

**Blue Lagoon Adds Second Drill Rig;
Releases First Rock Sample Numbers From
Its Fall Prospecting Program**

January 18, 2021 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (the “Company”) (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is pleased to announce, both, the results from its fall prospecting program, and the addition of a second drill rig to its 20,000 Meter drill program currently underway on its Dome Mountain Gold project - an all-year-round accessible property located a short 50 minute drive from Smither B.C.

“With nearly \$6 million in treasury and no debt, our exploration team is laser focused on rapidly moving the 2021 drill program forward and increase shareholder value on this highly prospective large land package of nearly 19,000 hectares, 90% of which has yet to be explored,” said Rana Vig, President and CEO of Blue Lagoon Resources. “We’re also very encouraged with the fantastic numbers returned from the rock sample program that will serve to prioritize our 2021 drill targets at Freegold, Forks, and the 9800 zone,” he added.

HIGHLIGHTS OF NEW ROCK SAMPLE DATA

Sample 74653	(Freegold Vein)	Returned 5.07 g/t Au and 31.3 g/t Ag
Sample 74501	(Freegold Vein)	Returned 56.2 g/t Au and 136 g/t Ag
Sample 74502	(9800 Zone)	returned 26.5 g/t Au and 322 g/t Ag
Sample 74503	(Forks Vein)	Returned 47 g/t Au and 287 g/t Ag
Sample 74505	(Freegold Vein)	Returned 53.2 g/t Au and 59 g/t Ag
Sample 74506	(Freegold Vein)	Returned 14.1 g/t Au and 61.5 g/t Ag
Sample 74507	(Freegold Vein)	Returned 90.6 g/t Au and 129 g/t Ag

PHASE ONE DRILLING

The first drill rig is located on the Noranda 1 pad which drilled hole DM-20-139 during the recently completed 2020 drill program and hit **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. This hole was a vertical hole. The current drilling from this pad will drill at -60, -70- and -80-degrees inclination to follow the high-grade gold mineralization in the Boulder Vein up to the recently defined gold resource lower limit. Close spaced drilling will allow for this mineralization to be included in a resource category when the next 43-101 resource is completed. Once this drilling from the Noranda 1 pad is completed, this rig will move south and target deeper mineralization in the Boulder Vein.

The Company's newly added second drill rig is placed on Pad 26 and will follow-up on the high-grade results drilled in hole DM-20-114 during the 2020 drill program. DM-20-114 hit **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. Hole DM-21-141 will be drilled at a steeper inclination to target continued down dip high grade gold mineralization from the 69.13-meter intercept in hole DM-20-114.

ROCK SAMPLE RESULTS

Rock samples gathered during the soil sampling program completed in the fall of 2020 returned anomalous values in gold and silver. Bedrock exposure on the Dome Mountain project is very limited and overburden is almost completely covering the project area and ranges from 0 to over 30 meters thick as defined by drilling.

Of particular interest was sample 74653 that was collected east of the known vein at Freegold from newly discovered outcrop containing visible quartz veins. Outcrop exposure here is limited but one sample ran 5.07 g/t Au and 31.3 g/t Ag. Another sample (74658) contained 0.014 g/t Au and 85.5 g/t Ag. The Company will focus on this area in its 2021 exploration program to further prospect for more outcrop and define a potential drill target.

Sample 74501 was collected from an outcropping quartz vein on the Freegold showing.

Sample 74502 is a highly anomalous bedrock sample collected from the 9800 Zone in an area of historic trenching. This sample comes from a flat lying quartz vein with semi massive sulfide and runs 56.2 g/t Au and 136 g/t Ag.

Sample 74503 came from an old mine dump at Forks and ran 47 g/t Au and 287 g/t Ag. The quartz vein sample is part of the old underground workings at Forks and the historic Noranda resource of 20,000 tonnes at 23.6 g/t Au. (BCGS Geological Fieldwork 1986, Paper 1987-1, Page 212, Babine Project; BC Minefile# 093L 280).

Samples 74505, 74506 and 74507 all came from outcropping quartz veins at Freegold. These samples ran (in order) 53.2, 14.1 and 90.6 g/t Au and 59, 61.5 and 129 g/t Ag. These veins are part of the high-grade Freegold showing and will be a high priority drill target in 2021.

QUALITY ASSURANCE AND CONTROL

All rock samples were sent to ALS in Vancouver and lab methods include fire assay gold and ME-MS61. QA/QC includes inserted lab standards, blanks and field duplicates. All samples were kept in secure storage. Chain of custody protocol was maintained by onsite QP. Delivery to ALS in Vancouver was via secure shipping.

The scientific and technical data contained 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.

For further information, please contact:

Rana Vig
President and Chief Executive Officer
Telephone: 604-218-4766
Email: rana@ranavig.com

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

Statement Regarding Forward-Looking Information: This release includes certain statements that may be deemed "forward-looking statements". All statements in this release, other than statements of historical facts, that address events or developments that Blue Lagoon Resources Inc. (the "Company") expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from those in the forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include results of exploration activities may not show quality and quantity necessary for further exploration or future exploitation of minerals deposits, volatility of gold and silver prices, and continued availability of capital and financing, permitting and other approvals, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Except as required by applicable securities laws, the Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.