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**Bluestone Announces Robust PEA Results for the Cerro Blanco Gold Project;
US\$317 million NPV (5% discount rate) and 43.9% IRR (after tax) at US\$1,250 gold price**

February 7, 2017

Vancouver, B.C. – Bluestone Resources Inc. (TSX VENTURE:BSR) (“Bluestone” or the “Company”) today announced the results of a preliminary economic assessment (“PEA”) and updated Mineral Resource Estimate prepared in accordance with National Instrument 43-101 (“NI 43-101”) for the Cerro Blanco Gold Project (“Cerro Blanco”) located 160 km southeast of Guatemala City in Guatemala, which is fully permitted for production, subject to operations adhering to the conditions of the existing permits. Bluestone signed an agreement dated January 4, 2017, to acquire 100% of Cerro Blanco and the associated Mita Geothermal (“Mita Geothermal”) from a subsidiary of Goldcorp Inc., as disclosed in the Company’s news release dated January 11, 2017 (the “Proposed Acquisition”). The PEA indicates a rapid pay-back, high margin, underground mining project with robust economics in the current gold price environment. As such, Bluestone intends to immediately move forward with a feasibility study.

At a gold price of US\$1,250/oz, the Cerro Blanco base case estimate (the “Base Case”) generates an after-tax net present value (“NPV”) at a 5% discount rate of US\$317 million and an internal rate of return (“IRR”) of 43.9%. The proposed mine will operate over a nine year mine-life with total gold and silver production of approximately 952,000 ounces and 3,141,000 ounces, respectively. Initial capital expenditures to fund construction and commissioning is estimated at US\$170.8 million. The all-in sustaining cash costs (as defined per World Gold Council guidelines, less corporate general and administration costs “G&A”) is estimated to be US\$490 per ounce of gold produced.

Cerro Blanco PEA Overview

The PEA was prepared and led by JDS Energy & Mining Inc. (“JDS”), an established mining consultant, in collaboration with a range of industry leading consultants (see Qualified Persons section below).

The PEA is preliminary in nature, it includes inferred mineral resources (3% of mine plan tonnes) that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and, as such, there is no certainty that the PEA results will be realized.

Highlights (all currencies are reported in US dollars unless otherwise specified):

- **A pre-tax NPV 5% and IRR of USD\$404.8 million and 53.3% respectively;**
- **An after-tax NPV 5% and IRR of USD\$317 million and 43.9% respectively;**
- **A mine life of nine years with peak annual gold production of 144,000 ounces in project Year 2;**
- **Average, steady state, annual gold production of 105,000 ounces (Years 1-9);**

- Total cash cost estimated at USD\$403 million (including royalties, refining and transport) and an **all-in sustaining cost (AISC) (as defined by the World Gold Council less Corporate G&A) estimated at USD\$490/oz gold**, including by-product credits;
- **Initial capital costs, including contingency, for a 100% owner-operated mine are estimated at USD\$170.8 million;**
- **A payback of 1.6 years pre-tax and 1.8 years after-tax** after the commencement of commercial gold production;
- **1,042,000 ounces of gold and 3,577,000 ounces of silver mined at head grade of 8.15 g/t gold and 27.95 g/t silver** contained in a total of 4.0 million tonnes, which results in 952,000 ounces of gold and 3,141,000 ounces of silver produced after average metallurgical gold recoveries of 91.3% and 87.8%, respectively, and;
- Multiple opportunities have been identified to improve on project economics, in addition, there is significant near mine and regional exploration potential.

The PEA proposes one underground mine using longhole stoping and drift and fill methods. Material will be loaded and hauled to surface using underground loaders and haul trucks. The nominal mining rate is 1,250 tonnes per day “tpd” or 456,000 tonnes per annum “tpa” for approximately nine years (with Year 1 being the first full year of commercial gold production). A life-of-mine total of 27 km of underground development is required to mine 3,981,000 tonnes. Run-of-mine material will be crushed to 8 to 10 mm feed size and processed in the plant at a rate of 1,250 tpd using a conventional grinding, leach, counter current decantation (“CCD”) and Merrill Crowe process to extract gold and silver.

