

Bluestone

RESOURCES INC.

1020 - 800 West Pender Street
Vancouver, British Columbia V6C 2V6

Phone: 604-646-4534

Fax: 604-646-4526

Website: www.bluestonerresources.ca

E-mail: info@bluestonerresources.ca

Annual Information Form

For the year ended December 31, 2018

Dated as of March 26, 2019

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Preliminary Notes

In this annual information form (“AIF”) references to the “Company”, “Bluestone”, “we”, “our”, and “us” refer to Bluestone Resources Inc. and its subsidiaries (unless the context otherwise requires). Except as otherwise noted herein, the information in this AIF is as of December 31, 2018. We prepare the financial statements referred to in the AIF in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and file the AIF with appropriate regulatory authorities in Canada. Information on our website is not part of this AIF nor incorporated by reference. Filings on SEDAR are also not part of this AIF or incorporated by reference except as specifically stated herein. Additional financial and other information regarding the Company can be found in our consolidated financial statements for the year ended December 31, 2018, together with the auditors’ report thereon dated March 8, 2019 and our Management’s Discussion and Analysis (“MD&A”) for the year ended December 31, 2018 which are filed under Bluestone’s SEDAR profile at www.sedar.com.

All dollar amounts in this AIF are expressed in USD, unless otherwise indicated (“\$” or “USD” or “US\$” denotes United States dollars and “CDN\$” denotes Canadian dollars). References to “Exchange Rate” refer to the Bank of Canada’s daily average exchange rate for one United States dollar expressed in Canadian dollars posted on December 31, 2018, being US\$1.00 = CDN\$1.3642.

All capitalized terms in this AIF not otherwise defined in the text have meanings ascribed to those terms in the Glossary and Defined Terms section below unless the context requires otherwise.

This AIF contains the scientific and technical information provided in the Technical Report (the feasibility study in respect of the Cerro Blanco Project titled “*Feasibility Study NI 43-101 Technical Report Cerro Blanco Project Guatemala*” effective January 29, 2019, a report date of February 14, 2019 prepared by Maz Mohaseb, P.Eng., Michael Makarenko, P.Eng., Kelly McLeod, P.Eng., Richard Boehnke, P.Eng., and Mike Levy, P.E. of JDS Energy & Mining Inc., with assistance from Garth Kirkham, P.Geo. of Kirkham Geosystems Ltd., and Hhan Olsen, P.G., CPG, and Bryan Ulrich, P.E. of Stantec Consulting Inc.).

Forward-Looking Statements

This AIF contains certain statements which may constitute “forward-looking information” within the meaning of Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking statements”). All statements, other than statements of historical fact, are forward looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intend”, “continue”, “budget”, “estimate”, “may”, “will”, “could”, “schedule”, and similar expressions or statements identify forward-looking statements.

Forward-looking statements in this AIF may include, but are not limited to: estimates related to 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; funding availability; resource estimates; and future exploration and operating plans. These forward-looking statements reflect the current expectations or beliefs of Bluestone based on information currently available to Bluestone and often used words such as “expects”, “plans”, “anticipates”, “estimates”, “intends”, “may”, or variations thereof or the negative of any of these terms.

All forward-looking statements are made based on Bluestone’s current beliefs as well as various assumptions made by Bluestone and information currently available to Bluestone. 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 operations; the availability of acceptable financing; anticipated mining losses and dilution; success in realizing proposed operations; and 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 Bluestone 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, Bluestone. Factors that could cause actual results or events to differ materially from current expectations include, among other things: risks and uncertainties related to expected production rates; timing and amount of production and total costs of production; risks and uncertainties related to the ability to obtain, amend, 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 Bluestone’s expectations; uncertain political and economic environments and relationships with local communities and governmental authorities; 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. For a further discussion of risks relevant to Bluestone, see “*Risk Factors*”.

Although management of Bluestone has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated, or intended. There is no assurance that

forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking information, whether as a result of new information, changing circumstances, or otherwise.

Cautionary Note to US Readers Regarding Disclosure of Mineral Resource and Reserve Estimates

Certain terms contained in this AIF have been prepared in accordance with the requirements of the securities laws in effect in Canada, as of the date hereof, which differ from the requirements of United States securities laws. The terms “mineral resource”, “measured mineral resource”, “indicated mineral resource”, and “inferred mineral resource” are defined in and required to be disclosed by NI 43-101 and CIM – CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by the CIM Council, as amended. These terms are not defined terms under SEC Industry Guide 7 under the United States Securities Act of 1933, as amended, and are normally not permitted to be used in reports and registration statements filed with the SEC. Readers are cautioned not to assume that any part or all of the mineral deposits in these categories will ever be converted into reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in certain restricted cases. Readers are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of “contained ounces” in a resource is permitted disclosure under Canadian securities regulations; however, the SEC normally only permits issuers to report mineralization that does not constitute “reserves” by SEC Industry Guide 7 standards as in place tonnage and grade without reference to unit measures.

Accordingly, information contained in this AIF (including descriptions of the Company’s mineral projects) may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under United States federal securities laws and the rules and regulations thereunder.

Non-International Financial Reporting Standards Financial Performance Measures

The Company has included certain non-International Financial Reporting Standards (“IFRS”) measures in this AIF. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers.

The Company believes that AISC more fully defines the total costs associated with producing gold. The Company calculates AISC as the sum of refining costs, third party royalties, site operating costs, sustaining capital costs, and closure capital costs all divided by the gold ounces sold to arrive at a per ounce amount. Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital.

ASIC is calculated based on the definitions published by the World Gold Council (“WGC”) (a market development organization for the gold industry comprised of and funded by 18 gold mining companies from around the world). The WGC is not a regulatory organization.

Glossary and Defined Terms

AA:	Atomic absorption
Acquisition:	Bluestone’s acquisition of Cerro Blanco and Mita Geothermal from Goldcorp
Ag:	Silver
AIF:	This annual information form of the Company dated effective March 26, 2019
AISC:	All-in sustaining costs
Au:	Gold
BQ:	A standard diamond drill tube size of 60 millimeters outer diameter and 36.5 millimeters inner diameter
Cerro Blanco, Cerro Blanco Project, Cerro Blanco Gold Project:	The Cerro Blanco gold project located in Jutiapa, Guatemala
CEO:	Chief Executive Officer
CFO:	Chief Financial Officer
CIM:	Canadian Institute of Mining, Metallurgy and Petroleum
Common Shares:	The common shares in the capital of Bluestone
Consolidation:	The consolidation of the issued and outstanding Common Shares on the basis of one post-Consolidation Common Share for each five pre-Consolidation Common Shares which took effect on May 24, 2017
Consolidation Factor:	The consolidation of the issued and outstanding securities on the basis of one post-Consolidation security for five pre-Consolidation securities
Dewatering Fluid:	Water with the naturally occurring components of alkaline carbonates and minor concentration of metals
DSTF:	Dry stack tailings facility
EIA:	Environmental impact assessment
Entre Mares:	Entre Mares de Guatemala, Sociedad Anónima, a corporation incorporated and existing under the laws of Guatemala, which holds a 100% interest in Cerro Blanco
Exchange:	The TSX Venture Exchange

Feasibility Study:	A comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate, at the time of reporting, that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a pre-feasibility study.
g/t:	Grams per tonne
GDM:	The General Directorate of Mining of the MEM
Geotermia:	Geotermia Oriental de Guatemala, S.A., a corporation incorporated and existing under the laws of Guatemala, which holds a 100% interest in Mita Geothermal
Goldcorp:	Goldcorp Inc.
HQ:	Drill core diameter of 63.5 millimeters
JDS:	JDS Energy & Mining Inc.
k:	Kilo
kg:	Kilogram
km:	Kilometer
km²:	Square kilometer
kt:	Kilotonne
kV:	Kilovolt
kWh:	Kilowatt hour
kWh/t:	Kilowatt hours per tonne
LOM:	Life of mine
M:	Million
m:	Meter
MARN:	The Ministry of Environment and Natural Resources in Guatemala
MEM:	The Ministry of Energy and Mines in Guatemala
Mineral Reserves:	Mineral Reserve: The economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a pre-feasibility study or feasibility study.

Proven Mineral Reserve: The economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

Probable Mineral Reserve: The economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

Mineral Resources: Mineral Resource: A concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade, or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity, and other geological characteristics of a Mineral Resource are known, estimated, or interpreted from specific geological evidence and knowledge, including sampling.

Measured Mineral Resource: That part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling, and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

Indicated Mineral Resource: That part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling, and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Inferred Mineral Resource: That part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

**Mita Geothermal
or Mita
Geothermal
Project:**

The Mita Geothermal project located in Jutiapa, Guatemala

Modifying Factors: Considerations used to convert Mineral Resources to Mineral Reserves, which include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social, and governmental factors

Mohave Project:	The Mohave Copper-Moly-Silver Porphyry Project located in Arizona, which is 100% indirectly owned by the Company
Mt:	Million metric tonnes
MW:	Megawatt
NGOs:	Non-governmental organizations
NI 43-101:	National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i>
NI 52-110:	National Instrument 52-110 – <i>Audit Committees</i>
NQ:	Drill core diameter of 47.6 millimeters
OPEX:	Operating cost estimate
oz:	Troy ounce
PEA:	The preliminary economic assessment in respect of the Cerro Blanco Project titled “ <i>Preliminary Economic Assessment Technical Report for the Cerro Blanco Project, Guatemala</i> ” effective February 7, 2017, a report date of March 20, 2017 prepared by Maz Mohaseb, P.Eng., Michael Makarenko, P.Eng., Marcel Pineau, Ph.D., P.Eng., Rob Gutowski, P.Eng., and Kelly McLeod, P.Eng. of JDS Energy & Mining Inc., with assistance from Garth Kirkham, P.Geo. of Kirkham Geosystems Ltd., Mike Levy, P.E. of SRK Consulting (U.S.) Inc., Ken Embree, P.Eng. of Knight Piesold Ltd. and Hhan Olsen, P.G. of Stantec Consulting Inc.
Project:	The Cerro Blanco gold project located in Jutiapa, Guatemala
QA/QC:	Quality assurance/quality control
QP or Qualified Person:	As defined in NI 43-101 to mean an individual who: <ul style="list-style-type: none"> (a) is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geoscience, or engineering, relating to mineral exploration or mining; (b) has at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her professional degree or area of practice; (c) has experience relevant to the subject matter of the mineral project and the technical report; (d) is in good standing with a professional association; and (e) in the case of a professional association in a foreign jurisdiction, has a membership designation that: <ul style="list-style-type: none"> (i) requires attainment of a position of responsibility in their profession that requires the exercise of independent judgment; and (ii) requires: <ul style="list-style-type: none"> i. a favourable confidential peer evaluation of the individual’s character, professional judgement, experience, and ethical fitness; or ii. a recommendation for membership by at least two peers and demonstrated prominence or expertise in the field of mineral exploration or mining.
RC:	Reverse circulation

RQD:	Rock quality designation
SEC:	The United States Securities and Exchange Commission
Subscription Receipt Financing:	A private placement financing of Subscription Receipts pursuant to which the Company issued an aggregate of 53,333,333 Subscription Receipts at a price of CDN\$1.50 per Subscription Receipt for aggregate gross proceeds of CDN\$80 million on April 20, 2017
Subscription Receipts:	The subscription receipts of the Company issued at a price of CDN\$1.50 per Subscription Receipt pursuant to the Subscription Receipt Financing
Technical Report:	The feasibility study in respect of the Cerro Blanco Project titled " <i>Feasibility Study NI 43-101 Technical Report Cerro Blanco Project Guatemala</i> " effective January 29, 2019, a report date of February 14, 2019 prepared by Maz Mohaseb, P.Eng., Michael Makarenko, P.Eng., Kelly McLeod, P.Eng., Richard Boehnke, P.Eng., and Mike Levy, P.E. of JDS Energy & Mining Inc., with assistance from Garth Kirkham, P.Geo. of Kirkham Geosystems Ltd., Hhan Olsen, P.G., CPG, and Bryan Ulrich, P.E. of Stantec Consulting Inc.
TSXV:	The TSX Venture Exchange
USA:	United States of America
WTP:	Water treatment plant

Corporate Structure

Name, Address, and Incorporation

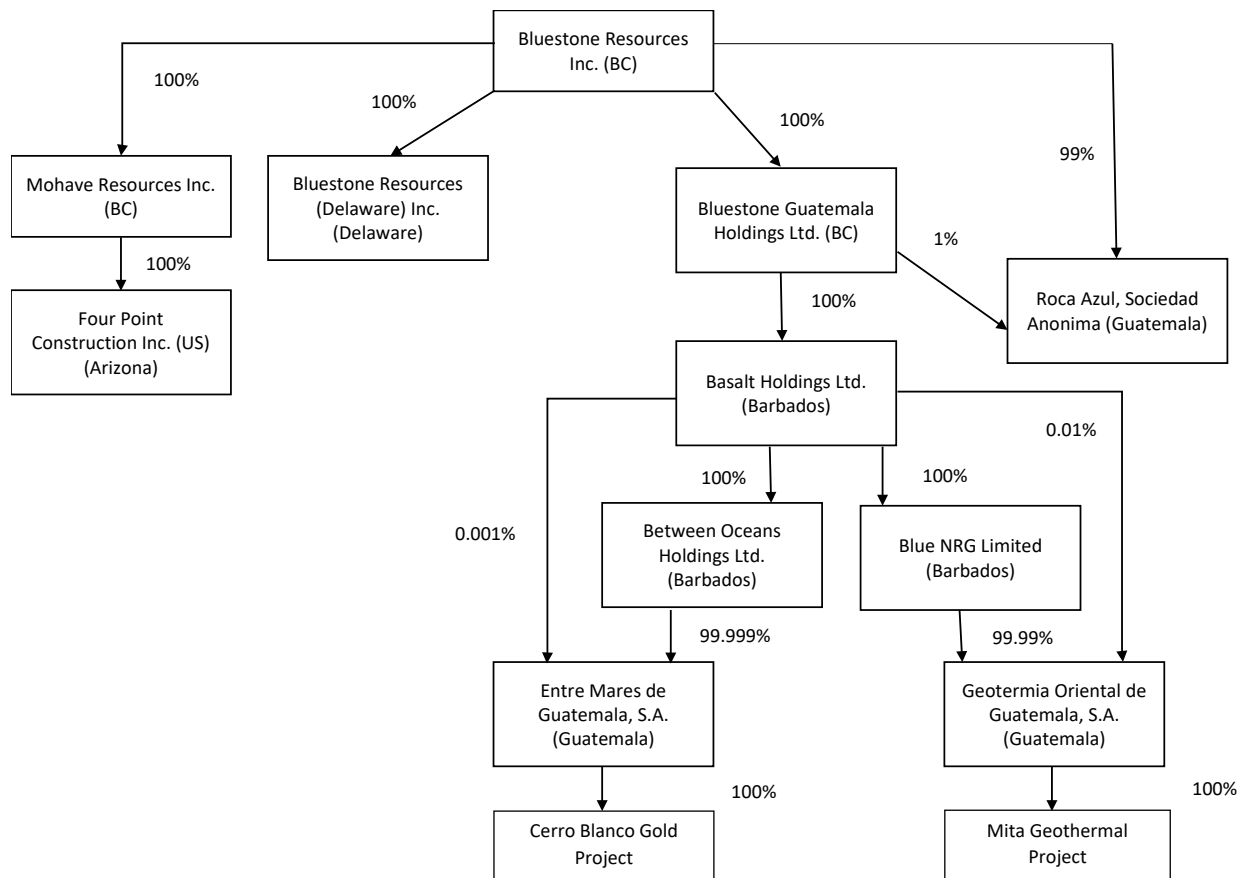
The Company was incorporated under the *Business Corporations Act* (Alberta) on November 7, 2000 under the name “Dev Investments Inc.” The notice of articles of the Company was amended on March 2, 2004 to change the name of the Company to “Indicator Minerals Inc.” The Company was continued into British Columbia under the *Business Corporations Act* (British Columbia) on June 13, 2005. The notice of articles of the Company was further amended on January 11, 2012 to change the name of the Company to “Bluestone Resources Inc.” The Company has an authorized share capital of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value.

