

# Bluestone

## R E S O U R C E S I N C .

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### **BLUESTONE CLOSES C\$80 MILLION SUBSCRIPTION RECEIPT FINANCING AND SIGNS DEFINITIVE AGREEMENT TO ACQUIRE GOLDCORP'S CERRO BLANCO PROJECT AND MITA GEOTHERMAL PROJECT**

### **LORITO HOLDINGS S.A.R.L. AND ZEBRA HOLDINGS AND INVESTMENTS S.A.R.L. TO ACQUIRE 31.4% OF BLUESTONE**

**April 20, 2017**

**Vancouver, B.C. – Bluestone Resources Inc. (TSX Venture: BSR)** (“Bluestone” or the “Company”) is pleased to announce the closing of its previously announced private placement financing of an aggregate of 53,333,333 subscription receipts of the Company (“Subscription Receipts”) at a price of \$1.50 per Subscription Receipt for aggregate gross proceeds of C\$80 million (the “Offering”). The Offering was led by Cormark Securities Inc. (“Cormark”) on behalf of a syndicate of agents (the “Agents”). The Company is also pleased to announce that it has entered into a definitive agreement with Goldcorp Inc. and its affiliates in respect of the previously announced acquisition of the Cerro Blanco Project and the Mita Geothermal Project. All references to currency herein are to Canadian dollars unless otherwise specified.

#### **Subscription Receipt Financing**

Lorito Holdings S.à.r.l. (“Lorito”) and Zebra Holdings and Investments S.à.r.l. (“Zebra”), two companies controlled by a trust settled by the late Adolf H. Lundin acquired an aggregate of 19,867,000 Subscription Receipts. Assuming the closing of the Acquisition (as defined below) and the automatic conversion of the Subscription Receipts into Shares (defined below), at the Qualification Time (defined below), Lorito will hold 6,367,000 Shares and Zebra will hold 13,500,000 Shares, representing approximately 10.1% and 21.3%, respectively, of the then issued and outstanding Shares of Bluestone, or approximately 31.4% in aggregate.

The Subscription Receipts were issued pursuant to a subscription receipt agreement dated April 20, 2017 (the “Subscription Receipt Agreement”) among the Company, Cormark and Computershare Trust Company of Canada, as subscription receipt agent. Pursuant to the Subscription Receipt Agreement, the gross proceeds from the Offering (less all of the Agents’ expenses) have been placed in escrow pending delivery of a notice that the escrow release conditions set out in the Subscription Receipt Agreement (the “Escrow Release Conditions”) have been met. The Escrow Release Conditions include, among others, the completion or waiver of all conditions precedent to the completion of the transactions contemplated by the Transaction Agreement (as defined below), the receipt of all regulatory approvals, and other customary conditions.

Upon the satisfaction of the Escrow Release Conditions, the escrowed funds (less the cash commission payable to the Agents) will be released to Bluestone. The Company intends to use the escrowed funds to fund the purchase price for the Acquisition (defined below), the development of the Cerro Blanco Project,

and for general corporate purposes. If either (i) the Escrow Release Conditions are not satisfied by 5:00 p.m. (Vancouver time) on August 21, 2017, or (ii) Bluestone advises Cormark or announces to the public that it does not intend to satisfy any of the Escrow Release Conditions, then at the earlier of such time (the “Termination Time”), the Subscription Receipts will be deemed to be cancelled and holders of Subscription Receipts will receive a cash amount equal to the offering price of the Subscription Receipts. Any shortfall of such amount will be funded by the Company.

Each Subscription Receipt will automatically convert into one post-consolidation (on a 5 to 1 basis – see below) common share of the Company (each, a “Share”), without any further payment or action on the part of the holder thereof, provided that the Escrow Release Conditions have been satisfied, at the time (the “Qualification Time”) that is the earlier of (i) 4:59 p.m. (Vancouver time) on August 21, 2017; and (ii) 12:01 a.m. (Vancouver time) on the third business day after the issuance of a final passport decision document evidencing a receipt on behalf of each of the securities regulatory authorities in each of the provinces of Canada in which Subscription Receipts have been sold (the “Qualifying Provinces”), pursuant to Multilateral Instrument 11-102 – Passport System (the “Final Receipt”) for a final prospectus (the “Prospectus”) qualifying the issuance of the Shares underlying the Subscription Receipts.

