



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**For the Three Months Ended March 31, 2023 and 2022**

**(Unaudited)**

**Bluestone Resources Inc.**  
**Consolidated Statements of Financial Position**  
(Expressed in United States dollars - Unaudited)

	Notes	March 31, 2023	December 31, 2022
<b>Current assets</b>			
Cash		\$1,861,487	\$1,743,139
Accounts receivable		181,572	207,461
Equity securities		163,253	192,310
Prepaid expenses and other current assets		118,010	231,251
Inventory		96,296	71,026
		<b>2,420,618</b>	<b>2,445,187</b>
<b>Non-current assets</b>			
Restricted cash		1,739,163	1,745,365
Property, plant and equipment	3	22,748,998	23,639,371
Exploration and evaluation asset		30,126,433	30,126,433
<b>Total assets</b>		<b>\$57,035,212</b>	<b>\$57,956,356</b>
<b>Current liabilities</b>			
Trade and other payables	4	\$4,919,451	\$5,161,780
Loan payable	5	8,000,000	6,000,000
		<b>12,919,451</b>	<b>11,161,780</b>
<b>Non-current liabilities</b>			
Other liabilities	4	938,364	1,365,009
Rehabilitation provisions		9,535,548	9,319,388
Deferred income tax liabilities		1,733,699	1,565,886
<b>Total liabilities</b>		<b>25,127,062</b>	<b>23,412,063</b>
<b>Shareholders' equity</b>			
Share capital	6	180,000,654	179,878,018
Reserves		12,650,942	12,170,642
Accumulated other comprehensive income		10,920,893	10,934,467
Deficit		(171,664,339)	(168,438,834)
<b>Total shareholders' equity</b>		<b>31,908,150</b>	<b>34,544,293</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$57,035,212</b>	<b>\$57,956,356</b>

Nature of operations and liquidity risk (note 1)

Approved on May 2, 2023, on behalf of the Board of Directors:

"Zara Boldt"

Zara Boldt, 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, 2023	Three Months Ended March 31, 2022
<b>Operating expenses</b>			
Exploration and evaluation expenses	7	\$1,344,263	\$5,226,272
General and administration			
Salaries and wages		574,868	546,001
Share-based compensation	6	480,300	629,108
Office and general		205,485	388,806
Professional fees		83,296	141,340
Corporate listing and filing fees		49,348	60,635
Advertising and promotion		20,053	70,806
		<b>(2,757,613)</b>	<b>(7,062,968)</b>
<b>Other income (expenses)</b>			
Interest income		44,037	26,135
Finance expenses		(179,931)	(16,564)
Accretion expense		(216,160)	(110,766)
Gain on disposal of property, plant & equipment		98,456	—
Other income		—	3,901
Foreign exchange loss		(39,363)	(720)
<b>Loss before income tax</b>		<b>(3,050,574)</b>	<b>(7,160,982)</b>
Income tax (expense) recovery		(174,931)	471,318
<b>Net loss</b>		<b>(3,225,505)</b>	<b>(6,689,664)</b>
<b>Other comprehensive (loss) income items that will not be reclassified to net loss:</b>			
(Loss) gain on equity securities		(29,242)	73,461
Translation adjustment		15,668	136,215
<b>Comprehensive loss</b>		<b>(\$3,239,079)</b>	<b>(\$6,479,988)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>		<b>151,261,519</b>	<b>150,682,416</b>
<b>Basic and diluted loss per common share</b>		<b>(\$0.02)</b>	<b>(\$0.04)</b>

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, 2022		150,358,483	\$178,674,062	\$11,093,459	\$11,260,395	(\$145,745,824)	\$55,282,092
Loan consideration		150,000	234,670	—	—	—	234,670
Share-based compensation	6	—	—	629,108	—	—	629,108
Exercise of options	6	546,800	718,560	(180,967)	—	—	537,593
Comprehensive income (loss) for the period		—	—	—	209,676	(6,689,664)	(6,479,988)
<b>Balance, March 31, 2022</b>		<b>151,055,283</b>	<b>\$179,627,292</b>	<b>\$11,541,600</b>	<b>\$11,470,071</b>	<b>(\$152,435,488)</b>	<b>\$50,203,475</b>
Balance, January 1, 2023		151,236,141	\$179,878,018	\$12,170,642	\$10,934,467	(\$168,438,834)	\$34,544,293
Loan consideration		<b>83,226</b>	<b>122,636</b>	—	—	—	<b>122,636</b>
Share-based compensation	6	—	—	<b>480,300</b>	—	—	<b>480,300</b>
Comprehensive loss for the period		—	—	—	(13,574)	(3,225,505)	(3,239,079)
<b>Balance, March 31, 2023</b>		<b>151,319,367</b>	<b>\$180,000,654</b>	<b>\$12,650,942</b>	<b>\$10,920,893</b>	<b>(\$171,664,339)</b>	<b>\$31,908,150</b>

