



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2024 and 2023

(Unaudited)

Bluestone Resources Inc.**Consolidated Statements of Financial Position**

(Expressed in United States dollars - Unaudited)

	Notes	March 31, 2024	December 31, 2023
Current assets			
Cash		\$1,074,251	\$606,603
Accounts receivable		24,791	76,040
Equity securities		104,694	101,984
Prepaid expenses and other current assets		269,640	292,027
Inventory		85,669	78,228
		1,559,045	1,154,882
Non-current assets			
Restricted cash		448,801	450,609
Property, plant and equipment		22,550,117	22,615,388
Exploration and evaluation asset		30,126,433	30,126,433
Total assets		\$54,684,396	\$54,347,312
Current liabilities			
Trade and other payables	3	\$3,435,043	\$3,700,546
Loan payable	4	14,000,000	—
		17,435,043	3,700,546
Non-current liabilities			
Other liabilities	3	482,300	480,889
Loan payable	4	—	12,000,000
Rehabilitation provisions		9,539,939	9,331,943
Deferred income tax liabilities		1,713,662	1,920,878
Total liabilities		29,170,944	27,434,256
Shareholders' equity			
Share capital		180,051,010	180,003,370
Reserves		13,383,068	13,006,049
Accumulated other comprehensive income		10,942,596	10,656,217
Deficit		(178,863,222)	(176,752,580)
Total shareholders' equity		25,513,452	26,913,056
Total liabilities and shareholders' equity		\$54,684,396	\$54,347,312

Nature of operations and liquidity risk (note 1)

Commitment (note 10)

Approved on May 10, 2024, on behalf of the Board of Directors:

"Joyce Ngo"

Joyce Ngo, Director

"Peter Hemstead"

Peter Hemstead, Director

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

Bluestone Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States dollars - Unaudited)

	Notes	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating expenses			
Exploration and evaluation expenses	6	\$1,069,769	\$1,344,263
General and administration			
Share-based compensation	5	377,019	480,300
Office and general		193,179	225,538
Professional fees		75,759	83,296
Salaries and wages		68,942	574,868
Corporate listing and filing fees		24,025	49,348
Total operating expenses		(1,808,693)	(2,757,613)
Interest income		14,130	44,037
Finance expenses		(47,640)	(179,931)
Accretion expense		(200,102)	(216,160)
Gain on disposal of property, plant & equipment		21,755	98,456
Foreign exchange loss		(297,308)	(39,363)
Loss before income tax		(2,317,858)	(3,050,574)
Income tax recovery (expense)		207,216	(174,931)
Net loss		(2,110,642)	(3,225,505)
Other comprehensive income (loss) items that will not be reclassified to net loss:			
Gain (loss) on equity securities		5,173	(29,242)
Translation adjustment		281,206	15,668
Comprehensive loss		(\$1,824,263)	(\$3,239,079)
Weighted average number of common shares outstanding – basic and diluted		151,751,769	151,261,519
Basic and diluted loss per common share		(\$0.01)	(\$0.02)

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

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

(Expressed in United States dollars - Unaudited)

	Notes	Share capital		Reserves	Accumulated other comprehensive income	Deficit	Total shareholders' equity
		Shares	Amount				
Balance, January 1, 2023		151,236,141	\$179,878,018	\$12,170,642	\$10,934,467	(\$168,438,834)	\$34,544,293
Loan consideration	4	83,226	122,636	—	—	—	122,636
Share-based compensation	5	—	—	480,300	—	—	480,300
Comprehensive loss for the period		—	—	—	(13,574)	(3,225,505)	(3,239,079)
Balance, March 31, 2023		151,319,367	\$180,000,654	\$12,650,942	\$10,920,893	(\$171,664,339)	\$31,908,150
Balance, January 1, 2024		151,701,045	\$180,003,370	\$13,006,049	\$10,656,217	(\$176,752,580)	\$26,913,056
Loan consideration	4	156,387	47,640	—	—	—	47,640
Share-based compensation	5	—	—	377,019	—	—	377,019
Comprehensive income (loss) for the period		—	—	—	286,379	(2,110,642)	(1,824,263)
Balance, March 31, 2024		151,857,432	\$180,051,010	\$13,383,068	\$10,942,596	(\$178,863,222)	\$25,513,452

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

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

	Notes	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cash used in operating activities			
Net loss for the period		(\$2,110,642)	(\$3,225,505)
Adjustments for:			
Accretion expense		200,102	216,160
Depreciation		65,271	71,353
Share-based compensation	5	377,019	480,300
Interest income		(14,130)	(44,037)
Finance expenses		47,640	122,636
Gain on disposal of property, plant and equipment		(21,755)	(98,456)
Income tax (recovery) expense		(207,216)	174,931
Non-cash foreign exchange loss		292,364	26,001
Changes in non-cash working capital:			
Accounts receivable		51,952	(19,528)
Prepaid expenses and other current assets		15,842	113,534
Inventory		(7,442)	(25,270)
Trade and other payables		(250,472)	(683,095)
Cash used in operating activities		(1,561,467)	(2,890,976)
Cash generated by investing activities			
Proceeds from disposal of plant and equipment		21,755	1,120,206
Purchase of property, plant and equipment		—	(202,730)
Interest received		11,887	89,562
Cash generated by investing activities		33,642	1,007,038
Cash generated by financing activities			
Funds received from Loan	4	2,000,000	2,000,000
Cash generated by financing activities		2,000,000	2,000,000
Effects of foreign exchange rate changes on cash		(4,527)	2,286
Increase in cash		467,648	118,348
Cash, beginning of the period		606,603	1,743,139
Cash, end of the period		\$1,074,251	\$1,861,487

