

BLUE LAGOON'S 2020 DRILL PROGRAM CONFIRMS BOULDER VEIN OPEN AT DEPTH AND EXTENDS FURTHER TO THE EAST

January 7, 2021 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (the “Company”) (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is pleased to report that recently completed drilling on the Company’s Dome Mountain Gold Project, shows potential to increase the extent of the known gold mineralization down dip from the current extent of the known resource based on deep mineralization encountered in hole DM-20-139 and, along strike to the east based on high grade gold intercepts in hole DM-20-114 (the furthest East mineralized intercept on the Boulder Vein completed on the project to date).

“The recently completed drill program was successful with regards to infill and, most significantly, proving the concept of the mineralized Boulder Vein continuing at depth and, along strike to the east.” said Blue Lagoon Resources chief geologist, Bill Cronk. “The high-grade intercepts in holes DM-20-139 and DM-20-114 offer near term prospectivity to increase the overall resource significantly, both at depth and along strike. Additionally, the intercept from hole DM-20-114 appears to be substantiated by a discreet Mag anomaly identified in our recently completed airborne Mag survey and offers a clear target for further drilling along strike to the east,” he added.

DM-20-139 was drilled vertically to a depth of 595.88 meters and intercepted the Boulder Vein at 338 meters and hit 3.13 meters running 17.69 g/t Au and 70.40 g/t Ag (including 0.65 meters running 48.4 g/t Au and 95 g/t Ag). This intercept is the deepest intercept to date on the Boulder Vein. The recently filed technical report (news released Dec 24, 2020) outlines the Boulder Vein as 1000 meters in strike length and 200 meters of down-dip extent. The high grade gold intercept in hole DM-20-139 is 150 meters deeper than the lowest elevation of the Boulder Resource (Figure 1).

This hole proves the veracity of a mineralized down-dip exploration model and, the 2021 drilling program scheduled to commence on January 11 will prioritize further drilling at depth.

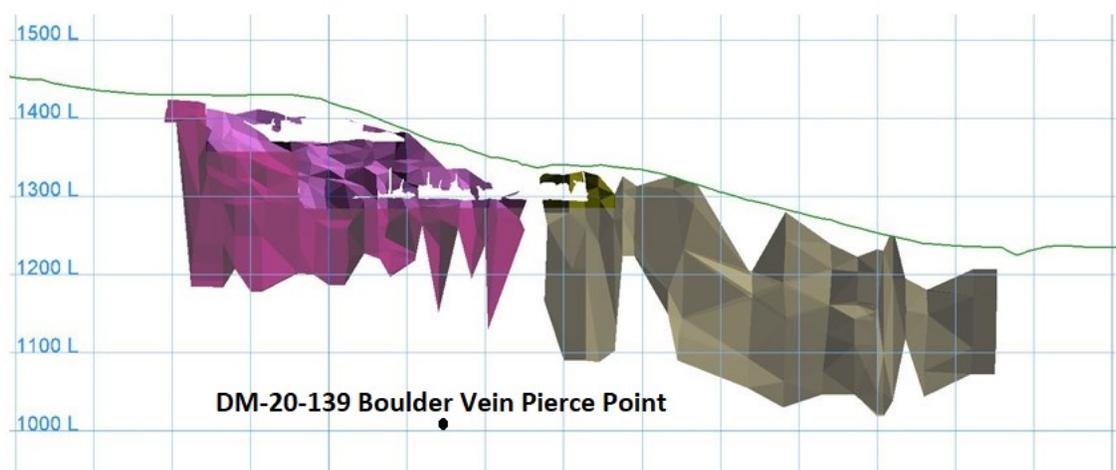


Figure 1

Boulder Resource Section showing hole DM-20-139 pierce-point of the Boulder Vein at depth, relative to the modeled Boulder Vein Resource. Looking North

Hole DM-20-114 intercepted 107 g/t Au and 278.5 g/t Ag over 1.42 meters including 165.3 g/t Au and 398 g/t Ag over 0.71 meters. This intercept provides for the farthest east intercept in the Boulder Vein system to date. Furthermore, recent airborne data collected from our 2020 airborne survey shows a distinct Mag anomaly associated with the eastern vein intercept. The Mag anomaly clearly highlights a singular fault like feature which corresponds to the eastern end of the known Boulder Vein system (and the DM-20-114 vein intercept) and continues for at least another kilometer in the East-West direction (Figure 2).

