BLUESTONE RESOURCES INC.

ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2022

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 year ended December 31, 2022. The MD&A was prepared as of March 9, 2023 and should be read with the consolidated financial statements and related notes for the year ended December 31, 2022, 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 Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

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, that address activities, events, or developments that the Company believes, expects, or anticipates will or may occur in the future including, without limitation: the intended use of the proceeds of the Loan (as defined herein); the anticipated approval of an environmental permit amendment and expected project timelines; estimates regarding when the El Tule Bridge will be completed; the Company's expectations regarding the El Tule Bridge; life of mine production and the anticipated amount of gold resource ounces; the production profile and net present value of the Cerro Blanco Project ("Cerro Blanco" or the "Project"); average annual free cash flow and after-tax internal rate of return; initial capital requirements and payback periods; mineral reserve estimates; forecasts regarding Guatemala's energy mix; expectations that greater private sector engagement will carry out projects of generation and transmission through the development of public-private partnerships; expectations regarding the Company's objectives for the next twelve months; expectations regarding the availability of, and ability to secure, funding; expectations regarding actual funding requirements; management's expectations regarding the Company's ability to raise equity capital and/or debt as required and the potential that the Company's planned initiatives or other work programs may be postponed; estimates regarding working capital requirements; the issuance of common shares under the Loan; expectations relating to social acceptance of the Project and the nature of community opposition; the Company's belief that challenges including technical challenges such as hot water management can be managed; the Company's intended approach regarding the payment of dividends; the expected timing of the completion of offsite infrastructure and potential benefits; the Company's ability to attract and retain qualified personnel; expectations regarding climate change regulatory trends and the associated costs of compliance; the objectives and benefits of the feasibility study on Cerro Blanco titled "N.I. 43-101 Technical Report & Feasibility Study of the Cerro Blanco Gold Project, Department of Jutiapa, Guatemala" dated April 6, 2022 with an effective date as of February 22, 2022 and filed on the Company's profile at www.sedar.com on April 6, 2022 (the "Feasibility Study"); and the estimated value of the Project. 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 (cont'd)

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: risks related to increasing community opposition to the Project and its effect on permitting and Project timelines; 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; changes in Project parameters as plans continue to be refined; title matters; 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 COVID-19; risks and uncertainties related to interruptions in production; risks related to Project working conditions, accidents or labour disputes; 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 and grade within the mineral identified as mineral resources from that predicted; variations in rates of recovery and extraction; developments in world metals markets; risks related to fluctuations in commodity prices and currency exchange rates; risks related to environmental hazards and infrastructure; compliance with governmental laws and regulations, including anti-corruption laws, and associated costs of compliance; tax risks; reliance on third parties and risk associated with foreign subsidiaries; risks associated with having a limited operational history; risks related to substantial capital requirements; acquisition risk; future sales or issuances of common shares; risks related to competition and dependence on key personnel; risks related to conflicts of interest; uninsurable risks; risks related to changes in climate conditions; risks related to control persons; information technology security risks; litigation risk; geopolitical risks and conflict; and inflation. For a further discussion of risks relevant to Bluestone, see "*Risks and Uncertainties*" in this MD&A.

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.

Qualified Persons

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 Canadian-based precious metals exploration and development company focused on opportunities in Guatemala. The Company's flagship asset is 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.

Highlights for the Three Months and Year Ended December 31, 2022

- On December 6, 2022, the Company announced management changes, as Peter Hemstead joined the Board of Directors and assumed the role of President and Chief Executive Officer. In addition, Nevin Lau was promoted to Chief Financial Officer of the Company.

- On September 19, 2022, the Company provided news of a referendum held on September 18, 2022, in the Municipality of Asuncion Mita that was organized by certain anti-mining groups. Immediately following the referendum, the Constitutional Court of Guatemala issued a provisional ruling that nullified the vote and its results.

- On June 6, 2022, the Company provided the market with an update on Cerro Blanco, which adjusted previously communicated development timelines. Cerro Blanco activities were reduced to preserve capital until the environmental permit amendment is received, which is more reflective of a traditional approach to development projects.

- On March 14, 2022, the Company announced that it had established a $30M loan facility (the "Loan") with Zebra Holdings and Investments S.à.r.l, and Lorito Holdings S.à.r.l (the "Lender"). The Loan will provide for the drawdown of funds by the Company in tranches of not less than $1M. Proceeds will be primarily used for general corporate purposes and to advance the Cerro Blanco. Subsequent to the reporting period, the term of the Loan was extended to March 11, 2024.

- On February 22, 2022, the Company announced the results of the Feasibility Study for Cerro Blanco, with after-tax net present value ("$NPV_{5\%}$") of $1,047M and 30% internal rate of return ("IRR") at a gold price of $1,600/oz and a silver price of $20/oz.

Project Updates

Cerro Blanco

The Company has one principal mining property interest, namely Cerro Blanco. Elevar Resources, S.A. ("Elevar"), formerly Entre Mares de Guatemala S.A., a wholly-owned subsidiary of the Company, is the 100% owner of Cerro Blanco. An exploitation license for Cerro Blanco was granted in 2007. The Company is in the process of amending Cerro Blanco's environmental permit to capture the change from underground to surface mining method.

<u>Permit amendment application</u>

The environmental permit amendment application was submitted to the Guatemalan national authorities in 2021. The amendment application is a comprehensive document that covers all aspects of the Project in detail, building on the historical data and the previously approved 2007 Environmental Impact Assessment, to incorporate the new surface mining method. The Company has been in regular contact with the relevant authorities as they complete their technical reviews, including site visits and providing responses to questions and comments on the application. As part of the permit review process, the Guatemala Ministry of Energy and Mines conducted a site visit in July 2022 and completed their technical review of the Project.