The Company’s head office and registered office are located at 1020 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6, and its website address is <http://www.bluestonerresources.ca>.

The Company is a reporting issuer in the provinces of British Columbia, Alberta, and Ontario. The Common Shares are listed for trading on the Exchange under the symbol “BSR”, and on the OTCQB Venture Marketplace under the symbol “BBSRF”.

Intercorporate Relationships

The following organization chart sets out all the subsidiaries of the Company, their jurisdictions of incorporation, the percentage of voting securities beneficially owned or controlled by the Company, and the mineral property interest which they own:



General Development of the Business

Three Year History

The Company's major achievements during the past three fiscal years include:

- releasing the results of the Technical Report prepared in accordance with NI 43-101 for the Cerro Blanco Project on January 29, 2019;
- completing the acquisition of the Cerro Blanco Project and the Mita Geothermal Project located in Guatemala on May 31, 2017;
- completing the Subscription Receipt Financing and issuing an aggregate of 53,333,333 Subscription Receipts at a price of CDN\$1.50 per Subscription Receipt for aggregate gross proceeds of CDN\$80 million on April 20, 2017; and
- releasing the results of the PEA and updated Mineral Resources estimate prepared in accordance with NI 43-101 for the Cerro Blanco Project on February 7, 2017.

Developments Subsequent to the Year Ended December 31, 2018

Technical Report

Subsequent to the year end, on January 29, 2019, the Company announced the results of the Technical Report, which includes an after-tax internal rate of return of 34% and an average LOM AISC of \$579/oz. The Technical Report provides a compilation of the geological, engineering, and hydrology work performed by the previous owners between 1997 and 2017, as well as work undertaken by Bluestone. The results of the Technical Report incorporate the infrastructure in place, including 3.2 kilometers of underground development decline, fully functional water treatment plant, maintenance shops, warehouse and office facilities, and a total of 580 holes and over 128,000 meters of drilling. The Technical Report was filed on SEDAR on February 13, 2019. This AIF contains the scientific and technical information provided in the Technical Report.

Private Placement Financing

On March 19, 2019 the Company closed a bought deal private placement (the "Offering") which it had announced on February 19, 2019 and an upsizing of the Offering announced on March 1, 2019 comprised of a total of 17,941,321 Units at a price of CDN\$1.25 for total gross proceeds of CDN\$22,426,651.

Each Unit consisted of one common share of the Company (each, a "Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each Warrant entitles the holder to acquire one Share for 24 months from the closing of the Offering at a price of C\$1.65.

The Units issued pursuant to the Offering are subject to a statutory hold period in Canada expiring on July 20, 2019.

2018 Significant Developments

Corporate

In January the Company appointed Jeff Reinson, M.Sc. as Vice President, Project Development.

On February 14, 2018 the Company's Common Shares began trading on the OTCQB Venture Marketplace under the symbol "BBSRF", in addition to trading on the Exchange under the symbol "BSR".

In March 2018, the Company appointed William Lamb as Independent Lead Director of the Board of Directors of the Company.

Cerro Blanco Project

In February the Company established an independent Technical Advisory Committee ("TAC") to act as a peer review over key technical aspects of the Technical Report. The TAC is a group of internationally recognized technical experts chaired by Alf Hills. Other TAC members are Scott Donald (Water Management, Hydrogeology, and Groundwater Modelling), Allan Moss (Mining and Geotechnical), Roger Nendick (Processing and Infrastructure), Robert Sim (Resource Estimation), and Dr. Ward Wilson (Water and Tailings Management).

A comprehensive geological model was developed which incorporated underground sampling, mapping, and extensive re-logging of drill core. The Company completed an 11,384-meter underground and surface resource definition drill program to test for both extensions of known quartz-adularia veins and new veins/vein swarms in the under-drilled parts of the current resource envelope in conjunction with its Technical Report. Highlight assay results included:

- 17.2 g/t Au and 94.9 g/t Ag over 7.0 meters (UGCB18-86)
- 32.7 g/t Au and 79.6 g/t Ag over 8.3 meters (UGCB18-86)
- 16.7 g/t Au and 105.4 g/t Ag over 15.0 meters (UGCB18-89)
- 14.3 g/t Au and 68.5 g/t Ag over 9.3 meters (UGCB18-89)
- 9.6 g/t Au and 34.9 g/t Ag over 21.4 Meters (UGCB18-92)
- 11.5 g/t Au and 48.6 g/t Ag over 12.9 meters (UGCB18-96)
- 16.5 g/t Au and 18.4 g/t Ag over 7.9 meters (CB18-393)
- 7.0 g/t Au and 65.2 g/t Ag over 17.2 meters (CB18-394) including 17.5 g/t Au and 197 g/t Ag over 4.1 meters

A total of 288 channel samples were taken along representative veins exposed in the side walls of the Cerro Blanco underground tunnels using a portable rock saw. The sampling was undertaken across/perpendicular to the mineralized structures wherever possible and carefully surveyed with xyz coordinates for 3D modeling and resource estimation purposes. The above results were disclosed by Company press releases dated May 30, 2018 (*Bluestone Drills More High-Grade Intercepts at Cerro Blanco Including 32.7 g/t Au over 8.3 m and 16.7 g/t Au over 15.0 m (true width)*) and July 5, 2018 (*Bluestone Drills 21.4 m grading 9.6 g/t Au and 34.9 g/t Ag at Cerro Blanco*), which may be viewed on the Company's website www.bluestonerresources.ca and under the Company's profile on www.SEDAR.com.

In September 2018, the Company provided an updated resource statement for the Cerro Blanco Gold Project consisting of:

- Measured Mineral Resource totalling 96,184 ounces or 290,153 tonnes grading 10.31 g/t Au
- Indicated Mineral Resource of 1,105,284 ounces or 3,426,400 tonnes grading 10.03 g/t Au
- Inferred Mineral Resource of 357,319 ounces or 1,373,342 tonnes grading 8.09 g/t Au

Optimization test work on metallurgical recovery results which were published in the PEA (effective February 7, 2017) was conducted. Highlights from the optimization test work include:

- Gold recoveries increase to 96%
- Improved leach kinetics reduce leach residence time to 48 hours
- Lower reagent consumption

In November 2018, the Company commenced a “Phase 2” follow-up 3,500-meter infill drill program at Cerro Blanco to focus on converting inferred resources identified in the Technical Report infill drill program to measured and indicated mineral resources.

2017 Significant Developments

Acquisition

On May 31, 2017, the Company completed the Acquisition of the Cerro Blanco and Mito Geothermal properties (see the amended and restated annual information form of the Company of June 2, 2017 filed on SEDAR).

Corporate

The Company strengthened its executive team with the addition of David Gunning, P.Eng. as Vice President, Operations in April 2017, Peter Hemstead, CPA, CMA as Chief Financial Officer in May 2017, Darren Klinck as President and Chief Executive Officer in August 2017, Stephen Williams, P.Eng., MBA as Vice President, Corporate Development and Investor Relations in November 2017, and David Cass, P.Geo., M.Sc. as Vice President, Exploration in December 2017.

On February 6, 2017, the Company announced the appointment of Keith Peck and Leo Hathaway to the board of directors of the Company and the resignation of David Kelsch as a director of the Company.

On March 20, 2017, the Company completed a private placement financing of unsecured, non-interest bearing convertible notes for gross proceeds of CDN\$3,829,075 and on April 20, 2017, the Company completed the Subscription Receipt Financing and issued an aggregate of 53,333,333 Subscription Receipts at a price of CDN\$1.50 per Subscription Receipt for aggregate gross proceeds of CDN\$80 million (see the amended and restated annual information form of the Company of June 2, 2017 filed on SEDAR).

On May 24, 2017, the Company completed a share consolidation on the basis of one post-consolidation Common Share for five pre-consolidation Common Shares.

Effective in 2017, the Company changed its financial year end from November 30 to December 31.

Cerro Blanco Project

On February 7, 2017, the Company announced the results of the PEA and updated Mineral Resources estimate prepared in accordance with NI 43-101 for the Cerro Blanco Project (see the PEA filed on SEDAR).

2016 Significant Developments

During the financial year ended November 30, 2016, the Company did not conduct any significant exploration programs on the Mohave Project, which was the Company’s only property during that time.

Description of the Business

Bluestone is a development stage natural resource company focused on the exploration and development of its 100% owned Cerro Blanco Gold Project and Mita Geothermal Project, both located in Guatemala. Cerro Blanco is a proposed underground gold mining operation located in southeast Guatemala approximately 160 kilometers by road from the capital, Guatemala City. Mita Geothermal is a geothermal energy resource located adjacent to Cerro Blanco.

The Cerro Blanco Project

The Company's primary property is Cerro Blanco, a project permitted as a proposed underground gold mine located in southeastern Guatemala. Entre Mares, the Company's wholly-owned subsidiary, is the 100% owner of Cerro Blanco.

The Mita Geothermal Project

The Company owns a 100% interest in Mita Geothermal through its wholly-owned subsidiary, Geotermia Oriental de Guatemala S.A. Mita Geothermal is a geothermal energy resource located adjacent to Cerro Blanco and is seven kilometers from the Pan American Highway near the town of Asuncion Mita, in the region of Jutiapa in Guatemala. In November of 2015, the Government of Guatemala granted Geotermia a 50-year license to build and operate a 50-megawatt geothermal plant.

The Mohave Copper Porphyry

The Company owns a 100% indirect interest in a large-scale, copper porphyry deposit with silver and molybdenum by-products which is located in north-western Arizona, USA. No material work has been conducted on the Mohave Project since the financial year ended November 30, 2011, and the Company has no further plans to conduct further material exploration at this stage.

Competitive Conditions

The mining industry is intensely competitive, and Bluestone competes with many companies that have more financial and technical resources than it does. Since mines have a limited life, the Company must compete with others who seek mineral reserves through the acquisition of new properties. In addition, the Company also competes for the technical expertise needed to find, develop and operate such properties, the labour to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine metals but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund the Company's operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Bluestone's prospects for mineral exploration and development and success in the future. In addition, some of the Company's competitors may have an advantageous market position and have greater financial and other resources and may, therefore, be able to better withstand poor and volatile market conditions, obtain financing on better terms and attract better or more qualified employees, any of which may have an adverse impact on the Company's business, financial condition and results of operations. There can be no assurance that the Company can compete effectively with these companies.

Environmental Protection

Bluestone's activities are subject to environmental laws and regulations. Environmental laws and regulations are evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. Bluestone complies with all environmental laws, regulations, and permits as they apply to their projects. Reclamation and closure costs are estimated on a monthly basis to conform with existing and anticipated requirements. Cerro Blanco has an estimated cost of \$5.5M and Geotermia holds an additional \$1.5M cost for reclamation and closure.

Social and Environmental Policies

Bluestone, including its subsidiaries, is a values-based company committed to investing in our people and local communities, operating in a safe and sustainable manner, utilizing innovation, and respecting our environment. Bluestone is committed to responsible mining and geothermal energy development as part of operating according to our Company's Mission, Vision, and Values.

We believe creating shared value and mutually beneficial long-term relationships with our stakeholders requires conducting our business according to three fundamental guiding Principles: Ethics, Sustainability, and Operational Excellence, which means: working safely, respectfully, and with excellent socio-environmental stewardship in each of our activities. In order to meet these Principles, the Company has implemented a Responsible Resource Development Policy, a Code of Business Conduct and Ethics, an Anti-Corruption and Anti-Bribery Policy, and other policies which may be viewed on the Company's website www.bluestonerresources.ca.

Bluestone has employed a local corporate social responsibility team in Guatemala, supported by an executive team that will engage external consultants where required to help develop, execute, and monitor its ongoing corporate social responsibility plan. The corporate social responsibility plan will include initiatives developed with the engagement and consultation of all direct and indirect project stakeholders, including local communities and governments at the local and national level.

Skill and Knowledge

Bluestone has built a management team of skilled mining, processing, exploration, maintenance, environmental, financial, and administrative personnel located at and reporting to the General Manager at the Cerro Blanco Project. The specialized knowledge and skills required in all areas of mining include mining, engineering, geology, metallurgy, environmental permitting, drilling, and exploration program planning and implementation is available on-site. Training of local staff to attain and maintain the requisite skills in all aspects of mining operations is a high priority.

Employees

The Company has 11 full-time employees and 2 consultants at its Vancouver office, and 94 full-time employees and 60 contractors at its Cerro Blanco Project in Guatemala. The Company strives to ensure that its presence has a positive social and economic impact in Guatemala, and as the Cerro Blanco Project is progressed, the spin-off effects from local suppliers for certain goods and services required by the Project will provide meaningful employment for many locals. At Cerro Blanco, 92 out of the 94 employees and all 60 of the contractors are Guatemalan. Compensation for Guatemalans directly employed by Entre Mares is well above the average wage in Guatemala. Employees are provided all necessary personal protective equipment, meals, and access to medical care at the Project's health clinic. These employees also receive training and have opportunities for advancement.

Mineral Properties

Cerro Blanco Project – Project Description, Location, and Access

The Project is located in southeast Guatemala approximately 160 km by road from the capital, Guatemala City. It is located in the municipality of Asunción Mita in the Department of Jutiapa, approximately 9 km west of the border with El Salvador. The nearest town to the Project is Asunción Mita, a community of about 17,500 people, approximately 5 km from the Project. The Project covers a concession encompassing 15.25 km² and lies entirely in the municipality of Asunción Mita.

Guatemalan mining law provides for three types of licenses for reconnaissance, exploration, and exploitation activities. A reconnaissance license has a six-month term with the possibility of renewal for an additional six-month period. The reconnaissance license can cover an area from 500 to 3,000 km² and, upon application, can be converted to an exploration license. An exploration license covers an area up to 100 km², has a term of three years and can be extended for two additional two-year terms. With each extension the surface area of the exploration license must be reduced by 50% unless a request is made for an extension two months prior to the expiration of the term. An exploitation license follows an exploration license and has a 25-year term that can be extended for a second 25-year term. It covers a maximum of 20 km². Surface rights fees are payable with all types of licenses and a royalty of up to 4% is payable at the exploitation stage, shared between the state and the municipality where the project is situated. The Cerro Blanco exploration concession was awarded to Entre Mares on November 12, 1997. The concession covers an area of 39 km². Entre Mares applied for the conversion to an exploitation license which was granted in September of 2007. Bluestone acquired Entre Mares by purchase from Goldcorp in May 2017, and Goldcorp retained a 1% net smelter returns royalty as a condition of this agreement.

