

BLUE LAGOON KICKS OFF 20,000 METER DRILL PROGRAM ON ITS DOME MOUNTAIN GOLD PROJECT

January 11, 2021 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (the “Company”) (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is pleased to announce that it has mobilized its crew and drill rig to commence its 2021 drill program, which is expected to be a minimum of 20,000 meters of diamond drilling on its all-year-round road accessible Dome Mountain Gold Project, located a short 50 minute drive from Smithers, British Columbia.

As part of the Company’s larger planned exploration and development program, Phase One, which starts today, is designed to target deep mineralization on and along the Boulder Vein resource. This program design was based on the positive results from the recently completed 2020 drill program which highlighted the near term opportunities to increase the overall resource significantly, both at depth and along strike to the east that show high grade gold and silver potential.

“We are very excited to kick off this Phase One drilling at Dome Mountain” said Bill Cronk, Chief Geologist of Blue Lagoon Resources.” The 2020 drilling program identified clear targets for follow up which will significantly add to the growing resource potential at Dome Mountain. In addition, fifteen high grade gold (drill ready) vein targets and, early developmental targets based on our 2020 airborne geophysics and ground soils and prospecting, offer further resource expansion opportunities on the Dome Mountain Gold Project,” he said.

Airborne geophysics completed on the project in 2020 detailed numerous targets for further development, as well as a clear Mag signature associated with additional strike length potential to the east on the Boulder Vein. See news release dated January 7, 2021 for additional details.

“Although we’ve reached a number of significant milestones for Blue Lagoon in a very short time, one of the most important and significant were results that we received from the first ever property wide airborne geophysical survey conducted at Dome Mountain,” said Rana Vig, President & CEO of Blue Lagoon Resources. “This survey identified five (5) new perspective targets and led the company to immediately stake an additional 7,646 hectares, thereby nearly doubling the property to nearly 19,000 hectares,” he said.

“Furthermore,” he added, “with a very busy year ahead, the Company anticipates significant positive results and milestones throughout the course of 2021. With drilling starting today, the first results are expected to be released in early March and will continue until the fall of 2021. In addition, the Company has nearly \$6 million in treasury, no debt, and approximately \$5 million in warrants and options that are in the money and could provide more capital this year, if needed,” he said.

MILESTONES AND CATALYSTS FOR GROWTH

EXPLORATION:

- 2021 work program includes the largest drilling program in the project's history.
- Drilling will focus on near term resource expansion at Dome as well as drill ready targets that offer New Discovery potential on the property.
- New drill results will continue through to Fall 2021.
- Ground based exploration to focus on new targets identified by the recently completed airborne geophysics.
- Expand the "drill ready" target portfolio.
- An aggressive property wide soils program will include collection of at least 4000 samples.
- Focused ground IP survey.
- Update the recently filed 43-101 Technical Report to include new drill data (from 2020 drilling and, 2021 Phase One drilling).

MINE DEVELOPMENT:

- Finish water treatment facility (February 2021)
- Underground installation of a secondary emergency egress and vent raise (February 2021)
- Removal and processing of high-grade broken ore sitting on site (March 2021)
- Complete mine reclamation and closure plans (April 2021)
- Submit all amendment documents to the Ministry for approval to begin mining (June 2021)

