", comments Eric Leboeuf, President and Chief Executive Officer of First Gold Exploration."

Project Overview

The Croinor gold deposit located approximately 70 km from Val-d'Or, Quebec, consists of 38 high grade gold bearing quartz veins and remains open at depth. Recent production from the deposit totaled 8,081 ounces in three phases from two separate open pits from November 2003 to May 2005. The material was processed at a nearby Val-d'Or milling facility.

Gold mineralization is essentially associated with metasomatic pyrite located in quartz vein walls as well as in the strongly altered host-rock material of tectonic breccia. Gold occurs as inclusions within and along the edges of pyrite grains. Minor amounts of chalcopyrite and pyrrhotite are sometimes present with the pyrite. Occasionally, free gold is found within quartz veins of shear zones as well as in their strongly metasomatized walls.

Resource Estimation

After the open pit operations ceased in May 2005, two Mineral Resource estimates were completed for the Croinor gold project. The first was prepared in November 2005 by Carl Pelletier of InnovExplo Inc. and was entitled "NI 43-101 Technical Report for the Mineral Resource Estimate of the Croinor gold project". This formed the basis of the July 2009 Preliminary Economic Assessment by Francois Chabot of Golder Associates (the "PEA"). The second, prepared by Pierre O'Dowd in September 2009 entitled "NI 43-101 Resource Estimate Update and 2008 Technical Report on the Croinor 1 and 2 Projects", incorporated a 12,648-meter drill program conducted from 2007 to 2009. The latter forms the basis of the current Study.

Following is the Mineral Resource summary:

Mineral Resource Estimate						
Measured and Indicated Resource						
Category	Cut-off 5 g/t Au			Cut-off 7g/t Au		
	tonnes	g/tonne	ounces	tonnes	g/tonne	ounces
Measured	31,192	8.59	8,615	15,210	12.46	6,092
Indicated	783,036	9.13	229,799	385,636	12.70	157,416
Total Resource	814,228	9.11	238,414	400,846	12.69	163,508

Reserve Estimation

The PEA prepared by Golder Associates in July 2009 provided for a probable economic reserve of 309,000 tonnes based on the 2005 InnovExplo resource estimate. The Prefeasibility Study provides for 689,829 tonnes based on the 2009 O'Dowd resource estimate and a gold price related reduction in the cut-off grade.

This Study also provides a complete update on the information provided in the PEA and includes a detailed mine plan and project pricing and economic forecast updates. Mill throughput increased by 109% compared to the PEA. While the life of mine capital expenditures increased due to the increased mined tonnage, the increased production rate and other changes arising from the full review conducted during the Prefeasibility Study, the pre-tax cash flow rose to \$47.4 million, an increase of 150% compared to the PEA.

The underground mine reserves were determined using an undiluted cut-off grade of 5.0 g/t and minimum mining width of 1.8 metres. The estimated proven and probable reserves totaled 185,260 oz after applying a mining recovery of 85% for room-and-pillar mining and 95% for long-hole mining, with a dilution factor of 5% for room-and-pillar stopes and 20% for long-hole stopes.

Following is the Mineral Reserve Summary:

Mineral Reserve Estimate			
Category	Undiluted Cut-off 5 g/t Au		
	tonnes	g/tonne	ounces
Proven	13,619	8.00	3,504
Probable	676,210	8.37	181,756
Total Reserve	689,829	8.35	185,260

Improvements to the Golder Study

The primary reasons for the improvement over the Golder Study are:

- Resource increase in accordance with the O'Dowd report;

- Mine tonnage increase from 309,805 tonnes (82,877 ounces Au) to 689,829 tonnes (185,260 ounces Au);
- Mill throughput increase from 400 tpd to 500 tpd;
- Improved gold prices;
- Recovered gold production increased from 80,806 ounces to 170,556 ounces;
- Detailed mine plan completed to facilitate determination of proven and probable reserves;
- Major contractors (including potential custom milling partners) and suppliers contacted for updated project pricing;
- Implementation of cost reduction measure such as extension of the power line to service the site eliminating the use of high cost generators.

Mining

The underground mine design provides for a mine plan containing 689,829 tonnes of ore assaying 8.35 g/tonne. Total mine ore production over the current five-year mine plan is expected to be 180,629 oz.

A summary of the annual mine plan is as follows:

Year	Ore Mined (tonnes)	Ore Milled (tonnes)	Gold Production (oz)
Pre-production			
14 months	44,596	42,000	10,073
1	172,500	172,500	45,631
2	172,500	172,500	45,249
3	172,500	172,500	40,495
4	127,733	130,329	39,181

The mining method will be 80/20 ratio of room-and-pillar mining and long hole mining. For stopes less than 45 degrees the mining method will be room and pillar with long hole for the remaining stopes. Contractors will be utilized for all mine development, mine production and ore haulage activities. A small staff workforce will be hired to provide technical support and direction to the contractors.

Processing and Metallurgy

Ore from Croinor will be processed at a mill in the Val-d'Or area which will have excess capacity for the duration of the Croinor operation. Contact has been made with potential custom milling partners and tentative commitments have been arranged for processing the ore. Ore previously mined from the Croinor open pit operations was processed at a mill in the area and based on actual results achieved during these runs, a gold recovery of 97.5% has been used in this Study. 42,000 tonnes of ore which will be processed during the pre-production period is deemed to be capital production and is not included in production nor is the revenue derived there from. Life of mine gold production is 170,556 ounces.

Infrastructure

A 25 KV transmission line will be extended from the nearby Chimo mine site to the Croinor site to supply electrical power for the site.

The existing roads to and on the site will be upgraded to support vehicle travel to and from the site including the offsite transportation of ore for processing.

