

## Bluestone Resources Provides Corporate Update

*(All figures in US Dollars unless otherwise stated)*

July 17, 2019 – VANCOUVER, BRITISH COLUMBIA – Bluestone Resources Inc. (TSXV:BSR | OTCQB:BBSRF) ("Bluestone" or the "Company") is pleased to provide a Corporate Update outlining the significant progress achieved over the past two years and key initiatives underway or planned for the remainder of 2019.

### Key Highlights:

- Completed Cerro Blanco Feasibility Study demonstrating robust, near-term gold development project producing an average of 146,000 oz Au over the first three years at industry first-quartile cost structure (See Table 1)
- Cerro Blanco project is well advanced and permitted for construction and operations with more than \$200M invested in project by previous owners including: more than three kilometers of underground development, four vent raises, water treatment plant, and various other surface infrastructure facilities
- Continued demonstrated success with exploration drilling program targeting upgrading Inferred Resources to Measured and Indicated Resources
- Advancing project readiness activities including evaluation of contractor and surface facilities execution models as well as underground mining contractor options
- Significantly advanced project financing activities with objective of having financing package in place for early 2020 to align with project development kick-off

**Table 1: Base Case \$1,250/oz Au and Economic Sensitivity Table for Cerro Blanco Gold Project**

Gold Price	\$1,250	\$1,300	\$1,400
IRR	34%	37%	43%
NPV (5%)	\$237M (C\$321M)	\$271M (C\$361M)	\$330M (C\$440M)
Payback (Years)	2.1	2.0	1.8

In 24 months, Bluestone has advanced from a newly established company to one with a highly competent and experienced leadership team, which raised in excess of C\$100 million in the past 24 months to acquire the asset, conduct several high impact exploration campaigns and complete the necessary engineering studies to advance the Cerro Blanco Gold project, and complete a Feasibility Study. The Company is focused on putting in place the necessary project financing in order to be able to commence construction activities in early 2020. This rapid advancement of the necessary technical work, human resourcing, and financing activities positions Bluestone as one of the leading gold development companies on track to commence gold production by the end of 2021.

Darren Klinck, President & CEO commented, "From literally a standing start in 2017, Bluestone has made significant advancements in two short years. With many important foundational pieces now in place, the unique advantage of more than \$200M already invested in the project, combined with our focus to de-risk the project and put in place the necessary financing to advance into construction, Bluestone is on the verge of making that important shift to developer/constructor." He went on to say, "The Cerro Blanco project is a remarkable high-grade deposit that continues to demonstrate the potential to grow. Using a \$1,250/oz Au gold price, Cerro Blanco could generate more free cash flow in its first full year of operations

should the project proceed to production than the current market capitalization of Bluestone today, a clear demonstration of the special opportunity this project represents for all stakeholders.”

To view the CEO’s Cerro Blanco Update video, please click [here](#).

### Exploration

Since acquisition of the project, Bluestone has undertaken two diamond drill campaigns totaling 20,470 meters in 120 holes focused on resource definition in the vicinity of the underground workings. The total amount of all drilling in the property by Bluestone and previous owners is now 136,000 meters in 642 drill holes. Bluestone’s work, including drilling and its underground sampling program, has significantly enhanced the understanding of the geological potential within and adjacent to the current resource.

Bluestone’s second infill drill program is ongoing, and is designed to build on Measured and Indicated Resources of 3.7Mt grading 10.1 g/t Au and 38 g/t Ag as defined in the Feasibility Study by the upgrading of Inferred Resources and adding new resources along known veins in the mine plan that extend outside of the current resource envelope. The majority of drill holes are being collared in the underground workings targeting key veins.

Cerro Blanco consists of two individual swarms of sub-parallel veins (North and South Zones) that appear to converge at depth into main feeder structures. Drilling of these zones has intercepted significant broad intercepts of high-grade mineralization e.g., **21.4 meters grading 9.6 g/t Au** and **14.1 meters grading 16.2 g/t Au** (see press releases [July 5, 2018](#) and [May 15, 2018](#)), that are demonstrated in the Feasibility Study as amenable to bulk underground mining methods.