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, 2023	Three Months Ended March 31, 2022
<b>Cash used in operating activities</b>			
Net loss for the period		(\$3,225,505)	(\$6,689,664)
Adjustments for:			
Accretion expense		216,160	110,766
Depreciation	3	71,353	84,269
Share-based compensation	6	480,300	629,108
Interest income		(44,037)	(26,135)
Finance expenses		122,636	—
Gain on disposal of property, plant and equipment		(98,456)	—
Income tax expense (recovery)		174,931	(471,318)
Non-cash foreign exchange loss (gain)		26,001	(7,064)
Changes in non-cash working capital:			
Accounts receivable		(19,528)	27,581
Prepaid expenses and other current assets		113,534	(336,156)
Inventory		(25,270)	(33,440)
Trade and other payables		(683,095)	(184,125)
<b>Cash used in operating activities</b>		<b>(2,890,976)</b>	<b>(6,896,178)</b>
<b>Cash generated by (used in) investing activities</b>			
Purchase of property, plant and equipment		(202,730)	(1,269,889)
Proceeds from disposal of plant and equipment		1,120,206	—
Interest received		89,562	14,843
<b>Cash generated by (used in) investing activities</b>		<b>1,007,038</b>	<b>(1,255,046)</b>
<b>Cash generated by financing activities</b>			
Funds received from Loan	5	2,000,000	—
Loan fees		—	(40,265)
Proceeds from exercise of options		—	537,593
<b>Cash generated by financing activities</b>		<b>2,000,000</b>	<b>497,328</b>
Effects of foreign exchange rate changes on cash		2,286	141,444
<b>Increase (decrease) in cash</b>		<b>118,348</b>	<b>(7,512,452)</b>
Cash, beginning of the period		1,743,139	18,285,126
<b>Cash, end of the period</b>		<b>\$1,861,487</b>	<b>\$10,772,674</b>

Supplemental cash flow information (note 11)

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, 2023 and 2022**

(Expressed in United States dollars - Unaudited)

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#### **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 2000 - 885 West Georgia Street, Vancouver, BC, V6C 3E8. 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, 2023. The Company currently has the ability to draw on the loan facility (the "Loan") of \$30,000,000 from related parties (\$8,000,000 drawn at March 31, 2023) until March 11, 2024 (note 5). 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, 2024. 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. Significant 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, 2022.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting 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, 2022.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 2, 2023.

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, 2023 and 2022

(Expressed in United States dollars - Unaudited)

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

### b) Significant 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 critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2023, are consistent with those applied and disclosed in note 2(q) to the Company's audited consolidated financial statements for the year ended December 31, 2022.

### 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, 2023:

- IAS 1 and IFRS Practice Statement 2: In February 2021, the International Accounting Standards Board issued amendments to IAS 1 and the IFRS Practice Statement 2, *Making Materiality Judgements*, to provide guidance on the application of materiality judgments to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies. Guidance and illustrative examples are added in the Practice Statement to assist in the application of materiality concept when making judgments about accounting policy disclosures. The amendment had no impact on adoption to the Company.

## 3. Property, Plant and Equipment

	March 31, 2023		
	Land	Plant and equipment <sup>(1)</sup>	Total
<b>Cost</b>			
Balance, January 1, 2023	\$19,962,286	\$5,272,689	\$25,234,975
Additions	179,218	23,512	202,730
Disposals	—	(1,205,355)	(1,205,355)
<b>Balance, March 31, 2023</b>	<b>20,141,504</b>	<b>4,090,846</b>	<b>24,232,350</b>
<b>Accumulated depreciation</b>			
Balance, January 1, 2023	—	(1,595,604)	(1,595,604)
Charge for the period	—	(71,353)	(71,353)
Disposals	—	183,605	183,605
<b>Balance, March 31, 2023</b>	<b>—</b>	<b>(1,483,352)</b>	<b>(1,483,352)</b>
<b>Net book value at March 31, 2023</b>	<b>\$20,141,504</b>	<b>\$2,607,494</b>	<b>\$22,748,998</b>

<sup>(1)</sup> Includes assets under construction of \$986,962 at March 31, 2023.