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

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in United States dollars - Unaudited)

1. Nature of Operations and Liquidity Risk

Bluestone Resources Inc. ("Bluestone" or the "Company"), incorporated on November 7, 2000, under the Business Corporations Act (Alberta) and continued into British Columbia on June 13, 2005, is a Canadian-based precious metals exploration and development company focused on opportunities in Guatemala. The Company's flagship asset is the Cerro Blanco Gold Project ("Cerro Blanco"), a near surface mine development project located in Southern Guatemala in the department of Jutiapa. The Company's head and registered office is located at 2800 - 1055 Dunsmuir Street, Vancouver, BC, V7X 1L2. The Company trades under the symbol "BSR" on the TSX Venture Exchange ("TSXV") and "BBSRF" on the OTCQB.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that it will be able to meet its existing obligations and commitments and fund ongoing operations in the normal course of business for at least twelve months from March 31, 2024. The Company currently has the ability to draw on the loan facility (the "Loan") of \$30,000,000 from related parties (\$14,000,000 drawn at March 31, 2024) until March 11, 2025 (note 4). Thereafter, the Company anticipates the need for further funding to support the advancement of Cerro Blanco and to meet general corporate and working capital requirements. The Company is evaluating potential sources of funding, in addition to drawing on the Loan and obtaining an extension of the maturity of the Loan beyond March 11, 2025. Historically, capital requirements have been primarily funded through the sale of equity instruments, the exercise of convertible securities and drawing from loans from related parties. While management expects these sources of funding to continue to be available to the Company, there can be no assurance that the Company will be successful in securing this funding. Based on the amount of funding raised, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary.

2. Material Accounting Policies, Estimates and Judgments

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

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2023.

These condensed interim consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34, *Interim financial reporting*. Certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS have been omitted or condensed. The condensed interim consolidated financial statements are based on accounting policies that are consistent with those described in note 2 to the annual consolidated financial statements for the year ended December 31, 2023.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 10, 2024.

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

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in United States dollars - Unaudited)

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

b) Material accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of judgments and estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The material estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2024, are consistent with those applied and disclosed in note 2(p) to the Company's audited consolidated financial statements for the year ended December 31, 2023.

c) New standards and interpretations adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board. The following was adopted by the Company on January 1, 2024:

- IAS 1: In October 2022, the IASB issued amendments to IAS 1 titled *Non-current Liabilities with Covenants*. These amendments sought to improve the information that an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period. These amendments to IAS 1 override but incorporate the previous amendments, *Classification of Debt as Current or Non-current*, issued in January 2020, which clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities should be classified as non-current if a company has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment had no impact on adoption to the Company.

3. Trade and Other Payables

	March 31, 2024	December 31, 2023
Trade payables	\$165,078	\$176,002
Accrued liabilities	575,946	503,031
Payroll liabilities	205,399	449,207
Rehabilitation provisions	—	7,894
Other liabilities ⁽¹⁾⁽²⁾	2,970,920	3,045,301
	\$3,917,343	\$4,181,435
Non-current portion of other liabilities ⁽¹⁾	(482,300)	(480,889)
Current trade and other payables	\$3,435,043	\$3,700,546

⁽¹⁾ Other liabilities include amounts relating to land purchase agreements payable from 2024 to 2025. As at March 31, 2024, current and non-current other liabilities relating to these agreements were \$2,058,620 and \$482,300, respectively (December 31, 2023 - \$2,134,412 and \$480,889).

⁽²⁾ Included in other liabilities are agreements with previous landowners that do not relate to the purchases of land. As at March 31, 2024, current other liabilities relating to these agreements were \$430,000 (December 31, 2023 - \$430,000). These were recognized as exploration and evaluation expenses in the consolidated statement of loss and comprehensive loss. The Company is required to make the remaining payments in 2024.

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

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4. Loan

On March 11, 2022, the Company established the Loan with Nemesia S.à.r.l (the "Lender") to fund general corporate purposes and to advance Cerro Blanco. The Loan provides for the drawdown of funds by the Company in tranches of not less than \$1,000,000.

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

In consideration for the Loan, the Company issued 150,000 common shares of the Company with a fair value of \$234,670 to the Lender upon execution, and will issue an additional 4,000 common shares per month (pro-rated for partial months) for each \$1,000,000 of the principal amount outstanding under the Loan from time to time up to March 11, 2025. During the three months ended March 31, 2024, the Company issued 156,387 common shares of the Company with a fair value of \$47,640 to the Lender. During the three months ended March 31, 2023, the Company issued 83,226 common shares of the Company with a fair value of \$122,636 to the Lender.