Project Updates (cont'd)

Feasibility Study

On February 22, 2022, the Company announced the results of the Feasibility Study. The following Feasibility Study base case highlights were completed at a gold price of $1,600/oz and a silver price of $20/oz:

- Life of mine production of approximately 2.6 million ounces of gold and 10.6 million ounces of silver over an initial 14-year mine life.
- Peak production of 347,000 ounces and average annual production of 241,000 ounces gold over the first ten years of operation.
- Average life of mine all-in sustaining cost ("AISC"; see "*Non-GAAP Measures*" section) of $629/oz (net of credits).[1]
- Average annual free cash flow of $228 million per year during the first 10 years and life of mine total free cash flow of $2.350 billion.
- $NPV_{5\%}$ of $1.047 billion after-tax.
- After-tax IRR of 30%.
- Initial capital of $572 million with an after-tax payback period of 2.2 years.
- Proven & Probable Mineral Reserves of 2.8 million ounces of gold and 12.6 million ounces of silver (53.9 million tonnes at 1.6 g/t Au and 7.3 g/t Ag).
- At spot gold and silver prices ($1,897/oz & $23.94/oz), the $NPV_{5\%}$ increases to $1.563 billion and the IRR to 40% with a payback of 1.7 years.

El Tule Bridge

Environmental, forestry, and construction permits for the new bridge (the "El Tule Bridge") were received from the Guatemalan authorities. Construction of the El Tule Bridge had commenced, with earthworks and pile installation nearing completion. Unfortunately, a severe weather incident occurred in June 2022 and washed out the existing bridge along with five other bridges in Guatemala. In addition to six bridges being totally destroyed, there was much destruction to infrastructure around the country, including nine other bridges being severely damaged.

Following this weather incident, the construction of the El Tule Bridge was put on hold to study the structural damage of the bridge location. However, given damage to other, more strategic infrastructure within the country, the Guatemalan authorities from the Ministry of Infrastructure approached the Company's contractor to purchase the Company's building materials to utilize at another site. In conjunction with this request, the government proposed to undertake the rebuild of the El Tule Bridge in the current location, which is estimated to be completed by the end of 2023. The Company believes this to be the most optimal outcome as it was able to recoup the cost of the materials and will not be required to pay for the construction of the new El Tule Bridge.

Mita 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 kilometers 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 up to a 50-megawatt geothermal plant.

It is currently forecasted that Guatemala’s energy matrix will transition to a more renewable mix as Guatemala has stated it is promoting more renewable energy usage and expanding the regional market. It is expected that greater private sector engagement will carry out projects of generation and transmission through the development of public-private partnerships. The Company continues to evaluate advancement options for Mita Geothermal as these developments occur.

[1] Non-GAAP financial measure. See “*Non-GAAP Measures*” section. All in Sustaining Cash Costs (net credits) = (operating costs + offsite costs + royalties + sustaining and closure capital – value of payable silver ounces) / payable gold ounces.

Results of Operations for the Three Months Ended December 31, 2022 Compared to the Three Months Ended December 31, 2021

The Company's net loss for the three months ended December 31, 2022, totaled $2,480,949 or $0.02 per share as compared to a net loss of $7,269,408 or $0.05 per share for the three months ended December 31, 2021. Significant expenditures and variances are as follows:

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	(Increase) Decrease in Net Loss
Exploration and evaluation expenses [1]	**$2,402,783**	$5,739,353	$3,336,570
General and administration			
Advertising and promotion	**3,738**	77,567	73,829
Corporate listing and filing fees	**13,167**	7,265	(5,902)
Office and general	**299,454**	406,703	107,249
Professional fees	**58,921**	179,516	120,595
Salaries and wages [2]	**(14,893)**	705,210	720,103
Share-based compensation	**228,485**	187,805	(40,680)
Total expenses	**(2,991,655)**	(7,303,419)	4,311,764
Interest income	**13,404**	60,403	(46,999)
Finance expenses	**(149,512)**	(6,673)	(142,839)
Accretion expense	**(114,798)**	(124,643)	9,845
Loss on disposals and write-off of plant and equipment [3]	**(499,798)**	—	(499,798)
Other income	**1,331**	11,098	(9,767)
Foreign exchange gain	**397,854**	28,387	369,467
Loss before income tax	**(3,343,174)**	(7,334,847)	3,991,673
Income tax recovery [4]	**862,225**	65,439	796,786
Net loss	**($2,480,949)**	($7,269,408)	$4,788,459

(1) Exploration and evaluation expenses for the quarters ended December 31, 2022 and 2021, were for the following:

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021
Cerro Blanco general and exploration expenditures	**$1,139,391**	$3,397,194
Cerro Blanco Feasibility Study, preliminary economic assessment and pre-development expenditures	**679,867**	2,129,576
Corporate social responsibility and community relations	**260,481**	277,988
Mita Geothermal evaluation	**2,296**	85,809
Depreciation	**74,550**	74,142
Change in rehabilitation provision estimates	**246,198**	(225,356)
	$2,402,783	$5,739,353

(2) General and administration salaries and wages expenses were negative during the three months ended December 31, 2022, due to reductions in year-to-date short-term incentive accruals.

(3) Asset under construction of $499,897 relating to the El Tule Bridge (see "*Project Updates*") were written off during the three months ended December 31, 2022, with the loss on disposal recognized in the consolidated statement of loss.

Results of Operations for the Three Months Ended December 31, 2022, Compared to the Three Months Ended December 31, 2021 (cont'd)

(4) Income tax recovery is due to the decrease of a deferred income tax liability due to the effects of foreign exchange on the tax basis of property, plant and equipment and the exploration and evaluation asset in Guatemala.

Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the three months ended December 31, 2022, and the previous seven quarters. The Company's condensed interim consolidated financial statements are reported under IFRS applicable to interim financial reporting.

	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
Current assets	**$2,445,187**	$2,297,623	$3,805,526	$12,163,984	$18,962,861	$32,547,978	$42,179,739	$49,508,306
Property, plant and equipment	**23,639,371**	24,158,370	24,959,094	24,013,184	22,221,840	14,201,894	9,046,892	7,355,948
Exploration and evaluation asset	**30,126,433**	30,126,433	30,126,433	30,126,433	30,126,433	30,126,433	30,126,433	30,126,433
Total assets	**57,956,356**	58,326,913	60,659,906	68,080,431	73,080,302	78,642,612	83,116,580	88,757,967
Current liabilities	**11,161,780**	8,576,932	5,826,246	5,930,381	4,839,224	4,316,707	2,732,570	2,407,236
Working capital (deficit)	**(8,716,593)**	(6,279,309)	(2,020,720)	6,233,603	14,123,637	28,231,271	39,447,169	47,101,070
Net loss	**(2,480,949)**	(5,204,946)	(8,317,451)	(6,689,664)	(7,269,408)	(7,129,181)	(7,537,260)	(7,279,660)
Basic and diluted loss per share	**(0.02)**	(0.03)	(0.06)	(0.04)	(0.05)	(0.05)	(0.05)	(0.05)
Weighted avg. shares	**151,198,411**	151,164,655	151,149,788	150,682,416	150,188,918	150,158,483	150,144,563	144,961,360

Increases in property, plant and equipment during 2021 and 2022 were mainly due to purchases of land required for the Cerro Blanco open pit development scenario. Increases in current liabilities during 2021 and 2022 were mainly due to the Loan payable (see "*Liquidity and Capital Resources*") and liabilities relating to the purchases of land. Quarterly results mainly fluctuate due to the level of exploration and evaluation activities, such as drilling programs and engineering activities, and fluctuations in the C$/US$ rate. There are no seasonal fluctuations in the results for the presented periods.

Results of Operations for the Year Ended December 31, 2022, Compared to the Year Ended December 31, 2021

The Company's net loss for the year ended December 31, 2022, totaled $22,693,010 or $0.15 per share as compared to a net loss of $29,215,509 or $0.20 per share for the year ended December 31, 2021. Significant expenditures and variances are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021	(Increase) Decrease in Net Loss
Exploration and evaluation expenses [1]	**$15,744,261**	$22,504,852	$6,760,591
General and administration			
Advertising and promotion	**127,154**	419,049	291,895
Corporate listing and filing fees	**105,607**	101,222	(4,385)
Office and general	**1,365,910**	1,327,942	(37,968)
Professional fees	**678,986**	402,597	(276,389)
Salaries and wages [2]	**2,135,325**	2,941,269	805,944
Share-based compensation	**1,290,973**	1,553,322	262,349
Total expenses	**(21,448,216)**	(29,250,253)	7,802,037
Interest income	**132,804**	364,935	(232,131)
Finance expenses	**(354,402)**	(76,823)	(277,579)
Accretion expense	**(451,096)**	(440,420)	(10,676)
Loss on disposals and write-off of plant and equipment [3]	**(606,529)**	—	(606,529)
Other income (loss)	**5,220**	(2,364)	7,584
Foreign exchange gain (loss)	**102,545**	(196,756)	299,301
Loss before income tax	**(22,619,674)**	(29,601,681)	6,982,007
Income tax (expense) recovery [4]	**(73,336)**	386,172	(459,508)
Net loss	**($22,693,010)**	($29,215,509)	$6,522,499

(1) Exploration and evaluation expenses for the fiscal years ended December 31, 2022 and 2021, were for the following:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Cerro Blanco general and exploration expenditures	**$8,564,581**	$13,685,231
Cerro Blanco Feasibility Study, preliminary economic assessment and pre-development expenditures	**4,955,002**	7,028,732
Corporate social responsibility and community relations	**1,643,006**	1,629,323
Mita Geothermal evaluation	**12,874**	107,155
Depreciation	**322,600**	279,767
Change in rehabilitation provision estimates	**246,198**	(225,356)
	$15,744,261	$22,504,852

(2) General and administration salaries and wages during the year ended December 31, 2022, were lower than the year ended December 31, 2021, mainly due to reduced short-term incentive accruals.

(3) Loss on disposals of plant and equipment during the year ended December 31, 2022, mainly relate to the El Tule Bridge (see "*Project Updates*").

(4) Income tax (expense) recovery is due to the (increase) decrease of a deferred income tax liability due to the effects of foreign exchange on the tax basis of property, plant and equipment and the exploration and evaluation asset in Guatemala.

Summary of Annual Results

The following table summarizes selected financial data reported by the Company for the year ended December 31, 2022, and the previous two fiscal years.

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Total assets	**$57,956,356**	$73,080,302	$87,019,390
Non-current financial liabilities	**1,365,009**	2,792,496	—
Net loss	**(22,693,010)**	(29,215,509)	(30,682,962)
Basic and diluted loss per share	**(0.15)**	(0.20)	(0.25)

Annual fluctuations in total assets are mainly due to decreases in cash and cash equivalents, offset by increases in property, plant and equipment. Non-current financial liabilities arise from agreements relating to land acquisitions. Refer to "*Results of Operations for the Year Ended December 31, 2022, Compared to the Year Ended December 31, 2021*" in the MD&A for details of the change in net loss from the year ended December 31, 2021, to the year ended December 31, 2022. Selected annual financial information in the above table as per the audited consolidated financial statements prepared in accordance with IFRS.