The mine will be dewatered and the existing 300-meter ramp and 2 km mine level development will be reconditioned and extended to meet mine requirements. The existing 200-meter deep shaft will be reconditioned and used as a ventilation raise and emergency escape way. Ore and waste haulage to surface will be via ramp.

One existing building will be set up for use as a garage and additional buildings will be constructed to serve as dry, offices and core shack.

Operating Costs

Operating costs over the life of mine are projected to average US\$572 per oz. The cost distribution is as follows:

	\$/tonne milled	US\$/oz Au produced
Mining		
Direct	61.69	219
Indirect	34.28	122
Milling & ore transportation	43.00	154
Surface services	0.59	2
Administration	11.96	44
Energy Cost	7.57	27
Environment	1.20	4
Total operating cost (LOM)	160.30	572

Capital Costs

The capital cost estimate is accurate within +/- 20%.

The pre-production costs are estimated at \$18.59 million including capitalized operating costs, net of production revenue of \$2.17 million received during the pre-production period. Sustaining capital is estimated at \$7.4 million excluding \$0.62 million for final closure costs.

The cost breakdown is as follows:

Description	\$M		
	Pre-Production	Sustaining	Total
Capitalized operating cost	14.46	0	14.46
Capitalized revenue from production-	-12.29	0	-12.29
Dewatering and mine rehabilitation	1.44	0	1.44
Mine development	6.67	6.75	13.42
Ventilation	0.25	0	0.25
Mine dewatering	0.42	0	0.42
Surface infrastructure	1.40	0	1.40
Electrical infrastructure	4.98	0.38	0.38

Buildings	0.84	0	0.84
Environment	0.42	0.23	0.65
Demobilization	0	0.02	0.20
Total Capital	18.59	7.38	25.98
Closure		0.62	0.62

Financial Details

The financial analysis for the base case (Bloomberg consensus gold and exchange rate forecast) provides for a pre-tax undiscounted NPV of \$47.4 M with an IRR of 97%. Discounted at 7%, the NPV is \$35.9M. Using the 3-year trailing average, the project undiscounted NPV is \$24.9M and the IRR is 52%.

Sensitivity analysis

Sensitivity of the Croinor project to certain operating and financial factors has been analyzed in order to determine the robustness of the investment to the variation of these factors to those estimated.

The sensitivity has been carried out on the economic model of the project and is represented as changes to the undiscounted Net Present Value (NPV) from the Bloomberg base case. The factors considered to have the greatest impact are the ore grade, gold price, operating cost and capital cost. The following table demonstrates the impact of 10 % and 20% changes in these parameters on the project undiscounted NPV

Sensitivity Analysis. Undiscounted NPV (\$M)

Parameter	Change				
	-20%	-10%	Base Case	10%	20%
Ore grade	37.8	42.6	47.4	52.1	56.9
Gold price	14.2	30.8	47.4	64	80.5
Operating cost	64.9	56.1	47.4	38.6	29.9
Capital Cost	51.7	49.6	47.4	45.2	43

OUTLOOK

Subject to successful project financing, mine dewatering is expected to commence during the fourth quarter of 2010. Commercial production is anticipated 14 months following commencement of dewatering. During the pre-production period, 42,000 tonnes of ore will be processed and 10,073 oz of gold will be produced commencing in the 10th month following the announcement of the decision to commence mine dewatering.

The project exhibits significant opportunities to improve on the project economics:

- Completion of infill and down plunge exploration drilling aimed at expanding the current resources and reserves. A 6,050-meter program is ongoing and will be completed during the fourth quarter of 2010;

- Reinterpretation of the vein structure with further drilling could increase the ratio of lower cost long-hole stoping to room-and-pillar mining;
- Mining of a small open-pit resource located west of the existing west pit and recovery of remnant ore in the existing west pit;
- Incorporation of technology such as gravity separation to reduce mill operating cost.
- Evaluation of the potential to apply ore sorting technology at the Croinor site.

Blue Note, as operator of the joint venture, is proceeding with other engineering studies and reports required for the development of the project. Blue Note expects to have everything in place to begin mine dewatering by the fourth quarter of 2010, subject to the receipt of the government approval to operate which is now expected to be received by the end of August.

Qualified Persons

The technical and scientific content of this press release has been reviewed by Sylvie Poirier, P. Eng, Independent QP, InnovExplo Inc.; John Martin, P. Eng., President and Chief Operating Officer of Blue Note Mining Inc.; Qualified Persons as defined under Regulation 43-101 guidelines.

About Blue Note Mining

Blue Note Mining is a mineral exploration and mining company headquartered in Montreal with properties located in known gold regions of Canada, including the prolific Val-d'Or region of Quebec and northern New Brunswick. Blue Note's top priority is to put the Croinor Gold Property into production.

About First Gold Exploration

The goal of the Company is to create shareholder value by acquiring promising projects that could be advanced to production stage in a short period of time. It has now done so, with its 50% owned Croinor project, doing the same format with its Rare Metal property Pivert/Rose and working the others that got chosen for their promising features (San Javier silver property and Matchi-Manitou project).

Forward-Looking Statements

This news release contains discussion of items that may constitute forward-looking statements within the meaning of securities laws that involve risks and uncertainties. Although the company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, it can give no assurances that its expectations will be achieved. Factors that could cause actual results to differ materially from expectations include the effects of general economic conditions, actions by government authorities, uncertainties associated with contract negotiations, additional financing requirements, market acceptance of the Company's products, technical uncertainties associated with operating an underground mine and competitive pressures. These factors and others are more fully discussed in Company filings with Canadian securities regulatory authorities.

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