

BLUE LAGOON HITS
36.7 G/T AU AND 580 G/T AG OVER 0.98 METERS
22.8 G/T AU AND 42 G/T AG OVER 1.37 METERS
25.8 G/T AU AND 74 G/T AG OVER 1.45 METERS

May 13, 2021, Vancouver, British Columbia – Blue Lagoon Resources Inc. (the “Company”) (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is pleased to provide the following drilling update and results from the 2021 phase one drill program on its Dome Mountain Gold Project, an all-year accessible property located a short 50-minute drive from Smithers BC., which holds both an Environmental Management Act Permit (EMA) and a Mining Permit providing for up to 75,000 tonnes production annually.

Highlights as follows:

- **DM-21-164** 36.7 g/t Au and 580 g/t Ag over 0.98 meters
- **DM-21-165** 11.08 g/t Au and 34.39 g/t Ag over 4.13 meters including 22.80 g/t Au and 42 g/t Ag over 1.37
- **DM-21-168** 25.8 g/t Au and 74 g/t Ag over 1.45 meters

“We are very pleased with the results to date from our 2021, 20,000-meter drill program, which continue to confirm the hi-grade nature of the Boulder Vein,” said Rana Vig, President and CEO of Blue Lagoon Resources. “With the first phase now complete with 7176.5 meters drilled in 31 holes, we’re getting ready to recommence drilling once all the snow melts and break-up is complete with ground conditions becoming more favorable for our drill crew to mobilize,” he added.

The first phase of this drill program at Dome Mountain also included 3 drill holes targeting the Forks Vein zone, located 500 meters south of the Boulder Vein. The Forks Vein zone is a shallow dipping structure to the north.

| Hole ID | From (m) | To (m) | Interval (m) | Au (g/t) | Ag (g/t) |
|------------------|----------|--------|--------------|----------|----------|
| DM-21-154 | 90 | 93 | 3.0 | 0.95 | 14.5 |
| <i>and</i> | 96 | 99 | 3.0 | 8.3 | 14.5 |
| <i>including</i> | 97.5 | 99 | 1.5 | 15.4 | 26 |
| DM-21-156 | 111.5 | 113.2 | 1.7 | 4.02 | 21 |

Mineralization encountered in holes DM-21-154 and DM-21-156 hit the Forks Structure which contains quartz veins with variable sulfides and up to 1% Zinc within the 11+ meters of a shallow north dipping breccia zone. The Forks area (located 500 meters south of the Boulder Vein) has been a focus of exploration and development in the past and includes an historic and non 43-101 compliant resource of 20,000 tonnes at a grade of 23.6 grams per ton gold based on 23 holes completed by Noranda in 1985 (BC Minefile Number 093L 023; George Cross Newsletter 1985, Number 240; Assessment Report 28891).

The mineralized structure is shallow dipping to the northeast and remains open along strike and down dip. Holes 154 and 156 hit the downdip segment 150 meters from historic workings where a shaft and drifting encountered the mineralized zone at 35 meters depth.

“These holes targeted mineralization identified from holes drilled in the 1980’s and confirmed the high-grade nature and trend of the mineralized Forks Structure” said William Cronk, Chief Geologist for Blue Lagoon Resources. “Further drilling will test for continued mineralization to the NE along the down dip trend with a goal to follow this mineralized structure to its intersection with the Boulder Vein System,” he added.