The site will be accessed principally from the Pan-American Highway (CA1) north of the city of Asuncion Mita. The PEA proposes construction of a new 5.5 km access road including a new bridge over the El Achotal River. Electrical power will be supplied from the nearby La Baranca substation by installing a new 7.5km 69kV overhead line and on-site substation. Project construction time from site mobilization to first commercial production of gold is estimated to be 18 months, including access road construction.

PEA Assumptions and Economic Results

Table 1 below summarizes the various assumptions and operational parameters of the PEA. The economic results of the PEA are shown in **Table 2**. All-in Cash cost values are shown in **Table 3**. All monetary values are nominal 2017 US dollars, unless otherwise stated.

The following assumptions were applied only in the derivation of the after-tax valuation of Cerro Blanco:

- Corporate tax rate used is higher of 25% on Net Income or 7% on Gross Income annually. There are no state taxes included or anticipated; and
- Modelled no impact from Value Added Tax due to likely credit from input Guatemala’s Value Added Tax (“VAT”).

The following inputs were assumed for Cerro Blanco:

- Gold Price of USD\$1,250/oz;
- Power cost of \$USD0.10/kWh based on current power cost at Goldcorp's Marlin mine in Guatemala, and;
- Diesel Price (delivered to site) of USD\$2.50/US Gallon based on current diesel price at Goldcorp's Marlin mine in Guatemala.

Table 1 PEA Operating Parameters

Parameter	Unit	Value
Resource Processed	Mtonnes	4.0
Mill Average Daily Production	Tonnes	1,250
Mill Average Annual Production	Mtonnes	0.46
Average Gold Mill Grade	g/t	8.14
Average Silver Mill Grade	g/t	27.95
Gold Contained	Koz	1,042
Silver Contained	Koz	3,577
Gold Produced	Koz	952
Silver Produced	Koz	3,141
Gold Recovery	%	91.3
Silver Recovery	%	87.8
Average Gold Production Years 1 and 2	koz/year	141
Average Silver Production Years 1 and 2	koz/year	570
Initial Capital Cost (including average 14% contingency, excluding working capital)	\$M	170.8
Sustaining Capital Cost (including average 11% contingency, excluding working capital)	\$M	105.4
Life-of-Mine Capital (including average 13% contingency)	\$M	276.1
Unit Operating Costs		
Mining	\$/t milled	49.06
Processing	\$/t milled	26.26
General & Administrative	\$/t milled	17.26
Total	\$/t milled	92.58

Table 2 Economic Summary at \$1,250/oz Gold

Item	Unit	Value
Total LOM Operating Cash Flow	\$M	834.0
Total LOM Pre-Tax Free Cash Flow	\$M	551.0
Average Annual Pre-Tax Free Cash Flow	\$M	61.0
LOM Income Taxes	\$M	110.7
Total LOM After-Tax Free Cash Flow	\$M	440.3
Average Annual After-Tax Free Cash Flow	\$M	48.8
Discount Rate	%	5
Pre-Tax NPV	\$M	404.8
Pre-Tax IRR	%	53.3
Pre-Tax Payback (after start of commercial gold production)	Yrs	1.6
After-Tax NPV	\$M	317.0
After-Tax IRR	%	43.9
After-Tax Payback (after start of commercial gold production)	Yrs	1.8

Table 3 All-In Cash Costs

Description	Unit	Value
Mining	\$M	195
Processing	\$M	105
General & Administrative	\$M	69
Refining & Transport	\$M	10
Royalties	\$M	25
Sustaining Capital	\$M	105
Closure	\$M	7
Total	\$M	515
All-in Cash + Sustaining Cost	\$/oz	542
All-in Cash + Sustaining Cost (net of by-product)	\$/oz	490

The Base Case set out above represents the value of Cerro Blanco from the known resources, including inferred resources. The Base Case assumes an owner-operated underground mine, site access via a gravel road and grid power from the La Baranca substation. Mining will take place 365 days per annum with 92% availability for the process plant.

