BLUE LAGOON RESOURCES

FSE: 7BL
CSE: BLLG
OTCQB: BLAGF

BLUE LAGOON SURPASSES $10 MILLION IN REVENUE AS DOME MOUNTAIN PRODUCTION RISES TO 125 TONNES PER DAY

July 17, 2026 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (CSE: BLLG; OTCQB: BLAGF; FSE: 7BL) has now received more than C$10 million in revenue from gold and silver sales from its 100% owned Dome Mountain Gold and Silver Mine, located near Smithers, British Columbia, and underground mining production levels have risen to a consistent 125 tonnes per day.

Revenue received to date from Ocean Partners reflects provisional payments on concentrate sales, with certain amounts remaining subject to final settlement by the buyer once smelting is complete and the final gold and silver content of each shipment has been assayed and tallied. Blue Lagoon recorded its first sale of gold and silver in December 2025, meaning the Company has generated more than $10 million in payments in just over seven months of operations – a period that also included the declaration of commercial production on May 19, 2026.

Production continues to increase. When commercial production was declared on May 19, 2026, underground mining rates had exceeded an average of 90 tonnes per day for more than 30 consecutive days. Production levels have since risen to 125 tonnes per day, a ~40% increase, as the operation advances toward the mine's permitted production limit of 150 tonnes per day.

A key driver of this progress has been the significant underground development completed since mining began. A substantial portion of the cash flow generated at Dome Mountain thus far has been reinvested directly back into the mine to advance development headings in order to open up additional working faces. This is essential to increasing and sustaining production over the long term. This reinvestment has extended beyond the underground, with continued investment in water treatment, environmental systems, and site infrastructure, with further investment planned in the near term. While our production ramp-up has, as expected, included both ups and downs, the combination of expanded working faces, two crews operating concurrently, and production closing in on a 150 tonne per day target means Dome Mountain is now achieving consistent steady-state mining.

"Crossing $10 million in revenue is an important marker for Blue Lagoon, but what matters most to me is how we got here," said Rana Vig, President and CEO of the Company. "Rather than simply chasing a daily production number, we have reinvested a substantial amount of our cash flow back into the mine – into development that opens up new working faces, into water treatment, and into the environmental systems that allow us to operate responsibly. A ramp-up in production never progresses in a straight line, and ours has had its share of challenges, but that reinvestment is exactly what positions us to sustain production for years to come."

Mr. Vig continued: "With production now at 125 tonnes per day and a near term production target of 150 tonnes per day, Dome Mountain is reaching its potential. That is the foundation everything else is built on – and it sets the stage for the next phase of growth as we prepare to put drills back on the ground later this fall."

Site Expansion and Upcoming Drill Program

Preparations for the Company's upcoming drill program continue to advance. Quotes have been received from contractors for the planned expansion of the Dome Mountain site, with the work designed to accommodate the drilling crews expected to arrive this fall in addition to the expanded workforce already operating at the site.

Big Onion Project Option

The Company also announces that it has entered into an option to purchase agreement dated April 7, 2026 and amended June 30, 2026 whereby the Company granted an option on the Big Onion project to a private British Columbia company. The option may be exercised in exchange for the payment to the Company of $500,000 in cash over two years and the issuance of 2,000,000 shares of the property option holder over three years subject to the holder completing a going public transaction within a prescribed period of time. In addition, the holder must incur at least $2 million of exploration expenditures on the property within four years in order to complete the exercise of the option. The Company will retain a 1.125% net smelter returns royalty on the Big Onion property, which may be reduced at the rate of $250,000 per 0.25%.

Technical information in this news release was approved by Ted VanderWart, P.Geo, a senior geologist with the Company and a qualified person under NI43-101.

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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 that achieved commercial production at 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 milling agreement with Nicola Mining. During the second half 2026, the Company plans to continue reinvesting 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 has not based 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 and forward-looking information within the meaning of applicable securities laws. Forward-looking statements include, but are not limited to, statements regarding anticipated production rates and throughput levels; the continued ramp-up and expansion of operations at the Dome Mountain Gold and Silver Project; ongoing cash flow generation from mining operations; the processing of mineralized material under the Company's toll milling agreement with Nicola Mining; anticipated gold and silver sales through Ocean Partners; infrastructure upgrades and site expansion plans; planned exploration activities and drilling programs; permitting amendments; future exploration potential; and the Company's plans, objectives, and expectations for future operations and growth. Forward-looking statements are based on management's current expectations, estimates, projections, and assumptions, including, but not limited to, assumptions regarding commodity prices, operating conditions, availability of labour and equipment, timing of regulatory approvals, performance of contractors and service providers, and continued support from stakeholders, including Indigenous partners. Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or events to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, without limitation, fluctuations in commodity prices; operational and technical difficulties; delays or failures in plant performance, mining operations, or transportation logistics; regulatory and permitting risks; environmental liabilities and risks; changes in laws, regulations, or government policy; financing risks; labour shortages; and general economic, market, and industry conditions.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date of this news release. Except as required by applicable securities laws, the Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.