FSE: 7BL
CSE: BLLG
OTCQB: BLAGF

BLUE LAGOON ATTAINS COMMERCIAL PRODUCTION AND ANNOUNCES STRATEGIC EQUITY INVESTMENT BY OCEAN PARTNERS

May 19, 2026 – Vancouver, British Columbia – Blue Lagoon Resources Inc. (CSE: BLLG; OTCQB: BLAGF; FSE: 7BL) reports that it has officially attained commercial production at its 100% owned Dome Mountain Gold and Silver Project, located near Smithers, British Columbia.

Commercial production was declared after the Company maintained underground mining rates in excess of an average of 100 tonnes per day for more than 30 consecutive days, exceeding the threshold commonly used in the mining industry for commercial production status. Under the Company's current mining permit, Dome Mountain is permitted to mine up to 55,000 tonnes annually, with commercial production generally recognized as achieving at least 60% of permitted throughput on a sustained basis, which in the Company's case equates to approximately 90 tonnes per day.

This milestone marks a transformational moment for Blue Lagoon as it officially transitions from a development-stage company to a producing gold company while setting its sights to its next milestone – consistent production of 150 tonnes per day. Dome Mountain is now among a very small number of newly permitted mining projects in British Columbia to successfully transition into active production in recent years.

In further validation of Dome Mountain and Blue Lagoon's execution strategy, the Company is also pleased to announce that its offtake partner, Ocean Partners Holdings Ltd. ("Ocean Partners"), is making a strategic equity investment of C$3 million in the Company priced at C$0.90 per common share – equal to the closing market price of the Company's shares on Friday, May 15, 2026, and representing no discount to market. Additionally, the $3 million equity position will consist solely of common shares and carries no warrants.

"This is a defining milestone for Blue Lagoon," said Rana Vig, President and CEO of the Company. "Achieving commercial production at Dome Mountain is the culmination of years of persistence, technical work, permitting success, and strong collaboration with our industry partners and the Lake Babine Nation. To reach this point in British Columbia – one of the most challenging permitting jurisdictions in the world – is a major accomplishment for our team."

Mr. Vig continued: "Equally significant is Ocean Partners' decision to become an equity shareholder in Blue Lagoon through a substantial investment to be completed at market price with no warrant incentive. We believe this speaks volumes about their confidence in the quality of the Dome Mountain project and its mineralized material, our operational progress, and the long-term potential of the Company."

The investment is being made to further align the interests of Ocean Partners with those of Blue Lagoon and its shareholders. Blue Lagoon’s milling partner, Nicola Mining Inc., already holds an equity position in the Company and last year entered into an agreement providing Blue Lagoon with a C$2 million unsecured line of credit, which remains undrawn. With this investment, Ocean Partners will also become a shareholder, aligning the interests and incentives of all three parties across the full value chain - from mine to mill to market.

The Company has a strong treasury, is generating ongoing cash flow from the sale of gold and silver concentrates, has approximately C$2.5 million in in-the-money warrants outstanding, and continues to have access to a C$2 million unsecured line of credit. The Company believes this positions Blue Lagoon with a strong financial foundation as it continues ramping up production and advancing exploration at Dome Mountain.

Operational Update

Underground mining operations at Dome Mountain continue to progress steadily. The Company’s two underground crews are now operating concurrently, with mine development and mineralized material extraction advancing in parallel. Additional equipment has arrived on site, supporting increased productivity across the operation. Regular shipments are being made to Nicola Mining's Merritt Mill under the Company's existing toll milling agreement, with corresponding invoices being submitted to Ocean Partners for gold and silver sales as material is processed.

The Dome Mountain water treatment facility continues to perform well, and the site is managing seasonal snow melt effectively. The Company remains in full compliance with all environmental permit requirements. Additionally, provisions are being made to expand the site and upgrade infrastructure to support the expanded crew now operating at Dome Mountain. These upgrades are also designed to prepare the site for the arrival of drilling crews, which the Company anticipates bringing on site in Q3 2026.

For further information, please contact:
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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 recently achieved commercial 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 has since commenced underground mining operations. Mineralized material from Dome Mountain is processed under a long-term milling agreement with Nicola Mining. Beginning in H2 2026, the Company plans to reinvest internally generated cash flow into near-mine and regional exploration to further expand its resource base on 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.

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