

## Bluestone Provides Update on Progress at Cerro Blanco

**June 28, 2021 – VANCOUVER, BRITISH COLUMBIA – Bluestone Resources Inc. (TSXV:BSR | OTCQB:BBSRF) ("Bluestone" or the "Company")** is pleased to provide an update on the Company's activities during the first half of 2021 and an outlook for the remainder of the year.

In the first quarter of 2021 Bluestone made a strategic decision to capitalize on Cerro Blanco's near-surface, high-grade mineralization through an open pit development scenario. This change in corporate strategy was transformative, and effectively doubled the gold resource ounces and production profile which tripled the NPV5% (after-tax) of the project to US\$907 million. Cerro Blanco is now an asset capable of producing over 300,000 ounces of gold and 1.0 million ounces of silver per year at first quartile all-in sustaining cash costs. The new project will contribute significantly more to local stakeholders through employment, economic benefits, and taxes.

Since the change in development strategy the Company has been focused on advancing key initiatives that include a feasibility study, permitting, and capacity building in the communities within the area of influence.

Jack Lundin, President and CEO, commented, "We are very pleased to report on the progress being made by the team at Cerro Blanco and we remain on track to deliver the feasibility study by Q1 2022. Importantly, we have advanced our environmental permit amendment application that will capture the change in mining method. We anticipate submitting this application by the end of the year and receiving approval in the second half of next year, which would allow us to kick off development activities."

Mr. Lundin added, "Furthermore, in preparation for the development of the Cerro Blanco gold project, I am pleased to announce the initiation of vocational skills training and educational programs within the communities surrounding the project. Education is a fundamental aspect to improve the quality of life through better opportunities. The initial uptake in enrolment has been very positive, and I would like to congratulate all the participants in taking the first step in our journey together and the hard work of our local team in making this happen."

Bluestone is well-financed with over US\$40 million in cash on the balance sheet which will allow the completion of these major milestones.

### Feasibility Study

Site general arrangement drawings that will finalize layouts for the project are nearing completion. Mine design activities have progressed including a mine plan optimization exercise based on the PEA that incorporated a trade-off analysis in plant throughput. The study indicated that through better management of lower grade material and improved scheduling throughout the life of mine, a reduction in plant size from 5.0 to 4.0 mtpa could be achieved while maintaining a similar production profile and Net Present Value. Detailed geotechnical studies including drilling were completed and confirm the pit slope design in the PEA. Mine mobile equipment selection has started and requests for proposals will go out shortly.

Additional metallurgical studies are underway focusing on the upper Salinas unit utilizing drill core from the recently completed drill program. A potential opportunity to increase the final grind size from 53 microns to 75 microns is being investigated which would improve operability and lower the number of filters required for dry stack tailings.

David Cass, Vice President of Exploration, commented, "The potential reduction in the size of the process plant to 4.0 mtpa represents a 20% reduction from the PEA and will contribute to potential capital savings through equipment sizing and improve operations by reducing the size of the filter plant for the dry stack tailings storage. These ongoing studies will be complimented by the recently completed 2021 drilling and an updated resource calculation that is currently underway."

## **Environmental and Permitting Baseline Data**

Throughout the second quarter Bluestone has been advancing permit amendment activities. Supplemental baseline data collection is underway, focusing on flora, fauna, and air and noise monitoring. The collection of dry season data has been completed and wet season data collection is underway. A new social baseline study was conducted to improve the understanding of the current socio-economic status of the local communities.

The Company is updating the environmental impact assessment to capture the new mining method through an updated environmental management plan as set out by Guatemalan Law. While aspects of the project layout will increase in size, fundamental design characteristics will remain unchanged, including the processing plant, dry stack tailings, water management, infrastructure, and facilities.

## **Local Skills Development Training and Capacity Building**

The Company is pleased to announce a partnership with a nationally accredited Guatemalan institution which is a recognized leader in job skills training as an accredited vocational school and have played an important role in skills development in Guatemala. Through our partnership, Bluestone will be offering technical training courses to members of the local communities in preparation for mine development. Programs and certifications particular to the construction and operations phases include masonry, carpentry, mechanics, technicians, and welding. Courses range on average from 12 to 18 months in duration and will help prepare for early works, which the Company will be looking to initiate late next year.

In addition to job skills training, Bluestone is undertaking an adult education program with the National Government and local educational institutions aimed at enhancing the social and economic conditions of the communities within the project area of influence, to improve eligibility for future employment and/or entrepreneurship. These skills are aimed at literacy and education levels to meet entry requirements for job skills training programs.

Nadia Carotenuto, Vice President Human Resources & Organizational Development, commented, “We believe in creating shared value by building sustainable human capital and economic diversification through local training and local procurement. We are very excited about our education and skills training initiatives and believe these programs will directly benefit stakeholders in preparation for development.”

To improve the understanding and awareness around mining in Guatemala, Bluestone, through the University of Arizona, is organizing an introductory mining course for stakeholders in Guatemala. The aim of the five month, 10-module course is to educate stakeholders on the latest technology and advancements in the mining sector.

Jack Lundin, President and CEO, commented, “We believe this is a great opportunity to improve and build on the culture of mining in Guatemala. Educating people on aspects of mining and how to do it in a responsible manner is the first step in creating change in the industry. Natural resources are essential to our daily lives and managing those resources for our future generations is important.”