Pursuant to the terms of an agency agreement dated April 20, 2017 among the Company and each of the Agents, the Agents are entitled to a cash commission equal to 6% of the gross proceeds of the Offering, which is reduced to 3% on subscriptions received in respect of certain investors on the President’s List.

All securities issued in the Offering are subject to a Canadian securities law resale restriction period expiring August 21, 2017. The Company has agreed to use its reasonable commercial efforts to file a prospectus qualifying the Shares to be issued upon the automatic conversion of the Subscription Receipts in each of the Qualifying Provinces by July 4, 2017. If a Final Receipt for the Prospectus is not issued by such date, each Subscription Receipt will automatically entitle the holder thereof to acquire 1.1 Shares without further payment or action on the part of the holder.

The Offering is subject to the final approval of the TSX Venture Exchange (the “TSXV”). The issuance of Shares upon conversion of the Subscription Receipts, to subscribers who will own 10% or more of the outstanding Shares, is subject to compliance with the TSXV’s rules and requirements regarding 10% shareholders. In the event that these rules and requirements are not met, the TSXV will not allow the Company to issue Shares in excess of 10% of the outstanding shares to such subscribers. In such event, subscriptions by these shareholders will either be reduced to below 10%, withdrawn entirely, or re-allocated in whole or in part to meet the TSXV’s requirements.

### **Definitive Agreement to Acquire Cerro Blanco Project and Mita Geothermal Project**

Further to the Company’s press release dated January 11, 2017, the Company is pleased to announce that it has entered into a definitive agreement with Goldcorp and its affiliates (the “Transaction Agreement”) to acquire (the “Acquisition”) 100% of the Cerro Blanco gold project located in Guatemala (the “Cerro Blanco Project”), which is owned by Goldcorp’s indirect wholly-owned subsidiary Entre Mares de Guatemala S.A. (“Entre Mares”), and the Mita Geothermal project located in Guatemala (the “Mita Geothermal Project”), which is owned by Goldcorp’s indirect wholly-owned subsidiary, Geotermia Oriental de Guatemala S.A. (“Geotermia”).

Pursuant to the Transaction Agreement, the Company will acquire:

- (a) all of the outstanding debt owed from Entre Mares to Goldcorp;
- (b) all of the issued and outstanding shares of Entre Mares and, consequently, a 100% interest in the Cerro Blanco Project;

- (c) all of the issued and outstanding shares of Goldcorp NRG Limited (which owns Geotermia) and, consequently, a 100% interest in the Mita Geothermal Project; and
- (d) a right of first refusal (the “Marlin Assets ROFR”) on the assets, including the mining fleet, processing plant, and other equipment related to Goldcorp’s Marlin mine in Guatemala once mining and processing activities cease.

The aggregate purchase price for the acquisition of the assets contemplated under the Transaction Agreement consists of:

- (i) US\$17,899,762 in cash, plus an additional US\$2 million in cash as a non-refundable deposit to be applied to the purchase price of Marlin assets under the Marlin Assets ROFR, to be paid on the closing date of the Acquisition (the “Acquisition Closing Date”);
- (ii) a 1% net smelter returns royalty on the sale of gold and silver produced from the Cerro Blanco Project to be granted to Goldcorp on the Acquisition Closing Date;
- (iii) US\$15 million to be paid in cash to Goldcorp within six months of the commencement of commercial production at the Cerro Blanco Project;
- (iv) special warrants of the Company (the “Consideration Special Warrants”) to be issued to Goldcorp on the Acquisition Closing Date. At the Qualification Time, each Consideration Special Warrant will automatically entitle Goldcorp to acquire one Share without further payment or action, resulting in Goldcorp holding 4.9% of the number of issued and outstanding Shares on the Acquisition Closing Date; and
- (v) warrants of the Company (the “Consideration Warrants”) to be issued to Goldcorp on the Closing Date in an amount which represents 4.9% of the total outstanding convertible securities of the Company on the completion of the Acquisition. Each Consideration Warrant will be exercisable into one Share at an exercise price of C\$2.00 for a period of 24 months from the Acquisition Closing Date.

