

BLUE LAGOON RESOURCES – PRESIDENT’S UPDATE

November 10, 2025

Dear Shareholders, Investors and Stakeholders,

I am pleased to share an important milestone in Blue Lagoon’s journey — we have commenced shipping mineralized material from our first batch of production at the Dome Mountain Gold Mine.

This marks the final step in a process years in the making: securing our permits to mine, commissioning the mine, completing the water treatment plant, initiating blasting and underground development, and now, shipping the first truckloads of mineralized material to our milling partner, Nicola Mining.

There, upon accumulation of the first 1000 tonnes, Dome mineralized material will be processed, concentrate made and shipped to Ocean Partners, and we expect to begin to receive cheques for the gold and silver that will be produced from it.

It has taken persistence, patience, and discipline to reach this moment. My deepest thanks go to our dedicated team, our investors and business partners, and the many contractors and collaborators who stayed the course and worked in good faith to get us here.

This is the beginning of what we are working to ensure becomes a steady and growing stream of cash flow for Blue Lagoon — one that is expected to strengthen as we continue to ramp up production, invest in supporting infrastructure and logistics, and expand our resource base and mine life through drilling funded by our non-dilutive, operating cash flow.*

While this first shipment marks a major milestone, it’s important for me to set expectations appropriately. The early phase of any mining operation is an intricate one and, like any other new mine, we’ve faced numerous challenges that we have overcome as systems and plans were tested under real operating conditions.

While this has put our full-capacity schedule behind by a few weeks, the focus of our entire team has been on identifying and resolving these issues swiftly and cost-effectively, and continue our progress in creating a stable, predictable operation that can sustain growth over time.

The initial material being trucked to Nicola is not expected to represent the higher-grade mineralized material that Dome Mountain is known for, as much of it was extracted during underground development work.

However, in the next 4 to 6 weeks as development continues and new mineralized faces are exposed in the Boulder Vein, we expect to transition from development-dominant to stope-production-dominant. Although development is planned to be an integral part of our mine plan, we expect, based on our past drilling, grades to improve, in-line with our NI 43-101 report (see news release February 3, 2022), and volumes to increase, which will support stronger returns and a consistent revenue stream.

In our current plan — which we're confident in — we believe this next stage, in which we expect to be able to mine greater volumes of higher grade mineralized material, in-line with our NI 43-101 report, more consistently, should be reached sooner rather than later within that 4 to 6 week window. From there, we plan to continue to work towards ramping up production towards our full capacity.

I also want to speak directly to our long-time shareholders — many of whom have been with Blue Lagoon through the highs and the lows. You've seen the stock rise, fall, and rise again, and I know how eager many of you are to see lasting appreciation after years of patience.

I understand that feeling deeply — I share it with you, as one of the Company's largest shareholders.

At this time, I think it's prudent to remind ourselves of the wisdom of the late Charlie Munger when he famously said, "In the short term, the stock market is a voting machine, but in the long run, it is a weighing machine. What I am asking for now is patience of the right kind — the patience that allows a company to build real 'weight'".

Blue Lagoon is taking the time to put the right systems, processes, and infrastructure in place to ensure we can grow steadily and consistently. Our focus is on building a self-sustaining, self-reliant operation — one that isn't beholden to outside market forces or short-term financing needs, but instead stands on its own as a consistent, reliable producer of gold in British Columbia. This deliberate pace is what is expected to allow us to scale up confidently and create enduring value for everyone who believed in us from the beginning.

For those who want to better understand how we plan to achieve this — the systems, philosophy, and discipline guiding our approach — I encourage you to read on. What follows outlines the inputs we're focused on, the principles shaping our decisions, and the deliberate steps we're taking to build Blue Lagoon into the next great gold producer in British Columbia.

How We Got Here — A Relentless Focus on the Inputs

Jeff Bezos often wrote that focusing on inputs — the things we can control — is the surest path to durable results. That philosophy rings true in mining, where we cannot control commodity prices or market sentiment, but we can control how we operate.