Liquidity and Capital Resources

Cash decreased by $16,541,987 during the year ended December 31, 2022, from $18,285,126 as at December 31, 2021, to $1,743,139 as at December 31, 2022. Cash utilized in operating activities during the year ended December 31, 2022 was $21,593,664 (year ended December 31, 2021 - $26,996,796), mostly for exploration and evaluation expenses. Cash used in investing activities during the year ended December 31, 2022, was $1,432,356 (year ended December 31, 2021 - $13,081,820), mainly from purchases of property, plant and equipment. During the year ended December 31, 2022, the Company generated cash from financing activities of $6,595,170 (year ended December 31, 2021 - $8,798,112) mainly from the Loan.

As at December 31, 2022, share capital was $179,878,018 and was comprised of 151,236,141 issued and outstanding common shares (December 31, 2021 - $178,674,062 comprised of 150,358,483 shares outstanding). The increase in outstanding common shares during the year ended December 31, 2022 was mainly the result of the exercising of stock options. Reserves, which increased due to the vesting of stock options, were $12,170,642 (December 31, 2021 - $11,093,459). As a result of the net loss for the year ended December 31, 2022, the deficit at December 31, 2022 increased to $168,438,834 from $145,745,824 at December 31, 2021. Accordingly, shareholders' equity on December 31, 2022, was $34,544,293 compared to $55,282,092 at December 31, 2021.

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*".

Liquidity and Capital Resources (cont'd)

As at December 31, 2022, the Company had a working capital deficit of $8,716,593. All of the Company’s financial liabilities are subject to commercial trade terms. Within the next twelve months, the Company's objectives center on the advancement of Cerro Blanco. 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. Many factors influence the Company’s ability to raise funds, including the approval of the Cerro Blanco environmental permit amendment (see "*Project Updates*"), the health of the resource market, the climate for mineral exploration and resource development investments, the Company’s track record, the economics of the Feasibility Study 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. 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. Based on the amount of funding raised, the Company's planned initiatives and other work programs may be postponed, or otherwise revised, as necessary. Taking into account the available Loan, management estimates that the Company has sufficient working capital to maintain its planned operations and its activities for at least twelve months from December 31, 2022.

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 year ended December 31, 2022. The Company is not subject to externally imposed capital requirements.

Commitments

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following is a maturity profile of financial liabilities and operating and capital commitments presenting undiscounted cash flows:

	Payments due by period (as at December 31, 2022)		
	Less than one year	**1 - 2 years**	**After 2 years**
Trade and other payables	**$1,203,781**	**$—**	**$—**
Loan payable	**6,000,000**	**—**	**—**
Property, plant and equipment	**3,950,046**	**1,365,009**	**—**
Total contractual obligations	**11,153,827**	**1,365,009**	**—**
Rehabilitation provisions	**7,953**	**16,832**	**14,200,859**
	$11,161,780	**$1,381,841**	**$14,200,859**

Liquidity and Capital Resources (cont'd)

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 December 31, 2022, 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.

<u>Loan</u>

On March 11, 2022, the Company established a $30,000,000 Loan facility with the Lender. The Loan 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 (the “Maturity Date”). Subsequent to the reporting period, the term of the Loan was extended to March 11, 2024.

As at December 31, 2022, the Company had a Loan payable of $6,000,000. During the year ended December 31, 2022, the Company incurred transaction costs of $274,935 in connection with 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 using the straight-line method to the Maturity Date.

Risks and Uncertainties

Operations in Guatemala

Cerro Blanco and Mita Geothermal are located in Guatemala. Guatemala has a history of political unrest. Guatemala suffered an armed conflict for 36 years, which was finally resolved through a peace agreement reached with the country's internal revolutionary movement in 1996. The last political crisis in Guatemala occurred in 1983 and a constitutional government was not restored until 1985. However, renewed political unrest or a political crisis in Guatemala could adversely affect Bluestone's business and results of operations. Guatemala suffers from social problems such as a high crime rate and uncertain land tenure for many indigenous people, which could adversely affect Cerro Blanco and Mita Geothermal. Such adverse effects could result from the efforts of third parties to manipulate local populations into encroaching on the mine lands, challenging the boundaries of such land, impeding mine activities through roadblocks or other public protests or attacks against mine assets or personnel. Bluestone's business may be exposed to a number of risks and uncertainties, including terrorism and hostage taking, military repression, extortion, expropriation or nationalization without adequate compensation, labour unrest, high rates of inflation, arbitrary changes to royalty and tax regimes, extreme fluctuations in currency exchange rates, volatile local, political and economic developments, difficulty with understanding and complying with the regulatory and legal framework respecting the ownership and maintenance of mineral properties, surface rights, mines and mining operations and difficulty obtaining key equipment and components for equipment.

The Successful Development of Cerro Blanco and Mita Geothermal Cannot Be Guaranteed

Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting and anticipated capital and operating costs of these projects. Development projects are uncertain, and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production.

The Company cannot be certain that it will successfully develop Cerro Blanco or Mita Geothermal. Any failure to successfully develop Cerro Blanco or Mita Geothermal could have a material adverse effect on the Company's business and results of operations.

Community Action

In recent years, certain communities of both indigenous people and others, as well as non-governmental organizations ("NGOs"), in Guatemala have been vocal and negative with respect to mining activities in Guatemala and Cerro Blanco in particular. These communities and NGOs have taken such actions as illegal referendums, protests, road closures, work stoppages and initiating lawsuits for damages. The proposed development of Cerro Blanco has also triggered opposition in El Salvador on the belief that Cerro Blanco poses threats to Lake Guija and the rivers which are located in the border region of Guatemala and El Salvador. These actions relate not only to current activities but often in respect to decades-old mining activities by prior owners of mining properties. Such actions by communities and NGOs may have a material adverse effect on Bluestone's operations at Cerro Blanco and Mita Geothermal and on Bluestone's financial position, cash flow and results of operations.

