FSE: 7BL
CSE: BLLG
OTCQB: BLAGF

BLUE LAGOON TO START DRILLING AT ITS DOME MOUNTAIN GOLD PROJECT

Sept. 8, 2026 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (the "Company") (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is initiating a property–wide exploration and drilling program on our extensive and highly prospective land position surrounding our producing Dome Mt. gold mine near Smithers B.C. A drilling contractor will be mobilising rigs to site to carry out 10,000 metres of NQ size core drilling for a Phase One campaign. The design of a continuing 2027 Phase Two drill program will be based on the results from this drilling.

This Phase One drilling will be targeting:

- Gold bearing Alpine Veins showing1.4 kms of exposed strike length.
- The gold-silver bearing McKendrick Prospect, 9 km NW of the Alpine Veins, with 600 metres of known strike extent. Historical drilling by Hapsburg Resources in 1991 intercepted 11.64 g/t Au over 2.50 metres.
- The Chance Structural Zone and Flat Chance Vein located 750 metres NE from our Boulder Vein production portal. The existing E-W strike and S dip extents are 400 metres by 400 metres.
- The Forks Prospect where results from historic drilling outlined a strong vein system over a strike length of 250 metres.
- A cadmium-in-soil anomaly 650 metres ESE of the Boulder Vein system.
- The down-dip continuation of the Boulder Vein below the current resource aiming to provide an expanded resource estimate by early to mid-2027.

Bill Cronk, Chief Geologist for Blue Lagoon stated, "Our entire Dome Mountain enterprise is very versatile and highly prospective having significant indicated and inferred gold resources, a Mine Permit in place that has allowed us to be in production over the past year, and, a very extensive prospective land package with numerous mineralized veins and systems being prioritized for exploration and evaluation. This Phase One drilling program is just the first part of a very comprehensive multi-year plan dedicated to realizing the full potential of Dome Mountain."

Alpine Veins

The Alpine Veins are a series of NNW-trending veins located 2 to 3 km northwest of the Dome Mountain mine site situated in the alpine terrain of Dome Mountain (Figure 1). These veins include the Ptarmigan, Gem, Eagle, Hawk and Raven. The Ptarmigan and Gem veins are the most continuously exposed, with a strike length of 1400 metres as outlined by outcrops and exploration pits. The Gem vein is a set of parallel veins set 35 to 50 metres apart. The McKendrick vein is located some 9 km NW of this area, along the SE-facing slope of Mt. McKendrick near the northern property boundary. Most of these veins were discovered in the early to mid-1900's with some limited exploitation on them through pits, short shafts and adits with the most extensive workings being on the Ptarmigan vein. Production numbers are not well reported.

The veins are hosted in andesitic to dacitic volcanics rocks of the Telkwa Formation, part of the Hazelton Group.

Mineralization typically consists of variable percentages of pyrite, chalcopyrite, galena, sphalerite, arsenopyrite, tetrahedrite (and related sulphosalts).

Of these veins, only the Hawk vein has been drilled, mainly due to its proximity to existing surface access to this area. The Ptarmigan and Gem veins represent the most prospective veins based on gold (and silver) grades as well as on known strike extent between Gem and Ptarmigan (Figure 2).

