

BLUESTONE RESOURCES INC.**MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 nine months ended September 30, 2018. The MD&A was prepared as of November 23, 2018 and should be read with the condensed interim consolidated financial statements and related notes for the nine months ended September 30, 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 periods for the three and nine months ended September 30, 2018 are the three and nine months ended August 31, 2017, respectively.

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 Management 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 conversion of Inferred Mineral Resources; increasing the amount of Measured and Indicated Mineral Resources; the proposed timeline and benefits of further drilling; 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 Management'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 (cont'd)

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.

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 September 30, 2018

- On July 5, 2018, the Company released additional in-fill drill results from its resource definition drill program at Cerro Blanco. Underground drilling results include 21.4 meters of 9.6 g/t Au.
- On September 10, 2018, the Company updated its resource estimate for Cerro Blanco, demonstrating a Measured and Indicated Mineral Resources of 3,716,553 tonnes of 10.1 g/t Au for 1,201,468 ounces and an Inferred Mineral Resource of 1,373,342 tonnes of 8.1 g/t Au for 357,319 ounces. This resulted in an increase of 308,000 ounces to the Inferred Mineral Resource.
- On September 18, 2018, the Company released metallurgical optimization test results for Cerro Blanco, which increased gold recoveries by 5% to 96% overall.
- Advanced the Feasibility Study activities relating to the mine plan, water management, capital cost estimates and operating cost estimates for the economic model.
- The Company had cash and cash equivalents of \$11.8 million at September 30, 2018.

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.

Feasibility Study activities advanced during the quarter in key areas including the mine plan, water management, capital expenditures and operating expenditures for Cerro Blanco. The Feasibility Study will focus on an underground operation that incorporates the new high-grade mineral resource estimate which was released on September 10, 2018 (the "High-Grade Resources Estimate"). Highlights from the High-Grade Resource Estimate (3.5 g/t Au cut-off) include the following:

- Measured Mineral Resource totaling 96,184 ounces or 290,153 tonnes grading 10.31 g/t Au.
- Indicated Mineral Resource and grades in-line with expectations totaling 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, an increase of 308,000 ounces from the preliminary economic assessment effective February 7, 2017 (the "PEA") at the same cut-off.
- The Inferred Mineral Resource ounces mainly comprise expansions to the known veins and present an opportunity for conversion to higher categories by additional in-fill drilling.

The exploration efforts to date have been very successful, resulting in the updated resource estimate. The significant improvements over the estimate in the PEA are a result of an improved 3-D geological understanding of the deposit owing to re-interpretation of the structure and geology via mapping, underground channel sampling and in-fill drilling. As a result, the confidence level in the resource has grown substantially, reflected in the provision of resources as Measured Mineral Resources. In addition, the increase of approximately 308,000 ounces of gold in the Inferred Mineral Resource category represents an opportunity to convert to Indicated Mineral Resource ounces with further drilling. Potential for new mineral resources exist by both drilling of newly identified structures and step-out drilling along strike and at depth of known veins.

Further to the High-Grade Resource Estimate, a bulk tonnage resource estimate (the "Bulk Tonnage Resource Estimate") was undertaken that includes the low-grade disseminated mineralization in the overlying silicified cap, the high-grade veins and their low-grade mineralized envelopes. The Bulk Tonnage Resource Estimate highlights a potential future opportunity.

A summary of the updated High-Grade Resource Estimate and Bulk Tonnage Resource Estimate by category are as follows:

High-Grade Resource Estimate using a 3.5 g/t Au cut-off

| Resource Category | Tonnes | Au Grade (g/t) | Ag Grade (g/t) | Contained Gold (Oz) | Contained Silver (Oz) |
|----------------------|-----------|----------------|----------------|---------------------|-----------------------|
| Measured | 290,153 | 10.3 | 39.1 | 96,184 | 365,106 |
| Indicated | 3,426,400 | 10.0 | 37.8 | 1,105,284 | 4,163,517 |
| Measured & Indicated | 3,716,553 | 10.1 | 37.9 | 1,201,468 | 4,528,623 |
| Inferred | 1,373,342 | 8.1 | 23.6 | 357,319 | 1,041,057 |

