BLUESTONE RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2018

The following Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Bluestone Resources Inc. ("Bluestone" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2018. The MD&A was prepared as of May 29, 2018 and should be read with the condensed interim consolidated financial statements and related notes for the three months ended March 31, 2018, which can be found along with other information of the Company on SEDAR at www.sedar.com. All figures are in United States ("U.S.") dollars unless otherwise stated. References to C$ are to Canadian dollars. The financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* of International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

Effective in 2017, the Company changed its financial year end from November 30 to December 31. Accordingly, the comparative period for the three months ended March 31, 2018 is the three months ended February 28, 2017.

Forward-Looking Statements

This MD&A contains "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, which address activities, events or developments that Bluestone believes, expects or anticipates will or may occur in the future are forward-looking statements and often use words such as "expects", "plans", "anticipates", "estimates", "intends", "may" or variations thereof or the negative of any of these terms. Forward-looking statements contained in this MD&A include, but are not limited to statements with respect to the timing of commercial production at the Company's Cerro Blanco Gold project ("Cerro Blanco") and the generation of material revenue by the Company; the proposed timeline, objectives and benefits of the feasibility study on Cerro Blanco (the "Feasibility Study"); statements about the Company's plans for its mineral properties; Bluestone's business strategy, plans and outlook; the future financial or operating performance of Bluestone; capital expenditures, corporate general and administration expenses and exploration and evaluation expenses; expected working capital requirements; proposed production timelines and rates; funding availability; and future exploration and operating plans.

All forward-looking statements are made based on the Company's current beliefs as well as various assumptions made by them and information currently available to them. Generally, these assumptions include, among others: the ability of Bluestone to carry on exploration and development activities; the price of gold, silver and other metals; there being no material variations in the current tax and regulatory environment; the exchange rates among the Canadian dollar, Guatemalan quetzal and the U.S. dollar remaining consistent with current levels; the presence of and continuity of metals at Cerro Blanco at estimated grades; the availability of personnel, machinery and equipment at estimated prices and within estimated delivery times; metals sales prices and exchange rates assumed; appropriate discount rates applied to the cash flows in economic analysis; tax rates and royalty rates applicable to the proposed mining operation; and the availability of acceptable financing.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, Bluestone. Factors that could cause actual results or events to differ materially from current expectations are included under the heading "*Risks and Uncertainties*" in this MD&A in addition to risks and uncertainties related to expected production rates, timing and amount of production and total costs of production; risks associated with technical difficulties in connection with mining development activities; risks and uncertainties related to the accuracy of estimates of future production, future cash flow, total costs of production and diminishing quantities or grades of mineral resources; and risks and uncertainties related to interruptions in production.

Forward-Looking Statements (cont'd)

Any forward-looking statement speaks only as of the date on which it was made, and, except as may be required by applicable securities laws, Bluestone disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

Qualified Person

The scientific and technical disclosure in this MD&A has been reviewed and approved by David Cass, P.Geo., Vice President Exploration, who is a Qualified Person as defined by National Instrument 43-101 Standards of Disclosure for Mineral Projects.

Overview

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 ("Mita Geothermal"), 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 Company's head and registered office is located at 1020 - 800 West Pender Street, Vancouver, BC, V6C 2V6. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") and trade under the symbol 'BSR'.

The Company consolidated its share capital on the basis of five old common shares for one new common share effective May 24, 2017. Outstanding stock options and warrants were adjusted by the consolidation ratio. All common shares and per share amounts in this MD&A have been retroactively restated to reflect the share consolidation.

Highlights for the Three Months Ended March 31, 2018

- The Company had cash and cash equivalents of $24.8 million at March 31, 2018.

- Mita Geothermal flow-testing program initiated on January 17, 2018.

- On January 23, 2018, the Company released further underground chip sampling results that added to the understanding of the deposit. Ninety additional underground chip sample results were released. Highlights include 51% of the samples grading higher than 3 g/t Au, with an average of 35.5 g/t Au and 90 g/t Ag over widths ranging from 1 to 3 meters.

- A total of 6,950 meters were drilled from surface with two rigs and 2,200 meters were drilled from underground with 3 rigs; the results were released subsequent to quarter end.

- A comprehensive geological structural study for Cerro Blanco, that was initiated last year, was completed during the quarter. This work has resulted in a better understanding of the deposit and will aid in the prediction and estimation of additional high-grade veins together with helping guide mine design and mine planning activities. Final models will be adjusted with surface and underground drilling and sample results as part of the updated resource estimate expected mid-2018.

- Appointment of Mr. Jeff Reinson as Vice President of Project Development.

- Incurred $4.4 million of exploration and evaluation expenses during the quarter.

