

BLUE LAGOON'S TOLL MILL PARTNER STARTS PROCESSING DOME MOUNTAIN MINERALIZED MATERIAL

On Track To Generate First Cash From Sale of
Gold And Silver Concentrate

July 7, 2021 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (the “Company”) (CSE: BLLG; FSE: 7BL; OTCQB: BLAGF) is pleased to provide the following update on its Dome Mountain Gold / Silver Project, an all-year road accessible project located a short 50-minute drive from Smithers B.C., that holds both an Environmental Management Act Permit (EMA) and a Mining Permit providing for up to 75,000 tonnes production annually. In addition, the property has 15 known high grade gold veins with 90% of the nearly 19,000 hectare property yet to be explored (see the Company’s news release dated May 4, 2020).

PROCESSING OF MINERALIZED MATERIAL BEGINS

The Company is pleased to report that on Friday July 2, 2021, the Company’s toll milling partner, Nicola Mining, started the processing of the mineralized material from its Dome Mountain underground mine. Shipping of the mineralized material, which began on June 14, 2021, has gone smoothly with approximately 15 trucks leaving the mine site on a weekly basis. To date 44 - forty ton trucks - have been dispatched to Nicola, delivering some 1700 tonnes of the Dome Mountain high-grade mineralized material. Daily shipments are expected to continue until all 6,000 plus tonnes of material have been removed from the underground mine and processed at the Nicola Mining mill.

“It was an honour to be hosted by Nicola’s President, Peter Espig, and be on site to witness firsthand the very first Dome Mountain mineralized material get crushed and readied for processing,” said Rana Vig, President and CEO of Blue Lagoon Resources. “In fourteen short months since acquiring this mine, our team has laser beam focused on execution, delivering unprecedented results for this project. And although we have successfully hit numerous important milestones, perhaps none has been as important and as rewarding as witnessing ‘our’ mineralized material being processed and readied for conversion into gold and silver,” he added.

Once processed and converted, the concentrate produced from processing the Dome mineralized material will be sold to Ocean Partners UK Limited, a leading European based commodities trading company with offices in six countries around the world (see news release June 7, 2021). Payment to both Nicola Mining and the Company will be based on every 50 tonnes of concentrate material received by Ocean Partners.



Nicola Mining’s President, Peter Espig (left) with Blue Lagoon Resources President & CEO, Rana Vig, standing at mill site next to newly arrived shipment of Dome Mountain’s high-grade mineralized material



Blue Lagoon Resources President & CEO, Rana Vig, standing next to conveyer transporting Dome Mountain mineralized material from Nicola's primary crusher to its secondary crusher

With the last underground mining at Dome Mountain taking place in 1992, the Company announced on June 7, 2021, that it estimated that more than 6,000 tonnes of high-grade mineralized material was never removed and remained stored underground. In September 2017, over 5,000 tonnes of this mineralized material that is currently being shipped to Nicola Mining for processing, was assayed and yielded the following results.

Grade Sampled g/t Gold	Estimated Tonnes	Location of Sample
11.5	100	Outside pile at 120 level
13.2	50	Vent RSE Upper level
14.8	100	Vent RSE back
18.9	80	Dwpt 10.5
11.6	500	Dwpt 11
10.2	150	Dwpt 12
17.6	1000	Dwpt 13/14
41.5	40	750 RSE Arg 1370 level
10.7	1500	Tag 068
11.9	1500	End of drift 1290 level

The above results of quantity and grade provide a range only and are insufficient to define a mineral resource. There can be no assurance that a mineral resource will be defined from further exploration.

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.

QUALITY ASSURANCE AND CONTROL

Rock samples were collected from underground mineralized material piles. Strict chain of custody and shipping protocols were maintained. The rock samples were crushed up to 80% passing 10 mesh (2mm), riffle split (250 g) and pulverized (mild steel) to 95% passing 105 μ (0.105mm) including cleaner sand. The 30g sample was mixed with fire assay fluxes (borax, soda ash, silica, litharge) and with Ag added as a collector and the mixture is placed in a fire clay crucible, the mixture is preheated at 850°C, intermediate 950 °C and finish 1060 °C, the entire fusion

process should last 60 minutes. The crucibles are then removed from the assay furnace and the molten slag (lighter material) is carefully poured from the crucible into a mould, leaving a lead button at the base of the mould. The lead button is then placed in a preheated cupel which absorbs the lead when cupelled at 950°C to recover the Ag (doré bead) + Au. The sampling program was undertaken by and under the direction of Dr. Mathias Westphal P.Ge.

The scientific and technical data contained in this news release was approved by William Cronk, P.Ge., 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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