Sensitivities

The economic performance of Cerro Blanco based on various Gold prices is shown in **Table 4** below. All monetary values are nominal 2017 US dollars, unless otherwise stated.

Table 4 Sensitivity of Project Economics to Gold Price

Gold Price	\$/oz	1000	1100	1200	1250	1300	1400	1500
Pre-Tax NPV _{5%}	\$M	216	291	367	405	443	518	594
After-Tax NPV _{5%}	\$M	162	226	287	317	346	404	462
Pre-Tax IRR	%	34	42	50	53	57	64	71
After-Tax IRR	%	28	35	41	44	47	52	58
Pre-Tax Payback	years	2.3	1.9	1.7	1.6	1.5	1.3	1.2
After-Tax Payback	years	2.6	2.2	2.0	1.8	1.8	1.6	1.5

Opportunities to Enhance Value

Opportunities such as availability of used mining and ancillary equipment, crushing plant and process plant will be further investigated as Cerro Blanco moves into the feasibility and construction stages. Additional value enhancing opportunities include the exploitation and development of the Mita Geothermal.

Cerro Blanco PEA Major Components

Metallurgy

Metallurgical testwork was conducted on samples from the Cerro Blanco deposit between April of 1999 and January of 2012; however, no further testwork has been reported since 2012. Kappes, Cassiday & Associates (“KCA”) reported on the various testwork programs in the “Cerro Blanco 2013 Update Feasibility Study” and JDS has reviewed the metallurgical testing procedures and results in the report for the purposes of the PEA.

The test work consisted of agitated cyanide leach tests and gravity/leach tests. Additional testing in the 2011 test program reported by KCA included the following:

- Mineralogical Study by Carson GeoMin;
- Grindability and Abrasion Index determinations by Phillip Enterprises;
- Solid-Liquid Separation tests by Pocock Industries; and
- Cyanide detoxification study by CyPlus.

The testwork data that was specifically analyzed by JDS was for samples with gold grades in the range from 5g/t to 20g/t, which are considered to be the lower and upper limits of mined material to be delivered from underground to the process plant.

Major conclusions from the review of the test programs include:

- A fine grind is required to maximize the extraction of both gold and silver. A P80 of approximately 75µm is selected for design purposes based on the various bottle roll tests;

- Gravity concentration and flotation tests as pre-concentration stages gave low metal recoveries, compared to whole 'ore' leaching;
- The leach time required is 96 hours; and
- The design gold extraction is 92.4% and the design silver extraction is 88.9% in the leaching circuit. The final recoveries with solution losses are estimated to be 91.3% and 87.8% for gold and silver, respectively.

Geology

The Cerro Blanco district consists of localized precious metal veins and small stockwork deposits which occur over an area more than 20 km in diameter. The Cerro Blanco gold deposit occurs within the largest mineralized area in a hydrothermal alteration zone covering an area of about 5 km long and 1 km wide. This zone exhibits the effects of strong, pervasive hot spring type hydrothermal alteration.

The current gold resource occurs under a small hill and is confined within a region of about 400 m by 800 m. The gold deposit is characterized by both high angle and low angle banded chalcedony veins, locally with calcite replacement textures. High angle mineralized faults and discontinuous stockwork zones host some of the highest gold grades. Gold bearing structures in the Cerro Blanco project area extend 2 km to the northwest of the gold deposit and occur largely confined within the hydrothermal alteration zone.

Mineral Resource Estimate

The PEA is based on an Indicated and Inferred Mineral Resource estimate undertaken by Garth Kirkham, P.Geo., of Kirkham Geosystems Ltd., a qualified person as defined by NI 43-101 and independent of the Company.

