

Blue Lagoon's Underground Production Ramps Up

January 5, 2026 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (CSE: BLLG; OTCQB: BLAGF; FSE: 7BL) continues to progress toward consistent mine production and regular deliveries of mineralized material to its milling partner, Nicola Mining Inc.

Following the holiday break, Dome Mountain has resumed production activity, which is set to increase as a result of several new operational measures detailed below. The mine is expecting to achieve consistent production of approximately 100 tonnes per day by month-end, positioning the Company to progress toward its fully permitted production level of 150 tonnes per day.

As outlined in the Company's President's Update of November 10, 2025, the early stages of ramping up underground mining at Dome Mountain experienced some timing delays. During this phase, a number of operational constraints typical of starting and commissioning an underground mine were encountered and our team identified and addressed these constraints. These constraints have now largely been resolved or mitigated and are no longer limiting our underground activities.

Operational Highlights

- Underground mining operations are expected to increase with the introduction of a second production shift, enhancing productivity and operational efficiency.
- Consistent production of 100 tonnes per day is expected to be achieved by month-end, positioning the Company to progress toward its next planned production level of 150 tonnes per day in the coming months.
- The Company is constructing a fire assay laboratory facility, expected to be fully operational by month-end and capable of processing a minimum of 40 samples per day, allowing the mine to receive rapid and timely assay results to help with grade-control and operational decision making.
- Underground surveying capabilities have been strengthened with the addition of a LiDAR unit, improving accuracy, efficiency, and mine planning.
- Ongoing staff training and certification programs continue to support safe, compliant, and efficient operations.

With the Christmas break concluded, the full operations team has returned to site and underground mining activities have resumed. In December, the Company shipped approximately 1,300 tonnes of mineralized material to its toll milling partner, Nicola Mining Inc., for which the Company received its first payment related to the sale of approximately 1,000 tonnes, (see press release of Dec 30, 2025). The remaining 300 tonnes that were delivered to Nicola remain to be processed and settled. Approximately 150 tonnes of mineralized material is already stockpiled at Dome Mountain and ready for shipment, with

trucking expected to commence this week. These shipments support continued processing activities and the establishment of a regular production and delivery cycle that underpins the Company's transition toward consistent revenue generation.

The Company also reports that several senior employees are being issued an aggregate of 116,884 common shares. The share issuance is subject to approval by the Canadian Securities Exchange.

Additionally, the Company received a \$500,000 unsecured, interest-free loan from its President to bridge short-term working capital requirements prior to the receipt of initial production revenues. The loan is due on December 19, 2026, or payable earlier at the option of the Company. Pursuant to the loan agreement, the Company will issue an aggregate of 151,515 bonus common shares to the lender, at a price of \$0.66 per share, being the market price at the time the loan agreement was entered into. The lender is a related party to the Company and the loan constitutes a 'related party transaction' pursuant to Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is relying on the exemptions from the formal valuation requirements contained in section 5.5(b) of MI 61-101 and the minority shareholder approval requirements contained in section 5.7(1)(b) of MI 61-101.

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About Blue Lagoon Resources Inc.

Blue Lagoon Resources Inc. (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is a Canadian-based, well-funded, growth-oriented mining company producing from its 100% owned Dome Mountain Gold Mine near Smithers, British Columbia. Led by a team with deep mining and finance experience, the Company operates in one of the world's most attractive mining jurisdictions.

In February 2025, Blue Lagoon achieved a major milestone with the granting of a full mining permit - one of only nine issued in British Columbia since 2015 - and has since commenced underground mining operations. Mineralized material from Dome Mountain is processed under a long-term toll milling agreement with Nicola Mining. Beginning in H1 2026, the Company plans to reinvest internally generated cash flow into near-mine and regional exploration to further expand its resource base on its extensive property.

With a strong commitment to sustainability, community, and First Nation engagement, Blue Lagoon's objective is to be a profitable, cash-flowing gold producer while creating lasting value for shareholders and stakeholders alike.

The Company is not basing its production decision at Dome Mountain on a feasibility study of mineral reserves demonstrating economic and technical viability. The production decision is based on having existing mining infrastructure, past bulk sampling and processing activity, and the established mineral

resource. The Company understands that there is increased uncertainty, and consequently a higher risk of failure, when production is undertaken in advance of a feasibility study.

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

Forward-Looking Statement

This news release contains forward-looking statements within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, statements regarding anticipated underground production rates, the timing of mineralized material shipments, the introduction of additional production shifts, the readiness and capacity of the fire assay laboratory, and the Company's progression toward higher production levels. Forward-looking statements are based on management's current expectations and assumptions regarding operating conditions, equipment performance, workforce availability, regulatory compliance, and third-party service providers. Actual results may differ materially due to risks and uncertainties including operational delays, transportation or processing issues, equipment performance, labor availability, and other risks disclosed in the Company's public filings. Readers are cautioned not to place undue reliance on forward-looking statements. The Company undertakes no obligation to update forward-looking statements except as required by law.