Project Development Updates

Cerro Blanco

The Company has one principal mining property interest, namely Cerro Blanco, a proposed underground gold mining operation located in southern Guatemala. Entre Mares de Guatemala S.A. ("Entre Mares"), the Company's wholly-owned subsidiary, is the 100% owner of Cerro Blanco.

A comprehensive geological structural study that was initiated last year was completed during the quarter. This program entailed the re-logging of drill core and detailed structural mapping of the deposit and underground workings. This work has resulted in a better understanding of the deposit and will aid in the prediction and estimation of additional high-grade veins together with helping guide mine design and mine planning activities. Preliminary geology domain and vein models were completed and validated based on the work completed as part of the structural study. Final models will be adjusted with surface and underground drilling and sample results as part of the updated resource estimate expected mid-2018.

Further underground chip sampling results were released that added to the understanding of the deposit. Ninety additional underground chip sample results were released. Highlights included 270.5 g/t Au and 637 g/t Ag over a sampling width of 2.5 meters. Fifty-one percent of the samples assayed equal to or greater than 3 g/t Au, of which the average grade was 35.5 g/t Au and 90 g/t Ag over widths ranging from 1 to 3 meters.

Drilling continues to focus on areas that are under-drilled and are either adjacent to, or exist as targets, within the resource envelope. The program is also designed to assist in refining the resource model that is being developed in conjunction with the Feasibility Study.

A total of 6,950 meters were drilled from surface with two rigs and 2,200 meters were drilled from underground with 3 rigs. The surface drill program has concluded, and it is anticipated that an additional 2,200 meters will be drilled from underground (total of 4,400 meters). Results were reported subsequent to quarter end on April 17, 2018 and May 15, 2018. The drill results continue to solidify the Company's understanding and confidence in the new geological model at Cerro Blanco. The drilling continues to highlight broad zones of high-grade mineralization comprising multiple vein sets considered amenable for underground bulk mining methods in Cerro Blanco's Preliminary Economic Assessment, dated March 20, 2017.

During the quarter a detailed exploration, mapping and targeting exercise was carried out to identify high priority exploration drill targets in the northern part of the project and adjacent to the current deposit. Targets will be vetted and a proposal made to the Board of Directors for drill testing during the second quarter of 2018.

Key aspects of the Feasibility Study that were a focus for Q1 include the resource estimate and hydrology model. Both are anticipated to be completed mid-2018 and will feed into the Feasibility Study. The Feasibility Study is scheduled to be completed by the end of 2018.

Mita Geothermal

The Company owns a 100% interest in Mita Geothermal through its wholly-owned subsidiary, Geotermia Oriental de Guatemala, S.A. ("Geotermia"). Mita Geotermal is a geothermal energy resource located adjacent to Cerro Blanco and is 7 km 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.

During the three months ended March 31, 2018, the Company initiated flow-testing of select geothermal wells using an expert group from California, U.S.A. Equipment was installed on site and three geothermal wells, of the 19 wells drilled by the previous owners, were tested for power generation capabilities; a fourth well was tested for re-injection properties. The data collected will feed into a new reservoir calculation and a report is expected to be issued in the second quarter of 2018. The data collected will also assist with an increased understanding of the overall water management plan for Cerro Blanco and Mita Geothermal.

Project Development Updates (cont'd)

Mohave Copper Porphyry ("Mohave")

Mohave is located in north-western Arizona, U.S.A. and is interpreted as a large-scale, copper porphyry deposit with silver and molybdenum by-products. The Company continues to explore options for advancing Mohave.

Results of Operations for the Three Months Ended March 31, 2018 Compared to the Three Months Ended February 28, 2017

The Company's net loss for the three months ended March 31, 2018 totaled $5,765,447 or $0.09 per share as compared to a net loss of $210,498 or $0.05 per share for the three months ended February 28, 2017. Amounts shown for the three months ended February 28, 2017 have been restated for the change in presentation currency from Canadian dollars to U.S. dollars. Further description of this change in accounting policies can be found in notes 3(b) of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2018. Significant expenditures and variances are as follows:

	Three Months Ended March 31, 2018	Three Months Ended February 28, 2017	Increase (Decrease)
Accounting and legal (1)	**$139,066**	$709	$138,357
Accretion (2)	**48,096**	—	48,096
Advertising and promotion (1)	**90,686**	4,108	86,578
Corporate listing and filing fees	**14,649**	4,515	10,134
Exploration and evaluation expenses (4)	**4,820,188**	—	4,820,188
Office and administration (1)	**255,853**	9,079	246,774
Property investigation	**—**	9,888	(9,888)
Rent (1)	**43,078**	368	42,710
Share-based compensation (1)	**467,993**	—	467,993
Transfer agent fees	**392**	2,988	(2,596)
Wages and consulting fees (1)	**569,941**	178,843	391,098
Total expenses	**(6,449,942)**	(210,498)	(6,239,444)
Interest income (3)	**119,120**	—	119,120
Other income	**10,923**	—	10,923
Foreign exchange gain	**554,452**	—	554,452
Net loss	**($5,765,447)**	($210,498)	($5,554,949)