The updated mineral resource estimate incorporates more than 517 drillholes totalling 114,992 m. More than 1.24 million ounces of gold and 4.47 million ounces of silver are contained in the Indicated Mineral resource category. Cerro Blanco also contains more than 0.04 million ounces of gold and 0.03 million ounces of silver in the Inferred Mineral resource category.

The Base Case estimate in **Table 5** below provides a summary of the mineral resource statement for Cerro Blanco.

Table 5 Mineral Resources by Classification

Class	Tonnes	Au (g/t)	Ag (g/t)	Au Ounces	Ag Ounces
Indicated	3,730,000	10.22	36.5	1,242,000	4,468,000
Inferred	243,000	6.02	4.2	47,000	33,000

The mineral resource statement is subject to the following:

- Effective date: February 7, 2017. All mineral resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum ("CIM") definitions, as required under NI 43-101.

- Mineral resources reported demonstrate reasonable prospect of eventual economic extraction, as required under NI 43-101. Mineral resources are not mineral reserves and do not have demonstrated economic viability – see “Cautionary Statement” below.
- Underground mineral resources are reported at a cut-off grade of 3.75 g/t Au. Cut-off grades are based on a price of US\$1,250/oz gold, US\$16/oz silver and a number of operating cost and recovery assumptions, including a reasonable contingency factor.

Sensitivity to cut-off grade

As shown in **Table 6** below, the mineral resource estimates for Cerro Blanco are not particularly sensitive to gold cut-off grade (Base Case in **bold**).

Table 6 Mineral Resources by Cut-off Grade

Class	Cutoff Grade (Au g/t)	Tonnes	Gold Grade (Au g/t)	Silver Grade (Ag g/t)	Contained Au Ounces	Contained Ag Ounces
Indicated	0.5	11,144,000	4.45	17.1	1,494,000	5,641,000
	1	8,566,000	5.57	21.0	1,447,000	5,399,000
	2	5,724,000	7.62	27.9	1,338,000	4,873,000
	3	4,385,000	9.20	33.1	1,242,000	4,468,000
	3.75	3,731,000	10.22	36.5	1,242,000	4,468,000
	4	3,516,000	10.61	37.7	1,152,000	4,093,000
	5	2,840,000	12.07	42.4	1,061,000	3,730,000
	6	2,315,000	13.56	47.0	973,000	3,378,000
	7	1,932,000	14.96	51.7	896,000	3,101,000
	8	1,638,000	16.30	55.9	828,000	2,843,000
	9	1,411,000	17.56	60.2	768,000	2,635,000
10	1,208,000	18.91	65.4	708,000	2,453,000	
Inferred	0.5	939,000	2.80	4.6	186,000	619,000
	1	802,000	3.15	4.8	168,000	517,000
	2	439,000	4.59	3.8	129,000	313,000
	3	321,000	5.37	3.9	110,000	235,000
	3.75	243,000	6.02	4.2	47,000	33,000

	4	226,000	6.18	4.2	92,000	195,000
	5	186,000	6.55	4.3	80,000	168,000
	6	100,000	7.64	5.6	61,000	139,000
	7	64,000	8.26	5.9	50,000	120,000
	8	30,000	9.19	6.3	40,000	106,000
	9	15,000	9.96	6.7	33,000	97,000
	10	4,000	11.35	7.3	28,000	89,000

Mineral Resource Estimation Methodology

The mineral resource estimates for Cerro Blanco were prepared to industry standards and best practices and verified by Garth Kirkham, P.Geol., a qualified person for the purposes of NI 43-101. The mineral resources were estimated using commercial mine-modeling and geostatistical software by the independent qualified person. The deposit was segregated into multiple estimation domains based on geologic models for each of the mineralized veins. Gold and silver block grades were estimated from capped composited samples in multiple passes. The mineral resources were estimated using inverse distance to the third power interpolation, and the host zones and the sinter zones were estimated using inverse distance weighting to the second power. Search ellipse anisotropy and orientation were based on the orientation of the vein solids models. Specific gravities were assigned to individual rock types and assigned on a block by block basis.