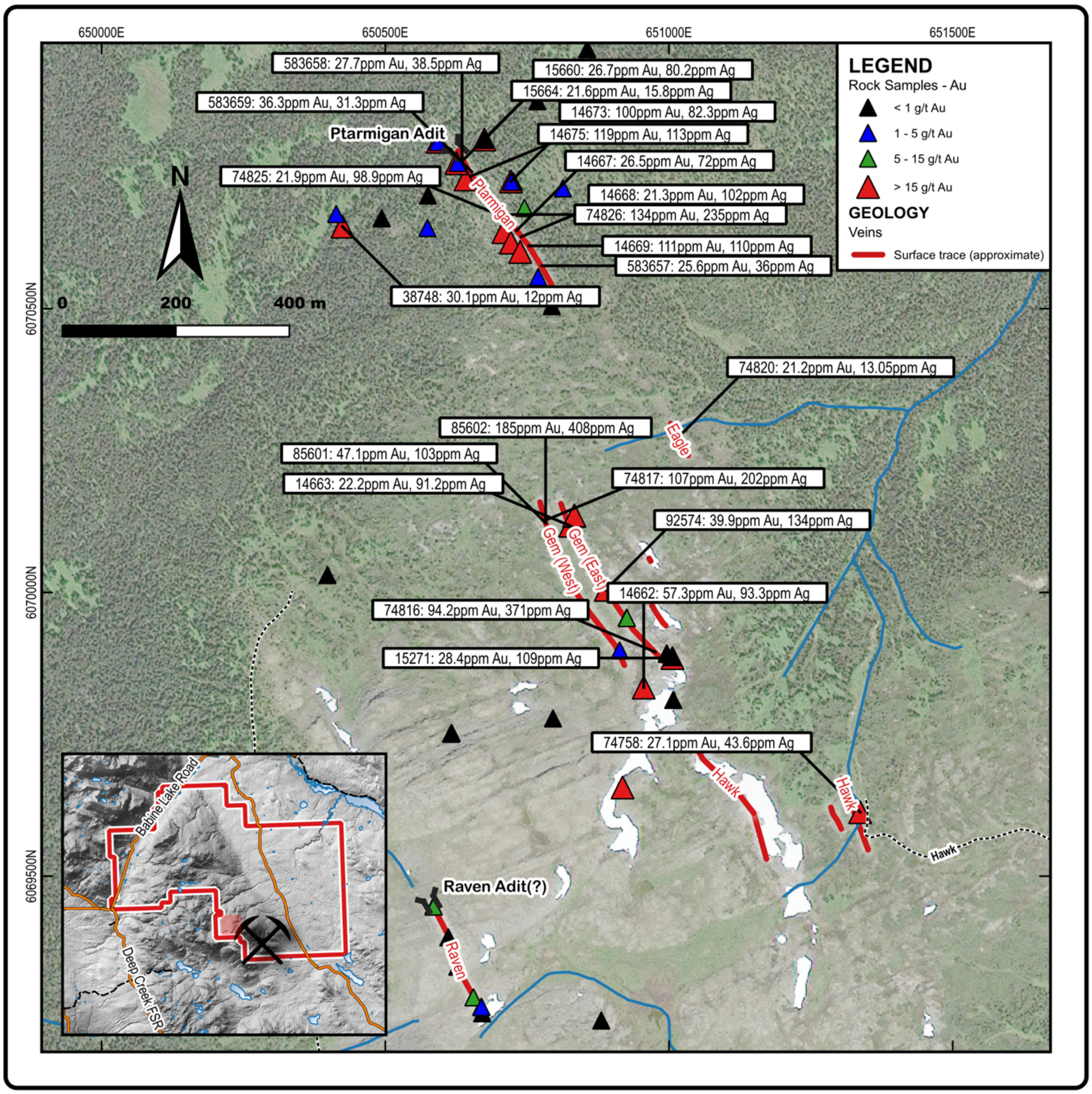


Figure 1: Plan map of Alpine Veins

Figure 2: Exposure of Hawk Vein material from historical trenching

Figure 3: Close-up example of the Gem vein

McKendrick Prospect

Approximately 9 km NW of these veins is the McKendrick vein, discovered in 1911 and reportedly had 2 short adits established on it by 1935. Historical mapping has indicated a probable strike length of at least 500 to 600 metres, dipping steeply to the NE. Where exposed, the vein is up to 1.5 metres wide. Sulphide mineralization includes pyrite, galena, sphalerite, tetrahedrite and chalcopyrite with a gangue of drusy quartz accompanied by carbonate, chlorite and mica alteration. The vein cuts both Alaskite (alaskite dyke swarm intruding andesitic volcanics of the Telkwa Formation) and Telkwa Volcanics.

Drilling in the 1990's intersected the vein at approximately 45 metres below surface with a significant intersection of 11.64 g/t Au over 2.50 metres from drill hole M91-3 (A.L'Orsa,1991, Report for Hapsburg Resources, Mount McKendrick Diamond Drilling in 1991, Assessment Report 21771).

