



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2022 and 2021

(Unaudited)

Bluestone Resources Inc.
Consolidated Statements of Financial Position
(Expressed in United States dollars - Unaudited)

	Notes	September 30, 2022	December 31, 2021
Current assets			
Cash and cash equivalents		\$1,686,591	\$18,285,126
Accounts receivable		82,629	87,859
Equity securities		86,528	247,636
Prepaid expenses and other current assets		350,369	253,032
Inventory		91,506	89,208
		2,297,623	18,962,861
Non-current assets			
Restricted cash		1,744,487	1,769,168
Property, plant and equipment	3	24,158,370	22,221,840
Exploration and evaluation asset		30,126,433	30,126,433
Total assets		\$58,326,913	\$73,080,302
Current liabilities			
Trade and other payables	4	\$5,576,932	\$4,839,224
Loan payable	5	3,000,000	—
		8,576,932	4,839,224
Non-current liabilities			
Other liabilities	4	1,268,322	2,792,496
Rehabilitation provisions		8,958,592	8,630,047
Deferred income tax liabilities		2,432,955	1,536,443
Total liabilities		21,236,801	17,798,210
Shareholders' equity			
Share capital	6	179,799,535	178,674,062
Reserves		11,942,157	11,093,459
Accumulated other comprehensive income		11,306,305	11,260,395
Deficit		(165,957,885)	(145,745,824)
Total shareholders' equity		37,090,112	55,282,092
Total liabilities and shareholders' equity		\$58,326,913	\$73,080,302

Nature of operations and liquidity risk (note 1)

Approved on November 14, 2022, on behalf of the Board of Directors:

"Zara Boldt"

Zara Boldt, Director

"Jack Lundin"

Jack Lundin, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Bluestone Resources Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in United States dollars - Unaudited)

	Notes	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Operating expenses					
Exploration and evaluation expenses	7	\$2,369,306	\$6,314,282	\$13,341,478	\$16,765,499
General and administration					
Advertising and promotion		6,792	59,030	123,416	341,482
Corporate listing and filing fees		14,296	22,934	92,440	93,957
Office and general		299,008	340,137	1,066,456	921,239
Professional fees		231,055	58,831	620,065	223,081
Salaries and wages		730,818	715,350	2,150,218	2,236,059
Share-based compensation	6	204,010	187,790	1,062,488	1,365,517
		(3,855,285)	(7,698,354)	(18,456,561)	(21,946,834)
Other income (expenses)					
Interest income		30,922	76,970	119,400	304,532
Finance expenses		(110,061)	(5,236)	(204,890)	(70,150)
Accretion expense		(113,347)	(106,551)	(336,298)	(315,777)
Other expenses		—	—	(102,842)	(13,462)
Foreign exchange (loss) gain		(141,271)	528,902	(295,309)	(225,143)
Loss before income tax		(4,189,042)	(7,204,269)	(19,276,500)	(22,266,834)
Income tax (expense) recovery		(1,015,904)	75,088	(935,561)	320,733
Net loss		(5,204,946)	(7,129,181)	(20,212,061)	(21,946,101)
Other comprehensive income items that will not be reclassified to net loss:					
Loss on equity securities		(84,580)	(68,749)	(152,259)	(68,749)
Translation adjustment		103,392	(987,449)	198,169	442,610
Comprehensive loss		(\$5,186,134)	(\$8,185,379)	(\$20,166,151)	(\$21,572,240)
Weighted average number of common shares outstanding – basic and diluted					
		151,164,655	150,158,483	151,000,720	148,440,506
Basic and diluted loss per common share		(\$0.03)	(\$0.05)	(\$0.13)	(\$0.15)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Bluestone Resources Inc.
Consolidated Statements of Changes in Shareholders' Equity

(Expressed in United States dollars - Unaudited)