## **Geothermal Project**

In line with Bluestone’s commitment to responsible development and reducing our carbon footprint with the development of the mine, the Company has undertaken additional work on the Mita Geothermal project. The Company completed a scoping study that incorporated a review of the historical data and testwork completed on the project. An updated reservoir calculation was completed that estimated a reserve capacity of over 20 MW. The scoping study focused on several different sizing scenarios ranging from 5 MW to 20 MW, and the results highlighted an economic project with an after-tax IRR of over 15%. Next steps include geological and geophysical surveys to further refine injection well locations alongside the proven production wells, followed by a feasibility study.

Peter Hemstead, CFO, commented, “The geothermal project represents a unique opportunity that supports our goal to reduce our carbon footprint alongside the development of the mine. We feel this separates us from our peers and adds value to a great gold project. Over the course of the next six months, we will continue to de-risk the geothermal project in anticipation of a potential power call in Guatemala.”

### **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 scientific and technical information set out above in this news release is accurate and therefore approves this written disclosure of the technical information.

### **About Bluestone Resources**

The Cerro Blanco Gold Project is an advanced stage near surface development project. A PEA on the project highlighted an asset capable of producing over 300 koz/yr with an average annual production of 231 koz/yr at all-in sustaining costs of ~\$642/oz (as defined per World Gold Council guidelines, less corporate general and administration costs) over an initial 11-year mine life. The Company trades under the symbol “BSR” on the TSX Venture Exchange and “BBSRF” on the OTCQB.

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

*“Jack Lundin”*

**Jack Lundin | President, CEO & 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 estimated value of the Cerro Blanco Project (the “Project”); the planned open pit development scenario for the Project; the estimated gold production volume per year from the Project; gold and silver price estimates used in the preliminary economic assessment (“PEA”); additional financial estimates of Project economics resulting from the PEA, including peak and average annual gold productions amounts, average all-in sustaining costs, average annual free cash flow, after-tax net present value (“NPV”), after-tax internal rate of return, initial capital requirements, life of mine gold and silver production amounts, measured and indicated resources and NPV assuming a higher gold price estimate; the Company’s plan to advance an EIA application in parallel to completing a bankable Feasibility Study by the end of 2021; the Company’s target to initiate Project development in the second half of 2022; anticipated receipt of an EIA permit in the second half of 2022; mineral resource estimates; the estimated tonne-per-day recovery volume of the planned open pit operation; the planned conventional process plant and associated processing methods; the Company’s goal to prepare a coordinated Environmental and Social Impact Assessment document that aligns with the IFC Performance Standards, Equator Principles as well as national requirements; engagement with local communities and stakeholders to remain on-going through the process; the Company’s plan to advance the development of the EIA document in 2021 for submittal prior to the end of the year; the reasonable prospect of eventual economic extraction demonstrated by reported mineral resources; gold and silver price estimates and a reasonable contingency factor used as the basis for mineral resource estimate cut-off grades; reasonable expectation that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration; results of mineral resource estimate sensitivity analysis; uncertainty that the PEA will be realized; the potential for subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic and other factors to affect mineral resources; estimated diluted mill feed to be processed over the life of mine from the main pit area; planned trucking of mill feed to a primary crushed located to the east of the main pit; amount of waste to be stored in a dump adjacent to the main pit; estimated open-pit mining dilution; measured and indicated mill feed amounts; estimated process plant capacity in tonnes per day of ore; planned processing rate measured in dry tonnes per year and average feed grade thereof; details of planned processing, including pre-oxidation, 48-hour leach and carbon-in-pulp absorption circuit elements and expected gold and silver recovery percentage to produce a dore;

estimated initial capital required to fund construction and commissioning; beneficial existence of a significant amount of development already in place, a water treatment plant, maintenance and warehouse facilities, offices and communications; capital and operating cost estimates; estimated all-in cash costs including sustaining capex; planned installation of a new power transmission line as part of the construction of the Project; the Project's expected economic benefits to Guatemala. 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 Bluestone's current beliefs as well as various assumptions made by Bluestone and information currently available to Bluestone. Generally, these assumptions include, among others: 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; currency exchange rates; 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 operations; the availability of acceptable financing; the impact of the novel coronavirus (COVID-19); anticipated mining losses and dilution; success in realizing proposed operations; and 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 Bluestone 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: potential changes to the mining method and the current development strategy; risks and uncertainties related to expected production rates; timing and amount of production and total costs of production; risks and uncertainties related to the ability to obtain, amend, 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 related to global epidemics or pandemics and other health crises, including the impact of the novel coronavirus (COVID-19); risks and uncertainties related to interruptions in production; the possibility that future exploration, development, or mining results will not be consistent with Bluestone's expectations; uncertain political and economic environments and relationships with local communities and governmental authorities; risks relating to variations in the mineral content within the mineral identified as mineral resources from that predicted; variations in rates of recovery and extraction; developments in world metals markets; and risks related to fluctuations in currency exchange rates. For a further discussion of risks relevant to Bluestone, see "Risk Factors" in the Company's annual information form for the year ended December 31, 2019, available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

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 news 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.

#### **AISC reconciliation**

AISC and 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.