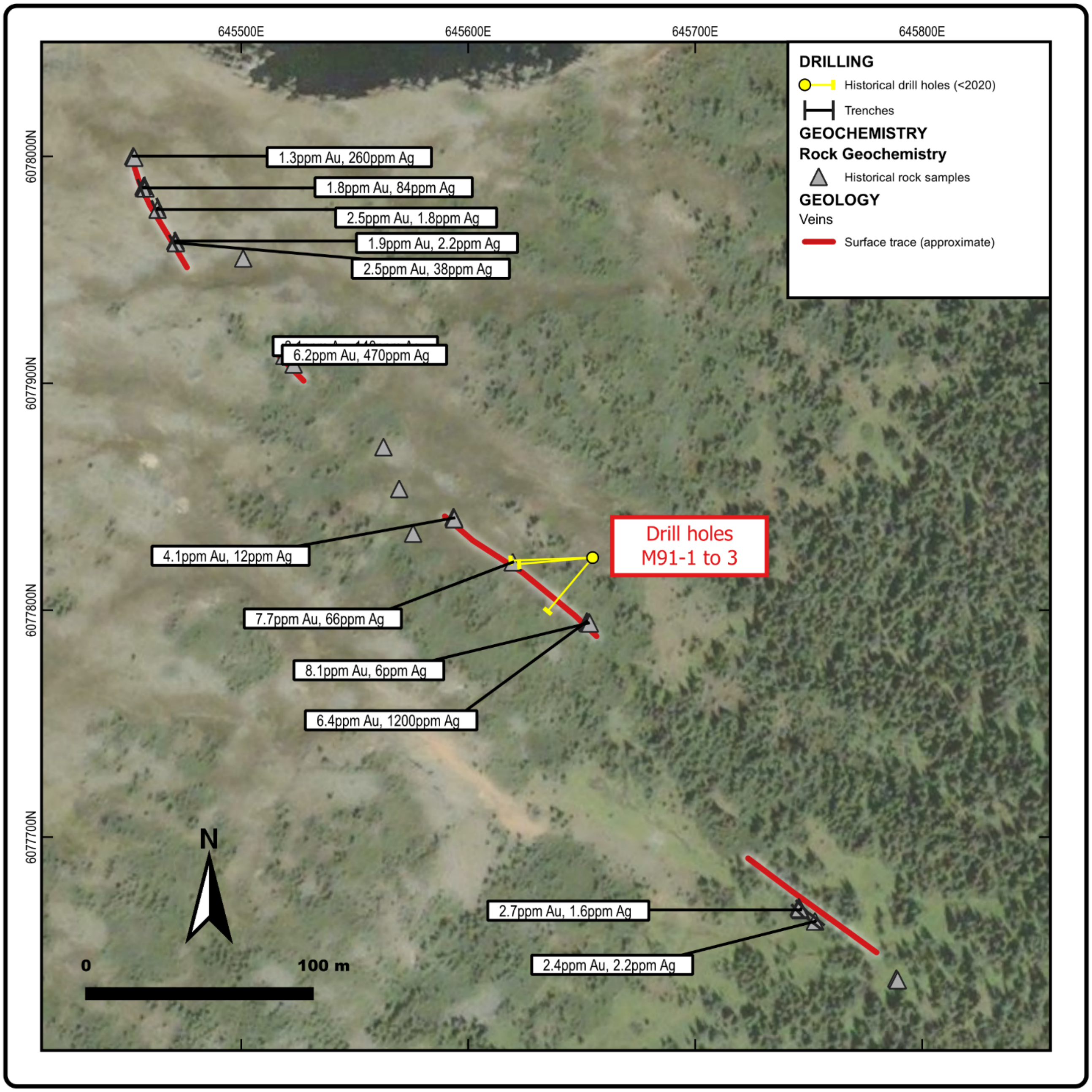
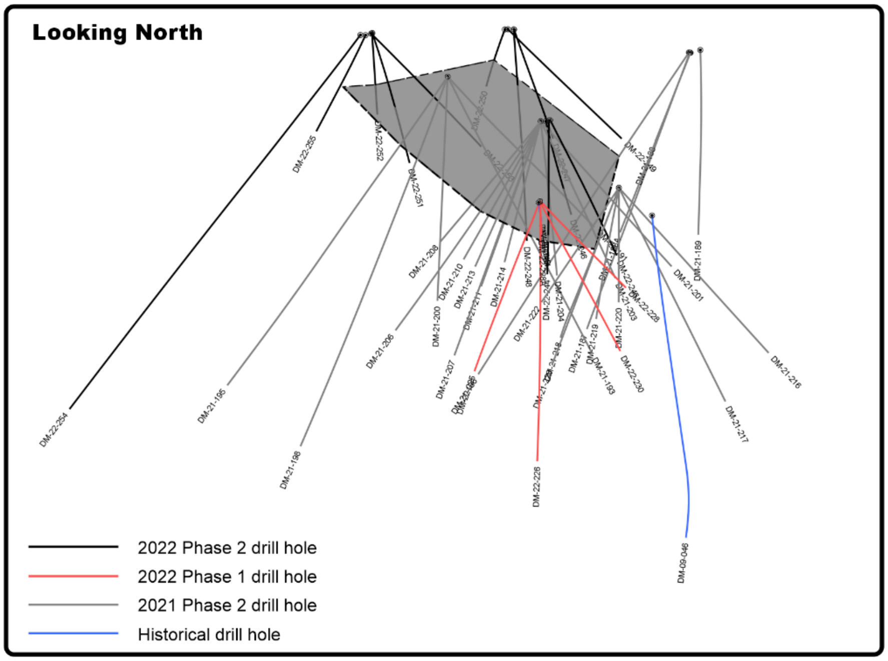


Figure 4: Plan Map of McKendrick Vein

Chance Structural Zone (CSZ) and Flat Chance Vein

The CSZ was initially targeted by Blue Lagoon in September 2021 based on airborne magnetics, soil sampling and physical propsecting on the historic Chance Vein. The CSZ is hypothesized to be a NNW trending complex graben which intersects and disrupts the Boulder Vein. To date, 8,518 metres of drilling has been completed here by Blue Lagoon, and 465 metres drilled by previous operators.