	Notes	Share capital		Reserves	Accumulated other comprehensive income	Deficit	Total shareholders' equity
		Shares	Amount				
Balance, January 1, 2021		143,547,376	\$168,677,315	\$10,702,958	\$10,805,015	(\$116,530,315)	\$73,654,973
Share-based compensation	6	—	—	1,365,517	—	—	1,365,517
Exercise of options	6	526,667	780,453	(156,288)	—	—	624,165
Exercise of warrants		6,084,440	8,927,467	(951,242)	—	—	7,976,225
Comprehensive income (loss) for the period		—	—	—	373,861	(21,946,101)	(21,572,240)
Balance, September 30, 2021		150,158,483	\$178,385,235	\$10,960,945	\$11,178,876	(\$138,476,416)	\$62,048,640
Balance, January 1, 2022		150,358,483	\$178,674,062	\$11,093,459	\$11,260,395	(\$145,745,824)	\$55,282,092
Loan consideration		177,380	275,828	—	—	—	275,828
Share-based compensation	6	—	—	1,062,488	—	—	1,062,488
Exercise of options	6	646,800	849,645	(213,790)	—	—	635,855
Comprehensive income (loss) for the period		—	—	—	45,910	(20,212,061)	(20,166,151)
Balance, September 30, 2022		151,182,663	\$179,799,535	\$11,942,157	\$11,306,305	(\$165,957,885)	\$37,090,112

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Bluestone Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in United States dollars - Unaudited)

	Notes	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Cash used in operating activities			
Net loss for the period		(\$20,212,061)	(\$21,946,101)
Adjustments for:			
Accretion expense		336,298	315,777
Depreciation	3	248,050	245,903
Share-based compensation	6	1,062,488	1,365,517
Interest income		(119,400)	(304,532)
Loss on disposal of property, plant and equipment		106,732	27,107
Change in non-current other liabilities		—	659,819
Income tax expense (recovery)		935,561	(320,733)
Non-cash foreign exchange loss		254,278	261,414
Changes in non-cash working capital:			
Accounts receivable		45,560	36,679
Prepaid expenses and other current assets		193,344	92,054
Inventory		(2,298)	(34,541)
Trade and other payables		(1,551,028)	148,137
Cash used in operating activities		(18,702,476)	(19,453,500)
Cash used in investing activities			
Purchase of property, plant and equipment		(2,212,767)	(7,345,886)
Proceeds from refund of property, plant and equipment	3	767,047	—
Interest received		75,371	576,667
Cash used in investing activities		(1,370,349)	(6,769,219)
Cash generated by financing activities			
Funds received from Loan	5	3,000,000	—
Loan fees		(40,685)	(4,500)
Proceeds from exercise of options		635,855	624,165
Proceeds from exercise of warrants		—	7,976,225
Lease principal repayments		—	(27,195)
Interest paid		—	(4,171)
Cash generated by financing activities		3,595,170	8,564,524
Effects of foreign exchange rate changes on cash and cash equivalents		(120,880)	136,130
Decrease in cash and cash equivalents		(16,598,535)	(17,522,065)
Cash and cash equivalents, beginning of the period		18,285,126	49,334,074
Cash and cash equivalents, end of the period		\$1,686,591	\$31,812,009

Supplemental cash flow information (note 11)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in United States dollars - Unaudited)

1. Nature of Operations and Liquidity Risk

Bluestone Resources Inc. ("Bluestone" or the "Company"), incorporated on November 7, 2000, under the Business Corporations Act (Alberta) and continued into British Columbia on June 13, 2005, is a Canadian-based precious metals exploration and development company focused on opportunities in Guatemala. The Company's flagship asset is the Cerro Blanco Gold Project ("Cerro Blanco"), a near surface mine development project located in Southern Guatemala in the department of Jutiapa. The Company's head and registered office is located at 2000 - 885 West Georgia Street, Vancouver, BC, V6C 3E8. The Company trades under the symbol "BSR" on the TSX Venture Exchange ("TSXV") and "BBSRF" on the OTCQB.

While the condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from September 30, 2022, the Company anticipates the need for further funding to support the advancement of Cerro Blanco and to meet general corporate and working capital requirements. The Company is currently evaluating potential sources of funding, in addition to drawing on the loan facility of \$30,000,000 from related parties (the "Loan") and obtaining an extension on the maturity of the Loan (note 5). Historically, capital requirements have been primarily funded through the sale of equity instruments, the exercise of convertible securities and drawing from loans from related parties. While management expects these sources of funding to continue to be available to the Company, there can be no assurance that the Company will be successful in securing this funding. Based on the amount of funding raised, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

2. Significant Accounting Policies, Estimates and Judgments

a) Basis of presentation, principles of consolidation and statement of compliance

These condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2021.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, *Interim financial reporting*.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on November 14, 2022.