Entre Mares has an exploitation license which was granted in 2007 for 25 years identified as LEXT-031-05. This license includes the water rights and rights of way associated with the property.

Figure 1 – Cerro Blanco Project Location



Current Technical Report

The following disclosure regarding the Cerro Blanco Project has been derived from the Technical Report and is subject to any updated information elsewhere in this AIF and all of the assumptions, qualifications, and procedures set out in the Technical Report and is qualified in its entirety with reference to the full text of the Technical Report. Readers should read the disclosure below in conjunction with the Technical Report, a copy of which can be found on the Company's profile on the SEDAR website at www.sedar.com. The Feasibility Report was prepared by Maz Mohaseb, P.Eng., Michael Makarenko, P.Eng., Kelly McLeod, P. Eng., Richard Boehnke, P. Eng., Mike Levy, P.E., all of JDS, with assistance from Garth Kirkham, P. Geo. of Kirkham Geosystems Ltd., Hhan Olsen, P.G., CPG and Bryan Ulrich, P.E. both of Stantec Consulting Inc., each of whom is a "qualified person" and "independent" as such terms are defined in NI 43-101. The Feasibility Study is titled "*Feasibility Study NI 43-101 Technical Report Cerro Blanco Project Guatemala*", has an effective date of January 29, 2019 and a report date of February 14, 2019.

The scientific and technical disclosure below regarding the Cerro Blanco Project has been reviewed and approved by Maz Mohaseb, P.Eng., a project manager of JDS, who is an independent Qualified Person under NI 43-101.

Mineral Property History

The Cerro Blanco property was identified by Mar-West Resources in 1997 by sampling of densely silicified boulders at the base of the Cerro Blanco hill. Mar-West drilled nine shallow RC holes of which at least 7 drilled one or more intercepts of 5 to 15 m grading 1 to 5 g/t Au, with the occasional 10 to 20 g/t Au interval. In October 1998, Mar-West's holdings in Honduras and Guatemala were purchased by Glamis Gold Ltd., and in 2006, Goldcorp became the sole proprietor of the Cerro Blanco Project through the purchase of Glamis Gold Ltd.

Geological Setting, Mineralization, and Deposit Types

The Cerro Blanco district consists of localized precious metal veins and small stockwork deposits which occur over an area of more than 20 km in diameter.

The Cerro Blanco deposit is a classic hot springs-related, low sulphidation quartz-adularia-calcite vein system. It is localized along a complex fault intersection created during late Miocene-Pliocene tectonic extension within the active Central American volcanic arc. Local igneous activities that drove the Cerro Blanco hydrothermal system include a vesicular andesite dike swarm and mineralization stage rhyolite/dacite flow dome eruption and cryptodome intrusion. The deposit occurs within a large hydrothermal alteration zone covering an area 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 an area of about 400 m by 800 m. Mineralization is characterized by both high angle and low angle banded chalcedony veins, locally with calcite replacement textures. High angle mineralized faults and 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. Exposures are poor and locally covered by alluvium and post-mineral rocks. Gold bearing structures extend at least 1 km south and southwest of the deposit under valley fill and post-mineral rocks.

Drilling

As of July 2018, Bluestone had drilled approximately 55 holes for a total of 11,384 m on the Cerro Blanco property since the acquisition from Goldcorp. Table 1 summarizes the historical drilling on the property.

Table 1 – Summary of Drilling at Cerro Blanco

Year	Company	Holes Drilled	Meters
1998	Mar-West	9	1,340
1999	Glamis/Mar-West	48	7,217
2000	Glamis Gold	18	3,525
2002	Glamis Gold	23	6,525
2004	Glamis Gold	46	9,659
2005	Glamis Gold	120	30,076
2006	Glamis Gold	67	15,129
2007	Goldcorp	47	12,375
2010	Goldcorp	9	459
2011	Goldcorp	39	9,352
2012	Goldcorp	96	21,370
2018	Bluestone	55	11,384
Total		577	128,411

Source: Bluestone

A total of 577 holes were included in the block model inclusive of Bluestone's recent drilling. This drilling database contains 85,306 unique assay intervals representing a total core length of 128,411 m.

The surface drilling was performed using two Hydracore 1000 portable drill rigs, one of which was replaced later in the program by a Boart Longyear LM-75 belonging to Bluestone, which was later converted for underground drilling. During the height of the drill program, three LM-75 and two Hydracore rigs were operative. Drill holes are developed by drilling larger diameter core at the early stage of the hole (HQ size) and reduced to NQ size and BQ size if drilling conditions become difficult.

Core recoveries were high, and by utilizing several drill core sizes, Bluestone was able to ensure drill hole target completion. A total of 27 holes were drilled from surface, and 28 holes from underground platforms distributed over four platforms in the North Zone and three platforms in the South Zone.

Drill hole collars were surveyed using a Total Station (coordinate system - UTM NAD 27 Zone 16N). In-hole drill surveying for azimuth and dip was completed using the Reflex EZ-Shot system approximately every 25 m down-hole. Orientation of drill core was performed throughout Bluestone's drill program using Reflex ACT III downhole survey equipment.

Significant Assay Results

Table 2 provides a selection of significant drill hole intervals from the Cerro Blanco drill hole database. Drill hole intervals are reported as actual core lengths and do not represent the true thickness.

Table 2 – Gold and Silver Samples from the Drill Hole Database

Hole	From	To	Length (m)	Au (g/t)	Ag (g/t)
UGCB18-71	0.00	27.69	27.69	5.5	17.10
UGCB18-72	88.1	90.0	1.87	7.6	23.49
UGCB18-73	6.00	23.0	17.0	5.1	17.23
UGCB18-73	37.19	43.13	5.94	5.2	10.33
UGCB18-73	13.20	16.85	3.65	19.3	59.42
UGCB18-74	37.62	41.23	3.61	9.0	28.53
UGCB18-74	54.4	56.39	1.99	21.3	63.40
UGCB18-75	45.72	51.22	5.5	7.34	60.92
UGCB18-76	12.61	47.1	34.49	5.83	18.59
UGCB18-76	12.61	16.53	3.92	26.8	84.42
UGCB18-79	11.31	20.82	9.51	5.6	33.9
UGCB18-80	47.77	53.25	5.48	9.3	105.3
UGCB18-80	85.95	88.47	2.52	13.9	85.2
UGCB18-81	100.5	105.07	4.57	20.8	46.9
UGCB18-81	122.18	125.2	3.02	11.2	13.1
UGCB18-82	71.16	81.18	10.02	15.0	32.5
UGCB18-84	53.33	56.08	2.75	44.7	39.9
UGCB18-85	52.34	59.12	6.78	24.6	92.8
UGCB18-85	70.05	71.13	1.08	21.2	60.9
UGCB18-86	23.50	30.5	7.00	17.2	94.9
UGCB18-86	33.35	37.19	3.84	9.06	28.9
UGCB18-86	43.55	51.81	8.26	32.7	79.6
UGCB18-87	97.74	98.81	1.07	16.0	26.8
UGCB18-88	43.0	52.2	9.22	9.8	29.9
UGCB18-88	62.2	64.2	2.00	9.8	35.7
UGCB18-89	50.72	65.72	15.00	16.7	105.4
UGCB18-89	92.01	101.37	9.36	14.3	68.5
UGCB18-91	12.9	15.85	2.95	17.91	27.62
UGCB18-92	36.8	58.2	21.4	9.6	34.9
UGCB18-92	112.3	117.6	5.4	12.8	10.8
UGCB18-93	10.3	11.3	1.0	24.5	32.2
UGCB18-94	98.1	100.3	2.2	7.2	15.7
UGCB18-95	6.4	7.6	1.2	8.9	49.2
UGCB18-95	14.1	15.6	1.5	12.2	27.3
UGCB18-96	39.4	52.4	13.0	11.5	48.6
UGCB18-96	56.4	61.4	5.0	7.1	30.5
UGCB18-98	108.2	110.6	2.3	9.9	8.7
UGCB18-98	115.2	116.2	1.0	28.6	112.0

Source: Bluestone

Sampling, Analysis, and Data Verification

Drill core from surface and underground was stored in labelled wooden boxes from the drill and transported from the drill to the surface core logging facility. Before core splitting and logging commences, drill core is systematically photographed using tripod-mounted camera in high resolution and digitally archived for reference as part of the Drill Database.

Figure 2 – Example of Core Box Photography



Source: Bluestone (2019)

Logging and sampling were undertaken on site at Cerro Blanco by Company personnel under a QA/QC protocol developed by Bluestone. Technicians first prepared the core boxes by reviewing drill hole depth tags, reassembling broken sections, and photographing core. Core logging to identify lithology, alteration, RQD, and sampling selection for core sawing was completed by technicians under the direction of the geologist. Sampling was also completed by Bluestone technicians. The typical sample lengths are 1.0 to 1.5 m with a minimum sample width of 1m and maximum lengths of 2.0 m; sample lengths were based on the lithology and alteration. Logs and the sample database indicated that low grade and high-grade gold and silver samples were of the same lengths and were not broken out separately or collected in a way to cause sample bias. Samples were collected along the footwall, mineralized zones, and hanging walls without breaks in sampling. All data was initially captured on paper logs and later transferred to Microsoft Excel. This data was then entered in MapInfo™ and MineSight™ software for geological modelling.

Specific gravity readings of both host rock and vein material were taken at regular intervals using the displaced water method. A total of 288 channel samples were taken along representative veins exposed in the side walls of the Cerro Blanco underground tunnels using a portable rock saw. The sampling was undertaken across/perpendicular to the mineralized structures wherever possible and carefully surveyed with xyz coordinates for use in 3D modeling. The samples were subject to the same QA/QC protocols as drill core and deemed suitable for use in calculation of resources. Figure 3 shows a saw-cut channel sample across mineralized vein in South Ramp of Cerro Blanco underground workings.

Figure 3 – Example of Underground Channel Sample

Source: Bluestone (2019)

The core selected for analysis was transported to Inspectorate Laboratories in Guatemala City in security-sealed bags for sample preparation before shipping to Inspectorate Laboratories (a division of Bureau Veritas) in Reno, Nevada, USA and ALS Chemex in Vancouver, BC, Canada. Both are ISO 17025 accredited laboratories. Samples were prepared at Inspectorate by crushing and pulverizing the drill core down to 85% passing -75 microns. Pulps were weighed and individually packaged into 100 g envelopes and shipped for analysis. Both coarse rejects and pulp were stored for future use and utilized in Bluestone's QA/QC program.

Gold and silver were analyzed by a 30-g charge with atomic absorption with gravimetric finish for values exceeding 5 g/t Au and 100 g/t Ag.

All analytical results were provided to Bluestone by respective laboratory secure servers in Excel, csv and pdf formats (certificates). Bluestone database files are stored and managed in Access and Excel formats before being transferred to MapInfo™ and MineSight™ software.

All half core is stored adjacent to the core logging facility on the Cerro Blanco Project site. The Cerro Blanco site is fully controlled by perimeter fencing and security on the property.

Since 2017 Bluestone has implemented a comprehensive QA/QC program employing industry standards and best practices for all its drill core and channel sampling. This includes the regular insertion of blind certified reference materials (blanks and standards) randomly into the sample stream, field blanks, and duplicate analysis of pulps and coarse rejects at a second laboratory to independently assess analytical precision and accuracy of each samples batch as they are received from the laboratory. Additionally, pulp and coarse rejects were systematically submitted to ALS Chemex Laboratories in Vancouver for check analysis and additional quality control.

Samples were transported in security-sealed bags to Inspectorate Laboratories in Guatemala City for sample preparation. Sample pulps were then shipped to Inspectorate Laboratories in Vancouver, BC, Canada or Reno, NV, USA, and assayed for gold and silver using a 30-g charge with atomic absorption and gravimetric finish for values exceeding 5 g/t Au and 100 g/t Ag.

A total of 1,322 control samples (Table 3) were assigned for QA/QC purposes and accounted for approximately 20% of total samples taken during the program.

Table 3 – Quantity of Control Samples by Type (Bluestone 2017 to 2018)

Control Type	Au PPM
Standards	298
Field Blanks	132
Pulp Blanks	370
Pulp and Coarse Reject Duplicates	522
Total	1,322

Source: Bluestone (2019)

Standards are used to test the accuracy of the assays and to monitor the consistency of the laboratory over time. A variety of certified standards of various gold grades were purchased from CDN Laboratories as listed in Table 4 and inserted by the logging geologists.

Table 4 – Summary of Standards (Bluestone 2017 to 2018)

Control Sample	Au PPM	Standard Deviation	Analysis
CDN-GS11B	11.04	0.44	Fire Assay Gravimetric
CDN-GS16	16.48	0.315	Fire Assay Gravimetric
CDN-GS1T	1.08	0.05	Fire Assay AA Finish
CDN-GS5T	4.76	0.105	Fire Assay AA Finish
CDN-GS6E	6.06	0.16	Fire Assay Gravimetric
CDN-BL10	<0.01	-	FIRE ASSAY AA FINISH

Source: Bluestone (2019)

Field blanks are non-mineralized material sourced locally and inserted into the sample series one every 20 samples (5%). Field blanks are inserted to test for any potential carry-over contamination which might occur in the crushing phase of sample preparation because of laboratory poor cleaning practices.

Duplicate analysis of pulps and quarter-core are used to evaluate analytical precision and to determine if any biases exist between laboratories. Duplicate analysis of coarse rejects is used to analyze preparation error. Table 5 details the QA/QC sample insertion rate.

Table 5 – Bluestone QA/QC Sample Insertion Rates

Batch size – 45 samples	Insertion Rates (minimum)	Notes
Standards	1 every 20	Inserted according to estimated grade of mineralization before, within, or immediately after a mineralized interval. Insertion at regular intervals avoided.
Field Blanks	1 every 20	Usually inserted at the end of mineralized runs to measure carry-over
Pulp Blanks	1 every 20	Usually inserted at the end of mineralized runs to measure carry-over
Pulp Duplicates	1 every 20	Undertaken at second laboratory with same analytical technique. High- and low-grade mineralized samples are usually chosen
Coarse Duplicates	1 every 20	Normally choose mineralized samples, used to measure laboratory sample preparation

Source: Bluestone (2019)

QA/QC assay results were checked by a Bluestone database/QA-QC manager on a batch-by-batch basis for analytical or batch errors, and also reviewed independently by a consultant. No evidence of obvious

analytical bias was noted. Duplicates of pulp and coarse rejects were sent to ALS Chemex in Vancouver for check analysis. Coarse rejects were processed at ALS Chemex and their pulps analyzed as a check on laboratory preparation procedures. Results showed very good correlation evident at both low and high gold levels, with a correlation coefficient of 0.995 indicating excellent reproducibility between the two laboratories. The results can be interpreted as a reflection of the lack of coarse nuggety gold in the Cerro Blanco deposit.