Since acquiring Dome Mountain over five years ago, our focus has been on the fundamentals:

- **Trust and Relationships:** Earning and maintaining the confidence of Lake Babine Nation, regulators, and our community partners.

- **Operational Excellence:** Doing things the right way — safely, efficiently, responsibly, and by the book.
- **Capital Discipline:** Advancing the project while minimizing dilution and maximizing the existing infrastructure.
- **Long-Term Thinking:** Making decisions that stand the test of time, even when the payoff is years away.

Every decision we made — from how we engaged with Lake Babine Nation and sought their guidance on how to respect the land (Yintah), to how we structured our partnerships with Nicola Mining, our mining contractor and others — has been guided by this long-term orientation.

The Right Way — Not the Easy Way

During these past five years, there were countless moments where shortcuts were available.

We chose not to take them.

We chose instead to meet every requirement, address every comment, and earn every approval. We built relationships grounded in transparency and respect. That integrity was recognized last week by the Prospectors & Developers Association of Canada (PDAC), which announced that Blue Lagoon has been selected for PDAC's 2026 Sustainability Award — a rare distinction for a junior company and a reflection of the trust we've earned with Indigenous partners and regulators alike.

Our milling partner, Nicola Mining, not only became a shareholder but also extended a \$2 million unsecured line of credit — a rarity in our industry and a tangible expression of confidence in our operations and leadership. For those of you that are not familiar with Nicola (NIM:TSX.V), I would encourage you to look at this company more closely, so that you can better understand the relationship that we have and are continuing to build. It's run by Peter Espig, a former Vice-President of the Principal Finance and Securitization Group and Asia Special Situations Group for Goldman Sachs Japan, one of the most prestigious and most esteemed groups to be involved in at Goldman. Simply put, Peter is one of our industry's brightest minds.

Internally, we've built a culture that values perseverance and professionalism. Our team turnover remains exceptionally low — a quiet signal of the kind of company we're building.

From Vision to Execution

When we acquired Dome Mountain, our goals were clear:

1. Drill enough to strengthen our belief in the project's vast exploration potential — a belief confirmed by 50,000 meters of drilling we completed between 2021 and 2023.
2. Get permitted and into gold production with a mine that could generate sustainable cash flow and self-fund the company's growth without excessive dilution*

Over the past five years, we've laid the foundation to do exactly that.

But the path from vision to execution has not been easy. We faced many delays as we completed the permitting process, commissioned the mine, and brought critical infrastructure online — including our water treatment plant, which we built to support more than six times our current requirements providing capacity for future growth. But through it all, we stayed true to our principle of doing things the right way. And while I know this timeline has at times tested patience, great companies aren't built overnight.

Now, with the first shipments of mineralized material on their way to Nicola Mining, that vision is becoming reality — a testament to what persistence, discipline, and focus can achieve.

Learning from Great Operators

I've learned that I'm at my best when I listen — because insight and inspiration can come from anywhere, sometimes from the least expected places. My younger son, Arvind, has been one such source of energy and a springboard for ideas since the very beginning of this journey. Having worked in private equity and private credit — some of the most sophisticated corners of the financial markets — he's brought a strategic perspective that has helped me think through decisions and refine our approach to growth.

He once shared a story from his time as a student in the University of British Columbia's Portfolio Management Foundation (PMF) — one of the most prestigious programs of its kind globally at the time, where only six to seven students were selected each year. Graduates were typically recruited by firms such as Goldman Sachs, Blackstone, and KKR — the pioneers of modern private equity, which for nearly a decade recruited undergraduates exclusively from just three institutions: Harvard, Wharton, and the PMF.

As part of that program, he met Brian Hill, the founder of Aritzia — a Vancouver-based fashion company that has become one of Canada's most notable success stories, recently surpassing a C\$10 billion market capitalization. Hill attributed Aritzia's success to two principles: expanding slower than people wanted him to, and always investing in the infrastructure that allowed the company to scale up without disappointing customers.