David Cass, Vice President of Exploration commented, “Our understanding of the epithermal mineralization at Cerro Blanco has improved tremendously over the past year, and the excellent hit-rate seen in the current infill drill program, with the vast majority of holes intersecting targeted veins, attests to our better understanding of vein orientations and their controls within the geological model. The successful re-opening of cross-cut N-734 where we recently sampled 20.4 meters grading 18.9 g/t Au and 33 g/t Ag (true width 16.7 meters – see press release [July 9, 2019](#)) demonstrates the presence of broad widths of high grade mineralization in the upper parts of the resource, and highlights the continuing value provided by the >3 kilometers of underground workings where continuity of vein widths and gold grade is apparent and supports our observations in the resource conversion drilling.”

Bluestone is undertaking limited underground development as a precursor to its Operational Readiness Plan. Headings are being advanced along three veins in addition to the advance of the main haulage decline. The work is being done by the Bluestone mining team and with company-owned equipment. To date, the headings are confirming the excellent grade continuity along veins.

### Technical Studies

Bluestone announced the completion of the Cerro Blanco Feasibility Study on [January 29, 2019](#) and the Study solidified Cerro Blanco as an advanced, high-grade gold project with modest capital cost to complete and a compact footprint that will produce 146,000 oz Au over the first three years at an All-In Sustaining Cost (“AISC”) of \$579/oz Au (net of by-product credits). Using a \$1,250/oz Au price, the study demonstrated an NPV of \$241M and an IRR of 34%. The sensitivity analysis shows that at \$1,400/oz the NPV increases to \$330M and an IRR of 43% resulting in a payback of less than two years (see Table 1).

As a key component of the undertaking and completing the Feasibility Study, Bluestone management assembled a Technical Advisory Committee (“TAC”) comprised of leading experts in their fields to peer review the Study throughout the process. The TAC’s involvement was a key contributor to endorsing and finalizing key design concepts within the Study and also included a third-party review of the mineral resource estimate as well as capex and opex assumptions. Further information on the Bluestone TAC is available on the Company website [here](#).

The Company is now focusing on project readiness activities and is evaluating engineering contractors for surface facilities execution as well as underground mining contractor models. Various human resources,

environmental management, and community and social preparedness initiatives continue to be ramped up and enhanced at the Cerro Blanco project in Asuncion Mita, Jutiapa Guatemala.

### **Project Financing**

Bluestone's management team is now focused on putting in place the necessary financing facilities in order to commence construction activities in early 2020. Currently, management is engaged with a number of project finance banks, private equity groups, international financial institutions, and export credit agencies. Due diligence activities are well underway for these processes and management will continue to work closely with these groups to expeditiously advance financing.

### **H2 2019 Activities**

Drilling activities continue to focus on upgrading resources at Cerro Blanco to increase the Measured and Indicated Resources component of the resource base. Given the success of the program over the first six months, management is confident of the positive impact this program will ultimately have on adding value to the Cerro Blanco project. The North Zone of the deposit has been the focus for the first six months of 2019, and this focus will shift to the South Zone in the coming months. The Company expects to put out an updated resource later this year reflecting the additional information generated from the drilling in the North Zone.

Project Readiness activities will continue to be a focus for the remainder of 2019 as the Company continues to take important steps to evaluate opportunities to de-risk and enhance value of the project using the Feasibility Study as the base case. Evaluations on contracting strategies as well as preparations for human resource and training needs are underway and expected to be a key focus for the remainder of 2019.

Financing activities will remain a focal point for Bluestone management as we work to put in place a financing structure that is reflective of the high-quality asset Cerro Blanco has demonstrated. Given the breadth of options to continue to pursue, management is hopeful to have financing in place in order to commence engineering and construction activities in early 2020.