**Bluestone Resources Inc.****Notes for the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2023 and 2022**

(Expressed in United States dollars - Unaudited)

**3. Property, Plant and Equipment (cont'd)**

	December 31, 2022		
	Land	Plant and equipment <sup>(2)</sup>	Total
<b>Cost</b>			
Balance, January 1, 2022	\$17,332,131	\$6,207,863	\$23,539,994
Additions	2,630,155	483,552	3,113,707
Write-downs	—	(1,418,726)	(1,418,726)
Balance, December 31, 2022	19,962,286	5,272,689	25,234,975
<b>Accumulated depreciation</b>			
Balance, January 1, 2022	—	(1,318,154)	(1,318,154)
Charge for the year	—	(322,600)	(322,600)
Write-downs	—	45,150	45,150
Balance, December 31, 2022	—	(1,595,604)	(1,595,604)
Net book value at December 31, 2022	\$19,962,286	\$3,677,085	\$23,639,371

<sup>(2)</sup> Includes assets under construction of \$986,962 at December 31, 2022. During the year ended December 31, 2022, assets under construction of \$767,047 were returned to the supplier. The Company received a refund for the same amount and no gain or loss was recognized in the consolidated statement of loss. An additional \$499,897 of this asset under construction was also written off during the year ended December 31, 2022, with the loss on write-off recognized in the consolidated statement of loss.

**4. Trade and Other Payables**

	March 31, 2023	December 31, 2022
Trade payables	\$318,988	\$462,888
Accrued liabilities	382,447	398,003
Payroll liabilities	383,224	342,890
Rehabilitation provisions	7,953	7,953
Other liabilities <sup>(1)</sup>	4,765,203	5,315,055
	\$5,857,815	\$6,526,789
Non-current portion of other liabilities <sup>(1)(2)</sup>	(938,364)	(1,365,009)
<b>Current trade and other payables</b>	<b>\$4,919,451</b>	<b>\$5,161,780</b>

<sup>(1)</sup> Other liabilities include amounts relating to land purchase agreements payable from 2023 to 2025. As at March 31, 2023, current and non-current other liabilities relating to these agreements were \$3,255,874 and \$938,364, respectively (December 31, 2022 - \$3,733,547 and \$935,009).

<sup>(2)</sup> The Company has agreements with previous landowners from which the Company had purchased land. These agreements do not relate to the purchases of land. As at March 31, 2023, current and non-current other liabilities relating to these agreements were \$570,965 and \$nil, respectively (December 31, 2022 - \$216,499 and \$430,000). These were recognized as exploration and evaluation expenses in the consolidated statement of loss. The Company is required to make these payments in 2023 and 2024.



## Bluestone Resources Inc.

### Notes for the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in United States dollars - Unaudited)

#### 5. Loan

On March 11, 2022, the Company established the Loan with Zebra Holdings and Investments S.à.r.l and Lorito Holdings S.à.r.l (the "Lender"). The \$30,000,000 Loan facility 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 (the "Initial Shares"), 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, 2023. During the three months ended March 31, 2023, the term of the Loan was extended to March 11, 2024.

As at March 31, 2023, the Company had a Loan payable of \$8,000,000. The Company incurred transaction costs of \$274,935 in connection with the execution of the Loan. These transaction costs, which included the Initial Shares, were recognized as prepaid expenses and other current assets in the consolidated statement of financial position and amortized over a 12-month period using the straight-line method.

#### 6. Share Capital

As at March 31, 2023, 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.

##### a) Stock options

The changes in stock options outstanding during the three months ended March 31, 2023, and year ended December 31, 2022, were as follows:

	March 31, 2023		December 31, 2022	
	Number of options	Weighted avg. exercise price (C\$/option)	Number of options	Weighted avg. exercise price (C\$/option)
Outstanding, beginning of period	9,154,200	\$1.72	7,533,000	\$1.63
Granted	4,080,342	0.57	2,268,000	1.91
Exercised	—	—	(646,800)	(1.25)
<b>Outstanding, end of period</b>	<b>13,234,542</b>	<b>\$1.37</b>	<b>9,154,200</b>	<b>\$1.72</b>

9,831,315 of the stock options outstanding as at March 31, 2023, are exercisable, at a weighted average exercise price of C\$1.55 per option.