Analyses of blank samples, both pulp and field blanks, consistently yielded gold values near or below the detection limit of the primary laboratory. No sample contamination was detected.

For further information on resource estimation methodology see the Technical Report.

Mineral Processing and Metallurgical Testing

Metallurgical test work was conducted on samples from the Cerro Blanco deposit between April 1999 and January 2012 by Kappes, Cassidy & Associates (KCA). The most recent test program, completed in 2018 in support of the Feasibility Study, was carried out at Base Metallurgical Laboratories Ltd. (BaseMet) in Kamloops, BC, Canada.

The focus of recent test work by Bluestone was to optimize the flowsheet and generate tailings for geochemistry, geotechnical, and paste backfill testing. A global composite from drill core was created to run the optimization test program. The test work included grind extraction optimization, gravity, leach optimization, tailings generation, and cyanide destruction. Bulk samples from the underground workings were collected and two composites were created to represent the North and South areas of the deposit. The final flowsheet and test parameters determined in the optimization phase were used to generate tailings samples from the North and South zones for physical and chemical characterization to be used in defining DSTF and backfill applications.

Based on the results from BaseMet (2018), gold and silver doré can be produced with a primary grind size of 80% passing (P_{80}) 53 μm followed by gravity concentration, two-hour pre-oxidation, a 48-hour cyanide leach at a cyanide concentration of 500 ppm, six-hour carbon-in-pulp (CIP) adsorption, desorption, and refining process. For the global composite, this recovery method achieved average precious metal recoveries of 96% Au and 85% Ag.

The anticipated mineral processing results are summarized below:

- Mining: 1,250 tpd underground longhole and cut-and-fill
- Processing: Crushing-Grinding-Cyanidation-Refining
- LOM Mill Feed: 3.4 Mt @ 8.5 g/t Au, 32.2 g/t Ag
- Plant Recovery: 96% Au, 85% Ag
- Average Payable Gold: 112,000 oz/yr
- Mine Life: 8 years

Mineral Resource and Mineral Reserve Estimates

Mineral Resources

Mineral Resources for the Cerro Blanco deposit were classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (2014) by Garth Kirkham, P.Geol. of Kirkham Geosystems Ltd. (Kirkham), an “Independent Qualified Person” as defined by NI 43-101.

The Cerro Blanco deposit comprises over 50 individual veins distributed within two principal swarms (North Zone and South Zone), that extend over a strike length of 800 m. Over 90 percent of the current resource is distributed within 30 veins. Individual veins extend to depths greater than 450 m with variable dips averaging between 40 - 60 degrees. Principle feeder veins form the footwall of the deposit and trend broadly north-north easterly, with the more dominant north-easterly trending vein sets that appear to converge downwards into the master veins.

The updated Mineral Resource Estimate incorporates more than 571 drill holes and 288 underground channel samples totaling 126,434 m. There is more than 1.2 Moz of gold and 4.53 Moz of silver contained in the Measured and Indicated Mineral Resources. The project also contains more than 0.36 Moz of gold and 1.04 Moz of silver in the Inferred Mineral Resource category. The Mineral Resource Estimate for the Cerro Blanco deposit is reported at a base case above a 3.5 g/t Au cut-off, as tabulated below in Table 6.

Table 6 – Mineral Resource Statement

Resource Category	Tonnes ('000)	Au Grade g/t	Ag Grade g/t	Contained Gold ('000 Oz)	Contained Silver ('000 Oz)
Measured	290	10.31	39.14	96	365
Indicated	3,426	10.03	37.79	1,105	4,164
Measured and Indicated	3,716	10.05	37.89	1,201	4,529
Inferred	1,373	8.09	23.58	357	1,041

Source: Kirkham Geosystems (2019)

The mineral resource statement is subject to the following:

- 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, with an effective date of September 10, 2018;
- 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;
- Underground Mineral Resources are reported at a cut-off grade of 3.5 g/t Au. Cut-off grades are based on a price of \$1,250/oz gold, \$16/oz silver and a number of operating cost and recovery assumptions, plus a contingency;
- Numbers are rounded; and
- The Mineral Resources may be affected by subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic and other factors.

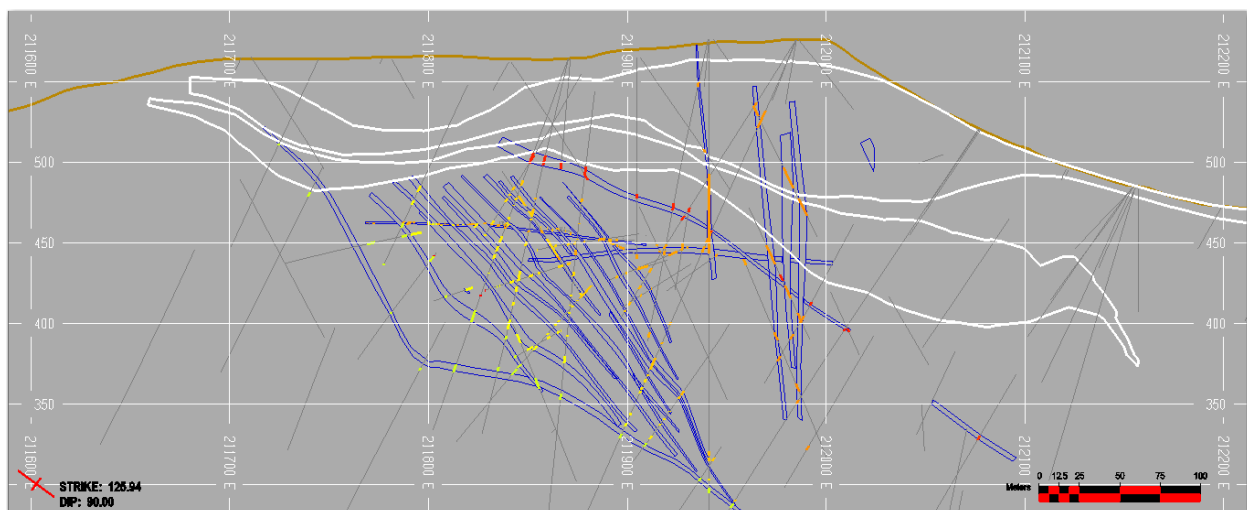
The drill hole database was supplied in electronic format (i.e., MS Excel and Access) by Bluestone. This included collars, down hole surveys, lithology data, and assay data (i.e., Au g/t, Ag g/t, and down hole from and to intervals in metric units). Lithology data was provided as lithology group and description along with abbreviated alpha-numeric and numeric codes

A comprehensive structural model was developed which incorporated the current drilling, underground sampling, mapping, and extensive re-logging of drill core. The revised models were created from first principals by Bluestone staff within LeapFrogTM under the supervision of the independent QP. This was done utilizing the current and re-logged data, and from sectional interpretations which were subsequently wireframed based on a combination of lithology and gold grades.

Intersections were inspected and the solid was then manually adjusted to match the drill intercepts. Once the solid models were edited and complete, they were used to code the drill hole assays and composites for subsequent statistical and geostatistical analysis. The solid zones were utilized to constrain the block model, by matching assays to those within the zones. The orientation and ranges (distances) utilized for the search ellipsoids used in the estimation process were derived from the strike and dip of the mineralized zone. The solids were coded into the composite database by priority, with the vein solids being highest, then the sinter unit, and lastly the surrounding waste.

It was determined that the 1.5 m composite lengths offered the best balance between supplying common support for samples and minimizing the smoothing of the grades. Figure 4 shows a histogram illustrating the distribution of the assay interval lengths with 96% of the data having interval lengths greater than 1.5 m. The 1.5 m sample length also was consistent with the distribution of sample lengths. It should be noted that although 1.5 m is the composite length, any residual composites of length greater than 0.75 m and less than 1.5 m remained to represent a composite, while any composite residuals less than 0.75 m were combined to the composite above.

Figure 4 – South Area Section View of Drill Holes, Vein Solids, and Sinter (white)



Source: Kirkham Geosystems (2019)

Mineral resources were estimated in conformity with generally accepted CIM “Estimation of Mineral Resource and Mineral Reserve Best Practices” Guidelines (2003). Mineral resources are not Mineral Reserves and do not have demonstrated economic viability.

The Mineral Resources may be impacted by further infill and exploration drilling that may result in an increase or decrease in future resource evaluations. The Mineral Resources may also be affected by subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic, and other factors.

Drill hole spacing is sufficient for preliminary geostatistical analysis and evaluating spatial grade variability. Kirkham is therefore of the opinion that the amount of sample data is adequate to demonstrate very good confidence of the grade estimates in the deposit.

The estimated blocks were classified according to:

- Confidence in interpretation of the mineralized zones;
- Confidence in interpretation of the mineralized zones;
- Number of composites used to estimate a block;

- Number of composites allowed per drill hole;
- Distance to nearest composite used to estimate a block; and
- Average distance to the composites used to estimate a block.

The classification of resources was based primarily upon distance to the nearest composite; however, all of the quantitative measures, as listed above, were inspected and taken into consideration.

Mineral Reserves

The effective date for the Mineral Reserve estimate contained in the Technical Report is January 29, 2019 and was prepared by JDS. All Mineral Reserves in Table 7 are Proven and Probable Mineral Reserves. The Mineral Reserves are not in addition to the Mineral Resources but are a subset thereof.

The Qualified Person (QP) has not identified any risks including legal, political, or environmental that would materially affect potential Mineral Reserves development.

Table 7 – Mineral Reserve Estimate

Class	Diluted Tonnes (kt)	Au Grade (g/t)	Ag Grade (g/t)	Au Ounces (koz)	Ag Ounces (koz)
Proven	313	8.3	31.4	83	315
Probable	3,131	8.5	32.3	857	3,256
Total	3,444	8.5	32.2	940	3,571

Source: JDS (2019)

Notes:

1. The Qualified Person for the Mineral Reserve estimate is Michael Makarenko, P. Eng., of JDS Energy & Mining Inc.
2. Effective date: January 29, 2019. All Mineral Reserves have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum (CIM) definitions, as required under NI 43-101.
3. Mineral Reserves were estimated using a \$1,250 /oz gold price and gold cut-off grade of 3.5 g/t. Other costs and factors used for gold cut-off grade determination were mining, process and other costs of \$109.04/t, transport and treatment charges of \$5.00 /oz Au, a royalty of \$24.84 /oz Au and a gold metallurgical recovery of 95%.
4. Silver was not used in the estimation of cut-off grades but is recovered and contributes to the revenue stream in the model.
5. Tonnages are rounded to the nearest 1,000 t, gold grades are rounded to two decimal places, and silver grades are rounded to one decimal place. Tonnage and grade measurements are in metric units; contained gold and silver are reported as thousands of troy ounces.
6. Rounding as required by reporting guidelines may result in summation differences.

Mining Operations

Cerro Blanco is proposed to be mined as an underground operation using a combination of longhole stoping (LH) and mechanized cut and fill (MCF) mining methods with cemented paste and rock backfill. A target production rate of 1,250 tpd is envisioned over a mine life of eight years that will extract 3.4 Mt of ore. LH stoping will account for about 54% of total production, and the remaining 46% will come from MCF and development. The Cerro Blanco deposit will be accessed from surface via a series of ramps, and all ore and waste rock will be trucked out of the mine. In addition to the four existing ventilation raises, two new raises will be required to circulate the required amount of air through the underground workings.

Dewatering, ventilation, and cooling are important mine design aspects at Cerro Blanco. The water levels in the immediate mine area will be lowered by a series of existing and new surface dewatering wells. Any

remaining water underground will be captured and pumped to surface through collection at underground sumps. For ventilation, the quantity of air required has been designed to dilute diesel particulate matter, reduce the air temperature from exposed rock, and maintain worker comfort. Mine air refrigeration will be used to maintain air temperatures in working areas below 28°C wet bulb.

Measured and Indicated Mineral Resources were included in the mine design and schedule optimization process. Where Inferred resources cannot be avoided, they are treated as waste material with zero metal grade. Less than 1% of inferred resources are included in the mine reserves.

The mine production schedule is shown in Table 8.

Table 8 – Mine Production Schedule

Parameter	Unit	Total s	Year								
			-1	1	2	3	4	5	6	7	8
Ore Feed	kt	3,444	30	420	460	460	459	459	459	427	269
Mining / milling Rate	tpd	1,184	81	1,152	1,260	1,260	1,258	1,258	1,259	1,170	736
Diluted Au Grade	g/t	8.5	5.4	11.5	10.3	10.2	7.5	8.1	6.9	5.4	8.2
Contained Au Ounces	koz	940	5	155	152	150	111	119	102	74	71
Diluted Ag Grade	g/t	32	23	56	41	26	32	23	23	25	35
Contained Ag Ounces	koz	3,569	22	757	605	389	470	347	339	337	304
Lateral Waste Dev't	km	19.9	4.6	2.4	3.7	2.6	3.2	2.2	0.8	0.3	0.2
Lateral Ore Dev't	km	58.1	0.2	9.6	8.3	9.3	8.8	8.2	6.4	4.6	2.8
Total Development	km	78.1	4.7	12.0	12.0	11.9	12.0	10.4	7.2	4.9	3.0
Total Dev't Rate	m/day	28	13	33	33	33	33	28	20	13	8
Vertical Development	km	1.1	0.1	0.1	0.2	0.1	0.2	0.2	0.1	-	-
Waste Placed as Backfill	kt	2,708	-	355	472	541	427	374	245	181	112
Paste Fill	kt	647	-	33	17	22	59	114	156	156	91

Source: JDS (2019)

Processing and Recovery Operations

The processing plant will have a capacity of 1,250 tpd. The plant will consist of the following unit operations:

- Three stage crushing;
- 1,250 tonne fine ore storage bin and reclaim system;
- Primary and secondary grinding;
- Gravity separation and intensive leach;
- Pre-leach thickening to 50% solids;
- 2-hour pre-oxidation, 48-hour leaching and 6-hour Carbon-in-Pulp (CIP);
- 4 tonne carbon plant and gold recovery;
- Cyanide destruction; and
- Tailings thickening, filtration and disposal in the DSTF or underground as paste backfill.

The leach circuit will have a retention time of 48 hours, and sodium cyanide (NaCN) consumption is expected to be in the range of 0.3 kg/t to 0.5 kg/t to maintain a cyanide concentration of 500 ppm. Cyanide will be destroyed using the SO₂/Air process. The slurry will be agitated in one of two tanks (with one tank acting as a standby) for one hour using copper sulphate (CuSO₄) as a catalyst, maintaining a 25 mg/L concentration in solution and sodium metabisulphite (SMBS) solution will be dosed into the system as the source of SO₂.

The grinding circuit product size is targeted at approximately P₈₀ of 50 µm. The crushing circuit will operate at an availability of 65% while the milling, leaching, and gold recovery circuits will operate 24 hours per day, 365 d/y at an availability of 92% processing 1,250 tpd.