Within this graben the CSZ hosts a shallow, structure hosting a quartz-sulphide vein (10-25°) with mineralized thicknesses ranging from 0.5 to 5 metres and variable gold grades (Figure 5).



Significant Intersections
DM-21-186: 3.18 g/t Au over 4.80m
incl 22.80 g/t over 0.60m
DM-21-191: 1.31 g/t Au over 0.95m
DM-21-195: 1.24 g/t Au over 5.70m
DM-21-200: 2.70 g/t Au over 3.27m
and 22.12 g/t Au over 2.14m
DM-21-204 4.80 g/t Au over 1.44m
incl 27.30 g/t Au over 0.23m
DM-21-206: 14.49 g/t Au over 1.91m
DM-21-208: 2.42 g/t Au over 3.10m
DM-21-210: 6.25 g/t Au over 1.50m
DM-22-213: 6.64 g/t Au over 1.00m
and 17.90 g/t Au over 1.00m
DM-21-214: 1.25 g/t Au over1.50m
DM-21-218: 7.05 g/t Au over 3.98m
incl 16.00 g/t Au over 1.61m
DM-22-244: 2.20 g/t Au over 2.50m
DM-22-251: 1.53 g/t Au over 0.80m
DM-22-252: 6.40 g/t Au over 0.60m

Figure 5: 3D schematic view of Flat Chance vein and selected intercepts

Drilling in Phase One is planned to define the continuations of this gold mineralization along strike which will be followed in the Phase Two program with infill drilling to prepare a resource estimate. The mineralization's current southwest extent is within 750 metres of the 1290 portal to the Dome Mountain Mine presently being mined at a sustained level of 125 tonnes of ore per day (News Release, August 2026).

Forks Prospect

The Forks prospect is located 460 metres southwest of the Dome Mountain portal. The Forks prospect is believed to be the first mineralized veins discovered in the immediate Dome Mountain area. The veins are exposed along Fedral Creek and have been explored by several adits and shafts and drilling. Drilling in the mid 1980's by Noranda defined a flat lying, extremely sheared and altered quartz breccia vein structure with a thickness of up to 12 metres. Drilling in 1987 (Noranda Assessment report 28891) intersected intervals up to 7.6 metres grading 10.42 grams of gold per tonne and 53.38 grams of silver per tonne (as reported in BC Assessment Report 28891). Blue Lagoon geologists sampled a 4 metre vein boulder erratic, likely sourced from the Forks shaft, which returned 47 g/t Au and 287 g/t Ag. A sample from the 9800 Zone area returned 26.5 g/t Au and 322 g/t Ag.