That mindset has stayed with me.

In mining, infrastructure and scale mean continuous mine development: keep advancing underground to open multiple faces and stay well ahead of the vein. If one area slows — as it inevitably can — another crew keeps mining, sustaining a steady, reliable feed to the mill.

I want Blue Lagoon to move quickly, but only with the right systems in place. Sustainable growth demands capacity first; scale follows when the foundation can carry it.

Building for the Long Term

Over the coming quarters, our focus is on strengthening the foundation that is expected to support decades of growth:

- **On-Site Testing Facility:** We're currently securing quotes and timelines to build our own lab to shorten assay times to provide quick and accurate information to our underground team to accelerate mining decisions.
- **Process Optimization:** We are exploring on-site or near-site first stage processing to reduce trucking costs and enhance margins.
- **Resource Growth:** In the first half of 2026 we plan to follow up on the Boulder Vein with in-fill drilling and grow our current NI 43-101 resource (news release February 3, 2022).
- **Exploration Blue-Sky:** We plan to aggressively design our exploration programs to follow up on the compelling data that we accumulated from our 50,000 meters of drilling done between 2020 and 2023.
- **Alignment of Incentives:** Management and insiders are significant shareholders. Our milling partner, Nicola Mining, with whom we have a 10-year agreement, also owns equity in the Company. These aligned interests ensure that every key party is focused on creating value through timely, cost-effective execution that minimizes dilution and maximizes shareholder returns.
- **Technical Expertise:** To further support our strong in-house mining team, we have brought on several technical advisors including:
 1. Dr. Quinton Hennigh — a veteran economic geologist with decades of exploration experience and a steadfast supporter of Blue Lagoon — has publicly stated that, in his opinion, Dome Mountain has the potential to become a multi-million-ounce gold project.
 2. Peter Bojtos P.Eng., is a Professional Engineer with over 50 years of worldwide experience in the mining industry. Over his career he has visited and evaluated properties in nearly 80 countries and has been involved with operations in 30 of them. He has carried out more than 15 significant corporate acquisitions, mergers or sales that involved 24 operating mines.
 3. Yannis Tsitos, M.Sc, a highly respected exploration and mining executive with over 35 years of experience, including 19 years with BHP Billiton. Originally a physicist-geophysicist, he later served as New Business Development Manager for Minerals Exploration, where he was instrumental in identifying, negotiating, and executing over 60 mining agreements worldwide.
- At the recent Beaver Creek Precious Metals Summit, one of the industry's most prestigious gatherings, we also had a positive conversation with a major in our region, who expressed interest in advising and supporting us where possible. While they haven't pulled out their

chequebook yet (and we wouldn't be interested at our current valuation), their expression of interest is another external signal of the strategic value this asset now holds. As Dome Mountain continues to advance, our importance to other players in the region is expected only to grow.

- **M&A:** We have had conversations with different companies regarding potential mergers and acquisitions and will evaluate all opportunities that fairly reward Blue Lagoon shareholders. We believe the current value of the Company is not yet being fully recognized by the market. By continuing to focus on the things we can control — operational excellence, infrastructure to support growth, and scaling up from that base — we expect to be in a stronger position to execute on an M&A transaction that rewards our shareholders appropriately, when the time is right.

Financial Discipline

And although our current cash position is getting a little tight as we advance into this new phase, if needed, I am prepared to extend a loan of \$500,000 to the Company to bridge us to our first cash flow. We also have approximately \$3.6 million in-the-money warrants and, to date, an unused \$2 million unsecured line of credit from Nicola Mining.

We do not anticipate needing to raise additional equity at this stage. Our goal is to reach cash flow while maintaining the same fiscal prudence that has guided us since inception.

The Perspective That Matters

Independent analyses show that developing a mine is typically a decades-long journey: S&P Global estimates average lead times of about 27 years in Canada and nearly 29 years in the United States from discovery to first production. Dome Mountain's original discovery dates back many decades, with multiple owners over the years making important contributions but never reaching sustained production.