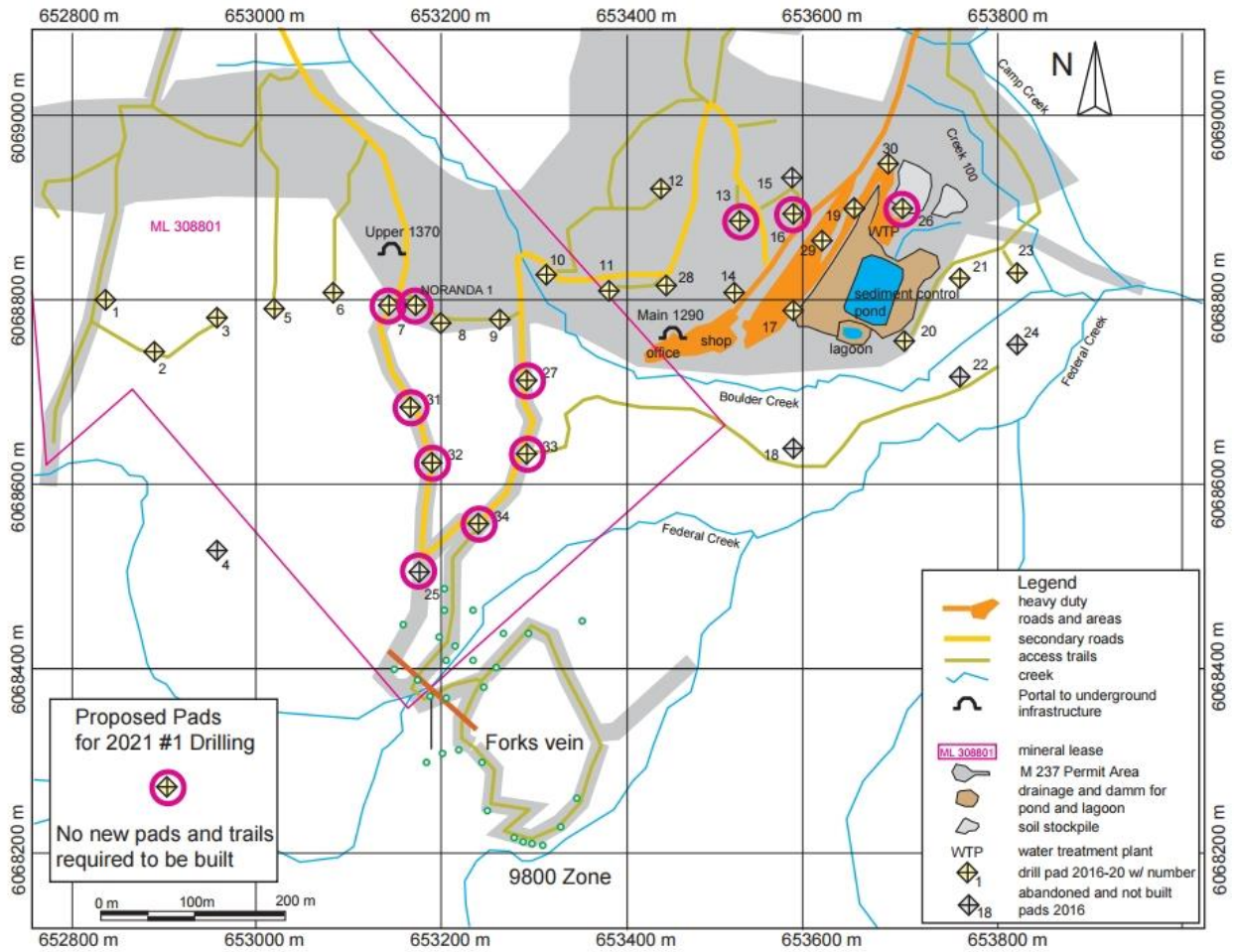
The Company will evaluate a production decision once all permit requirements are in place. Any production decision in advance of obtaining a feasibility study of mineral reserves demonstrating economic and technical viability of the project is associated with increased uncertainty and risk of failure.

PHASE ONE DRILLING

The first hole of the Phase One drill program will be drilled from the Noranda 1 Pad (see figure 1). This is the location of hole DM-20-139 which intersected 17.69 g/t Au and 70.40 g/t Ag (including 0.65 meters running 48.4 g/t Au and 95 g/t Ag) over 3.13 meters at a downhole depth of 338 meters (news released Dec 9, 2020). DM-21-140 will focus on follow-up of the Boulder Intercept and will target mineralization in the Boulder Vein up dip from that deep intercept in order to verify the attitude of the vein at depth as well as test the average vein thickness.

Pads located south of here (Pads 27, 31, 32 and 33) will be drilled to depth in order to further test the down dip extension of the Boulder Vein Mineralization.

Pads located to the east include Pad 26 which is the location of the previously announced hole DM-20-114 which intersected 107 g/t Au and 278.5 g/t Ag over 1.42 meters (including 165.3 g/t Au and 398 g/t Ag over 0.71 meters) at a depth of 69.13 meters from a hole with an inclination of -73 degrees. Planned holes from this pad will be targeting this high-grade gold/silver mineralization at depth as well as farther along strike.



Drill plan #1 for 2021 on the Mine Permit Area of the Dome Property

The scientific and technical disclosure in this news release was approved by William Cronk, P.Geo., a qualified person as defined in NI 43-101 and a consultant to the Company.

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

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