### **Quality Analysis and Quality Control**

Assay results were performed by Inspectorate Laboratories ("Inspectorate"), a division of Bureau Veritas, which are ISO 17025 accredited laboratories. Sampling was undertaken on site at Cerro Blanco by Company personnel under a QA/QC protocol developed by Bluestone under the supervision of David Cass, Qualified Person for Bluestone. Samples are transported in security-sealed bags to Inspectorate, Guatemala City, Guatemala, for sample preparation. Sample pulps are shipped to Inspectorate Laboratories in Vancouver, BC, Canada or Reno, NV, USA, and assayed using industry-standard assay techniques for gold and silver. Gold and silver were analysed by a 30-gram charge with atomic absorption and/or gravimetric finish for values exceeding 5 g/t Au and 100 g/t Ag. Analytical accuracy and precision are monitored by the analysis of reagent blanks, reference material, and replicate samples. Quality control is further assured by Bluestone's QA/QC program, which involves the insertion of blind certified reference materials (standards) and field duplicates into the sample stream to independently assess analytical precision and accuracy of each batch of samples as they are received from the laboratory. A selection of samples is submitted to ALS Chemex Laboratories in Vancouver for check analysis and additional quality control.

### **Qualified Person**

David Cass, P.Geo., Vice President Exploration, is the designated Qualified Person for this news release within the meaning of National Instrument 43-101 and has reviewed and verified that the technical information set out above in this news release is accurate and therefore approves this written disclosure of the technical information.

## **About Bluestone Resources**

Bluestone Resources is a mineral exploration and development company that is focused on advancing its 100%-owned Cerro Blanco Gold and Mita Geothermal projects located in Guatemala. A Feasibility Study on Cerro Blanco returned robust economics with a quick pay back. The average annual production is projected to be 146,000 ounces per year over the first three years of production with all-in sustaining costs of \$579/oz (as defined per World Gold Council guidelines, less corporate general and administration costs). The Company trades under the symbol “BSR” on the TSX Venture Exchange and “BBSRF” on the OTCQB.

## **On Behalf of Bluestone Resources Inc.**

*"Darren Klinck"*

## **Darren Klinck | President, Chief Executive Officer & Director**

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## **Forward Looking Statements**

This press release 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, that address activities, events or developments that Bluestone Resources Inc. (“**Bluestone**” or the “**Company**”) believes, expects or anticipates will or may occur in the future including, without limitation: the conversion of the inferred mineral resources; increasing the amount of measured mineral and indicated mineral resources; the proposed timeline and benefits of further drilling; the proposed timeline and benefits of 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 development expenses; expected working capital requirements; the future financial estimates of 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 are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to Bluestone and often use 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 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 United States dollar remaining consistent with current levels; 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; 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 operation; the availability of acceptable financing; anticipated mining losses and dilution; success in realizing proposed operations; 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 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 include, among other things: risks relating to variations in the mineral content within the mineral identified as mineral resources from that predicted; risks and uncertainties related to expected production rates, timing and amount of production and total costs of production; risks and uncertainties related to ability to obtain 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 the Company's expectations; uncertain political and economic environments and relationships with local communities; variations in rates of recovery and extraction; developments in world metals markets; risks related to fluctuations in currency exchange rates; as well as those factors discussed under "Risk Factors" in the Company's Amended and Restated Annual Information Form.

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. Although Bluestone believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to their inherent uncertainty. 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.

#### ***Non-IFRS Financial Performance Measures***

The Company has included certain non-International Financial Reporting Standards ("IFRS") measures in this new release. 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.

#### ***All-in sustaining costs***

The Company believes that all-in sustaining costs ("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.

#### ***Total cash costs***

Total cash costs is a common financial performance measure in the gold mining industry but has no standard meaning. The Company reports total cash costs on a gold ounce sold basis. The Company believes that, in addition to measures prepared in accordance with IFRS, such as revenue, certain investors can use this information to evaluate the Company's performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance.

Total cash costs include (cost of sales such as mining, processing, maintenance and site administration, royalties, selling costs and by-product credits) to arrive at total cash costs per ounce of gold sold. Other companies may calculate this measure differently.

#### ***AISC and total cash costs reconciliation***

AISC and total cash costs are 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.