For all periods presented, these condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. A subsidiary is an entity in which the Company has control, directly or indirectly. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in United States dollars - Unaudited)

2. Significant Accounting Policies, Estimates and Judgments (cont'd)

b) Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of judgments and estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2022, are consistent with those applied and disclosed in note 2(q) to the Company's audited consolidated financial statements for the year ended December 31, 2021.

c) New standards and interpretations adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board. The following was adopted by the Company on January 1, 2022:

- *IAS 16, Property, Plant and Equipment ("IAS 16")*: Amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related costs in profit or loss. The amendments to IAS 16 are effective for annual reporting periods beginning on or after January 1, 2022. The amendment had no impact on adoption to the Company during the nine months ended September 30, 2022.

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in United States dollars - Unaudited)

3. Property, Plant and Equipment

	September 30, 2022		
	Land	Plant and equipment ⁽¹⁾	Total
Cost			
Balance, January 1, 2022	\$17,332,131	\$6,418,024	\$23,750,155
Additions	2,574,306	484,053	3,058,359
Disposals	—	(918,929)	(918,929)
Balance, September 30, 2022	19,906,437	5,983,148	25,889,585
Accumulated depreciation			
Balance, January 1, 2022	—	(1,528,315)	(1,528,315)
Charge for the year	—	(248,050)	(248,050)
Disposals	—	45,150	45,150
Balance, September 30, 2022	—	(1,731,215)	(1,731,215)
Net book value at September 30, 2022	\$19,906,437	\$4,251,933	\$24,158,370

⁽¹⁾ Includes assets under construction of \$1,486,759 at September 30, 2022. During the three months ended September 30, 2022, assets under construction of \$767,047 were returned to the supplier. The Company received a refund for the same amount and no gain or loss was recognized in the consolidated statement of loss.

	December 31, 2021		
	Land	Plant and equipment ⁽²⁾	Total
Cost			
Balance, January 1, 2021	\$907,858	\$5,014,779	\$5,922,637
Additions	16,424,273	1,478,919	17,903,192
Write-downs	—	(73,743)	(73,743)
Translation differences	—	(1,931)	(1,931)
Balance, December 31, 2021	17,332,131	6,418,024	23,750,155
Accumulated depreciation			
Balance, January 1, 2021	—	(1,276,761)	(1,276,761)
Charge for the year	—	(319,978)	(319,978)
Write-downs	—	68,424	68,424
Balance, December 31, 2021	—	(1,528,315)	(1,528,315)
Net book value at December 31, 2021	\$17,332,131	\$4,889,709	\$22,221,840

⁽²⁾ Includes assets under construction of \$1,808,527 at December 31, 2021.

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in United States dollars - Unaudited)

4. Trade and Other Payables

	September 30, 2022	December 31, 2021
Trade payables	\$592,902	\$470,339
Accrued liabilities	87,515	1,278,577
Payroll liabilities	840,377	1,399,518
Rehabilitation provisions	7,753	21,444
Other liabilities ⁽¹⁾	5,316,707	4,461,842
	\$6,845,254	\$7,631,720
Non-current portion of other liabilities ⁽¹⁾⁽²⁾	(1,268,322)	(2,792,496)
Current trade and other payables	\$5,576,932	\$4,839,224

⁽¹⁾ Other liabilities include amounts relating to land purchase agreements payable from 2022 to 2025. As at September 30, 2022, current and non-current other liabilities relating to these agreements were \$3,402,750 and \$1,268,322, respectively (December 31, 2021 - \$1,669,346 and \$2,142,264).

⁽²⁾ The Company has agreements with previous landowners from which the Company had purchased land. These agreements do not relate to the purchases of land and were recognized as exploration and evaluation expenses in the consolidated statement of loss during the year ended December 31, 2021. As at September 30, 2022, current other liabilities relating to these agreements were \$645,635 (December 31, 2021 - \$650,232 in non-current other liabilities).