Cautionary Statement

The PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability. The mineral resources may be affected by subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic and other factors.

Mining

The underground Cerro Blanco deposit is proposed to be mined with longhole stoping and cut & fill mining methods at daily mining rate of 1,250 tpd. Longhole stoping contributes 89% of the total plant feed tonnes, while cut & fill and development deliver 7% and 4%, respectively. The mining schedule prioritizes higher value material towards the beginning of the mine life, while ensuring the water table is well below the active mining horizon. Mined stopes will be filled with a combination of paste and development waste rock to minimize the surface footprint of the mine.

Mining is scheduled at the start of Year -1 in order to ensure the development is in place to deliver 456 thousand tonnes of mineralized material to the mill during Year 1. Mining of the deposit is planned to produce a total of 4.0 million tonnes of mineralized material and 0.67 million tonnes of waste over a ten

year project production life, including the initial year of pre-production. Mining is planned to be continuous throughout the mine life. The mine plan focuses on achieving consistent annual total development rates of between 7 and 9 m/day, while ensuring a steady-state production rate of 456 thousand tonnes per annum. The average stope width is 11.5m.

Dewatering, ventilation, and cooling are important aspects to consider at Cerro Blanco. The water table in the area will be lowered by a series of surface wells. The active mining levels are above the expected water level. Any remaining water underground will be captured and pumped to surface through collection at underground sumps. The quantity of air moving through the mine will greatly exceed the ventilation requirements to ensure proper ventilation for the reduction of diesel particulate matter. Insitu rock temperatures range from 100°C to 120°C and the excess of air is used to reduce the exposed rock temperature, decrease the refrigerated cooling requirement, and increase worker comfort. Portable spot coolers will be installed in active production and development areas where workers will be outside of heavy equipment and at the face. The portable spot coolers will decrease the air temperature to 28°C.

The PEA mine design and production schedule is based on a gold cut-off grade of 3.75 g/t Au. Silver was not used in cut-off grade estimation but is recovered and contributes to the revenue stream. The cut-off grade was estimated using a gold price of \$1,250/oz gold price, mining, process and other costs of \$111/t, transport and treatment charges of \$1.00/oz Au. A royalty of \$24.85/oz Au, an exchange rate of C\$1.00 to US\$0.78, and a gold metallurgical recovery of 93% were also assumed. The initial mine cut-off grade parameters (specifically, gold recovery, and OPEX) differ slightly from those used in the economic model due to subsequent, more detailed estimation work. The differences do not materially impact cut-off grade.

The mine plan currently includes 3,843,600 tonnes (96.6%) indicated and 137,300 tonnes (3.4%) inferred resource. Annual mine production and development is shown in **Table 7**.

Table 7 Mine Production Schedule

Parameter	Unit	Year-1	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Totals
Mill Feed Production	kt	14	456	456	456	456	456	456	456	456	317	3,981
Au Grade	g/t	9.89	10.29	10.75	9.49	10.54	7.65	6.39	6.67	5.78	4.60	8.14
Au Ounces	koz	4	151	158	139	155	112	94	98	85	47	1,042
Ag Grade	g/t	39.00	45.93	42.60	37.46	14.84	19.90	18.14	32.28	11.30	29.11	27.95
Ag Ounces	koz	17	674	625	550	218	292	266	474	166	297	3,577
Lateral Waste Dev't	m	1,730	1,941	1,615	1,746	798	982	1,192	678	1,372	302	12,357
Lateral Mineralized Dev't	m	427	1,155	1,239	1,333	2,188	2,028	1,836	2,303	1,130	853	14,492
Total Dev't	m	2,157	3,096	2,854	3,079	2,986	3,010	3,028	2,981	2,502	1,155	26,849
Vertical Dev't	m	311	68	26	157	-	39	29	-	-	-	630
Paste Fill	k cu.m	8	200	200	174	180	177	188	172	193	141	1,633