Risks and Uncertainties (cont'd)

Global Epidemics or Pandemics or Other Health Crises

The Company's business, operations, and financial condition could be materially adversely affected by the outbreak of epidemics or pandemics or other health crises. The outbreak of epidemics or pandemics or other health crises could have a material adverse effect on global economic conditions which may adversely impact the Company's business, exploration, development, and operations of the Company's suppliers, contractors, and service providers. The spread of epidemics or pandemics or other health crises to areas where Bluestone operates may have a significant adverse impact on the Company's workforce and the Company's ability to continue exploration and development. Moreover, the spread of epidemics or pandemics or other health crises globally could also have a material adverse effect on the regional economies in which Bluestone operates, could continue to negatively impact stock markets, including the trading price of the Company's common shares, could adversely impact the Company's ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing more challenging or more expensive and could result in any operations affected by coronavirus becoming subject to quarantine. Any of these developments, and others, could have a material adverse effect on the Company's business and results of operations.

Licenses and Title to Assets

The validity of the licenses related to Cerro Blanco and Mita Geothermal can be uncertain and may be contested. There is no assurance that applicable governmental bodies will not revoke or significantly alter the conditions of applicable licenses that are required by Cerro Blanco and Mita Geothermal. Changes to Guatemalan laws, including new mining legislation or adverse court rulings, could materially and adversely impact Bluestone's rights to exploration and exploitation licenses necessary for Cerro Blanco and Mita Geothermal. There is no guarantee that title to Cerro Blanco and Mita Geothermal or surface rights will not be challenged or impugned. Bluestone's properties may be subject to prior unregistered liens, agreements or transfers, indigenous land claims, Guatemalan constitutional challenges or undetected title defects.

In order to maintain the licenses for Cerro Blanco and Mita Geothermal in good standing, the Company must comply with the terms of the licenses, which include achieving certain development milestones for the projects. The Company believes that there are currently no expiry proceedings regarding the Cerro Blanco license; however, there can be no assurance that the GDM will not commence expiry proceedings in the future. No expiry proceedings affecting Mita Geothermal have previously been commenced; however, there can be no assurance that proceedings will not be commenced in the future for failure to meet the requirements in the exploitation license. In the event that cancellation proceedings are commenced, the Company believes that it will have a reasonable opportunity to cure any default or deficiency.

Maintaining and Obtaining Licenses and Permits

In the ordinary course of business, the Company will be required to maintain and obtain governmental licenses or permits for the development, construction and commencement of commercial production at Cerro Blanco and Mita Geothermal and other potential projects. Maintaining and obtaining the necessary governmental licenses or permits is a complex and time-consuming process involving numerous jurisdictions and often involving public comment periods and costly undertakings on the part of the Company. The duration and success of the Company's efforts to maintain and obtain licenses or permits are contingent upon many variables not within the Company's control, including local politics, legal challenges and the interpretation of applicable requirements implemented by the licensing, permitting or indigenous peoples consultation processes which could prevent or delay the development or impede the operation of a mine, which could adversely impact the Company's operations and profitability. Potential delays in approval of license or permit amendments and/or new licenses or permits could result in increased duration of assumed project development schedule. The surface mining operation outlined in the Feasibility Study will require a permit amendment. There is no guarantee that any required license or permit amendments and/or required new licenses or permits will be obtained.

Risks and Uncertainties (cont'd)

Environmental Hazards

All phases of Bluestone's future operations with respect to Cerro Blanco and Mita Geothermal will be subject to environmental regulation in Guatemala. Environmental legislation in Guatemala involves strict standards and may entail increased scrutiny, fines and penalties for non-compliance, stringent environmental assessments of proposed projects and a high degree of responsibility for companies and their officers, directors and employees. Changes in environmental regulation, if any, may adversely impact Bluestone's operations and future potential profitability. In addition, environmental hazards which are currently unknown may exist on Cerro Blanco and Mita Geothermal. Bluestone may be liable for losses associated with such hazards or may be forced to undertake extensive remedial clean-up action or to pay for governmental remedial clean-up actions, even in cases where such hazards have been caused by previous or existing owners or operators of the property, or by the past or present owners of adjacent properties or by natural conditions. The costs of such clean-up actions may have a material adverse impact on Bluestone's operations and future potential profitability. Bluestone assumes all environmental liabilities arising from past, present and future activities on Cerro Blanco and Mita Geothermal.

Governmental Laws and Regulations

Bluestone's operations, exploration and development activities with respect to Cerro Blanco and Mita Geothermal will be subject to the laws and regulations of Guatemala that govern various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development, production, post-closure reclamation of mines, imports and exports, price controls, taxation, mining royalties, labour standards and occupational health and safety, including mine safety and historic and cultural preservation. The costs associated with legal compliance are substantial. In addition, possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and mining royalties which have been, or may be, implemented or threatened and the adoption of laws and regulations by neighboring jurisdictions) or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of operations and planned operations at Cerro Blanco and Mita Geothermal. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety impacts of Bluestone's operations, which lawsuits can potentially be heard in British Columbia courts. Such legal actions could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. It may be difficult to strictly comply with all regulations that may be imposed on Bluestone. Bluestone has individuals and consultants to assist it with compliance with such laws and regulations; however, even with the application of considerable skill Bluestone may inadvertently fail to comply with certain laws. Failure to comply with laws and regulations could lead to financial restatements, fines, penalties, loss, reduction or expropriation of entitlements, the imposition of additional local, foreign or governmental parties as joint venture partners with carried or other interests and other material negative impacts on Bluestone.