When Blue Lagoon acquired the project five years ago, we inherited that long legacy — and finally brought it across the finish line. What had been a decades-long aspiration for others has, under our stewardship, become a producing mine. The past five years represent the decisive chapter of that broader story — the period in which decades of groundwork were transformed into tangible execution.

Looking Ahead

If the past five years were about persistence, the next five will be about performance. While I'm not here to give financial advice, I do ask our shareholders for patience — not complacency, but the kind of steady patience that rewards long-term conviction.

We plan to continue to do what we've always done:

Show up. Do the work. Learn fast. Operate with integrity. Build something that lasts.

Blue Lagoon was never meant to be an overnight story. In 1957 Agnico Eagle started with one mine. Today they have eleven in four countries. We are building a long-term compounding engine — one that is expected to reward those who understand that enduring value is created by earning trust and executing with discipline, year after year.

And we're doing it at a particularly constructive moment for our industry. With gold prices near historic highs and our first shipments underway, we are entering production at an opportune time — turning work into ounces and ounces into cash flow. Could there be a better moment to get started?

Thank you for being part of this journey.

Sincerely,

Rana Vig
President & CEO
Blue Lagoon Resources

For further information, please contact:

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*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 President's letter was approved by Ted Vander Wart, P.Geol., a Qualified Person as defined in NI 43-101.

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

Cautionary Note Regarding Forward-Looking Information

This release contains "forward-looking information" within the meaning of applicable securities laws, including statements regarding: the expected timing and sequencing of ramp-up activities at the Dome Mountain Gold Project; the transition from development mining to production-oriented stoping; anticipated grades (including expectations that grades may improve over time and align with parameters disclosed in the Company's NI 43-101 technical report); expected milling, processing and concentrate shipments; the potential for steadier and increasing cash flow; contemplated site initiatives (including on-site testing, process optimization and cost reductions); planned drilling, resource growth and exploration programs; financing plans and liquidity (including potential use of credit facilities and insider loans); expressions of industry interest and potential mergers and acquisitions; and the Company's long-term operating strategy.

Forward-looking information is based on a number of assumptions that, while considered reasonable by the Company as of the date hereof, are inherently subject to significant business, technical, economic and competitive uncertainties and contingencies. These assumptions include (among others): that underground development will continue as planned and expose additional mining faces; that mined grades and dilution will be consistent with expectations derived from the NI 43-

101 technical report; that the toll-milling partner will accept and process material on expected timelines and terms; that logistics and trucking capacity will be available at forecast costs; that the water treatment plant and other infrastructure will perform as designed and remain in compliance; that required permits and authorizations will be maintained; that adequate labor, contractors, power and supplies are available; that commodity prices and exchange rates remain within planning ranges; and that sufficient working capital will be available to support ramp-up and drilling.

Known and unknown risks, uncertainties and other factors may cause actual results to differ materially from those expressed or implied. These include, without limitation: operational risks during ramp-up; variability in mined grades, dilution and reconciliation to model; geotechnical, hydrological and ventilation conditions; development or stope access delays that limit the number of active faces; performance, availability or terms of third-party toll-milling and logistics providers; cost inflation and supply-chain constraints; environmental compliance and water-treatment performance; accidents, labor availability and productivity; weather-related impacts; changes to permits, regulations or Indigenous and community expectations; exploration, drilling and resource-growth results that differ from expectations; commodity price and FX volatility; liquidity and financing risks; and uncertainties inherent in any strategic alternatives, including that expressions of interest may not lead to proposals, terms may not be acceptable, and any transaction would be subject to due diligence, approvals and market conditions.

The Company is not reporting project economics and has not filed a current economic study under NI 43-101 supporting a production decision; any decision to produce without a feasibility study of mineral reserves increases uncertainty and the risk of operational and economic failure. Forward-looking information is made as of the date of this release and the Company undertakes no obligation to update it except as required by law.