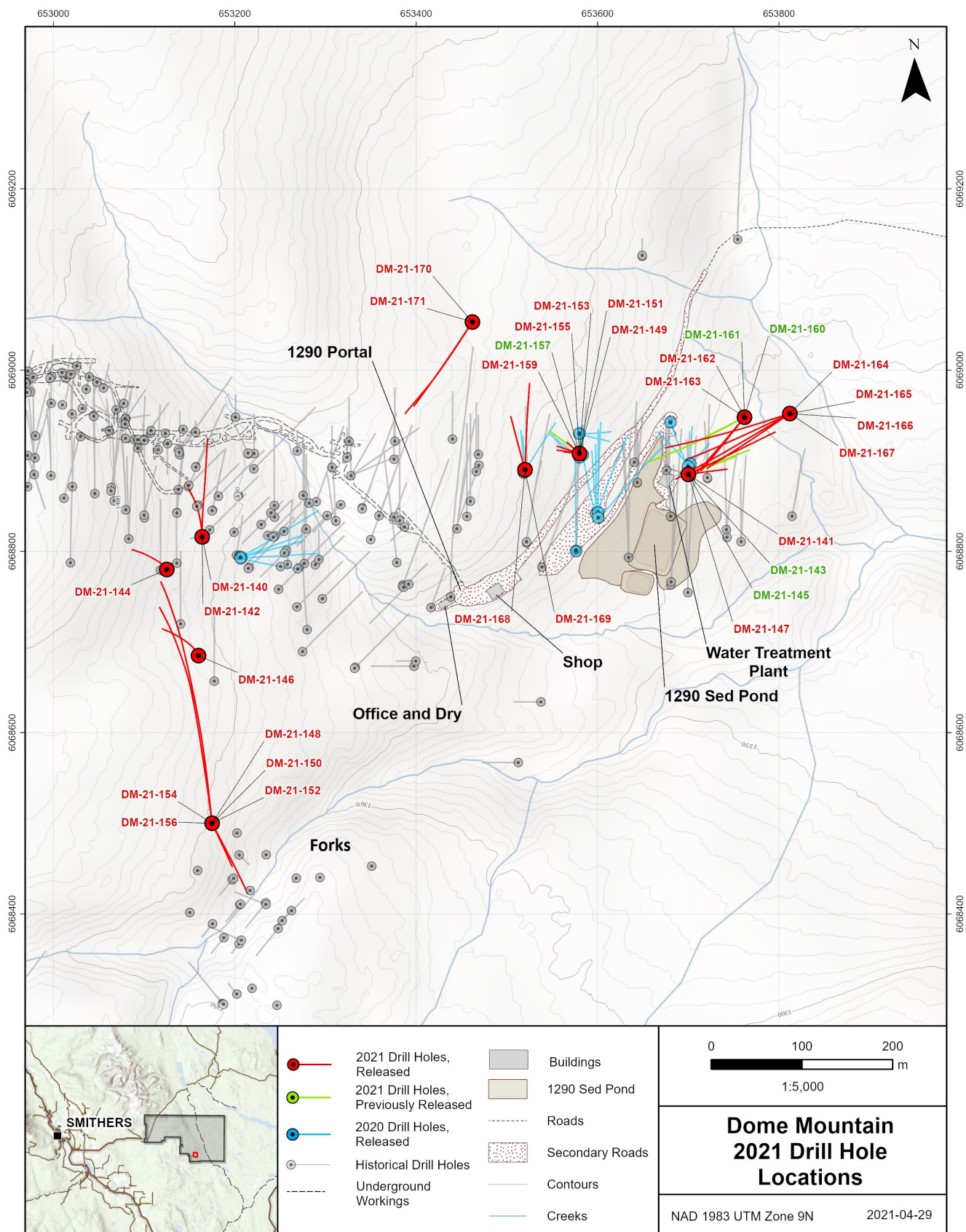


Figure 1

The recent results include assays for 16 holes that targeted the Boulder Vein and 3 holes that targeted the Forks Structure (Figure 1). Significant highlights from the Boulder Vein drilling are as follows in Table 1.

TABLE 1

| Hole ID | From (m) | To (m) | Interval (m) | Au (g/t) | Ag (g/t) |
|------------------|-----------------|---------------|---------------------|-----------------|-----------------|
| DM-21-141 | 185.00 | 186.10 | 1.10 | 5.77 | 11.00 |
| DM-21-142 | 14.25 | 14.88 | 0.63 | 7.27 | 76.00 |
| DM-21-144 | 259.17 | 260.45 | 1.28 | 4.28 | 44.00 |
| DM-21-146 | 230.77 | 231.62 | 0.85 | 14.20 | 40.00 |
| DM-21-150 | 208.00 | 216.00 | 8.00 | 4.51 | 8.00 |
| <i>Including</i> | 212.00 | 214.00 | 2.00 | 9.79 | 8.00 |
| DM-21-150 | 442 | 444 | 2.00 | 4.58 | 6.00 |
| DM-21-164 | 158.75 | 159.73 | 0.98 | 36.70 | 580.00 |
| DM-21-165 | 133.44 | 137.57 | 4.13 | 11.08 | 34.39 |
| <i>including</i> | 136.20 | 137.57 | 1.37 | 22.80 | 42.00 |
| DM-21-167 | 174.70 | 175.12 | 0.42 | 14.80 | 4.00 |
| DM-21-168 | 66.31 | 67.76 | 1.45 | 25.80 | 74.00 |

The assay results from DM-21-164 continue to confirm the high-grade gold and silver tenure of the Boulder Vein. DM-21-141, 159 and 162 to 169 were designed to test gaps within historic drilling within the eastern portion of the Boulder Vein. The hanging wall of the Boulder Vein also hosts several gold and silver bearing veins and future drilling and modeling could pose a significant addition to the total Dome Mountain Gold Project resource. This includes the Argillite Zone which is in the western half of the known Boulder Vein.

DM-21-140, 144, 146 and 148 were designed to test the downdip extension of the Boulder Vein. DM-21-150 intersected 8.0 meters assaying 4.51 g/t Au and 8.00 g/t Ag (including 9.79 g/t Au and 8.0 g/t Ag from 212.0 to 214 meters) and 2.00 meters from 442.00 meters assaying 4.58 g/t Au and 6.00 g/t Ag which is located 200 meter down dip to the south from DM-20-139 which intersected 17.69 g/t Au and 70.41 g/t Ag from a depth of 335.47 to 338.6 meters in 2020 (press release Dec 9 2020).

DM-21-144 intersected 4.00 meters of mineralization from a depth of 326.00 meters assaying 2.64 g/t Au and 7.00 g/t Ag which is 60 meters west along strike from DM-20-139. These intercepts support the potential for further mineralization for the Boulder Vein at depth and along strike.

Gold mineralization at Dome Mountain consists of steeply dipping quartz carbonate veins (the Boulder Vein) with sulfide as fine disseminations and blebs up to and including semi- to massive sulphide dominated by pyrite with lesser sphalerite, chalcopyrite and galena. Locally chalcopyrite is greater than pyrite. Base metal mineralization can be significant.

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 250 grams passing 200 mesh. Each sample was analyzed by MA370 4-acid digestion ICP with ES finish and FA 150 fire assay with ICP-MS finish, and all Au overlimits <1ppm were analyzed with FA 550 fire assay and gravimetric 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.

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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