Risks and Uncertainties (cont'd)

Uncertainty of Development Projects

Mine development projects, including Cerro Blanco, require significant expenditures during the development phase before production is possible. Development projects are subject to the completion of successful feasibility studies and environmental assessments, issuance of necessary governmental permits and availability of adequate financing. The economic feasibility of development projects is based on many factors such as: estimation of mineral reserves, anticipated metallurgical recoveries, environmental considerations and permitting, and anticipated capital and operating costs of these projects. Development projects are uncertain, and it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production. Particularly for development projects, estimates of proven and probable mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of metals from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those currently estimated for a project prior to production. Any of the following events, among others, could affect the profitability or economic feasibility of a project: unanticipated changes in grade and tons of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability and costs of labour, costs of processing and refining facilities, availability of economic sources of power, adequacy of water supply, availability of surface on which to locate processing and refining facilities, adequate access to the site, unanticipated transportation costs, government regulations (including regulations with respect to prices, royalties, duties, taxes, permitting, consultation with indigenous peoples, restrictions on production, quotas on exportation of minerals and environment), fluctuations in metals prices, accidents, labour actions, the availability and delivery of critical equipment, successful commissioning and start-up of operations, including the achievement of designed mill recovery rates and force-majeure events. An additional risk associated with Cerro Blanco is hot water management that will be encountered in the mine dewatering effort.

It is not unusual in new mining operations to experience unexpected problems during the start-up phase and delays can often occur at the start of production. It is likely that actual results for Cerro Blanco will differ from current estimates and assumptions described in the Feasibility Study, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, or increase capital or operating costs above, current estimates. If actual results are less favorable than currently estimated, Bluestone's business, results of operations, financial condition and liquidity could be materially adversely affected.

Fluctuations in the market price of gold, silver and other metals may significantly adversely affect the value of the Company's securities and the ability of the Company to develop Cerro Blanco.

The value of the Company's securities may be significantly affected by the market price of gold, silver and other metals, which are cyclical and subject to substantial price fluctuations. Market prices can be affected by numerous factors beyond the Company's control, including levels of supply and demand for a broad range of industrial products, economic growth rates of various international economies, expectations with respect to the rate of inflation, the relative strength of various currencies, interest rates, speculative activities, global or regional political or economic circumstances and sales or purchases of gold and silver or other metals by holders in response to such factors.

Risks and Uncertainties (cont'd)

Estimates of Mineral Reserves and Resources

The Mineral Reserve and Resource estimates described in the Feasibility Study are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified Mineral Reserve or Resource will ever qualify as a commercially mine-able (or viable) deposit which can be legally and economically exploited. Bluestone relies on laboratory-based recovery models to project estimated ultimate recoveries by mineral type. Actual recoveries may exceed or fall short of projected laboratory test results. In addition, the grade of mineralization ultimately mined may differ from the one indicated by the drilling results and the difference may be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations, inaccurate or incorrect geologic, metallurgical or engineering work and work interruptions, among other things. Short term factors, such as the need for an orderly development of deposits or the processing of new or different grades may have an adverse effect on mining operations or the results of those operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. The estimated Mineral Reserves and Resources described in the Feasibility Study should not be interpreted as assurances of mine life or of the profitability of future operations.

The Business of Exploration and Development for Minerals and Mining Involves a High Degree of Risk

Mineral project development is a speculative business. Mining operations generally involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be able to be overcome. The business of mining is subject to a variety of risks, such as industrial accidents, flooding, environmental hazards such as fires, technical failures, labour disputes and other accidents at the mine facilities, which could materially adversely affect future mining operations and Bluestone’s financial position. Such occurrences, against which Bluestone cannot or may elect not to insure, may delay production, increase production costs or result in liability. The payment of such liabilities may have a material adverse effect on Bluestone’s financial position. Mining operations such as those proposed at Cerro Blanco are also subject to technical challenges including, but not limited to, hot water management that will be encountered during the mine dewatering effort. While Bluestone believes that these challenges can be managed, there can be no assurance that they can be managed in a safe and cost-effective manner. The marketability of minerals acquired or discovered by Bluestone may be affected by numerous factors which are beyond the control of Bluestone and which cannot be accurately predicted, such as, but not limited to, market fluctuations, the proximity and capacity of mining facilities, mineral markets and processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, any of which could result in Bluestone not receiving an adequate return on invested capital.

Anti-corruption Laws

Bluestone’s operations are governed by, and involve interactions with, many levels of government in Guatemala. Bluestone is required to comply with anti-corruption and anti-bribery laws, including the Canadian *Corruption of Foreign Public Officials Act* and the U.S. Foreign Corrupt Practices Act. In recent years, there has been a general increase in both the frequency of enforcement and the severity of penalties under such laws, resulting in greater scrutiny and punishment to companies convicted of violating anti-corruption and anti-bribery laws. Furthermore, a company may be found liable for violations by not only its employees, but also by its contractors and third-party agents. Bluestone’s internal procedures and programs may not always be effective in ensuring that Bluestone, its employees, contractors or third-party agents will comply strictly with such laws. If Bluestone becomes subject to an enforcement action or in violation of such laws, this may have a material adverse effect on Bluestone’s reputation, result in significant penalties, fines and/or sanctions imposed on Bluestone, and/or have a material adverse effect on Bluestone’s operations.

