

BLUE LAGOON RECORDS ITS FIRST FINALIZED GOLD AND SILVER PRODUCTION FROM DOME MOUNTAIN

*First finalized concentrate production yielded 992 ounces of gold and 4,181 ounces of silver;
Over CDN \$16 million received in provisional payments to date*

October 15, 2026 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) reports continued gold and silver production and mineral processing from its 100% owned Dome Mountain Gold and Silver Mine near Smithers, British Columbia.

Mining and Milling Update

From mid-November 2025 through September 30, 2026, Blue Lagoon transported 21,400 tonnes of mineralized material from Dome Mountain to Nicola Mining Inc.'s milling facility near Merritt, British Columbia. Approximately 17,400 tonnes have been processed to date, with a further 4,000 tonnes currently at the mill site awaiting processing. Additional mineralized material shipments continue and are ongoing weekly.

Processing of Dome Mountain material commenced in February 2026. During the initial milling campaign, which also included lower-grade development material, 5,002 dry metric tonnes ("DMT") were processed at Nicola's 150 tonne per day facility. This material, prior to processing, contained an estimated 1,200 ounces of gold at approximately 7.0 grams of gold per tonne ("g/t Au").

Final production from this material amounted to 341.6 DMT of concentrate. Final assay and settlement results from the Company's offtake partner, Ocean Partners Holdings Ltd. confirm that this concentrate contained 992 ounces of gold and 4,181 ounces of silver.

The benefits of the mine development are clearly reflected as mill-feed grades over the following months have increased to approximately 8.0 to 10.0 g/t Au. In addition, higher mill feed grades have increased gold recovery, which is currently averaging approximately 92%.

The concentrates have also generally contained approximately four ounces of silver for every ounce of gold.

Following the initial production described above, subsequent milling campaigns have produced and shipped approximately 875 DMT of additional concentrate through September 30, 2026. Final assay and settlement results for this concentrate remain outstanding and, accordingly, the gold and silver ounces attributable to this material are not included in the 992 ounces of gold and 4,181 ounces of silver reported above.

Concentrate Production Summary

Production Stage	Quantity	Status
First three concentrate lots	341.631 DMT	Final contained metal; 992.4 oz Au & 4,181 oz Ag
Additional concentrate shipped	874.950 DMT	Awaiting final assays and final settlement from Ocean Partners
Total concentrate shipped to date	1,216.581 DMT	—

Approximately \$16.5 Million Received

To date, Blue Lagoon has received approximately CDN \$16.5 million in payments related to gold and silver concentrate shipments from Dome Mountain material. These payments represent approximately 85% of the provisional value of the applicable concentrate shipments. The remaining balance is payable following receipt of final assays and completion of the settlement process.

“Operationally, the important development is that Dome Mountain is now functioning through the full production cycle — from underground mining and trucking through milling, concentrate production and sale,” said Rana Vig, President and CEO of Blue Lagoon Resources. “At the same time, we continue to invest in underground development to provide additional working areas and greater operating flexibility.”

Provisional payments are subject to adjustment on final settlement for final weights, assays and metal prices and may result in amounts payable to or by the Company. Amounts received are unaudited, gross of operating and other costs, and are not an indication of profitability.

Dome Mountain Operations Continue

Mining and underground development continue at Dome Mountain, with material being transported to Nicola for ongoing milling and processing. The comparison below illustrates the substantial expansion of the underground workings between September 2025 and September 2026.