5. Loan

On March 11, 2022, the Company established the Loan with Zebra Holdings and Investments S.à.r.l and Lorito Holdings S.à.r.l (the "Lender"). The \$30,000,000 Loan facility provides for the drawdown of funds by the Company in tranches of not less than \$1,000,000.

The Lender and its affiliates are significant shareholders of the Company, making them a related party.

In consideration for the Loan, the Company issued 150,000 common shares of the Company with a fair value of \$234,670 to the Lender upon execution (the "Initial Shares"), and will issue an additional 4,000 common shares per month (pro-rated for partial months) for each \$1,000,000 of the principal amount outstanding under the Loan from time to time up to March 11, 2023 (the "Maturity Date").

As at September 30, 2022, the Company had a Loan payable of \$3,000,000. During the nine months ended September 30, 2022, the Company incurred transaction costs of \$274,935 in connection with the Loan. These transaction costs, which included the Initial Shares, were recognized as prepaid expenses and other current assets in the consolidated statement of financial position and amortized using the straight-line method to the Maturity Date.

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in United States dollars - Unaudited)

6. Share Capital

As at September 30, 2022, the Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

a) Stock options

The changes in stock options outstanding during the nine months ended September 30, 2022, and year ended December 31, 2021, were as follows:

	September 30, 2022		December 31, 2021	
	Number of options	Weighted avg. exercise price (C\$/option)	Number of options	Weighted avg. exercise price (C\$/option)
Outstanding, beginning of period	7,533,000	\$1.63	5,685,667	\$1.57
Granted	2,268,000	1.91	2,715,000	1.70
Exercised	(646,800)	(1.25)	(726,667)	(1.49)
Forfeited	—	—	(141,000)	(1.70)
Outstanding, end of period	9,154,200	\$1.72	7,533,000	\$1.63

6,957,866 of the stock options outstanding as at September 30, 2022, are exercisable, at a weighted average exercise price of C\$1.68 per option.

The weighted average fair value of the stock options granted during the nine months ended September 30, 2022, and year ended December 31, 2021, were estimated to be C\$0.73 and C\$0.66 per stock option, respectively, using the Black-Scholes option pricing model with the following weighted average assumptions:

	September 30, 2022	December 31, 2021
Risk-free rate	1.82 %	0.55 %
Volatility	55.37 %	54.15 %
Dividend yield	— %	— %
Expected life	3 years	3 years

The stock options granted during the nine months ended September 30, 2022, have an expiry date of March 17, 2027.

During the three and nine months ended September 30, 2022, the Company recognized share-based compensation expense of \$204,010 and \$1,062,488 (three and nine months ended September 30, 2021 - \$187,790 and \$1,365,517) in the consolidated statement of loss relating to the stock options.

Bluestone Resources Inc.**Notes for the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**

(Expressed in United States dollars - Unaudited)

7. Exploration and Evaluation Expenses

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Cerro Blanco general and exploration expenditures	\$1,073,308	\$3,726,855	\$7,425,190	\$10,288,037
Cerro Blanco feasibility study, preliminary economic assessment and pre-development expenditures	853,853	1,912,265	4,275,135	4,899,156
Corporate social responsibility and community relations	357,996	607,782	1,382,525	1,351,335
Mita Geothermal evaluation	3,393	1,441	10,578	21,346
Depreciation	80,756	65,939	248,050	205,625
	\$2,369,306	\$6,314,282	\$13,341,478	\$16,765,499

8. Related Party Transactions - Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of non-executive members of the Company's Board of Directors and certain executives and corporate officers. The remuneration of key management personnel included in the consolidated statements of loss was as follows:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Salaries	\$451,173	\$322,935	\$1,324,601	\$1,141,711
Share-based compensation	164,400	153,333	856,018	1,165,778
	\$615,573	\$476,268	\$2,180,619	\$2,307,489

Accrued compensation due to key management as at September 30, 2022, was \$411,286 (December 31, 2021 - \$553,136).

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in United States dollars - Unaudited)

9. Financial Instruments

The fair value hierarchy establishes three levels to classify the inputs of valuation techniques used to measure fair value. As required by IFRS 13, *Fair Value Measurement*, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are unobservable (supported by little or no market activity).