Processing

The plant will process at a rate of 1,250 tpd with an average LOM head grade of 8.14 g/t gold and 27.95 g/t silver. Based on test work, the overall LOM metal recoveries are expected to be approximately 91.3% for gold and 87.8% for silver. The grinding circuit product size is targeted at approximately 80% passing (P_{80}) 75 μm . The flowsheet includes 3-stage crushing, 2-stage ball mill circuit, leaching, CCD thickeners, Merrill Crowe and gold refinery. The tailings will be filtered and trucked as dry stack tailings for deposition in the tailings management area or pumped underground as paste. The crushing circuit will operate at an availability of 65%. The milling and leaching circuits will operate 24 hr/d, 365 d/yr at an availability of 92%.

Tails Management

A concept level design for a filtered (dry-stack) tailings storage facility was completed. The facility is located near the process plant and was designed for on surface storage of a portion of the tailings using filtered tailings placement techniques. The remainder of tailings will be used for underground backfill. The tailings placement strategy involves development of a non-structural tailings placement area for the wet season and a structural tailings placement area for the dry season. Design features include foundation preparation, foundation groundwater drainage, starter confining embankment and water management pond at the base of the facility to collect runoff and seepage. Ditches will be constructed around the perimeter of the tailings facility to divert the upper catchment areas and minimize the direct contact water catchment area. The facility will be shaped and capped at closure to prevent erosion of the tailings surface while blending the structure into the surrounding topography.

Infrastructure

The following key infrastructure elements will support the mine and process facilities:

- A 5.5 km long access road that will tie into the Pan-American Highway (CA1) to the north of Asuncion Mita. A 80 m long bridge will be installed over the Ostua River;
- A 7.5km 69kV overhead power line and on-site substation;
- 3 MW emergency generator power plant;
- Bulk storage tanks for diesel, process and fresh/fire water;
- Upgrades to existing facilities including the truck shop, biodigester, dewatering cooling ponds and storage warehouse; and
- Significant upgrades to the North and South Portal haul roads.

Since the mine plan uses all of the waste rock as cemented rock fill or aggregate in paste backfill, there is no requirement for surface storage of waste rock and no allowance is included for this in the PEA.

Water and Waste Management

In order to achieve the proposed Mine Plan, fourteen new surface dewatering wells will be installed to an average depth of 450 m, in addition to the ten existing operational dewatering wells at Cerro Blanco. The

preliminary design of the underground mine dewatering plan is such that the total of twenty-four surface wells (existing + new) will be extracting up to a maximum of 3500 gpm of mine water, with an additional 500 gpm expected from the underground mine sumps. Given the geothermal conditions expected at the dewatering depths, the PEA also accounted for the installation of ten piezometers to be equipped with vibrating wire line transducers and temperature sensors to monitor pressure and temperature changes in the rock as part of the dewatering program.

Out of the total 4000 gpm of mine water to be extracted from surface wells and underground sumps, 1500 gpm is allowed, under the Cerro Blanco permits, to be sent to the existing Water Treatment Plant for treatment and discharge. The excess mine water (above 1500 gpm) will be re-injected through ten new re-injection wells with a capacity of 250 gpm each. Implementation of new injection wells is covered by the Cerro Blanco existing permits. The PEA has a provision for one additional injection well in order to give the flexibility of re-injecting seepage and run-off water collected from the DSF facility during rain events.

With respect to domestic/sanitary wastewaters, the mine site is already equipped with a biological wastewater treatment unit and septic field which will be expanded prior to start of mining operations.