Risks and Uncertainties (cont'd)

Tax Risks

Changes to, or differing interpretations of, taxation laws or regulations in any of Canada, Barbados and Guatemala or any of the countries in which the Company's assets or relevant contracting parties are located could result in some or all of the Company's profits being subject to additional taxation. Taxation laws are complex, subject to differing interpretations and applications by the relevant tax authorities. There is no assurance that new taxation rules or accounting policies will not be enacted or that existing rules will not be applied in a manner which could result in the Company's profits being subject to additional taxation or which could otherwise have a material adverse change on profitability, results of operations, financial condition and the trading price of the Company's securities. Additionally, the introduction of new tax rules or accounting policies, or changes to, or differing interpretations of, or application of, existing tax rules or accounting policies could make investments by the Company less attractive to counterparties. Such changes could adversely affect the Company's ability to acquire new assets or make future investments.

Reliance on Third Parties and Risk Associated with Foreign Subsidiaries

The Company relies on the services of third parties for certain aspects of exploration, development and mining and geothermal operations and there is no assurance that these third parties will be available to the Company in the future on acceptable commercial terms, or at all. If the Company were to lose one or more of these third-party providers, it may not be able to replace them in a cost-effective manner, or at all. This could adversely affect the business and the results of operations of the Company. Additionally, the Company conducts its business in Guatemala through one or more Guatemalan subsidiaries. Any limitations on the transfer of cash or other assets between the Company and such subsidiaries or the perception that such limitation may exist now or in the future, could have an adverse impact on the Company's valuation and the price of its securities.

Property Commitments

The Company's properties may be subject to various land payments, royalties and/or work commitments. Failure by the Company to meet its payment obligations or otherwise fulfill its commitments under these agreements could result in the loss of related property interests.

Limited Operational History

The Company has a limited history of operations and there is no reasonable prospect for the generation of material revenue by the Company at least until such time as commercial production of gold commences at Cerro Blanco. The Company is subject to many risks, including under-capitalization, cash shortages limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on securityholders' investment and the likelihood of success must be considered in light of its early stage of operations. Additionally, the Company has no intention of paying any dividends in the near future. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing, if able to be obtained, can be arranged on terms acceptable to the Company.

Substantial Capital Requirements

The Company may have limited ability to access the capital necessary to undertake or complete future projects. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations or for the development of an open pit mine at Cerro Blanco could have a material adverse effect on the Company's financial condition, results of operations, prospects or market value.

Risks and Uncertainties (cont'd)

Acquisition Risk

As part of the growth strategy of Bluestone, it may pursue acquisitions of mineral resource businesses. These acquisitions may involve significant cash expenditures, debt incurrence, additional operating losses and expenses and compliance risks that could have a material adverse effect on the financial condition and results of operations of Bluestone. Even if completed, Bluestone may not be able to successfully integrate acquired businesses into its operations and, therefore, it may not be able to realize the intended benefits from an acquisition. If it fails to successfully integrate acquisitions, the financial condition and results of operations of Bluestone may be materially adversely affected.

Future Sales or Issuances of Common Shares

The Company may issue common shares or other securities to finance future activities. The Company cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the common shares. Sales or issuances of substantial numbers of common shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the common shares. With any additional sale or issuance of common shares, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share. The exercise of stock options, warrants and other exchangeable or convertible securities already issued by the Company and the issuance of additional securities in the future could result in dilution in the value of the common shares and the voting power represented by such shares. To the extent holders of the Company’s stock options or other securities exercise their securities and sell the common shares they receive, the trading price of the common shares on the TSXV may decrease due to the additional amount of common shares available in the market.

Competition

The mining industry is intensely competitive, and Bluestone competes with many companies that have more financial and technical resources. Since mines have a limited life, the Company must compete with others who seek mineral reserves through the acquisition of new properties. In addition, the Company also competes for the technical expertise needed to find, develop and operate such properties, the labour to operate the properties and the capital for the purpose of funding such properties. Many competitors not only explore for and mine metals but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund the Company’s operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Bluestone’s prospects for mineral exploration and development and success in the future. In addition, some of the Company’s competitors may have an advantageous market position and have greater financial and other resources and may, therefore, be able to better withstand poor and volatile market conditions, obtain financing on better terms and attract better or more qualified employees, any of which may have an adverse impact on the Company’s business, financial condition and results of operations. There can be no assurance that the Company can compete effectively with these companies.

Dependence on Key Personnel

Bluestone is reliant on key personnel employed or engaged by the Company. Loss of such personnel may have a material impact on the performance of Bluestone. In addition, the recruiting of qualified personnel is critical to the Company’s success. As the Company’s business grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff for operations. While Bluestone believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Risks and Uncertainties (cont'd)

Changes in Climate Conditions

Governments are moving to introduce climate change legislation and treaties at the international, national, state/province and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. If the current regulatory trend continues, Bluestone expects that this will result in increased costs. In addition, physical risk of climate change may also have an adverse effect on Bluestone's operations. These risks include sea level rise, extreme weather events, and resource shortages due to disruption of delivery items. The Company can provide no assurance that efforts to mitigate the risks of climate changes will be effective.

Control Person of the Company

Certain shareholders exercise control or direction over an aggregate of approximately 28% of the issued and outstanding common shares. As such, these shareholders may have the ability to substantially affect the outcome of matters submitted to the shareholders of the Company for approval. The Company's interests and those of the major shareholders may at times conflict, and this conflict might be resolved against the Company's interests. Sales of shares by major shareholders can have a negative effect on the Company's share price.