(1) Accounting and legal, advertising and promotion, office and administration, rent, share-based compensation and wages and consulting fees increased due to increased activities following the acquisition of Cerro Blanco and Mita Geothermal on May 31, 2017 (the "Acquisition"). Accounting and legal expense includes the cost of quarterly reviews by the auditor, an audit accrual and general legal expenses. Advertising and promotion expense includes conferences and marketing. Office and administration includes travel and insurance expenses. Share-based compensation includes the estimated fair value of 5,930,000 stock options vested during the quarter. Wages and consulting fees include directors, executives and employees based in the Vancouver office.

(2) Accretion expense is recognized to update the present value of the rehabilitation provision.

(3) Interest income increased as the result of an increase in cash from the proceeds received from financing activities in the second quarter of 2017.

Results of Operations for the Three Months Ended March 31, 2018 Compared to the Three Months Ended February 28, 2017 (cont'd)

(4) Exploration and evaluation expenses for the three months ended March 31, 2018 related to operations at Cerro Blanco and were for the following:

	Three Months Ended March 31, 2018	Three Months Ended February 28, 2017
Cerro Blanco operating expenditures	**$1,207,690**	$—
Feasibility Study	**1,797,333**	—
Corporate social responsibility and community relations	**261,470**	—
Geothermal	**949,928**	—
Underground development	**129,764**	—
Depreciation	**73,218**	—
Change in rehabilitation provision estimates [5]	**400,785**	—
	$4,820,188	$—

(5) Exploration and evaluation expenses during the three months ended March 31, 2018 includes $400,785 relating to a change in the estimated rehabilitation provision for Mita Geothermal.

Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the three months ended March 31, 2018 and the previous seven quarters.

	March 31, 2018	December 31, 2017	August 31, 2017 (1)	May 31, 2017 (1)	February 28, 2017 (2)	November 30, 2016 (2)	August 31, 2016 (2)	May 31, 2016 (2)
Current assets	**$25,131,880**	$30,829,406	$35,816,517	$41,367,847	$1,554,893	$22,617	$33,984	$50,582
Property, plant and equipment	**3,750,587**	3,664,525	1,706,290	1,114,552	—	—	—	—
Exploration and evaluation assets	**30,126,433**	30,126,433	30,126,433	30,126,433	—	—	709,615	686,991
Total assets	**60,817,390**	66,364,124	70,308,596	74,608,832	1,554,893	22,617	743,599	752,347
Current liabilities	**1,927,775**	1,910,930	568,872	878,599	717,303	60,054	55,068	54,193
Working capital	**23,204,105**	28,918,476	35,247,645	40,489,248	837,590	(37,437)	(21,084)	(3,611)
Net loss	**(5,765,447)**	(5,756,945)	(2,254,475)	(152,641)	(210,498)	(718,104)	(32,940)	(28,201)
Basic and diluted loss per share	**(0.09)**	(0.09)	(0.04)	(0.04)	(0.05)	(0.17)	(0.01)	—
Weighted avg. shares	**63,828,338**	63,815,560	50,852,838	4,262,954	4,262,954	4,262,954	4,262,954	4,262,954

(1) The amounts for exploration and evaluation assets, total assets, and net loss for these quarters have been restated for the change in accounting policy for contingent consideration. Further description of this change in accounting policy can be found in note 3(c) of the Company's audited consolidated financial statements for the thirteen months ended December 31, 2017.

(2) Amounts shown for these quarters have been restated for the change in presentation currency from Canadian dollars to U.S. dollars. Further description of this change in accounting policies can be found in notes 3(b) and 16 of the Company's audited consolidated financial statements for the thirteen months ended December 31, 2017.

Quarterly fluctuations depended on the Acquisition, private placements, level of exploration and evaluation spend and write-down of exploration and evaluation assets. There are no seasonal fluctuations in the results for the presented periods.

Liquidity and Capital Resources

Cash decreased by $5,420,808 during the period from $30,221,102 as at December 31, 2017 to $24,800,294 as at March 31, 2018. Cash utilized in operating activities during the three months ended March 31, 2018 was $5,537,074 (three months ended February 28, 2017 - $34,538). Cash utilized in investing activities during the three months ended March 31, 2018 was $148,002 (three months ended February 28, 2017 - $nil), mainly for purchases of equipment. During the three months ended March 31, 2018, the Company generated cash from financing activities of $6,945 from a warrant exercise, compared to $1,120,186 during the three months ended February 28, 2017 mostly from subscriptions in a working capital bridge financing.