The Company holds equity securities of a publicly traded company which are categorized as Level 1. The equity securities are measured at fair value through other comprehensive income and are valued using a market approach based upon unadjusted quote prices in an active market obtained from securities exchanges.

The fair values of the Company's cash and cash equivalents, restricted cash, trade and other payables and Loan payable approximate their carrying values, which are the amounts recorded on the consolidated statement of financial position, due to their short-term nature. The Company's other liabilities fair value approximate its carrying value due to the consistency of the credit risk of the Company since the initial recognition of the instruments. The Company's other liabilities are categorized as Level 2.

10. Financial Risk Management

a) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents and restricted cash. Management believes that the credit risk with respect to these financial instruments is low as the balances primarily consist of amounts on deposit with a major financial institution. The maximum exposure to credit risk as at September 30, 2022, was \$3,491,063 (December 31, 2021 - \$20,054,294).

b) Liquidity risk

The Company's approach to managing liquidity risk is to try to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2022, the Company had a cash balance of \$1,686,591 (December 31, 2021 - \$18,285,126) to settle current liabilities of \$8,576,932 (December 31, 2021 - \$4,839,224). All of the Company's financial liabilities are subject to commercial trade terms. See note 1 for further details of liquidity risk,

As a part of the terms of the Company's acquisition of Cerro Blanco in 2017, the Company is required to make a payment of \$15,000,000 within six months of the commencement of commercial production at Cerro Blanco and pay a 1% net smelter returns royalty on the sale of gold and silver produced from Cerro Blanco. In August 2020, the terms of the \$15,000,000 payment were amended so that the Company is required to make payments totaling approximately \$16,000,000 staggered over 12 to 27 months following the commencement of commercial production at Cerro Blanco. These payments are not recognized as liabilities in the consolidated statement of financial position as at September 30, 2022. These payments will be recognized as liabilities in the consolidated statement of financial position upon commencement of commercial production at Cerro Blanco.

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Expressed in United States dollars - Unaudited)

10. Financial Risk Management (cont'd)

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and prices.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash and cash equivalents because these are the financial instruments held by the Company that are impacted by interest based on variable market interest rates. The Company manages interest rate risk by maintaining an investment policy for short-term investments and cash held in banks, which focuses on preservation of capital and liquidity. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banking institutions. The Company monitors its exposure to interest rates closely and has not entered into any derivative contracts to manage its risk. As at September 30, 2022, the weighted average interest rate earned on the Company's cash and cash equivalents was 1.86%. With other variables unchanged, a change in the annualized interest rate of a hundred basis points at September 30, 2022, would impact after-tax net loss by approximately \$9,000.

Foreign currency risk

The Company is exposed to foreign currency risk in connection with its Canadian dollar and Guatemala quetzal denominated financial instruments. A 10% fluctuation in the C\$/US\$ rate as at September 30, 2022, would result in an approximate \$287,000 increase/decrease in net loss and an approximate \$216,000 decrease/increase in other comprehensive loss. A 10% fluctuation in the US\$/Guatemala quetzal rate as at September 30, 2022, would result in an approximate \$355,000 decrease/increase in net loss.

Price risk

The Company's financial instruments are exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings or other comprehensive income due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

d) Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its shareholders and other stakeholders. The Company considers the components of shareholders' equity as capital. The Company manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares through private or public placements in order to maintain or adjust the capital structure.

There were no changes to the Company's approach to capital management during the nine months ended September 30, 2022. The Company is not subject to externally imposed capital requirements.

Bluestone Resources Inc.**Notes for the Condensed Interim Consolidated Financial Statements****For the three and nine months ended September 30, 2022 and 2021**(Expressed in United States dollars - Unaudited)

11. Supplemental Cash Flow Information

Cash and cash equivalents included no short-term investments as at September 30, 2022 and December 31, 2021.

Non-cash financing transactions during the nine months ended September 30, 2022 and 2021, were as follows:

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Shares issued in relation to the Loan	\$275,828	\$—
Transfer of reserves on exercise of options	(213,790)	(156,288)
Transfer of reserves on exercise of warrants	—	(951,242)