Plan Views of Dome Mountain Underground Development

September 2025 vs. September 2026

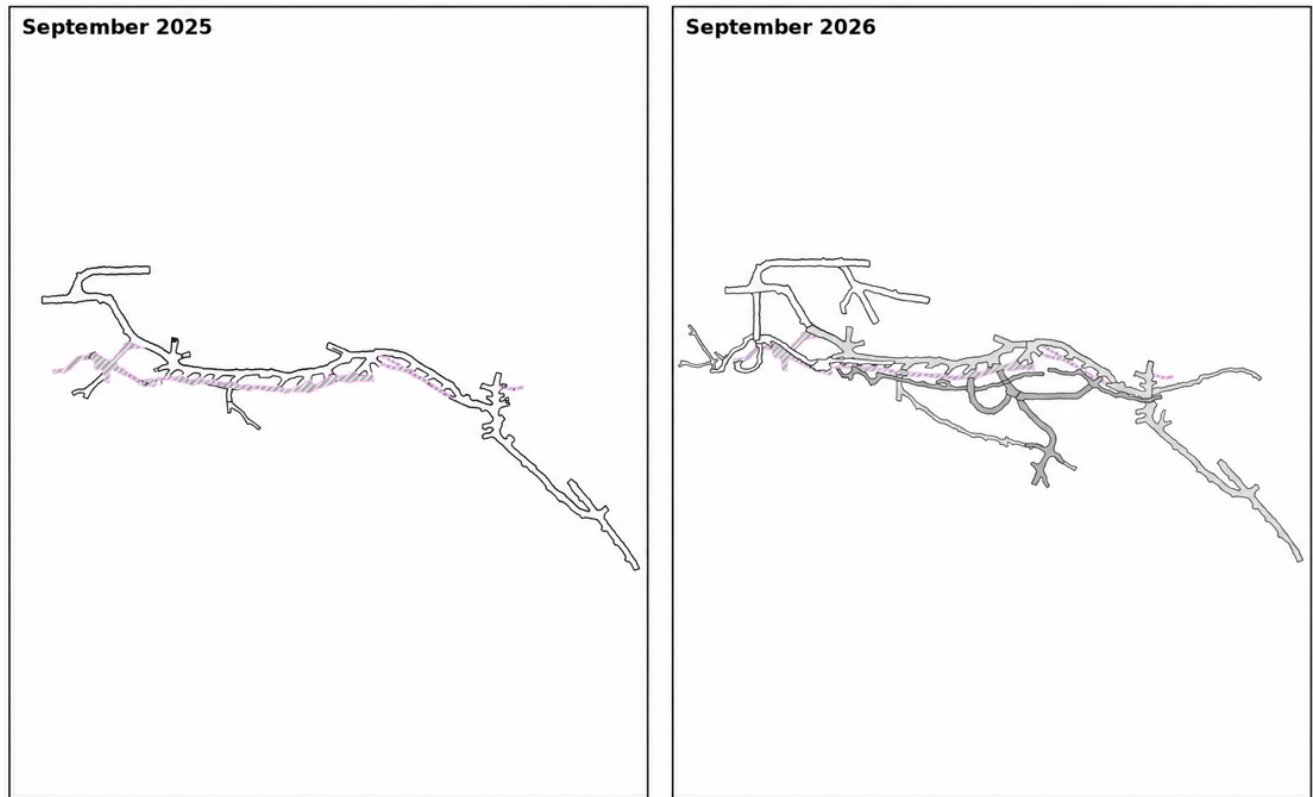


Figure 1. Comparison of underground mine development at Dome Mountain from September 2025 to the current layout in 2026, illustrating the significant expansion of underground workings and access to additional mining areas

Blue Lagoon will continue to provide updates as additional concentrate lots receive final and binding assays and as further operational and exploration milestones are achieved.

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 (see technical report dated January 31, 2022 at www.sedarplus.ca). The Company understands that there is increased uncertainty, and consequently a higher risk of economic and technical failure, when production is undertaken in advance of a feasibility study.

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

Forward-Looking Statements

Certain statements in this news release constitute forward-looking information within the meaning of applicable Canadian securities laws. Such statements include, but are not limited to, statements regarding continued mining, transportation, milling and processing of mineralized material from Dome Mountain; the processing of material currently stockpiled at Nicola Mining's facility; continued underground development; the timing and receipt of final assay and settlement results for concentrate shipments; receipt of remaining settlement payments; and future operational and exploration milestones.

Forward-looking information is based on management's current expectations, assumptions and estimates and is subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated. These include, among others, variations in mined grades and recoveries, mining and processing performance, availability and performance of third-party milling and transportation services, timing of assays and concentrate settlements, commodity prices, operating costs, regulatory and permitting matters, and the risks associated with conducting production without a feasibility study of mineral reserves demonstrating economic and technical viability.

Readers are cautioned not to place undue reliance on forward-looking information. The Company undertakes no obligation to update or revise any forward-looking information except as required by applicable securities laws.