## Bluestone Resources Inc.

### Notes for the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in United States dollars - Unaudited)

#### 6. Share Capital (cont'd)

The weighted average fair value of the stock options granted during the three months ended March 31, 2023, and year ended December 31, 2022, were estimated to be C\$0.57 and C\$0.73 per stock option, respectively, using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31, 2023	December 31, 2022
Risk-free rate	3.49 %	1.82 %
Volatility	64.38 %	55.37 %
Dividend yield	— %	— %
Expected life	3 years	3 years

The stock options granted during the three months ended March 31, 2023, have an expiry date of February 2, 2028.

During the three months ended March 31, 2023, the Company recognized share-based compensation expense of \$480,300 (three months ended March 31, 2022 - \$629,108) in the consolidated statement of loss relating to the stock options.

#### 7. Exploration and Evaluation Expenses

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Cerro Blanco general and exploration expenditures	\$1,196,106	\$2,878,431
Corporate social responsibility and community relations	76,804	599,590
Cerro Blanco feasibility study and pre-development expenditures	—	1,661,618
Mita Geothermal evaluation	—	2,364
Depreciation	71,353	84,269
	<b>\$1,344,263</b>	<b>\$5,226,272</b>

#### 8. Related Party Transactions - 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 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 was as follows:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Salaries	\$328,579	\$414,377
Share-based compensation	316,522	507,046
	<b>\$645,101</b>	<b>\$921,423</b>

Accrued compensation due to key management as at March 31, 2023, was \$82,143 (December 31, 2022 - \$84,908).

## Bluestone Resources Inc.

### Notes for the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(Expressed in United States dollars - Unaudited)

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## 9. 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 and cash equivalents, 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 approximate 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.

## 10. 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 cash equivalents 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 maximum exposure to credit risk as at March 31, 2023, was \$3,771,407 (December 31, 2022 - \$3,682,163).

### 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, 2023, the Company had a cash balance of \$1,861,487 (December 31, 2022 - \$1,743,139) to settle current liabilities of \$12,919,451 (December 31, 2022 - \$11,161,780). All of the Company's financial liabilities are subject to commercial trade terms. See note 1 for further details of liquidity risk.

As a part of the terms of the Company's acquisition of Cerro Blanco in 2017, the Company is required to make a payment of \$15,000,000 within six months of the commencement of commercial production at Cerro Blanco and pay a 1% net smelter returns royalty on the sale of gold and silver produced from Cerro Blanco. In August 2020, the terms of the \$15,000,000 payment were amended so that the Company is required to make payments totaling approximately \$16,000,000 staggered over 12 to 27 months following the commencement of commercial production at Cerro Blanco. These payments are not recognized as liabilities in the consolidated statement of financial position as at March 31, 2023, and are not shown in the commitments table above. These payments will be recognized as liabilities in the consolidated statement of financial position upon commencement of commercial production at Cerro Blanco.

## 10. Financial Risk Management (cont'd)

### 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 and cash equivalents 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 periodically monitors the investments it makes and is satisfied with the credit ratings of its banking institutions. 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, 2023, the weighted average interest rate earned on the Company's cash and cash equivalents was 2.85%. With other variables unchanged, a change in the annualized interest rate of a hundred basis points at March 31, 2023, would impact after-tax net loss by approximately \$10,000.

#### 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\$/US\$ rate as at March 31, 2023, would result in an approximate \$752,000 increase/decrease in net loss and an approximate \$425,000 decrease/increase in other comprehensive loss. A 10% fluctuation in the US\$/Guatemala quetzal rate as at March 31, 2023, would result in an approximate \$327,000 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.

### 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 explore and develop 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, 2023. The Company is not subject to externally imposed capital requirements.

**Bluestone Resources Inc.****Notes for the Condensed Interim Consolidated Financial Statements****For the three months ended March 31, 2023 and 2022**(Expressed in United States dollars - Unaudited)

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**11. Supplemental Cash Flow Information**

Cash included no short-term investments as at March 31, 2023 and December 31, 2022.

Non-cash financing transactions during the three months ended March 31, 2023 and 2022, were as follows:

	<b>Three Months Ended March 31, 2023</b>	Three Months Ended March 31, 2022
Shares issued in relation to the Loan	<b>\$122,636</b>	\$234,670
Transfer of reserves on exercise of options	—	(180,967)