Infrastructure, Permitting and Compliance Activities

Dewatering

Dewatering of the mine will be through a combination of underground dewatering from sumps and dewatering at the surface from deep dewatering wells. Certain areas at the Cerro Blanco deposit have high temperature groundwater, hindering previous dewatering efforts for depressing the groundwater levels to depths required for safe access to mineral reserves. An important finding in the Technical Report was that dewatering cannot be approached using standard underground mine dewatering techniques. Instead, practices for groundwater extraction from the geothermal industry will be implemented to limit steam flashing in the dewatering wells outside the developed mine workings. Dewatering from wells will require constant back pressure to be applied to the wellhead and pump column to maintain water in a single liquid phase. This will require dewatering wells to be installed deeper than the planned mine depth to maintain hydraulic head at sufficient levels above the pump intake.

To demonstrate these methods in practice, field flow tests were conducted at two existing dewatering wells with the hottest groundwater temperatures at the mine. This field testing demonstrated that long-term, single phase pumping rates can be maintained with higher back pressures. Injection tests also proved successful at an existing deep well located in the Mita Geothermal field, adjacent to the mine. Injection test results indicate deep injection is a feasible disposal method for mine water. The injection test rates ranged up to 800 US gpm and averaged just over 500 gpm at sustained pressures.

A numerical groundwater flow model was developed to predict necessary dewatering rates to accommodate the mine plan and associated target mining depths. The calibrated model indicates that eight new deep dewatering wells (phased over the mine life) capable of producing a cumulative extraction rate of 4,800 gpm, along with an additional 750 gpm of extraction from five existing mine dewatering wells, will be required to achieve dewatering targets. Underground dewatering from sump pumps and conveyance ramps will provide approximately 1,200 gpm of additional dewatering from inside the mine, bringing total dewatering rates from wells and underground sumps to a peak of 6,750 gpm in later stages of the mine life. The peak projected dewatering rates, as calculated from the numerical groundwater flow model, reached approximately 6,150 gpm. Therefore, the proposed infrastructure exceeds the projected dewatering needs.

Extracted water will be delivered to the existing WTP, or to future deep injection wells, for disposal. The WTP has a capacity of 1,500 gpm and is currently in operation. It is anticipated that the deep injection wells (planned for depths of 800 m) will have a capacity of 600 gpm each, or greater. A total of nine injection wells are planned to be phased in over the mine life in order to manage discharge volumes above the WTP capacity.

Infrastructure

The Technical Report plans on the installation of the following key infrastructure elements to support the mine and process facilities:

- A new 5 km-long access road that will connect the Cerro Blanco project to the Pan-American Highway (CA1);
- A new bridge will be installed over the river Rio Grande de Mita;
- An 8.2 km 69 kV overhead power line and on-site substation;
- Eight new dewatering wells and nine new reinjection wells for mine water management;
- Surface water management diversions, a levee, and ponds;
- DSTF;
- Security controlled site access with employee and visitor parking;
- Emergency generator power supply;
- Process plant office and personnel facilities;
- Reagent warehouse with concrete containment storage area;
- New process and fresh/fire water tank;
- Mine support facilities, including a truck shop, new office, mine dry, and additional septic system bio-digester; and
- Upgrades to the North and South portal haul roads.

The site is already well established, with existing infrastructure that will continue to support the mine throughout the operations period. These include the following:

- WTP;
- Shop and maintenance facilities to support WTP and site surface infrastructure;
- Office facility;
- Personnel showers, change rooms, and locker facility;
- Metallurgical laboratory and core handling/logging facility;
- Dewatering wells and infrastructure;
- Medical Clinic; and
- Existing on-site access roads.

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 with the addition of a new mine office and mine dry facility.

Some of the existing infrastructure will be upgraded or re-purposed to optimize operations and economics of the Project.

There will be a temporary Waste Rock Facility (WRF) that will be started in the pre-production stage of the project. All of the waste rock will be utilized as cemented rock fill (CRF) or loose rock fill (LRF) over the course of the mine life.

A feasibility level design for a filtered DSTF was completed. The facility is to be located south of the process plant and was designed for surface storage of a portion of the tailings, using filtered (dry stack) tailings placement techniques. The remainder of tailings will be used as paste backfill and stored underground. Design features of the DSTF include foundation preparation, foundation groundwater drainage system,

starter confining embankment with structural outer shell and a water management pond to collect runoff and seepage. Ditches will be constructed around the perimeter of the DSTF to divert the non-contact water from 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.

Surface water infrastructure was developed to do the following: minimize the amount of precipitation and runoff that comes into contact with potential contaminant sources during mine operations, collect and capture potentially contaminated water for mine reuse or water treatment prior to offsite discharge, or to prevent flood inundation from nearby rivers. Potential contaminant sources are areas where filtered tailings are stored. The water runoff from these areas is referred to as “contact” water. “Non-contact” water does not fall onto, or runoff, from these facilities.

Potential contact water sources are the DSTF and the process plant area where filtered tailings will be produced, placed, and loaded into trucks prior to being offloaded at the DSTF. Contact water will either be reused in the process plant or is sent to the WTP. Storm water controls for separating contact and non-contact water were sized to route peak flows from the 100-year flood, generated by the 100-year, 24-hour storm. Levees were sized and positioned to prevent flood inundation from Quebrada Tempisque, the nearby river, during the Probable Maximum Flood as based on two-dimensional hydraulic modeling results.

A daily water balance model was developed to evaluate the use of water over the mine dewatering schedule and operations schedule, representing Year -1 to the end of Year 7, when maximum projected dewatering rates are reached. In the current mine water management plan, dewatered fluid is either sent to the WTP or is reinjected. Along with Dewatering Fluid, the WTP also receives process water and other sources for treatment; therefore, the full WTP capacity of 1,500 gpm is not fully available for disposal of mine Dewatering Fluid. The cumulative water balance results indicate that approximately 66% of the WTP capacity is available for Dewatering Fluid.

Additionally, outflow from the WTP was simulated for use as process makeup water or as discharge to Quebrada Tempisque, the nearby river. There is permitted discharge up to 1,500 gpm to Quebrada Tempisque. The results estimate that, cumulatively, the WTP discharges approximately 70% to Quebrada Tempisque, or at a rate of approximately 1,050 gpm, not the full 1500 gpm flow currently permitted. The WTP inflow and outflow results indicate that modifications to the WTP are possible to reduce demands on the reinjection system.

The water balance results also indicate that monthly average injection rates are typically below the nominal injection capacity of 600 gpm per well, indicating that the planned installation schedule for injection wells is appropriate. There are some potential periods where daily simulated injection may exceed the nominal reinjection capacity. Potential management scenarios around such events include increased short-term injection rates (potentially up to 800 gpm), temporarily reduced dewatering rates, and improving the pumping strategy from contact water ponds. Ultimately, the water balance results show that the surface water management facilities and planned water balance operations are feasible for the assumptions and operating conditions evaluated.

Environment and Permitting

The Project is permitted as an underground mine and Bluestone will continue to engage in social and environmental commitments inherited from previous ownership. These responsibilities were previously managed by Goldcorp’s Corporate Social Responsibility (CSR) division, who oversaw a comprehensive permits register and provided environmental and social management reporting, based on Goldcorp’s *Sustainability Excellence Management System*.

Since the acquisition, Bluestone has reviewed, and when necessary, completed and updated the environmental, social, and permitting requirements to comply with current worldwide best practices and regulations. The organizational structure has been improved with the creation of new positions, including a Senior Manager Sustainability to lead and manage all Health, Safety, Environment, and Corporate Social Responsibility activities, as well as a Communication Coordinator of internal and external communications.

As part of the Technical Report, a review of the environmental management and permitting requirements was conducted. This review included existing environmental studies and continuous monitoring activities performed since the start of the project. An EIA was submitted and approved by MARN in 2007. In addition, specific permits have been obtained and renewed since 2009, as required. The EIA and all permits remain current and valid.

The environmental, social, and permitting review conducted for the Technical Report showed that specific components of the design have been optimized and/or changed since the EIA was originally completed and permits were issued (refer to section 20.2 of the Technical Report for additional details). Therefore, a combination of permit and EIA amendments will be submitted to MARN for notification and/or approval, as required, to ensure permits reflect the current project configuration. In addition, new environmental studies will be required, specifically for the access road and power line, which are not covered by existing permits. EIAs for these components will also need to be submitted to MARN for approval.

The approved EIA includes an *Environmental Management Plan* (EMP), a *Social Management Plan* (SMP) and a *Conceptual Mine Closure Plan*, which have been reviewed and updated during the FS to account for current international good practices and the updated project design.

Social Aspects and Stakeholder Engagement

The approved EIA includes an SMP to guide social management activities and stakeholder engagements. A dedicated, onsite Community Relations team has managed the social aspects of the Project since 2007. Similar to the environmental activities, the social aspects were previously managed and maintained through a comprehensive community relationship register.

For the Technical Report, stakeholder engagements were reviewed and updated based on international good practices and the *IFC Environmental and Social Performance Standards (2012)*. The SMP included in the EIA was based on the most recent official Guatemalan census. Bluestone carried out an update to the social baseline study for the Technical Report to understand the local socioeconomic situation and to guide enhancements to the SMP.

Bluestone has also prepared a *Stakeholder Engagement Plan* and implemented a new *Social Management System* (SMS) to register and manage all the information gathered relating to community relations activities.

Rehabilitation and Closure

The approved EIA included a basic conceptual Mine Closure Plan. Under Guatemalan regulation, the Cerro Blanco Mine site Closure Plan will be presented to the authorities three years prior to the mine ceasing operation. Accordingly, Cerro Blanco is not yet required to submit a Closure Plan to the authorities. However, per good international practice, Bluestone has opted to update the Mine Closure Plan for the Technical Report and associated closure costs have been included in the sustaining CAPEX (see Table 9 – Summary of Capital Cost Estimate, below).

Capital and Operating Costs

Capital Cost Estimate

LOM project capital costs are estimated to total \$335 M, consisting of the following distinct phases:

- Pre-production Capital Costs – includes all costs to develop the property to an average of 1,250 tpd underground production rate. Initial capital costs total \$195.7 M (including \$23 M contingency), which will be expended over a 23-month pre-production design, construction and commissioning period.
- Sustaining Capital Costs – includes all costs related to the acquisition, replacement, or major overhaul of assets during the mine life required to sustain operations. Sustaining capital costs are estimated to be \$129.0 M and do not include contingency. Sustaining costs are expended in operating Years 1 through 8.
- Closure Costs – includes all costs related to the closure, reclamation, and ongoing monitoring of the mine, post operations. Closure costs total \$10.6 M and do not include contingency. Closure costs are primarily incurred in Year 9, with costs extending into Year 12 for ongoing monitoring.

Table 9 – Summary of Capital Cost Estimate

Capital Costs	Pre-Production (M\$)	Sustaining / Closure (M\$)	Total (M\$)
General Directs	8.4	0.0	8.4
Mining	32.4	67.7	100.1
Site Development	5.3	0.4	5.7
Mineral Processing	44.7	4.2	48.9
Tailings Management	2.5	5.1	7.6
On-Site Infrastructure	19.2	44.5	63.7
Off-Site Infrastructure	5.6	0.0	5.6
Project Indirects	39.3	7.0	46.3
Owner's Costs	15.6	0.0	15.6
Subtotal	173.0	129.0	301.9
Contingency	22.7	0.0	22.7
Closure	0.0	10.6	10.6
Total Capital Costs	195.7	139.6	335.2

Source: JDS (2019)

Operating Cost Estimate

The operating cost estimate includes the costs to mine, process the mineralized material to produce doré, site services and infrastructure, and general and administrative expenses (G&A). These items total the operating costs and are summarized in Table 9.

The target accuracy of the operating cost is -10%/+15%. No allowance for inflation or contingency has been applied to operating costs.

The operating cost estimate is broken into four major sections:

- Underground Mining;
- Processing;

- Site Services (including costs associated with operation of dewatering wells); and
- General and Administrative.

The total operating unit cost is estimated to be \$117.78/t processed. Average annual, total LOM and unit operating cost estimates are summarized in Table 10.

Table 10 – Summary of Operating Cost Estimate

Operating Costs	\$/t milled	LOM (\$M)
Mining	67.01	230.8
Processing	19.79	68.2
Site Services	19.21	66.2
G&A	11.76	40.5
Total	117.78	405.6

Source: JDS (2019)

The main OPEX assumptions are outlined in Table 11.

Table 11 – Main OPEX Component Assumptions

Item	Unit	Value
Electrical power cost	\$/kWh	0.06
Total operating load	MW	14.3
Peak overall power consumption (all facilities)	kWh/t processed	215
Diesel cost (delivered)	\$/liter	0.79
LOM average workforce (including contractors, excluding corporate)	employees	580

Source: JDS (2019)

Exploration, Development, and Production

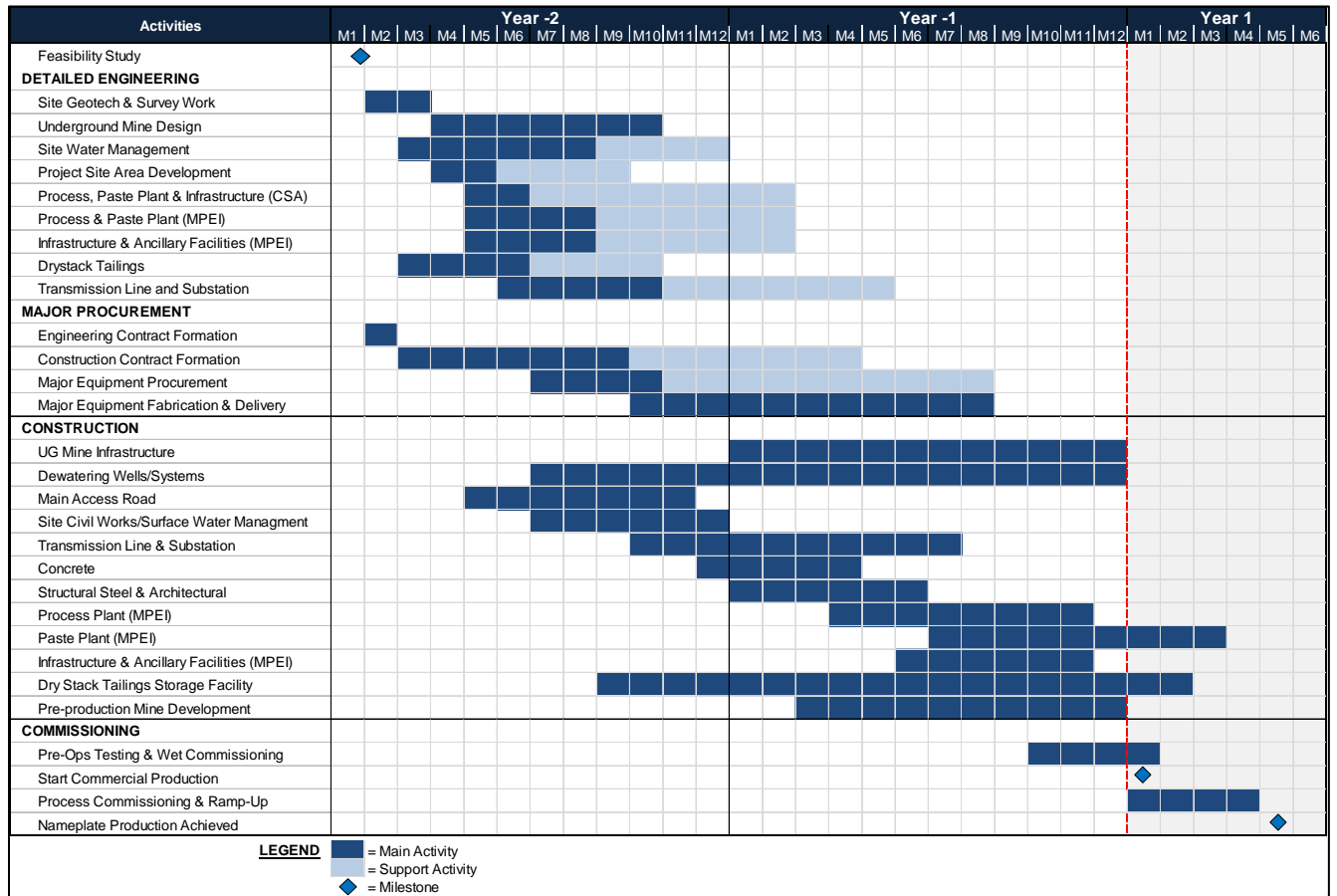
The overall construction and commissioning period for the Project is estimated to be approximately 19 months from start of site development to first gold pour. Year -2 activities will include EIA/permit amendments, access road, and powerline permitting and construction, geotechnical site investigation, metallurgical test work, detail engineering, and site development earthworks. All other work will take place in Year -1. For additional details, refer to the summarized development schedule shown in Figure 5.