During the three months ended March 31, 2024, the Company drew \$2,000,000 (three months ended March 31, 2023 - \$2,000,000) from the Loan. As at March 31, 2024, the Company had a Loan payable of \$14,000,000.

5. Share Capital and Stock Options

As at March 31, 2024, the Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

The changes in stock options outstanding during the three months ended March 31, 2024, and year ended December 31, 2023, were as follows:

	March 31, 2024		December 31, 2023	
	Number of options	Weighted avg. exercise price (C\$/option)	Number of options	Weighted avg. exercise price (C\$/option)
Outstanding, beginning of period	10,446,558	\$1.25	9,154,200	\$1.72
Granted	4,214,000	0.47	4,680,342	0.53
Forfeited	—	—	(3,387,984)	(1.53)
Expired	(570,000)	(1.25)	—	—
Outstanding, end of period	14,090,558	\$1.02	10,446,558	\$1.25

9,691,705 of the stock options outstanding as at March 31, 2024, are exercisable, at a weighted average exercise price of C\$1.26 per option.

Bluestone Resources Inc.**Notes for the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2024 and 2023**

(Expressed in United States dollars - Unaudited)

5. Share Capital and Stock Options (cont'd)

The weighted average fair value of the stock options granted during the three months ended March 31, 2024 were estimated to be C\$0.56 per stock option using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31, 2024
Exercise price	C\$0.47
Share price at grant	C\$0.47
Risk-free rate	3.87 %
Volatility	83.72 %
Dividend yield	— %
Expected life	3 years

The stock options granted during the three months ended March 31, 2024, have expiry dates of March 14, 2029.

During the three months ended March 31, 2024, the Company recognized share-based compensation expense of \$377,019 (three months ended March 31, 2023 - \$480,300) in the consolidated statement of loss and comprehensive loss relating to the stock options.

6. Exploration and Evaluation Expenses

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Cerro Blanco general and maintenance expenditures	\$949,965	\$1,196,106
Corporate social responsibility and community relations	54,533	76,804
Depreciation	65,271	71,353
	\$1,069,769	\$1,344,263

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

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7. Related Party Transactions - Key Management Compensation

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

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Salaries	\$76,745	\$328,579
Share-based compensation	318,240	316,522
	\$394,985	\$645,101

Accrued compensation due to key management as at March 31, 2024, was \$46,125 (December 31, 2023 - \$267,655). The accrued balances were in connection with short-term incentives related to 2024 and 2023.

8. Financial Instruments

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

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

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

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

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

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

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in United States dollars - Unaudited)

9. Financial Risk Management

a) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and restricted cash. Management believes that the credit risk with respect to these financial instruments is moderately low as the balances primarily consist of amounts on deposit with major financial institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banking institutions. The maximum exposure to credit risk as at March 31, 2024, was \$1,537,746 (December 31, 2023 - \$1,123,425).

b) Liquidity risk

The Company's approach to managing liquidity risk is to try to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2024, the Company had a cash balance of \$1,074,251 (December 31, 2023 - \$606,603) to settle current liabilities of \$17,435,043 (December 31, 2023 - \$3,700,546). All of the Company's financial liabilities are subject to commercial trade terms. See note 1 for further details of liquidity risk.

c) Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash because these are the financial instruments held by the Company that are impacted by interest based on variable market interest rates. The Company manages interest rate risk by maintaining an investment policy for short-term investments and cash held in banks, which focuses on preservation of capital and liquidity. The Company monitors its exposure to interest rates closely and has not entered into any derivative contracts to manage its risk. As at March 31, 2024, the weighted average interest rate earned on the Company's cash was 4.27%. With other variables unchanged, a change in the annualized interest rate of a hundred basis points at March 31, 2024, would impact after-tax net loss by approximately \$8,000.

Foreign currency risk

The Company is exposed to foreign currency risk in connection with its Canadian dollar and Guatemala quetzal denominated financial instruments. A 10% fluctuation in the C\$ to US\$ rate as at March 31, 2024, would result in an approximate \$1,342,000 increase/decrease in net loss and an approximate \$26,000 increase/decrease in other comprehensive loss. A 10% fluctuation in the Guatemala quetzal to US\$ rate as at March 31, 2024, would result in an approximate \$222,000 decrease/increase in net loss.

Price risk

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

Bluestone Resources Inc.

Notes for the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2024 and 2023

(Expressed in United States dollars - Unaudited)

9. Financial Risk Management (cont'd)

d) Capital Management

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

There were no changes to the Company's approach to capital management during the three months ended March 31, 2024. The Company is not subject to externally imposed capital requirements.

10. Commitment

During the three months ended March 31, 2024, the Company entered into an agreement for office facilities and related services (the "Office Agreement"), with a termination date of February 28, 2039. As a part of the terms of the Office Agreement, the Company is required to make a lump-sum payment of the remaining fees, which would have been \$1,585,240 on March 31, 2024, if it were to terminate the Office Agreement. This amount is not recognized as a liability in the consolidated statement of financial position as at March 31, 2024.