Bulk Tonnage Resource Estimate using a 0.5 g/t Au cut-off

| Resource Category | Tonnes | Au Grade (g/t) | Ag Grade (g/t) | Contained Gold (Oz) | Contained Silver (Oz) |
|----------------------|------------|----------------|----------------|---------------------|-----------------------|
| Measured | 12,367,710 | 2.3 | 11.0 | 908,666 | 4,433,584 |
| Indicated | 48,219,063 | 1.3 | 6.1 | 2,080,783 | 9,379,180 |
| Measured & Indicated | 60,586,773 | 1.5 | 7.1 | 2,989,449 | 13,812,764 |
| Inferred | 18,531,439 | 1.0 | 5.0 | 581,679 | 3,002,828 |

Project Development Updates (cont'd)

Bluestone announced positive metallurgical optimization test results on September 18, 2018. Optimization test work confirmed an improvement to the metallurgical recovery results published in the PEA. Optimization test work completed on drill core showed improved leach kinetics, indicating that a recovery of 96.6% is achievable utilizing pre-oxidation, a finer grind size (P80 passing 50 micron vs. P80 passing 75 micron) and the addition of lead nitrate. As a result of the optimization test work, residence time has decreased to 48 hours (previously 96 hours) and reagent consumption has lowered. The Feasibility Study flow-sheet will include carbon in pulp compared to the PEA which was based on a Merrill Crowe process for gold and silver recovery.

On July 5, 2018, the Company released in-fill drill results, which included the following highlights:

- 9.6 g/t Au and 34.9 g/t Ag over 21.4 m (UGCB18-92)
- 11.5 g/t Au and 48.6 g/t Ag over 12.9 m (UGCB18-96)
- 16.5 g/t Au and 18.4 g/t Ag over 7.9 m (CB18-393)
- 7.0 g/t Au and 65.2 g/t Ag over 17.2 m (CB18-394) incl. 17.5 g/t Au and 197 g/t Ag over 4.1 m

The results are from seven holes drilled from within the 3.2 km of underground mine workings and six holes drilled from surface. Holes UGCB18-92 and UGCB18-96 are in-fill holes drilled in the South Ramp underground workings from the same platform as holes UGCB18-86 and UGCB18-89 previously reported (see press release May 30, 2018). These latest holes continue to re-affirm the new geological model developed by Bluestone, where broad widths of high-grade mineralization occur due to multiple quartz-adularia veins converging at depth, possibly indicating a feeder structure. Visible gold can be observed associated with zones of dark grey quartz and acanthite (a silver sulphide mineral) within these high-grade vein intercepts.

UGCB18-98, drilled in the southeast into the hanging wall of the veins, encountered a series of new high-grade veins that were discovered by Bluestone's recent underground channel sampling program in the South Ramp access tunnel.

A flow test program on the dewatering wells was completed to illustrate proof of concept on previous wells that were thought to be abandoned. The Company was successfully able to pump these wells and collect data for potential synergies with the geothermal project.

Mita Geothermal

The Company owns a 100% interest in Mita Geothermal through its wholly-owned subsidiary, Geotermia Oriental de Guatemala, S.A. ("Geotermia"). Mita Geothermal 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.

A new reservoir calculation was completed with the data collected from the flow testing completed in Q2 2018, the test work confirmed the economic potential of the reservoir.

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 September 30, 2018 Compared to the Three Months Ended August 31, 2017

The Company's net loss for the three months ended September 30, 2018 totaled \$6,101,735 or \$0.10 per share as compared to a net loss of \$2,286,952 or \$0.04 per share for the three months ended August 31, 2017. Significant expenditures and variances are as follows:

| | Three Months Ended September 30, 2018 | Three Months Ended August 31, 2017 | Increase (Decrease) |
|--|--|---------------------------------------|----------------------|
| Accounting and legal | \$44,084 | \$108,321 | (\$64,237) |
| Advertising and promotion | 57,711 | 22,034 | 35,677 |
| Corporate listing and filing fees | 1,989 | 13,283 | (11,294) |
| Exploration and evaluation expenses ⁽¹⁾ | 4,806,872 | 1,150,031 | 3,656,841 |
| Office and administration | 149,054 | 161,867 | (12,813) |
| Rent | 35,754 | 14,312 | 21,442 |
| Share-based compensation ⁽³⁾ | 272,915 | 674,279 | (401,364) |
| Wages and consulting fees ⁽⁴⁾ | 510,399 | 307,200 | 203,199 |
| Total expenses | (5,878,778) | (2,451,327) | (3,427,451) |
| Interest income | 85,419 | 85,695 | (276) |
| Accretion expense | (51,782) | (95,248) | 43,466 |
| Other income | (18,085) | — | (18,085) |
| Foreign exchange (loss) gain | (237,303) | 173,928 | (411,231) |
| Loss before income tax | (6,100,529) | (2,286,952) | (3,813,577) |
| Income tax expense | (1,206) | — | (1,206) |
| Net loss | (\$6,101,735) | (\$2,286,952) | (\$3,814,783) |