During Year -2, the underground mine design will be completed, and underground development will commence in Year -1. The construction of new dewatering and injection wells to support the mining schedule will be staged, as follows:

- Year -1: one dewatering well, one injection well
- Year 1: two dewatering wells, four injection wells
- Year 2 and 3: no new wells
- Year 4: one dewatering well, one injection well
- Year 5: three dewatering wells, two injection wells
- Year 6: one dewatering well, one injection well.

Commissioning of the process plant will take place at the end of Year -1, coinciding with the first ore production. Commercial production will commence one month after first ore is produced, and the operation will ramp up to nameplate capacity in the following four months.

Figure 5 – Summarized Development Schedule



Source: JDS (2019)

Risk Factors

Risks and risk factors relating to the Company and its business are attached to this AIF as “Schedule B” in addition to other financial risks which are set out in the Company’s MD&A for the fiscal year ended December 31, 2018, all of which are hereby incorporated by reference.

Description of Capital Structure

Bluestone has an authorized share capital of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value. As at the date of this AIF, the Company has issued an aggregate of 81,791,881 Common Shares and no preferred shares are issued and outstanding.

Common Shares

All of the authorized Common Shares are of the same class and, once issued, rank equally as to dividends, voting powers, and participation in assets. Holders of Common Shares are entitled to one vote for each Common Share held of record on all matters to be acted upon by the shareholders. Subject to the rights of the holders of the preferred shares of the Company and any other class of shares ranking senior to the Common Shares, holders of Common Shares are entitled to receive such dividends as may be declared from time to time by the Board of Directors of the Company, in its discretion, out of funds legally available therefor.

Subject to the rights of the holders of the preferred shares and any other class of shares ranking senior to the Common Shares, upon liquidation, dissolution or winding up of the Company, holders of Common Shares are entitled to receive pro rata the assets of the Company, if any, remaining after payments of all debts and liabilities. No Common Shares have been issued subject to call or assessment. There are no pre-emptive or conversion rights and no provisions for redemption or purchase for cancellation, surrender, or sinking or purchase funds.

Preferred Shares

The preferred shares may be issued from time to time in one or more series and, subject to the Articles of the Company, the Board of Directors is authorized to fix, from time to time before issuance, the number of shares in and the designation, rights, privileges, restrictions, and conditions attaching to the shares of each series of preferred shares. The preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, rank equally with the preferred shares of every other series and be entitled to preference over the Common Shares and the shares of any other class ranking junior to the preferred shares. The preferred shares of any series shall also be entitled to such other preferences, not inconsistent with these provisions, over the Common Shares and the shares of any other class ranking junior to the preferred shares, or as may be fixed in accordance with the Articles of the Company.

Market for Securities

Bluestone's Common Shares trade under the symbol "BSR" on the TSXV and "BBSRF" on the OTCQB. During the 2018 financial year, the price of Bluestone's Common Shares on the TSXV ranged from CDN\$1.05 to CDN\$1.60, with monthly trading volume on the TSXV ranging from 92,788 shares in December 2018 to 1.57 million shares in March 2018, with an average monthly volume of 596,008 shares. There are no seasonal trends to fluctuations in volume or trading price. The monthly high/low trading prices and closing prices and monthly volume for 2018 are as follows:

Common Shares				
CDN \$	High (\$)	Low (\$)	Close (\$)	Volume
January	1.60	1.10	1.45	994,114
February	1.57	1.25	1.48	1,116,849
March	1.54	1.14	1.25	1,566,747
April	1.45	1.14	1.30	157,206
May	1.46	1.20	1.40	960,041
June	1.50	1.19	1.42	524,396
July	1.58	1.35	1.35	340,822
August	1.40	1.32	1.39	212,710
September	1.40	1.15	1.30	539,272
October	1.45	1.07	1.25	459,212
November	1.30	1.05	1.12	187,939
December	1.23	1.05	1.15	92,788

Prior Sales

The Company did not issue any common shares or securities convertible into common shares in 2018, but subsequent to year end and as of the date of this AIF has issued the following common shares or securities convertible into common shares:

- On March 19, 2019 the Company completed a brokered private placement of 17,941,321 Subscription Receipts for aggregate gross proceeds of CDN\$22.4 million. The Subscription Receipt Financing was brokered by Cormark as lead agent on behalf of a syndicate of Agents pursuant to terms of the Agency Agreement.
- The Company has a 10% "rolling" stock option plan as permitted by the TSXV rules. As of the date of this AIF, the Company currently has 7,795,000 stock options outstanding which were granted to directors, employees, and consultants of the Company, details of which are provided in the table below:

Grant Date	Expiry Date	Exercise Price (CDN)	Number of Stock Options
June 20, 2017	June 20, 2020	\$1.50	4,935,000
January 2, 2018	January 2, 2021	\$1.50	920,000
January 28, 2018	January 28, 2021	\$1.50	75,000
January 30, 2019	January 30, 2022	\$1.50	200,000
March 21, 2019	March 21, 2024	\$1.25	2,105,000
TOTAL			7,795,000

- The table below provides a list of outstanding Common Share purchase warrants that are outstanding but not listed or quoted on a marketplace as at the date of this AIF:

Issue Date	Expiry Date	Exercise Price (CDN)	Number of Warrants ⁽¹⁾
June 2, 2015	June 2, 2020	\$0.35	596,000 ⁽²⁾
June 4, 2015	June 4, 2020	\$0.35	2,313,920 ⁽²⁾
July 7, 2015	July 7, 2020	\$0.35	734,242 ⁽²⁾
May 31, 2017	May 31, 2019	\$2.00	258,805
June 20, 2017	June 20, 2019	\$2.00	1,535,147
March 19, 2019	March 19, 2022	\$1.65	8,970,652
TOTAL			14,149,961

- (1) The number of Warrants and the exercise prices thereof are disclosed on a post-Consolidation basis.
- (2) The Consolidation Factor was applied to the aggregate number of warrants rather than on a per-shareholder account basis, which resulted in the notional issuance of fractional warrants. No fractional warrants were issued in connection with the Consolidation. If a warrant holder would otherwise have been entitled to receive a fractional warrant upon implementation of the Consolidation, such fraction was rounded down to the nearest whole number and no compensation was granted or paid in respect of any fractional warrant not issued as a result.

Directors and Officers

Name, Occupation and Security Holding

The following table sets forth, for each director and officer of Bluestone as of the date of this AIF, the name, province or state, and country of residence, office, periods of service, and the principal occupations in which each director and executive officer of Bluestone has been engaged during the immediately preceding five years. Each director of Bluestone holds office until the next annual general meeting of the shareholders of Bluestone or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with the articles of Bluestone, or he or she becomes disqualified to act as a director. The Board appoints each executive officer.

Name, Municipality of Residence and Position Held	Principal Occupation for the Past Five Years ⁽¹⁾	Director Since	Number & Percentage of Shares Held ⁽¹⁾
JOHN ROBINS ⁽⁵⁾⁽⁶⁾ Director and Executive Chair British Columbia, Canada	Executive Chair of the Company since August 2017; President and CEO of the Company from December 2013 to May 2017; Self-employed professional geologist since 1984	Since May 2008	3,987,812 (4.9%)
ZARA BOLDT ⁽²⁾⁽³⁾⁽⁴⁾ Director British Columbia, Canada	CFO and Corporate Secretary of Lucara Diamond Corporation since April 2018; CFO of Strongbow Exploration Inc., from September 2015 to March 2018 and Corporate Secretary from May 2004 to March 2018	Since October 2017	50,000 (< 1%)
LEO HATHAWAY ⁽²⁾⁽⁶⁾ Director British Columbia, Canada	Senior VP Exploration, Luminex Resources Corp. since September 2018; Executive VP, Libero Copper Corp. since August 2016; Consultant, Lumina Capital Ltd. since April 2014, and Senior VP since July 2014; Senior Technical Director, Miedzi Copper Corp. since March 2012	Since February 2017	216,666 (< 1%)

Name, Municipality of Residence and Position Held	Principal Occupation for the Past Five Years ⁽¹⁾	Director Since	Number & Percentage of Shares Held ⁽¹⁾
WILLIAM LAMB ⁽³⁾⁽⁵⁾⁽⁶⁾ Director British Columbia, Canada	Executive Chairman at Riley Resources Corp. since September 2018; President, CEO and director of Lucara Diamond Corp. May 2011 to February 2018	Since October 2017	0
PAUL McRAE ⁽⁴⁾⁽⁵⁾⁽⁶⁾ Director Quarteira, Portugal	Director of public companies since December 2014; Senior Vice President, Projects of Lundin Mining Corporation from January 2012 to December 2018	Since October 2017	0
JAMES PATERSON ⁽²⁾⁽³⁾⁽⁴⁾ Director South Carolina, USA	CEO since 2010 and a director since March 2008 of ValOre Metals Corp. (previously named Kivalliq Energy Corporation)	Since January 2011	635,350 (< 1%)
DARREN KLINCK ⁽⁵⁾ Director, President, and CEO British Columbia, Canada	President and CEO of the Company since August 1, 2017; Executive Vice President and Head of Corporate Development for OceanaGold Corporation from April 2007 to June 2017	Since August 2017	305,177 (< 1%)
PETER HEMSTEAD CFO British Columbia, Canada	CFO of the Company since May 2017; Vice President, Marketing and Treasurer at Capstone Mining Corp. from October 2006 to October 2016	NA	332,100 (< 1%)
JEFF REINSON VP Project Development British Columbia, Canada	Vice President of Project Development of the Company since January 2018; Project Director of Goldcorp Inc. from January 2015 to December 2017; Tailings Operations Manager and Capital Projects Study Director for Goldcorp Inc. from July 2014 to December 2014; Area Manager-Heavy Civil Works for AngloGold Ashanti from October 2012 to July 2014	NA	0
DAVID CASS VP Exploration British Columbia, Canada	Vice President of Exploration of the Company since December 2017; VP Advisory Services-Mining for Leede Jones Gable Inc. from April 2017 to December 2017; President of Focus Ventures Ltd. from October 2008 to March 2017	NA	0
DAVID GUNNING VP Operations British Columbia, Canada	Vice President of Operations of the Company since April 2017; Chief Operating Officer and a director of Starcore International Mines Ltd. from April 2009 to April 2017	NA	133,333 (< 1%)
STEPHEN WILLIAMS VP Corporate Development and Investor Relations British Columbia, Canada	Vice President of Corporation Development and Investor Relations of the Company since November 2017; Director of Investment Banking for Canaccord Genuity Corp from November 2009 to August 2017	NA	60,000 (< 1%)
PENNY JOHNSON Corporate Secretary British Columbia, Canada	Corporate Secretary of the Company since February 2018; Assistant Corporate Secretary of Nevsun Resources Inc. from February 2013 to February 2018	NA	0

(1) The information as to principal occupation, business or employment, and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective directors and officers.

- (2) Member of Audit Committee
- (3) Member of Compensation Committee
- (4) Member of Corporate Governance and Nominations Committee
- (5) Member of Health, Safety, and Sustainability Committee
- (6) Member of Technical Committee

As at the date hereof, all the directors and executive officers of the Company as a group beneficially own, control or direct, directly or indirectly, an aggregate of 5,720,438 Common Shares representing approximately 7.0% of the Company's outstanding Common Shares. The same directors and executive officers, as a group, have been granted and currently hold options to purchase up to 6,935,000 shares of Bluestone, 2,980,000 of which were granted in 2018 and subsequent to December 31, 2018.

Conflicts of Interest

The Company's directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the *Business Corporations Act* (British Columbia) in dealing with such conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the *Business Corporations Act* (British Columbia). In accordance with the laws of the Province of British Columbia, the directors and officers of the Company are required to act honestly, in good faith, and the best interest of the Company.

Audit Committee

Bluestone has a separately-designated standing audit committee in accordance with NI 52-110 and with Section 3(a)(58)(A) of the United States Securities Exchange Act of 1934, as amended. NI 52-110 requires that the Company, as a venture issuer, to disclose certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth in the following.

Audit Committee Mandate

The Board has adopted a mandate for the Audit Committee which sets out the committee's composition, responsibilities, and duties. A copy of the Audit Committee Mandate is attached to this AIF as Schedule "A".

Composition of the Audit Committee

The Company's Audit Committee is comprised of three directors: Zara Boldt, Leo Hathaway, and James Paterson. All members of the Audit Committee are "independent" and "financially literate" as defined in NI 52-110.

Relevant Education and Expertise

In addition to each member's general business experience, each of the Audit Committee members has the ability to read and understand financial statements and held director and/or officer positions with other reporting issuers in the mineral exploration and mining sector where he or she has been actively

involved in financing and fundraising activities. An outline of each member's relevant education and experience follows:

Zara Boldt

Ms. Boldt currently serves as CFO and Corporate Secretary of Lucara Diamond Corporation. She is a professional accountant (CPA, CGA) who has spent the majority of her career in progressively senior financial leadership roles within public companies in the mineral exploration and development industry. Most recently, Ms. Boldt served as the CFO & Corporate Secretary for Strongbow Exploration Inc. In addition, she served as the CFO and Corporate Secretary of Kaminak Gold Corporation, where she was responsible for corporate due diligence and the negotiation, documentation, and execution of a Plan of Arrangement for an acquisition transaction valued at CDN\$520 million. Prior to Kaminak, Ms. Boldt served for eight years as the Vice-President, Finance and Chief Financial Officer for Stornoway Diamond Corporation, where she was a member of the senior management team responsible for arranging financing in excess of CDN\$900 million for the development of the Renard Diamond Mine in Quebec. Ms. Boldt is a director and Chair of the Audit Committee for Bluestone Resources Inc. and Gold Standard Ventures Corp.