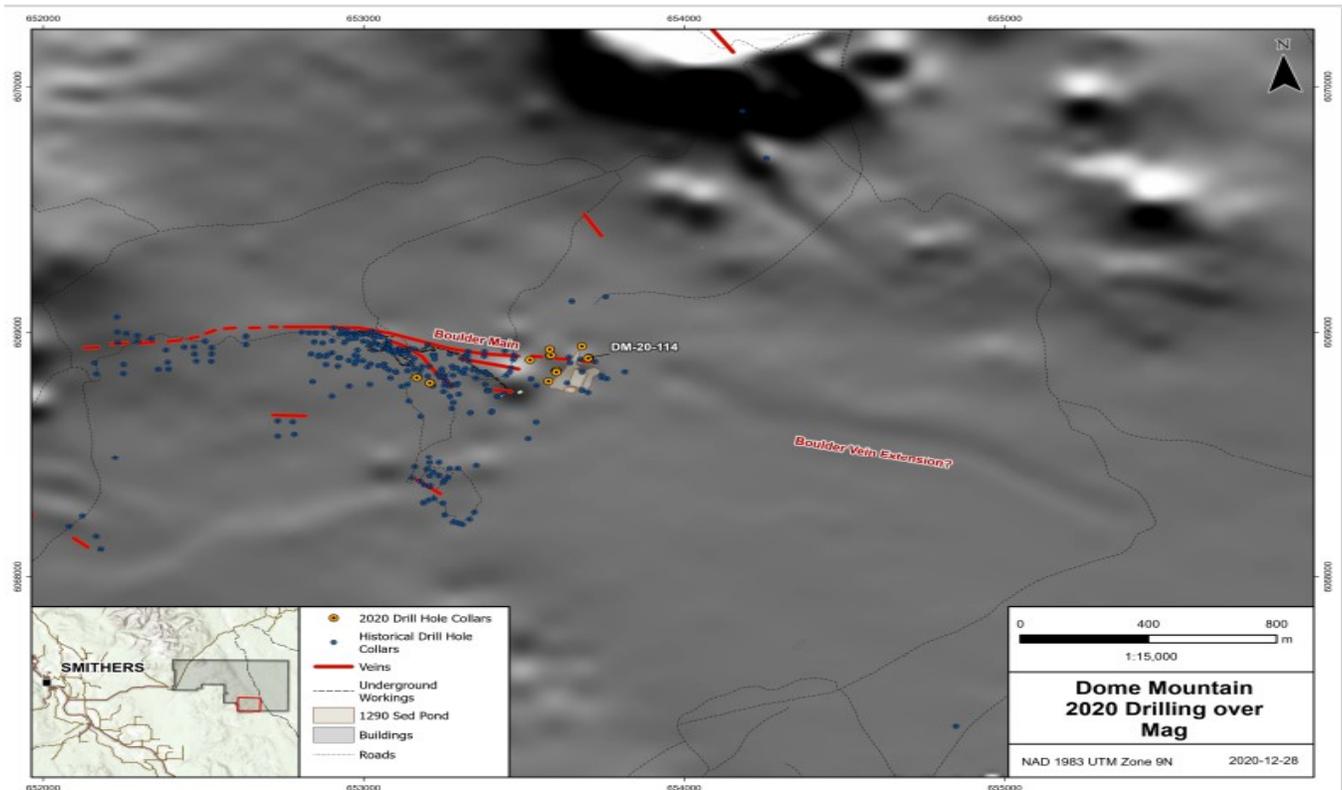


Figure 2

Location of 2020 drillholes with hole DM-20-114 highlighted; Mag feature on eastern end extends to the east from the high-grade drill hole intercept in DM-20-114

The drilling program scheduled to begin next week (January 11, 2021) will target both the down dip potential of the Boulder Vein system as well as the high-grade vein extending to the East.

2021 DRILL PROGRAM EXPECTED TO SIGNIFICANTLY EXPAND KNOWN RESOURCE WITH NEW DATA

On December 24, 2020, the Company news released and filed a technical report entitled *NI 43-101 Technical Report, Dome Mountain Mine* dated December 21, 2020 prepared by Roughstock Mining Services LLC, which reported a mineral resource of 70,418 ounces gold and 341,784 ounces silver in the indicated category and 109,160 oz Au and 473,890 oz Ag in the inferred category, based on 398 drill holes (39,398 metres), completed at the Dome Mountain Gold Project over the period from 1985 to 2016.

It's important to note that the report does not include data from the 2020 drill program which consisted of an additional 26 drill holes totalling 3,786 meters. The Company will update the resource estimate once analysis of the data from the 2020 drill program and the upcoming 2021 drill program has been completed, expected in the second half of 2021.

The scientific and technical disclosure 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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