Status of Permits

The due diligence review conducted as part of the PEA shows that Cerro Blanco has all the necessary permits to proceed with production, subject to operations adhering to the conditions of the existing permits. The PEA review showed that the proposed new access road is not currently covered by the existing permits; an EIA will have to be prepared and submitted to the local authority in this respect.

The PEA due diligence review shows that Cerro Blanco has been maintained under Goldcorp's high CSR and environmental standards. Cerro Blanco is supporting a comprehensive Permits Register and its environmental management and reporting is based on Goldcorp's "Sustainability Excellence Management System".

With respect to mine closure, the Permits Register shows that, under Guatemala regulation, the closure plan shall be presented to the authorities three years in advance of the mine ceasing operation. Accordingly, Cerro Blanco has not yet filed a Closure Plan which is yet to be prepared following the subsequent step of project Feasibility Study.

Project Manpower

During construction, a peak, on-site labour force of 200 personnel is anticipated. The peak, on-site operational labour complement is anticipated to be 300 personnel. Operations personnel will generally operate on a 4 day on 4 day off shift rotation. Management personnel will operate on a 5 day on 2 day off rotation.

Next Steps

Based upon the results of the PEA, Bluestone intends to move directly into feasibility stage engineering upon the closing of the Proposed Acquisition. Bluestone will be filing a NI 43-101 technical report on the PEA to be titled "Preliminary Economic Assessment Technical Report Cerro Blanco Project" (the "Technical Report") within 45 days of this news release. The Technical Report will be available on the SEDAR website under the Company's profile at www.sedar.com. Detailed descriptions, results and analysis of the

Company's data verification, drilling, sampling and analytical procedures and QA/QC programs will be included in the Technical Report.

Working Capital Bridge Financing

Bluestone is arranging a working bridge capital financing of up to \$3,000,000 (the "Working Capital Financing") to raise funds needed to fund the costs to complete the Proposed Acquisition, including costs associated with preparing the PEA, audit fees, domestic and foreign legal fees, due diligence costs and site visit costs.

Under the Working Capital Financing, the Company will issue unsecured, interest-free convertible promissory notes (each, a "Note") which will automatically convert into units (each, a "Unit"), with each Unit to consist of one post-Consolidation (as defined below) common share in the capital of the Company and one-half of one warrant (each whole warrant, a "Warrant") upon the earlier of: (i) the closing of the Proposed Acquisition, or (ii) the date of resumption of trading of the Company's common shares on the TSX Venture Exchange, in the event the Proposed Acquisition is terminated. The conversion price (the "Conversion Price") of a Unit will be equal to either: (i) the subscription price per security (the "Acquisition Financing Price") under the financing to be conducted by the Company (the "Acquisition Financing") in connection with the Proposed Acquisition (the terms of which will be determined in the context of the market and subsequently announced), in the event the Proposed Acquisition is completed; or (ii) \$0.50 per Unit (on a post-Consolidation basis) in the event the Proposed Acquisition is terminated. Each Warrant will be exercisable into one post-Consolidation common share in the capital of the Company for two years from the date the Notes are converted into Units at a price of a 33⅓% premium to the Conversion Price.

In the event that the Company files a prospectus in connection with the Acquisition Financing, it will use reasonable commercial efforts to qualify the issuance of the Units under the prospectus.

Proposed Share Consolidation

The Company proposes to consolidate its share capital on the basis of one (1) new common share without par value for every five (5) existing common shares without par value (the "Consolidation"), prior to the closing of the Proposed Acquisition. Details of the proposed Consolidation will be provided in a subsequent news release.

Qualified Persons

The PEA was conducted under the overall direction of Maz Mohaseb, P. Eng. of JDS Energy & Mining Inc. Mr. Mohaseb is a JDS project manager and an independent qualified person under NI 43-101 who has verified and approved the technical and scientific information, and prepared the economic analysis included in this news release.