Leo Hathaway

Mr. Hathaway is a geologist with extensive experience in the exploration and mining sector from grassroots to feasibility and development stage projects. Mr. Hathaway currently serves as Senior Vice President Exploration of Luminex Resources Corp. and Lumina Gold Corp. Since 2004, Mr. Hathaway was the former Chief Geological Officer for Lumina Copper Corp and the former VP Exploration for Northern Peru Copper Corp, Regalito Copper Corp, Global Copper Corp and Lumina Resources Corp., as well as a former partner at Lumina Capital LP. Prior to 2004, Mr. Hathaway worked for Inmet Mining Corporation in Europe, Australia, Central and South America. Mr. Hathaway holds a B.Sc. (Hons) degree in Applied Geology from the University of Plymouth, a M.Sc. in Mineral Exploration from the University of London and obtained a P.Geo. from the Association of Professional Geoscientists of Ontario in 2004. Mr. Hathaway's background has given him the required experience to understand and assess the general application of the accounting principles used by the Company and to understand internal controls and procedures for financial reporting.

James Paterson

Mr. Paterson is the Chief Executive Officer of ValOre Metals Corp. (previously named Kivalliq Energy Corporation). Mr. Paterson has 21 years of corporate experience with several North American publicly traded companies, participating in acquisitions, joint-ventures, spin-outs, reverse transactions, and initial public offerings. Since January 2010 Mr. Paterson has been involved as an executive or as an active director of companies which have raised in excess of \$150 million in equity financings. Mr. Paterson founded, was President and Chief Executive Officer, and a director of Corsa Capital Ltd., a company which acquired and capitalized coal mining assets in the USA. Mr. Paterson serves as a director of ValOre Metals Corp., a mineral exploration company listed on the Exchange. Mr. Paterson's background has given him the required experience to understand and assess the general application of the accounting principles used by the Company and to understand internal controls and procedures for financial reporting. Mr. Paterson obtained a Bachelor of Commerce degree from Royal Roads University in 2004.

Pre-Approval Policies and Procedures

No specific policies or procedures have been adopted with respect to the provision of non-audit services by the Company's external auditor although, under the Company's Audit Committee Mandate, such services are required to be approved by the Audit Committee.

External Auditor Fees

Davidson & Company LLP conducts the annual audit of Bluestone's financial statements and provides audit-related, tax and other services, and reports to the Audit Committee of the Board. The table below outlines the fees paid to Davidson & Company LLP during the last two years.

	Year ended December 31, 2018	Year ended December 31, 2017
Audit fees ⁽¹⁾	CDN\$78,000	CDN\$62,500
Audit-related fees ⁽²⁾	CDN\$1,560	CDN\$2,498
Tax fees ⁽³⁾	--	--
All other fees ⁽⁴⁾	--	CDN\$183,200
Total	CDN\$79,560	CDN\$248,19

- (1) Audit fees include fees related to the audit of the year-end financial statements, review of the interim financial statements, and services that are normally provided by the Auditors in connection with statutory and regulatory filings or engagements for such year.
- (2) Audit-related fees are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements.
- (3) Tax fees are fees billed by the auditor for professional services rendered for tax compliance, tax advice, and tax planning.
- (4) Other fees for assurance services related to acquisition due diligence.

Interest of Management and Others in Material Transactions

No director, officer or other insider of the Company, nor any associate or affiliate of any director, officer or other insider has participated in, directly or indirectly, nor had any material interest in, any material transaction of the Company in the most recently completed financial year or any of the three preceding financial years.

Transfer Agents and Registrars

Bluestone's registrar and transfer agent is Computershare Investor Services Inc., located in Vancouver, British Columbia.

Material Contracts

Except for contracts entered into by the Company in the ordinary course of business, the Company has entered into the following material contracts since the beginning of the most recently completed financial year or prior to the most recently completed financial year that are still in effect:

- Cormark Underwriting Agreement dated March 19, 2019
- Warrant Indenture Agreement dated March 19, 2019

Copies of the above material contracts can be found on the Company's profile on the SEDAR website at www.sedar.com.

Names and Interests of Experts

Maz Mohaseb, P.Eng., Michael Makarenko, P.Eng., Kelly McLeod, P.Eng., Richard Boehnke, P.Eng., Mike Levy, P.E., Garth Kirkham, P.Geo., Hhan Olsen, P.G., CPG and Bryan Ulrich, P.E. have acted as Qualified Persons on the Technical Report.

As of the date of this AIF, Maz Mohaseb, P.Eng.; Michael Makarenko, P.Eng.; Kelly McLeod, P.Eng.; Richard Boehnke, P.Eng.; Mike Levy, P.E., Garth Kirkham, P.Geo., Hhan Olsen, P.G., CPG; and Bryan Ulrich, P.E. collectively hold less than a 1% interest in the outstanding securities of Bluestone.

Davidson & Company LLP, Chartered Professional Accountants, Vancouver, BC audit ed the consolidated financial statements of the Company for the financial year ended December 31, 2018. Davidson & Company LLP has confirmed that they are independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

Additional Information

Additional information relating to the Company, may be found by using SEDAR on the internet at www.sedar.com, or the Company's website: www.bluestonerresources.ca.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of Bluestone's securities and options to purchase securities is contained in Bluestone's information circular for its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is also provided in the Company's audited consolidated financial statements and MD&A for its most recently completed financial year, copies of which may be found on SEDAR or be obtained by contacting the Company at:

Bluestone Resources Inc.
Suite 1020 – 800 West Pender Street
Vancouver, BC V6C 2V6
Tel: 604-646-4534
Email: info@bluestonerresources.ca

Schedule “A” – Audit Committee Mandate

BLUESTONE RESOURCES INC. (the “Company”)

AUDIT COMMITTEE MANDATE

1. PURPOSE

- 1.1** The primary function of the Audit Committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting, and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:
- Serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements.
 - Review and appraise the performance of the Company’s external auditors.
 - Provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board of Directors.

2. COMPOSITION AND MEMBERSHIP

- 2.1** The Committee shall be comprised of at least three directors as determined by the Board of Directors, a majority of whom shall be “independent” directors, as defined by National Instrument 52-110 and shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.
- 2.2** At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.
- 2.3** The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

3. MEETINGS

- 3.1** The Committee shall meet at least quarterly, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

4. DUTIES AND RESPONSIBILITIES

- 4.1** To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- Review and update, if applicable or necessary, this Charter annually.
- Review with management and the independent auditors the Company's annual and interim financial statements, MD&A, and any annual and interim earnings press releases, including any certification, report, opinion, or review rendered by the external auditor for the purpose of recommending their approval to the Board prior to the Company publicly disclosing this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public.
- Review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues, judgements and estimates made in connection with the preparation of the financial statements, including analyses of the effects of alternative IFRS methods on the financial statements.
- Review the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Company.
- Ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.

External Auditors

- Review annually the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- Obtain annually, a formal written statement from the external auditors setting forth all relationships between the external auditors and the Company.
- Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors, including the resolution of disagreements between management and the external auditor regarding financial reporting
- Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

- (i) the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.
- Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- Review certification process.
- Establish procedures for:
 - (i) receipt, retention and treatment of complaints reviewed by the Company regarding accounting, internal accounting controls or auditing matters, and
 - (ii) the confidential anonymous submission by employees of Company concerns regarding potential fraud or questionable accounting or auditing matters, as may be set out in the Company's Whistleblower Policy;
- Review any material related-party transactions.
- Engage independent counsel and other advisors as it determines necessary to carry out its duties.

- To set and pay compensation for any independent counsel and other advisors engaged by the Committee.

5. REVIEW OF MANDATE

5.1 The Committee will annually review and assess the adequacy of this Mandate and recommend any proposed changes to the Board for consideration.

6. RESPONSIBILITIES OF THE COMMITTEE CHAIR

6.1 The Committee Chair is responsible for the management and effective performance of the Committee and provides leadership to the Committee in fulfilling its mandate and any other matters delegated to it by the Board. The Committee Chair's responsibilities include:

- working with the CEO and the Corporate Secretary to establish the frequency of Committee meetings and the agendas for meetings;
- presiding over Committee meetings;
- facilitating the flow of information to and from the Committee and fostering an environment in which Committee members may ask questions and express their viewpoints;
- reporting to the Board with respect to the significant activities of the Committee and any recommendations of the Committee; and
- taking such other steps as are reasonably required to ensure that the Committee carries out its mandate.

Original approval date: March 8, 2018

Approved by: Board of Directors

Schedule “B” – Risk Factors

Approach to Risk Management

The Company’s approach to identifying and managing risk is a critical component of how management runs and the Board of Directors of the Company oversees management of the business. The Company’s risk management process is coordinated by the Chief Financial Officer, managed by the senior management team with direct oversight by the Chief Executive Officer and the Board of Directors. The Company conducts a top down review of key strategic, operational, and financial risks at least quarterly. The Company maintains a risk register, which is updated on a regular basis by the appropriate business owner of the risk. The risk register contains a list of actions to ensure risks are mitigated to the agreed upon level of risk tolerance, and the results of the risk management process are reviewed on a regular basis by the Board of Directors.

The business and operations of the Company are highly speculative due to the high-risk nature of its business in the mining industry, including but not limited to the acquisition, financing, exploration, development, and operation at its Cerro Blanco Project. The Company’s business is subject to strategic, financial, and operating risks. The risks below, some of which are summarized elsewhere in this AIF, are not the only ones faced by the Company. Additional risks not currently known to the Company, or that the Company currently deems immaterial, may also arise in the future and impair the Company’s operations. If any of the following risks actually occur, the Company’s business, financial condition, and operating results could be adversely affected.

Strategic Risk Factors

Operations in Guatemala

Cerro Blanco and Mita Geothermal are located in Guatemala. Guatemala has a history of political unrest. Guatemala suffered an armed conflict for 36 years, which was finally resolved through a peace agreement reached with the country’s internal revolutionary movement in 1996. The last political crisis in Guatemala occurred in 1983 and a constitutional government was not restored until 1985. However, renewed political unrest or a political crisis in Guatemala could adversely affect Bluestone’s business and results of operations. Guatemala suffers from social problems such as a high crime rate and uncertain land tenure for many indigenous people, which could adversely affect Cerro Blanco and Mita Geothermal. Such adverse effects could result from the efforts of third parties to manipulate local populations into encroaching on the mine lands, challenging the boundaries of such land, impeding mine activities through roadblocks or other public protests or attacks against mine assets or personnel. Bluestone’s business may be exposed to a number of risks and uncertainties, including terrorism and hostage taking, military repression, extortion, expropriation or nationalization without adequate compensation, labour unrest, high rates of inflation, arbitrary changes to royalty and tax regimes, extreme fluctuations in currency exchange rates, volatile local, political and economic developments, difficulty with understanding and complying with the regulatory and legal framework respecting the ownership and maintenance of mineral properties, surface rights, mines and mining operations and difficulty obtaining key equipment and components for equipment.

Governmental Laws and Regulations

Bluestone’s operations, exploration and development activities with respect to Cerro Blanco and Mita Geothermal will be subject to the laws and regulations of Guatemala that govern various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development, production, post-closure reclamation of

mines, imports and exports, price controls, taxation, mining royalties, labour standards and occupational health and safety, including mine safety and historic and cultural preservation. The costs associated with legal compliance are substantial. In addition, possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and mining royalties which have been, or may be, implemented or threatened and the adoption of laws and regulations by neighbouring jurisdictions) or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of operations and planned operations at Cerro Blanco and Mita Geothermal. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety impacts of Bluestone's operations, which lawsuits can potentially be heard in British Columbia courts. Such legal actions could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. It may be difficult to strictly comply with all regulations that may be imposed on Bluestone. Bluestone has individuals and consultants to assist it with compliance with such laws and regulations; however, even with the application of considerable skill Bluestone may inadvertently fail to comply with certain laws. Failure to comply with laws and regulations could lead to financial restatements, fines, penalties, loss, reduction or expropriation of entitlements, the imposition of additional local, foreign or governmental parties as joint venture partners with carried or other interests and other material negative impacts on Bluestone.

Future Sales or Issuances of Common Shares

The Company may issue Common Shares or other securities to finance future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Common Shares. Sales or issuances of substantial numbers of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Common Shares. With any additional sale or issuance of Common Shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share. The exercise of stock options, warrants and other exchangeable or convertible securities already issued by the Company and the issuance of additional securities in the future could result in dilution in the value of the Common Shares and the voting power represented by such shares. To the extent holders of the Company's stock options or other securities exercise their securities and sell the Common Shares they receive, the trading price of the Common Shares on the TSXV may decrease due to the additional amount of Common Shares available in the market.

Competition

The mining industry is intensely competitive, and Bluestone competes with many companies that have more financial and technical resources. Since mines have a limited life, the Company must compete with others who seek mineral reserves through the acquisition of new properties. In addition, the Company also competes for the technical expertise needed to find, develop and operate such properties, the labour to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine metals but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund the Company's operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Bluestone's prospects for mineral exploration and development and success in the future. In addition, some of the Company's competitors may have an advantageous market position and have greater financial and other resources and may, therefore, be able to better withstand poor and volatile market conditions, obtain financing on better terms and attract better or more qualified employees, any of which may have an adverse impact on the Company's business, financial condition and results of operations. There can be no assurance that the Company can compete effectively with these companies.

Dependence on Key Personnel

Bluestone is reliant on key personnel employed or engaged by the Company. Loss of such personnel may have a material impact on the performance of Bluestone. In addition, the recruiting of qualified personnel is critical to the Company's success. As the Company's business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. While Bluestone believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Control Person of the Company

Certain shareholders exercise control or direction over an aggregate of approximately 36% of the issued and outstanding Common Shares. As such, these shareholders may have the ability to substantially affect the outcome of matters submitted to the shareholders of the Company for approval. The Company's interests and those of the major shareholders may at times conflict, and this conflict might be resolved against the Company's interests. Sales of shares by major shareholders can have a negative effect on the Company's share price.

Public Company Requirements

As a public company, Bluestone is subject to the reporting requirements of the Canadian securities regulators, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with these rules and regulations has increased, and will likely continue to increase, the Company's legal and financial compliance costs, make some activities more difficult, time-consuming or costly and place significant strain on the Company's personnel, systems and resources. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time. This could result in continuing uncertainty regarding compliance matters, higher administrative expenses and a diversion of management's time and attention. Further, if the Company's compliance efforts differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against the Company and the Company's business may be harmed. Being a public company that is subject to these rules and regulations also makes it more expensive for Bluestone to obtain and retain director and officer liability insurance, and Bluestone may in the future be required to accept reduced coverage or incur substantially higher costs to obtain or retain adequate coverage.

Conflicts of Interest

Certain of the directors of Bluestone are directors or officers of other mineral resource companies and, to the extent that such other companies may be interested in a project also of interest to Bluestone, or may in the future participate in one or more ventures in which Bluestone participates, such directors may have a conflict of interest in negotiating and concluding terms respecting such other projects or the extent of such participation. In the event that such a conflict of interest arises, at a meeting of the directors of Bluestone, a director who has such a conflict will abstain from voting for or against the approval of such acquisition or participation. In the appropriate cases, Bluestone will establish a special committee of independent directors to review a matter in which several directors or management may have a conflict.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying

asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of Bluestone in creating revenues, cash flows or earnings.