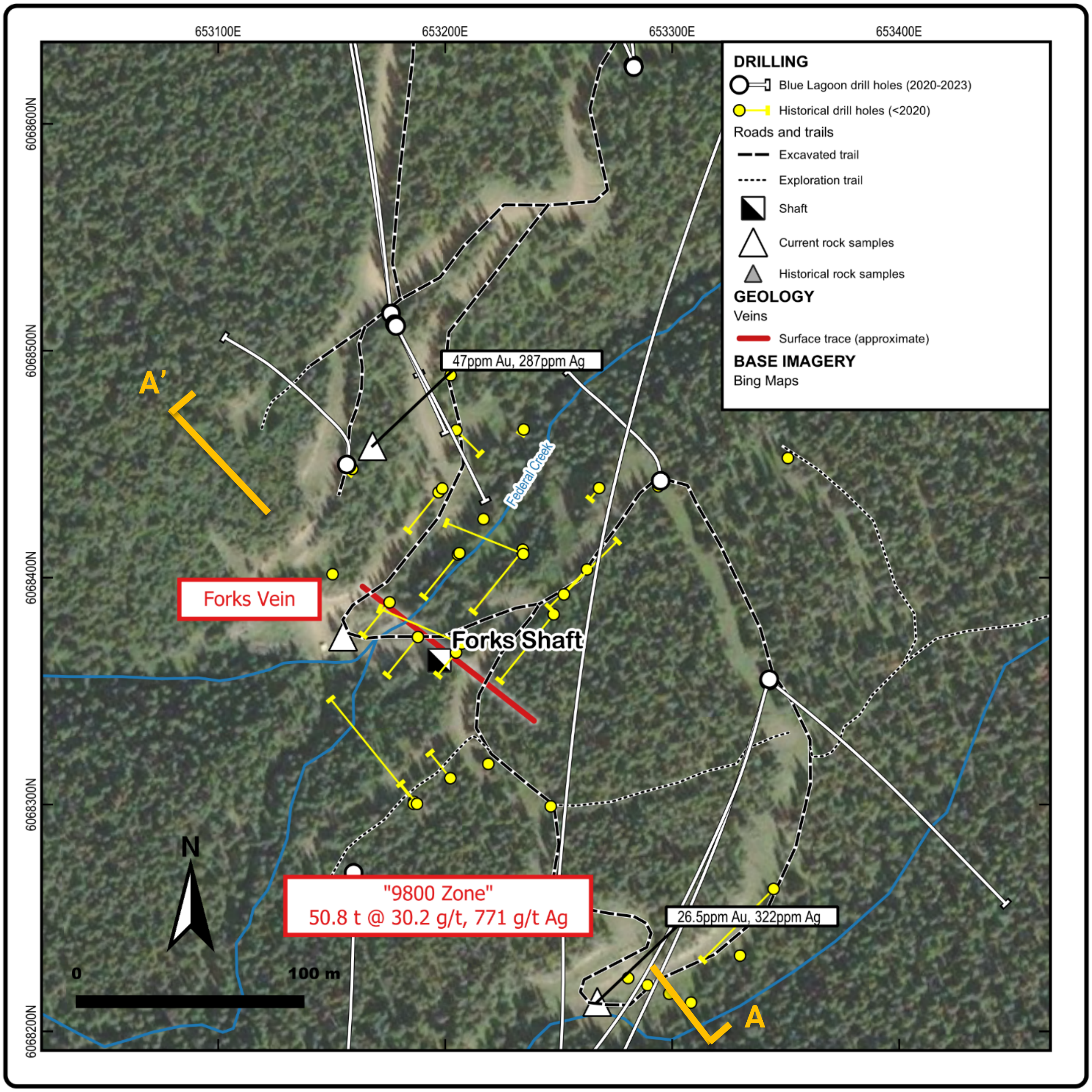


Figure 6: Plan map of Forks Prospect

The Forks vein occurs at the contact of an upper argillaceous and graphitic sedimentary package and a lower andesitic lapilli and/or crystal tuff. The setting is quite similar to the Argillite Vein, currently being mined at Dome Mountain, where it too is located at a contact of these sediments and volcanics. Vein mineralogy and style are also very similar with strong zinc, lead and copper mineralization associated with the gold and silver. A small amount of material was mined at the southeastern extent, in what is referred to as the 9800 Zone. Over 50 tons of ore was removed in the 1980's that graded 30.17 g/t Au and 771.4 g/t Ag. (Teeshin Resources, 1986, Field Work pages 201-222).

Historical and Blue Lagoon drilling has indicated a flat-lying mineralized zone with a strike length of 300 metres, down-dip extent of 275 metres and an average of 1.1 metre thickness with a weight-averaged grade of 10.53 g/t Au and 42.4 g/t Ag.

As part of Phase One, a series of short holes are planned to infill several gaps in the current drilling in order to prepare a resource estimate for this prospect.