⁽¹⁾ Exploration and evaluation expenses for the three months ended September 30, 2018 were for the following:

| | Three Months Ended September 30, 2018 | Three Months Ended August 31, 2017 |
|---|--|---------------------------------------|
| Cerro Blanco operating expenditures | \$2,913,590 | \$1,847,501 |
| Feasibility Study | 1,344,396 | 31,481 |
| Corporate social responsibility and community relations | 345,154 | 18,000 |
| Geothermal | 115,892 | — |
| Underground development | 14,146 | — |
| Depreciation | 73,694 | 116,629 |
| Change in rehabilitation provision estimates ⁽²⁾ | — | (863,580) |
| | \$4,806,872 | \$1,150,031 |

⁽²⁾ The reduction in exploration and evaluation expenses during the three months ended August 31, 2017 of \$863,580 relates to a reduction in the estimated rehabilitation provision for Mita Geothermal.

⁽³⁾ The decrease in share-based compensation is the result of 2,457,500 of the stock options granted in 2017 becoming fully vested.

⁽⁴⁾ Increase in wages and consulting fees is due to increase in directors, executives and employees based in the Vancouver office.

Results of Operations for the Nine Months Ended September 30, 2018 Compared to the Nine Months Ended August 31, 2017

The Company's net loss for the nine months ended September 30, 2018 totaled \$17,963,544 or \$0.28 per share as compared to a net loss of \$2,650,091 or \$0.13 per share for the nine months ended August 31, 2017. Significant expenditures and variances are as follows:

| | Nine Months Ended September 30, 2018 | Nine Months Ended August 31, 2017 | Increase (Decrease) |
|--|---|--------------------------------------|-----------------------|
| Accounting and legal ⁽¹⁾ | \$258,029 | \$132,643 | \$125,386 |
| Advertising and promotion ⁽¹⁾ | 216,779 | 26,142 | 190,637 |
| Corporate listing and filing fees | 20,951 | 30,934 | (9,983) |
| Exploration and evaluation expenses ⁽³⁾ | 14,706,473 | 1,150,031 | 13,556,442 |
| Office and administration ⁽¹⁾ | 611,363 | 192,247 | 419,116 |
| Property investigation | — | 27,644 | (27,644) |
| Rent ⁽¹⁾ | 105,922 | 16,215 | 89,707 |
| Share-based compensation ⁽¹⁾ | 1,189,885 | 674,279 | 515,606 |
| Wages and consulting fees ⁽¹⁾ | 1,580,748 | 659,291 | 921,457 |
| Total expenses | (18,690,150) | (2,909,426) | (15,780,724) |
| Interest income ⁽²⁾ | 301,234 | 115,858 | 185,376 |
| Accretion expense | (151,282) | (95,248) | (56,034) |
| Other income | 5,895 | — | 5,895 |
| Foreign exchange gain | 579,200 | 238,725 | 340,475 |
| Loss before income tax | (17,955,103) | (2,650,091) | (15,305,012) |
| Income tax expense | (8,441) | — | (8,441) |
| Net loss | (\$17,963,544) | (\$2,650,091) | (\$15,313,453) |

⁽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 period. Wages and consulting fees include directors, executives and employees based in the Vancouver office.

⁽²⁾ 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 Nine Months Ended September 30, 2018 Compared to the Nine Months Ended August 31, 2017 (cont'd)

⁽³⁾ Exploration and evaluation expenses for the nine months ended September 30, 2018 were for the following:

| | Nine Months Ended September 30, 2018 | Nine Months Ended August 31, 2017 |
|---|---|--------------------------------------|
| Cerro Blanco operating expenditures | \$6,379,750 | \$1,847,501 |
| Feasibility Study | 5,811,407 | 31,481 |
| Corporate social responsibility and community relations | 1,132,942 | 18,000 |
| Geothermal | 591,851 | — |
| Underground development | 174,239 | — |
| Depreciation | 215,499 | 116,629 |
| Change in rehabilitation provision estimates ⁽⁴⁾ | 400,785 | (863,580) |
| | \$14,706,473 | \$1,150,031 |

⁽⁴⁾ Exploration and evaluation expenses during the nine months ended September 30, 2018 include \$400,785 (nine months ended August 31, 2017 - reduction of \$863,580) 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 September 30, 2018 and the previous seven quarters.

| | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 | August 31, 2017 ⁽¹⁾ | May 31, 2017 ⁽¹⁾ | February 28, 2017 ⁽²⁾ | November 30, 2016 ⁽²⁾ |
|-----------------------------------|-------------------------------|------------------|-------------------|----------------------|-----------------------------------|--------------------------------|-------------------------------------|-------------------------------------|
| Current assets | \$12,231,523 | \$17,955,048 | \$25,131,880 | \$30,829,406 | \$35,816,517 | \$41,367,847 | \$1,554,893 | \$22,617 |
| Property, plant and equipment | 5,333,150 | 5,163,550 | 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 | 30,126,433 | 30,126,433 | — | — |
| Total assets | 49,450,151 | 55,030,177 | 60,817,390 | 66,364,124 | 70,308,596 | 74,608,832 | 1,554,893 | 22,617 |
| Current liabilities | 2,029,482 | 2,087,126 | 1,927,775 | 1,910,930 | 568,872 | 878,599 | 717,303 | 60,054 |
| Working capital | 10,202,041 | 15,867,922 | 23,204,105 | 28,918,476 | 35,247,645 | 40,489,248 | 837,590 | (37,437) |
| Net loss | (6,101,735) | (6,096,361) | (5,765,447) | (5,756,945) | (2,254,475) | (152,641) | (210,498) | (718,104) |
| Basic and diluted loss per share | (0.10) | (0.10) | (0.09) | (0.09) | (0.04) | (0.04) | (0.05) | (0.17) |
| Weighted avg. shares | 63,840,560 | 63,840,560 | 63,828,338 | 63,815,560 | 50,852,838 | 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 and level of exploration and evaluation spend. There are no seasonal fluctuations in the results for the presented periods.

Liquidity and Capital Resources

Cash decreased by \$18,439,756 during the nine months ended September 30, 2018 from \$30,221,102 as at December 31, 2017 to \$11,781,346 as at September 30, 2018. Cash utilized in operating activities during the nine months ended September 30, 2018 was \$16,688,579 (nine months ended August 31, 2017 - \$2,844,286). Cash utilized in investing activities during the nine months ended September 30, 2018 was \$1,620,380 (nine months ended August 31, 2017 - \$22,527,218), mainly for purchases of equipment. During the nine months ended September 30, 2018, the Company generated cash from financing activities of \$6,945 from a warrant exercise, compared to \$57,945,510 during the nine months ended August 31, 2017 mostly from private placements.

As at September 30, 2018, share capital was \$81,348,694 and was 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 nine months ended September 30, 2018 was the result of a warrant exercise. Reserves, which increased from the recognition of the fair value of stock options, were \$10,195,511 (December 31, 2017 - \$9,154,063). As a result of the net loss for the nine months ended September 30, 2018, the deficit at September 30, 2018 increased to \$55,919,279 from \$37,955,735 at December 31, 2017. Accordingly, shareholders' equity on September 30, 2018 was \$40,340,140 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 its 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 and resource development investments, 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. Management believes it will be able to raise equity capital and/or debt as required, but recognizes there will be risks involved that may be beyond its control.

As at September 30, 2018, the Company has working capital of \$10,202,041, which is sufficient to meet the Company's commitments and foreseeable corporate needs, including expenditures required to maintain properties and agreements in good standing.

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 November 23, 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 | 1.58 - 2.18 |
| Warrants | 5,189,309 | 0.35 - 2.00 | 0.52 - 1.62 |
| Fully diluted at November 23, 2018 | 74,959,869 | | |

Off Balance Sheet Arrangements

The Company does not utilize off balance sheet arrangements.

Transactions with Related Parties

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 included in the condensed interim consolidated statements of loss and comprehensive loss for the three and nine months ended September 30, 2018 was as follows:

| | Three Months Ended September 30, 2018 | Three Months Ended August 31, 2017 | Nine Months Ended September 30, 2018 | Nine Months Ended August 31, 2017 |
|--------------------------|---|--|--|---|
| Wages and consulting | \$660,371 | \$130,521 | \$1,726,102 | \$352,272 |
| Share-based compensation | 238,420 | — | 1,034,625 | 466,037 |
| | \$898,791 | \$130,521 | \$2,760,727 | \$818,309 |

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 nine months ended September 30, 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 nine months ended September 30, 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 nine months ended September 30, 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 nine months ended September 30, 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 nine months ended September 30, 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 November 23, 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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