Risk of Fines and Penalties

The Company may be subject to potential fines and penalties in local jurisdictions where it conducts business, resulting from changes in policy or otherwise. To mitigate these risks, the Company monitors compliance with local regulations governing companies through its local legal counsel experienced in applicable legal matters.

Community Action

In recent years, certain communities of both indigenous people and others, as well as NGOs, in Guatemala have been vocal and negative with respect to mining activities in Guatemala and Cerro Blanco in particular. These communities and NGOs have taken such actions as protests, road closures, work stoppages and initiating lawsuits for damages. Cerro Blanco has also triggered opposition in El Salvador on the belief that Cerro Blanco poses threats to Lake Guija and the rivers which are located in the border region of Guatemala and El Salvador. These actions relate not only to current activities but often in respect to decades-old mining activities by prior owners of mining properties. Such actions by communities and NGOs may have a material adverse effect on Bluestone's operations at Cerro Blanco and Mita Geothermal and on Bluestone's financial position, cash flow and results of operations.

Acquisition Risk

As part of the growth strategy of Bluestone, it may pursue acquisitions of mineral resource businesses. These acquisitions may involve significant cash expenditures, debt incurrence, additional operating losses and expenses and compliance risks that could have a material adverse effect on the financial condition and results of operations of Bluestone. Even if completed, Bluestone may not be able to successfully integrate acquired businesses into its operations and, therefore, it may not be able to realize the intended benefits from an acquisition, including the Acquisition. If it fails to successfully integrate acquisitions, the financial condition and results of operations of Bluestone may be materially adversely affected.

Litigation Risk

The Company is subject to litigation risks. The mining industry is subject to legal risks and claims. Such legal claims can relate to various matters including, without limitations, mining laws, environmental laws, labour laws and anti-corruption and anti-bribery laws in the jurisdictions in which the Company operates. Defense and settlement costs associated with legal claims can be substantial, even with respect to claims that are frivolous or have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material adverse impact on its financial performance, cash flow and results of operations.

Share Price Risk

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company, including the market for all resource sector shares, the breadth of the public market for the stock, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Common Shares of the Company on the Exchange suggests that the share price will be volatile.

Financial Risk Factors

Current Global Financial Conditions

Current global financial conditions for mining companies have been affected by a prolonged decline in commodities prices. Access to public financing has also been negatively impacted by the prolonged decline in commodities prices and the resulting decrease in the values of the securities of many mining companies. These factors may impact the ability of Bluestone to obtain equity or debt financing in the future on terms favourable to Bluestone, or at all. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. If such decreased levels of commodity prices continue, Bluestone's operations could be adversely impacted and the trading price of the securities of Bluestone may be adversely affected.

Tax Risks

Changes to, or differing interpretations of, taxation laws or regulations in any of Canada, Barbados and Guatemala or any of the countries in which the Company's assets or relevant contracting parties are located could result in some or all of the Company's profits being subject to additional taxation. Taxation laws are complex, subject to differing interpretations and applications by the relevant tax authorities. There is no assurance that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse change on profitability, results of operations, financial condition and the trading price of the Company's securities. Additionally, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make investments by the Company less attractive to counterparties. Such changes could adversely affect the Company's ability to acquire new assets or make future investments.

Substantial Capital Requirements

The Company made substantial capital expenditures to complete the Acquisition and the Company may have limited ability to access the capital necessary to undertake or complete future projects. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations, prospects or market value.

Uninsurable Risks

Bluestone's business is subject to a number of risks and hazards generally, including, but not limited to, adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Bluestone's properties or the properties of others, delays in mining, monetary losses and possible legal liability. Although Bluestone intends to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. Bluestone may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Bluestone

or to other companies in the mining industry on acceptable terms. Bluestone might also become subject to liability for pollution or other hazards which may not be insured against or which Bluestone may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Bluestone to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Marketability of Natural Resources

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for the sale of such minerals. Factors beyond the control of Bluestone may affect the marketability of any mineral occurrences discovered. The price of metals and minerals has experienced volatile and significant price movements over short periods of time and is affected by numerous factors beyond the control of Bluestone, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

There May Be Undisclosed Risks and Liabilities Relating to the Acquisition

While the Company conducted substantial due diligence of Entre Mares and Geotermia and their respective operations, Cerro Blanco and Mita Geothermal, in connection with the Company's evaluation of the Acquisition, there are risks inherent in any acquisition. Specifically, there could be unknown or undisclosed risks or liabilities relating to Entre Mares and Geotermia or Cerro Blanco and Mita Geothermal for which the Company is not sufficiently indemnified pursuant to the provisions of the transaction agreement. Any such unknown or undisclosed risks or liabilities could materially and adversely affect the Company's financial performance and results of operations. The Company could encounter additional transaction and integration related costs or other factors such as the failure to realize all of the benefits anticipated in the Acquisition. All of these factors could cause dilution to the Company's earnings per share or decrease or delay the anticipated accretive effect of the Acquisition and cause a decrease in the market price of the Common Shares.

The Anticipated Benefits of the Acquisition May Not Be Realized

There can be no assurance that the Company will be able to fully realize the expected benefits of the Acquisition, including from a margin, accretion and cash flow perspective. There is a risk that some or all of the expected benefits will fail to materialize or may not occur within the time periods anticipated by the Company. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Company.

Information Technology Security Risk

Bluestone maintains information technology infrastructure, applications and communications networks to support its business activities. These systems could be subject to security breaches resulting in theft, disclosure or corruption of information, including information relating to acquisitions and divestments, strategic decision-making, investment market communications or commercially sensitive information relating to major contracts. Security breaches could also result in misappropriation of funds or disruptions to business operations.

Operation Risk Factors

Licenses and Title to Assets

The validity of the licenses related to Cerro Blanco and Mita Geothermal can be uncertain and may be contested. There is no assurance that applicable governmental bodies will not revoke or significantly alter the conditions of applicable licenses that are required by Cerro Blanco and Mita Geothermal. Changes to

Guatemalan laws, including new mining legislation or adverse court rulings, could materially and adversely impact Bluestone's rights to exploration and exploitation licenses necessary for Cerro Blanco and Mita Geothermal. There is no guarantee that title to Cerro Blanco and Mita Geothermal or surface rights will not be challenged or impugned. Bluestone's properties may be subject to prior unregistered liens, agreements or transfers, indigenous land claims or undetected title defects.

In order to maintain the licenses for Cerro Blanco and Mita Geothermal in good standing, the Company must comply with the terms of the licenses, which include achieving certain development milestones for the projects. The Company understands that there are currently no expiry proceedings regarding the Cerro Blanco license; however, there can be no assurance that the GDM will not commence expiry proceedings in the future. No expiry proceedings affecting Mita Geothermal have previously been commenced; however, there can be no assurance that proceedings will not be commenced in the future for failure to meet the requirements in the exploitation license. In the event that cancellation proceedings are commenced, the Company understands that it will have a reasonable opportunity to cure any default or deficiency.

Maintaining and Obtaining Licenses and Permits

In the ordinary course of business, the Company will be required to maintain and obtain governmental licenses or permits for the development, construction and commencement of commercial production at Cerro Blanco and Mita Geothermal and other potential projects. Maintaining and obtaining the necessary governmental licenses or permits is a complex and time-consuming process involving numerous jurisdictions and often involving public comment periods and costly undertakings on the part of the Company. The duration and success of the Company's efforts to maintain and obtain licenses or permits are contingent upon many variables not within the Company's control, including local politics, legal challenges and the interpretation of applicable requirements implemented by the licensing or permitting process which could prevent or delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability. While the Project is fully permitted and has an approved EIA in place, permit amendments are required for injection of mine water and new EIAs/permits are required for the power line and access road. Potential delays in approval of permit amendments and/or new permits could result in increased duration of assumed project development schedule. There is no guarantee that any required permit amendments will be obtained.

Additionally, while the Company has an approved EIA in place for Mita Geothermal, the Company is currently in discussion with MEM to amend the timeline for the EIA. There is no guarantee that the Company will be successful in obtaining such amendments.

Environmental Hazards

All phases of Bluestone's future operations with respect to Cerro Blanco and Mita Geothermal will be subject to environmental regulation in Guatemala. Environmental legislation in Guatemala involves strict standards and may entail increased scrutiny, fines and penalties for non-compliance, stringent environmental assessments of proposed projects and a high degree of responsibility for companies and their officers, directors and employees. Changes in environmental regulation, if any, may adversely impact Bluestone's operations and future potential profitability. In addition, environmental hazards which are currently unknown may exist on Cerro Blanco and Mita Geothermal. Bluestone may be liable for losses associated with such hazards or may be forced to undertake extensive remedial clean-up action or to pay for governmental remedial clean-up actions, even in cases where such hazards have been caused by previous or existing owners or operators of the property, or by the past or present owners of adjacent properties or by natural conditions. The costs of such clean-up actions may have a material adverse impact on Bluestone's operations and future potential profitability. Under the Acquisition, Bluestone has agreed to assume all environmental liabilities arising from past, present and future activities on Cerro Blanco and Mita Geothermal.

Uncertainty of Development Projects

Mine development projects, including Cerro Blanco, require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, and anticipated capital and operating costs of these projects. Development projects are uncertain, and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production. Particularly for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production. Any of the following events, among others, could affect the profitability or economic feasibility of a project: unanticipated changes in grade and tons of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labour, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals and environment), fluctuations in metals prices, accidents, labour actions, the availability and delivery of critical equipment, successful commissioning and start-up of operations, including the achievement of designed mill recovery rates and force-majeure events. An additional risk associated with Cerro Blanco is hot water management that will be encountered in the mine dewatering effort.

It is not unusual in new mining operations to experience unexpected problems during the start-up phase and delays can often occur at the start of production. It is likely that actual results for Cerro Blanco will differ from current estimates and assumptions described in the Technical Report, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, or increase capital or operating costs above, current estimates. If actual results are less favourable than currently estimated, Bluestone's business, results of operations, financial condition and liquidity could be materially adversely affected.

Fluctuations in the market price of gold, silver and other metals may significantly adversely affect the value of the Company's securities and the ability of the Company to develop Cerro Blanco.

The value of the Company's securities may be significantly affected by the market price of gold, silver and other metals, which are cyclical and subject to substantial price fluctuations. Market prices can be affected by numerous factors beyond the Company's control, including levels of supply and demand for a broad range of industrial products, economic growth rates of various international economies, expectations with respect to the rate of inflation, the relative strength of various currencies, interest rates, speculative activities, global or regional political or economic circumstances and sales or purchases of gold and silver or other metals by holders in response to such factors.

Estimates of Mineral Reserves and Resources

The mineral resource estimates described in the Technical Report are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified mineral

resource will ever qualify as a commercially mine-able (or viable) deposit which can be legally and economically exploited. Bluestone relies on laboratory-based recovery models to project estimated ultimate recoveries by mineral type. Actual recoveries may exceed or fall short of projected laboratory test results. In addition, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work and work interruptions, among other things. Short term factors, such as the need for an orderly development of deposits or the processing of new or different grades may have an adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. The estimated mineral resources described in the Technical Report should not be interpreted as assurances of mine life or of the profitability of future operations.

The Business of Exploration for Minerals and Mining Involves a High Degree of Risk

Mineral project development is a speculative business. Mining operations generally involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be able to be overcome. The business of mining is subject to a variety of risks, such as industrial accidents, flooding, environmental hazards such as fires, technical failures, labour disputes and other accidents at the mine facilities, which could materially adversely affect future mining operations and Bluestone's financial position. Such occurrences, against which Bluestone cannot or may elect not to insure, may delay production, increase production costs or result in liability. The payment of such liabilities may have a material adverse effect on Bluestone's financial position. Underground mining operations such as those proposed at Cerro Blanco are also subject to technical challenges including, but not limited to, hot water management that will be encountered during the mine dewatering effort. While Bluestone believes that these challenges can be managed, there can be no assurance that they can be managed in a safe and cost-effective manner. The marketability of minerals acquired or discovered by Bluestone may be affected by numerous factors which are beyond the control of Bluestone and which cannot be accurately predicted, such as, but not limited to, market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, any of which could result in Bluestone not receiving an adequate return on invested capital.

Reliance on Third Parties and Risk Associated with Foreign Subsidiaries

The Company relies on the services of third parties for certain aspects of exploration, development and mining and geothermal operations and there is no assurance that these third parties will be available to the Company in the future on acceptable commercial terms, or at all. If the Company were to lose one or more of these third-party providers, it may not be able to replace them in a cost-effective manner, or at all. This could adversely affect the business and the results of operations of the Company. Additionally, the Company conducts its business in Guatemala through one or more Guatemalan subsidiaries. Any limitations on the transfer of cash or other assets between the Company and such subsidiaries or the perception that such limitation may exist now or in the future, could have an adverse impact on the Company's valuation and the price of its securities.

Property Commitments

The Company's properties may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

Limited Operational History

The Company has a limited history of operations and there is no reasonable prospect for the generation of material revenue by the Company at least until such time as commercial production of gold commences at Cerro Blanco, which is not expected to occur before 2021. The Company is subject to many risks, including under-capitalization, cash shortages limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on securityholders' investment and the likelihood of success must be considered in light of its early stage of operations. Additionally, the Company has no intention of paying any dividends in the near future. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing, if able to be obtained, will be favourable.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Bluestone's operations, financial condition and results of operations.

The Successful Development of Cerro Blanco and Mita Geothermal Cannot Be Guaranteed

The Acquisition was completed on May 31, 2017. The completion of the Acquisition poses additional risks to the Company's business. The success of the Acquisition will depend, in part, on the ability of the Company to realize the anticipated benefits of the Acquisition, including developing Cerro Blanco pursuant to the recommendations of the Technical Report and proceeding directly to feasibility stage engineering at Cerro Blanco. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting and anticipated capital and operating costs of these projects. Development projects are uncertain, and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production.

The Company cannot be certain that it will successfully develop Cerro Blanco or Mita Geothermal or that the Acquisition will ultimately benefit the Company. Any failure to successfully develop Cerro Blanco or Mita Geothermal or failure to achieve the anticipated benefits of the Acquisition could have a material adverse effect on the Company's business and results of operations.

Anti-corruption Laws

Bluestone's operations are governed by, and involve interactions with, many levels of government in Guatemala. Bluestone is required to comply with anti-corruption and anti-bribery laws, including the *Canadian Corruption of Foreign Public Officials Act* and the U.S. Foreign Corrupt Practices Act. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents. Bluestone's internal procedures and programs may not always be effective in ensuring that Bluestone, its employees, contractors or third-party agents will comply strictly with such laws. If Bluestone becomes subject to an enforcement action or in violation of such laws, this may have a material adverse effect on Bluestone's reputation, result in significant penalties, fines and/or sanctions imposed on Bluestone, and/or have a material adverse effect on Bluestone's operations.

Changes in Climate Conditions

Governments are moving to introduce climate change legislation and treaties at the international, national, state/province and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If the current regulatory trend continues, Bluestone expects that this will result in increased costs. In addition, physical risk of climate change may also have an adverse effect on Bluestone's operations. These risks include sea level rise, extreme weather events, and resource shortages due to disruption of delivery item. The Company can provide no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risks.