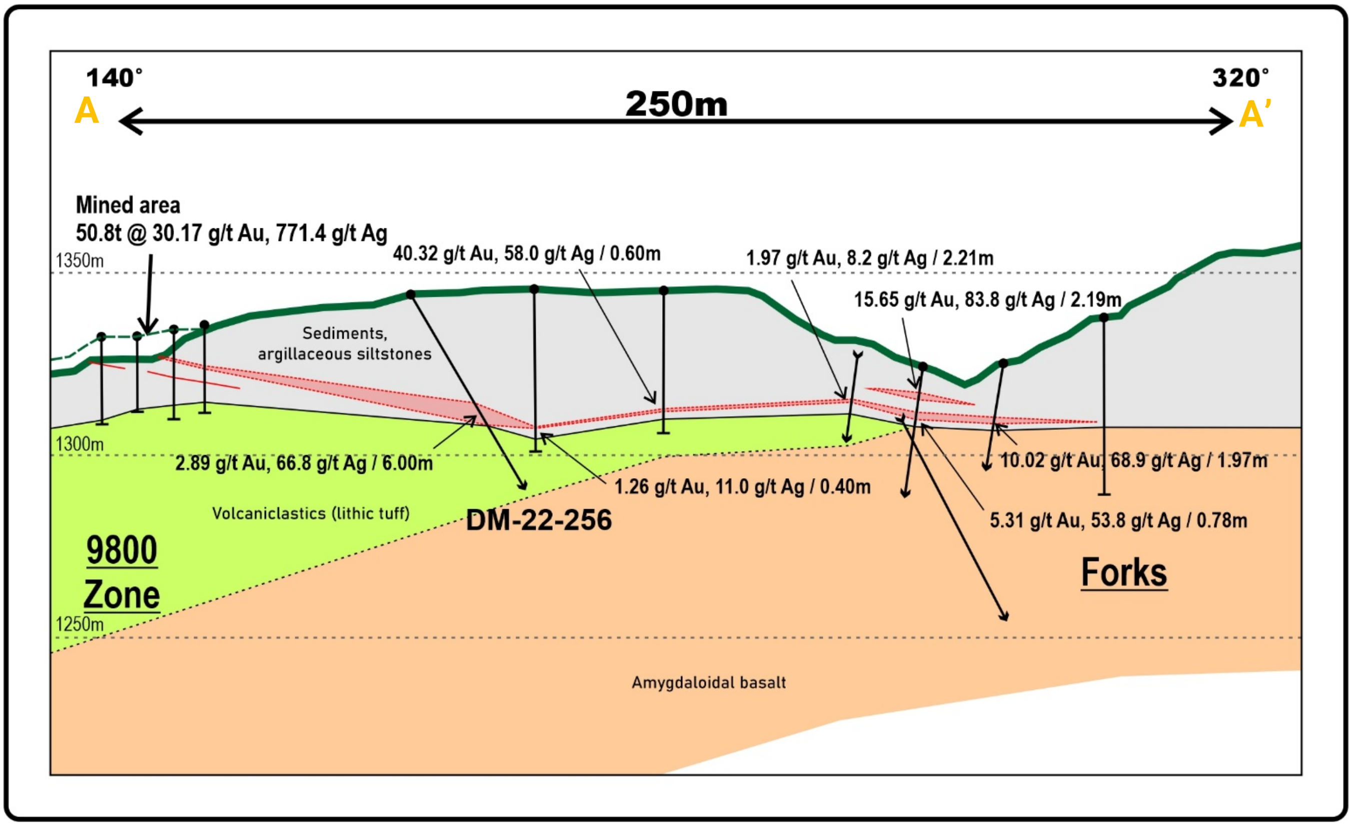


Figure 7: Geological section of Forks Prospect, from 9800 Zone to Forks Vein

Cadmium Soil Anomaly

Soil sampling has indicated ~~as~~ strong cadmium-in-soil anomaly to the east of the known extent of the Boulder Vein, on the south side of Fedral Creek, approximately 650 metres ESE and roughly along strike of the extension of the Boulder Vein system. The Boulder vein was originally defined by Noranda in 1985 by zinc-in-soil sampling. Blue Lagoon's soil results demonstrated a strong correlation of zinc and cadmium, with the latter showing a greater response than zinc over the Boulder Vein. Cadmium was not analyzed in the original Noranda soil samples.

Two drill holes are planned to determine the nature of the soil anomaly.