The original letter of intent with Goldcorp as announced on January 11, 2017 contemplated that Goldcorp would receive a 9.9% equity ownership in the Company and would commit to fund 9.9% of all future equity financings in connection with the Cerro Blanco Project. As a result of the increase in the size of the Offering, Goldcorp has agreed to reduce its equity interest from 9.9% to 4.9% (calculated as at the Acquisition Closing Date) and forego its right to appoint a nominee to the Company’s board in exchange for the Company releasing Goldcorp from its obligation to provide further equity financing.

As disclosed in the Company’s press release dated February 7, 2017, the Company intends to consolidate its common shares on a 1:5 basis prior to the closing of the Acquisition.

The Acquisition is expected to close on or before May 31, 2017. Completion of the Acquisition is subject to a number of customary closing conditions including acceptance of the Acquisition by the TSXV.

#### **About Bluestone Resources Inc.**

Bluestone Resources Inc. (TSX-V: BSR) has entered into a definitive agreement with Goldcorp Inc. to acquire 100% of Goldcorp’s Cerro Blanco Gold project and Mita Geothermal project located 160 km southeast of Guatemala City in Guatemala. Cerro Blanco is one of the world’s highest grade undeveloped gold projects that is fully permitted for production. The Cerro Blanco project economics as disclosed in the Company’s press release dated February 7, 2017 announcing the results of its

preliminary economic assessment and updated mineral resource estimate for the Cerro Blanco Project indicate a rapid pay-back, high margin, underground mining project with robust economics in the current gold price environment. At a gold price of US\$1,250/oz, the Cerro Blanco Project base case estimate generates an after-tax net present value at a 5% discount rate of US\$317 million and an internal rate of return of 43.9%. The proposed mine is expected to 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) is estimated to be US\$490 per ounce of gold produced.

The scientific and technical disclosure in this news release has been reviewed by John Robins, Chief Executive Officer of the Company who is a Qualified Person as defined by National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

On behalf of the Board

Bluestone Resources Inc.

John Robins, Chairman and Chief Executive Officer

For further information, contact:

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*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

### **Cautionary Language**

The preliminary economic assessment 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 preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

### **Cautionary Note Regarding Forward-Looking Information**

*This press release contains certain forward-looking statements or information (collectively, “forward- looking statements”) as defined by applicable securities laws that involve substantial known and unknown risks and uncertainties, many of which are beyond Bluestone’s control, including the timing and ability (if at all) of the Company to satisfy the conditions precedent to closing the Acquisition; the timing and ability (if at all) of the Company to satisfy the Escrow Release Conditions; the timing and ability (if at all) of the company to obtain a Final Receipt for the Prospectus; the timing and ability of the Company to fund any shortfall amount to the holders of Subscription Receipts at the Termination Time; the use of proceeds of the Offering; the timing and ability (if at all) for the Company to consolidate the common shares of the Company on a 5 to 1 basis; the timing and ability (if at all) of the Subscription Receipts automatically converting into Shares; the timing and ability (if at all) for the Company to obtain the necessary regulatory and other third party approvals to complete the Offering and the Acquisition (including the final approval of the Exchange); liabilities inherent in mine development and production; geological risks; risks and uncertainties related to expected production rates, timing and amount of production and total costs of production; fluctuations in commodity prices, foreign exchange or interest rates; changes in general global economic conditions; risks associated with geopolitical uncertainty and political and economic instability in Guatemala; increased competition; the availability of qualified operating or management personnel; changes in laws and regulations including, without limitation, the adoption of new environmental and tax laws and regulations and changes in how they are interpreted and enforced; and stock market volatility. The Company cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. As such, undue reliance should not be placed on forward-looking statements.*