As at March 31, 2018, share capital was at $81,252,458 and is comprised of 63,840,560 issued and outstanding common shares (December 31, 2017 - $81,193,312 comprised of 63,815,560 shares outstanding). The increase in outstanding common shares during the three months ended March 31, 2018 is the result of a warrant exercise. Reserves, which increased from the recognition of the fair value of stock options, were $9,569,855 (December 31, 2017 - $9,154,063). As a result of the net loss for the three months ended March 31, 2018, the deficit at March 31, 2018 increased to $43,721,182 from $37,955,735 at December 31, 2017. Accordingly, shareholders' equity on March 31, 2018 was $51,912,272 compared to $57,924,732 at December 31, 2017.

At present, the Company's operations do not generate cash inflows and its financial success is dependent on management's ability to advance Cerro Blanco and Mita Geothermal. This can take many years and is subject to factors that are beyond the Company's control. See "*Risks and Uncertainties*".

In order to finance the Company's operations, the Company has raised money through the sale of equity instruments and from the exercise of convertible securities. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record and the experience and caliber of its management. Actual funding requirements may vary from those planned due to a number of factors, including the progress and results of drilling activities and of the Feasibility Study. The Company believes it will be able to raise equity capital and/or debt as required in the long term, but recognizes there will be risks involved that may be beyond their control.

As at March 31, 2018, the Company has working capital of $23,204,105. The Company's cash balance at March 31, 2018 is expected to be sufficient to fund planned activities over the next twelve months from the date of this MD&A.

Risks and Uncertainties

Bluestone is subject to a number of risks and uncertainties including, but not limited to the following:

- Operations in Guatemala
- Licenses and title to assets
- Maintaining and obtaining licenses and permits
- Environmental hazards
- Governmental laws and regulations
- Community action
- Uncertainty of development projects
- Estimates of mineral reserves and resources
- The business of exploration for minerals and mining involves a high degree of risk
- Tax risks
- Reliance on third parties and risk associated with foreign subsidiaries
- Property commitments
- Limited operational history
- Substantial capital requirements
- Acquisition risk
- Future sales or issuances of common shares
- Competition
- Dependence on key personnel
- Current global financial conditions
- Control person of the Company
- Public company requirements
- Marketability of natural resources
- Conflicts of interest
- Uninsurable risks
- Infrastructure
- Price volatility of publicly traded securities
- Risk of fines and penalties
- There may be undisclosed risks and liabilities relating to the Acquisition
- The anticipated benefits of the Acquisition may not be realized
- The successful development of Cerro Blanco and Mita Geothermal cannot be guaranteed

An analysis of these risks and uncertainties, as they have the potential to impact Bluestone, can be found in Bluestone's MD&A for the thirteen months ended December 31, 2017. The risks and uncertainties have not changed from those disclosed in Bluestone's MD&A for the thirteen months ended December 31, 2017.

Outstanding Share Data

Bluestone's authorized capital consists of an unlimited number of common shares and an unlimited number of preferred shares without par value. No preferred shares have been issued to date. The following common shares, options and share purchase warrants are outstanding as at May 29, 2018:

	Number of Shares	Exercise Price C$	Remaining life (years)
Issued and Outstanding Common Shares	63,840,560		
Stock options	5,930,000	1.50	2.06 - 2.67
Warrants	5,189,309	0.35 - 2.00	1.01 - 2.11
Fully diluted at May 29, 2018	**74,959,869**		

Off Balance Sheet Arrangements

The Company does not utilize off balance sheet arrangements.

Transactions with Related Parties

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of key management personnel for the three months ended March 31, 2018 was $397,070 and $407,494 (three months ended February 28, 2017 - $133,748 and $nil), which are included in wages and consulting and share-based compensation, respectively, on the condensed interim consolidated statements of loss and comprehensive loss.

Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risk management can be found in notes 11 and 12, respectively, of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2018.

Significant Accounting Policies, Estimates and Judgments

A description of the Company's significant accounting policies, estimates and judgments, can be found in note 2, of the Company's audited consolidated financial statements for the thirteen months ended December 31, 2017. The Company adopted IFRS 9, *Financial instruments* on January 1, 2018. A description of this can be found in note 3(a) of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2018.

New Standards and Interpretations Not Yet Adopted

A description of the IASB's new standards and interpretations not yet adopted by the Company can be found in note 2(d), of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2018.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that: (i) the condensed interim consolidated financial statements for the three months ended March 31, 2018 do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, and (ii) the condensed interim consolidated financial statements for the three months ended March 31, 2018 fairly present in all material respects the financial condition, results of operations and cash flow of the Company.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing the certificate are not making any representations relating to the establishment and maintenance of:

1. Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

2. A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Approval

The Board of Directors of Bluestone has approved the disclosure contained in this MD&A on May 29, 2018. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional Information relating to Bluestone is on SEDAR at www.sedar.com or can be obtained by contacting:

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