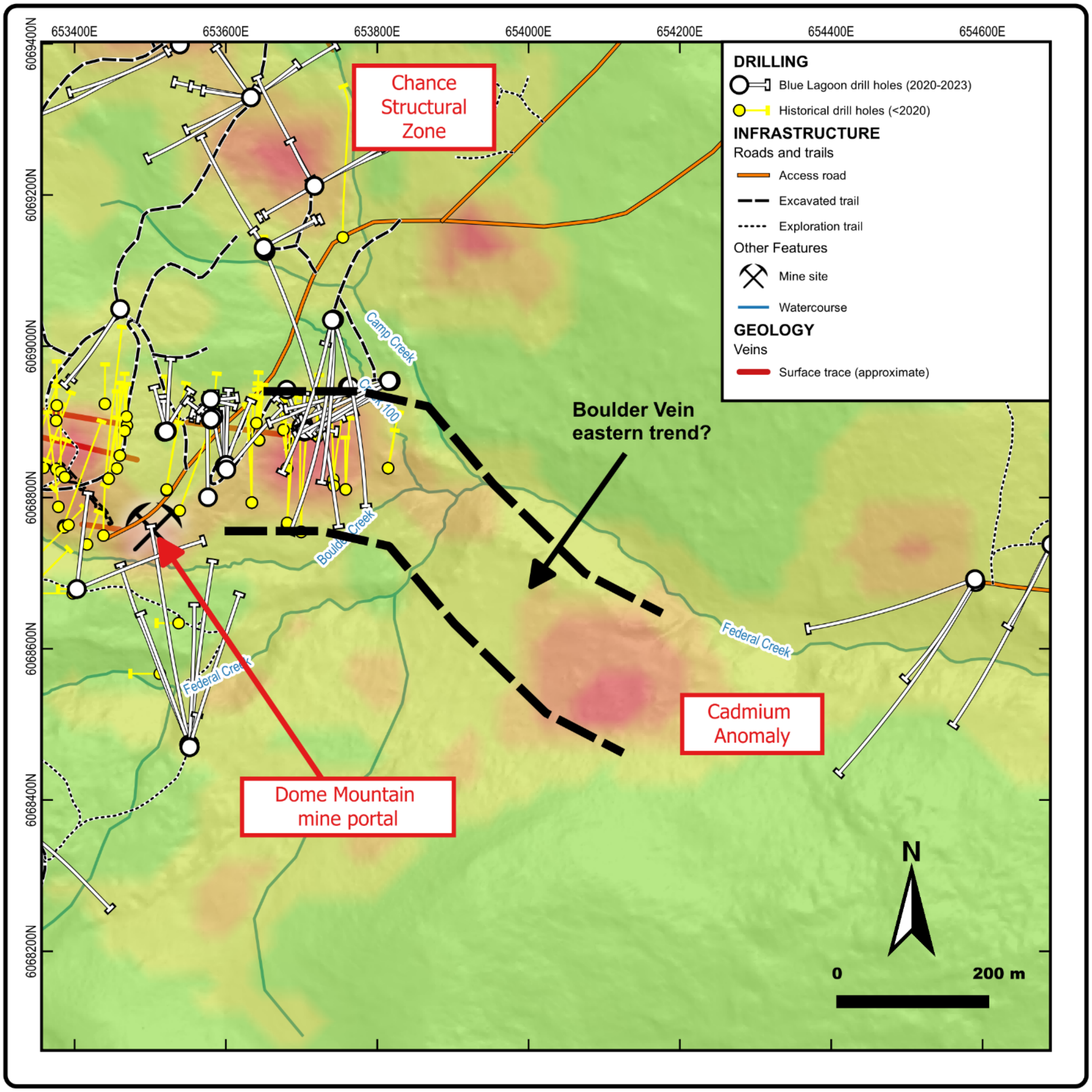


Figure 8: Cadmium-in-soil anomaly, east of Boulder Vein

Infill drilling for expanded resource of the Boulder Vein

Infill drilling on the Boulder Vein will commence once the drilling at CSZ is completed and is expected to continue until spring breakup in April 2027.

Past drilling on the Boulder Vein demonstrated its continuation to the west as well as at depth below the defined resource. Phase One drilling will target the down dip potential and will be drilled at a sufficient density to be included within the resource base for an updated resource estimate.