Under Mr. Mohaseb's supervision, the following persons are responsible for specific inputs into the PEA:

- **Garth Kirkham, P.Geo., Kirkham Geosystems Ltd.:** Geological modelling and resource estimation;
- **Michael Makarenko, P.Eng., JDS Energy & Mining Inc.:** Mining design criteria, mining capital and operating cost models and production scheduling; and

- **Kelly McLeod, P.Eng., JDS Energy & Mining Inc.:** Process design criteria, recovery methods and processing capital and operating cost models.

The foregoing persons are all qualified persons as defined in NI 43-101. A full list of qualified persons contributing to the Technical Report will be included in the report contents.

About Bluestone Resources Inc.:

Bluestone Resources Inc. (TSX-V: BSR) announced on January 11, 2017 that it has entered into an agreement with Goldcorp Inc. to acquire 100% of Goldcorp's Cerro Blanco Gold project and Mita Geothermal project in Guatemala. In connection with the proposed acquisition, Bluestone has engaged Cormark Securities Inc. as its financial advisor; JDS Energy & Mining Inc. as lead technical consultant; Mr. Garth Kirkham, P. Geo., as qualified person as defined by National Instrument 43-101; and Axiom Law Corporation as its legal advisor.

On behalf of the Board

Bluestone Resources Inc.

John Robins, President and Chief Executive Officer

For further information, contact:

John Robins at (604) 657-6226 or Robert Simpson at (604) 681-1407

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Forward-Looking Statements

This news release contains forward-looking statements within the meaning of Canadian securities legislation. All statements, other than statements of historical fact, that address activities, events or developments that Bluestone believes, expects or anticipates will or may occur in the future including, without limitation: statements relating to the Proposed Acquisition; the proposed Consolidation; estimates of the Cerro Blanco Project economics, including estimates of capital costs of constructing mine facilities and bringing a mine into production and of sustaining capital costs, estimates of operating costs and total costs, net present value and economic returns; proposed production timelines and rates; preparation of a feasibility study; funding availability; resource estimates; and future exploration and operating plans are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company and often use words such as "expects", "plans", "anticipates", "estimates", "intends", "may" or variations thereof or the negative of any of these terms.

All forward-looking assumptions are made based on the Company's current beliefs as well as various assumptions made by them and information currently available to them. Generally, these assumptions include, among others: the presence of and continuity of metals at the Cerro Blanco Project at estimated grades; the availability of personnel, machinery and equipment at estimated prices and within estimated delivery times; currency exchange rates; metals sales prices and exchange rates assumed; appropriate discount rates applied to the cash flows in economic analyses; tax rates and royalty rates applicable to the proposed mining operation; the availability of acceptable financing; anticipated mining losses and dilution; success in realizing proposed operations; anticipated timelines for community consultations and the impact of those consultations on the regulatory approval process.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: risks

and uncertainties relating to the Proposed Acquisition, such as Bluestone's ability to complete the Proposed Acquisition; risks related to regulatory approvals related to the Proposed Acquisition; risks and uncertainties related to expected production rates, timing and amount of production and total costs of production; risks and uncertainties related to ability to obtain or maintain necessary licenses, permits, or surface rights; risks associated with technical difficulties in connection with mining development activities; risks and uncertainties related to the accuracy of mineral resource estimates and estimates of future production, future cash flow, total costs of production and diminishing quantities or grades of mineral resources; risks associated with geopolitical uncertainty and political and economic instability in Guatemala; risks and uncertainties related to interruptions in production; the possibility that future exploration, development or mining results will not be consistent with the Company's expectations; uncertain political and economic environments and relationships with local communities; risks relating to variations in the mineral content within the mineral identified as mineral resources from that predicted; variations in rates of recovery and extraction; developments in world metals markets; and risks related to fluctuations in currency exchange rates.

Any forward-looking statement speaks only as of the date on which it was made, and except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to their inherent uncertainty.