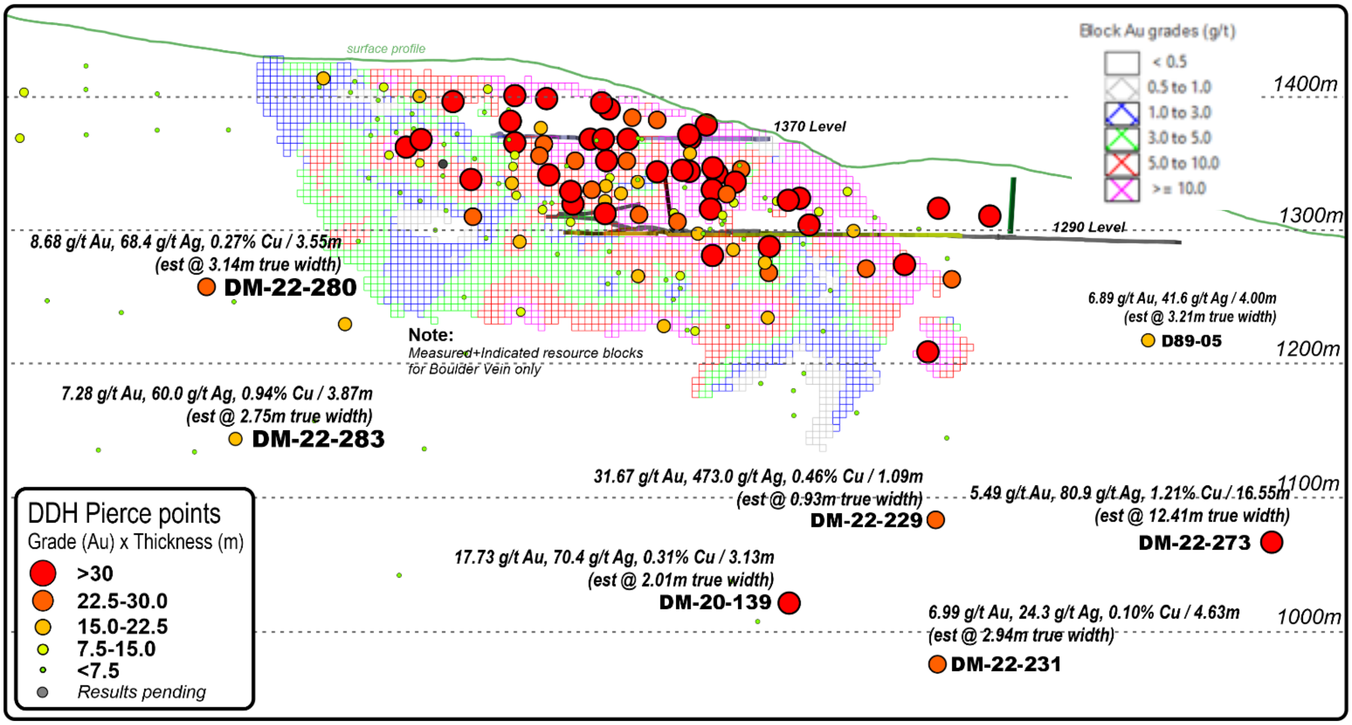


*Figure 9: Long section, Boulder Vein resource**

** 2021 resource estimate by Arseneau Consulting Services; blocks and pierce points shown represent Boulder Vein only. Workings shown prior to commencement of commercial production)*

The Company also announces that it has granted an aggregate of 1,250,000 restricted share units ("RSUs") and 275,000 stock options to certain employees, advisors and consultants of the Company pursuant to the Company's omnibus equity incentive plan. The RSUs vest immediately, while the stock options vest over a one-year period from the date of grant. The stock options are exercisable at a price of $0.64 per share and will expire five years from the date of grant. The grants of the RSUs and stock options are subject to acceptance by the Canadian Securities Exchange.

The Company also reports that several senior employees are being issued an aggregate of 205,583 common shares. The share issuance is subject to acceptance by the Canadian Securities Exchange.

In addition, the Company intends to settle approximately $723,664 of outstanding indebtedness through the issuance of an aggregate of 1,206,107 common shares at a deemed price of $0.60 per share. Of this amount, approximately $586,165 relates to legacy obligations assumed in connection with the Company's acquisition of the Dome Mountain Gold Mine in 2020 and will be settled through the issuance of 976,941 common shares.

The remaining approximately $137,500 of indebtedness is owing to the Company's President and Chief Executive Officer and is unrelated to the legacy Dome Mountain obligations. This indebtedness will be settled through the issuance of 229,166 common shares. The proposed debt settlements will strengthen the Company's balance sheet and preserve working capital by eliminating these outstanding obligations without the use of cash. The share issuances are subject to acceptance by the Canadian Securities Exchange.

The issuance of 229,166 common shares to the Company's President and Chief Executive Officer 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 and minority shareholder approval requirements contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, as the fair market value of the debt settlement, insofar as it involves the related party, does not exceed 25% of the Company's market capitalization.

Separately, the Company will issue an aggregate of 281,385 bonus common shares to its President and Chief Executive Officer pursuant to two previously disclosed and approved loan agreements under which he provided the Company with two separate $500,000 unsecured, interest-free bridge loans. The loans were advanced to assist the Company in managing its working capital requirements during the ramp-up of operations at Dome Mountain. The bonus shares represent the previously agreed consideration for providing the loans.

Technical information in this news release was approved by Ted VanderWart, P.Geo., a senior geologist with Blue Lagoon Resources and a qualified person under NI 43-101.

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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 has commenced 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 subsequently commenced underground mining operations. Mineralized material from Dome Mountain is processed under a long-term milling agreement with Nicola Mining. During the second half of 2026, the Company plans to continue reinvesting internally generated cash flow into near-mine and regional exploration to further expand its resource base across 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.

Forward-Looking Statements

This news release contains forward-looking statements, including statements regarding the timing and scope of the Company's exploration and drilling programs, the potential expansion of mineral resources, the preparation of updated resource estimates, and the completion of the proposed equity issuances and debt settlements. Forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those anticipated. Readers are cautioned not to place undue reliance on such statements. The Company undertakes no obligation to update forward-looking statements except as required by applicable securities laws.