Public Company Requirements

As a public company, Bluestone is subject to the reporting requirements of the Canadian securities regulators, the listing requirements of the TSXV and other applicable securities rules and regulations. Compliance with these rules and regulations has increased, and will likely continue to increase the Company's legal and financial compliance costs, make some activities more difficult, time-consuming or costly and place significant strain on the Company's personnel, systems and resources. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time. This could result in continuing uncertainty regarding compliance matters, higher administrative expenses and a diversion of management's time and attention. Further, if the Company's compliance efforts differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against the Company and the Company's business may be harmed. Being a public company that is subject to these rules and regulations also makes it more expensive for Bluestone to obtain and retain director and officer liability insurance, and Bluestone may in the future be required to accept reduced coverage or incur substantially higher costs to obtain or retain adequate coverage.

Marketability of Natural Resources

The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are discovered, a profitable market will exist for the sale of such minerals. Factors beyond the control of Bluestone may affect the marketability of any mineral occurrences discovered. The price of metals and minerals has experienced volatile and significant price movements over short periods of time and is affected by numerous factors beyond the control of Bluestone, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.

Risks and Uncertainties (cont'd)

Conflicts of Interest

Certain of the directors of Bluestone are directors or officers of other mineral resource companies and, to the extent that such other companies may be interested in a project also of interest to Bluestone, or may in the future participate in one or more ventures in which Bluestone participates, such directors may have a conflict of interest in negotiating and concluding terms respecting such other projects or the extent of such participation. In the event that such a conflict of interest arises, at a meeting of the directors of Bluestone, a director who has such a conflict will abstain from voting for or against the approval of such acquisition or participation. In the appropriate cases, Bluestone will establish a special committee of independent directors to review a matter in which several directors or management may have a conflict.

Uninsurable Risks

Bluestone’s business is subject to a number of risks and hazards generally, including, but not limited to, adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Bluestone’s properties or the properties of others, delays in mining, monetary losses and possible legal liability. Although Bluestone intends to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance may not cover all of the potential risks associated with a mining company’s operations. Bluestone may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Bluestone or to other companies in the mining industry on acceptable terms. Bluestone might also become subject to liability for pollution or other hazards which may not be insured against or which Bluestone may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Bluestone to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Bluestone’s operations, financial condition and results of operations.

Price Volatility of Publicly Traded Securities

In recent years, the securities markets in Canada and the United States have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in price will not occur. It may be anticipated that any quoted market for the common shares will be subject to market trends generally, notwithstanding any potential success of Bluestone in creating revenues, cash flows or earnings.

Risk of Fines and Penalties

The Company may be subject to potential fines and penalties in local jurisdictions where it conducts business, resulting from changes in policy or otherwise. To mitigate these risks, the Company monitors compliance with local regulations governing companies through its local legal counsel experienced in applicable legal matters.

Risks and Uncertainties (cont'd)

Information Technology Security Risks

Bluestone maintains information technology infrastructure, applications and communications networks to support its business activities. These systems could be subject to security breaches resulting in theft, unauthorized disclosure of confidential information or corruption of information, including information relating to acquisitions and divestments, strategic decision-making, investment market communications or commercially sensitive information relating to major contracts. Security breaches could also result in misappropriation of funds or disruptions to business operations.

Litigation Risk

The Company is subject to litigation risks. The mining industry is subject to legal risks and claims. Such legal claims can relate to various matters including, without limitations, mining laws, environmental laws, labour laws and anti-corruption and anti-bribery laws in the jurisdictions in which the Company operates. Defense and settlement costs associated with legal claims can be substantial, even with respect to claims that are frivolous or have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material adverse impact on its financial performance, cash flow and results of operations.

Share Price Risk

The market price of a publicly traded stock is affected by many variables not directly related to the success of the Company, including the market for all resource sector shares, the breadth of the public market for the stock, and the attractiveness of alternative investments. The effect of these and other factors on the market price of the common shares of the Company on the TSXV suggests that the share price will be volatile.

Geopolitical Risk and Conflict including the Ukraine-Russia Conflict

In February 2022, Russia commenced a military invasion of Ukraine. In response, many jurisdictions have imposed strict economic sanctions against Russia and its interests. While Bluestone does not have any operations in Ukraine or Russia, its business may be impacted by the ongoing conflict between Russia and Ukraine and the related economic sanctions. The conflict and economic sanctions may give rise to indirect impacts, including but not limited to, increased fuel prices, supply chain challenges and disruptions, logistics and transport disruptions and heightened cybersecurity disruptions and threats. Increased fuel prices and ongoing volatility of such prices may have adverse impacts on Bluestone’s costs of doing business. In addition, if the Ukraine-Russia conflict escalates and expands to other nations, this could result in a global economic downturn that could adversely affect Bluestone’s business. The continuance or escalation of the military conflict between Russia and Ukraine and the corresponding economic sanctions imposed on Russia, may also result in increased volatility in the market for the Company’s securities and could have other effects which are currently unknown. The Company cannot accurately predict the impact that ongoing conflict in Ukraine will have on its financial position or operations.

Inflation

Throughout 2022 and 2021, global inflationary pressures increased. Inflationary pressures remain elevated, with consumer price indices reaching levels not seen in decades. In addition to potential impacts on the price of gold and silver, general inflationary pressures may affect Bluestone’s cost of labour, commodity, transportation and other input costs. This could have a materially adverse effect on Bluestone’s financial condition, as well as its capital expenditures for the development of Cerro Blanco. While the impacts of inflation risk on a stand-alone basis are modest, rising prices and prolonged and elevated inflation could present challenges.

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 and options are outstanding as at March 9, 2023:

	Number of Shares	Exercise Price C$	Remaining life (years)
Issued and Outstanding Common Shares	151,288,141		
Stock options	13,234,542	0.57 - 1.91	0.10 - 4.91
Fully diluted at March 9, 2023	**164,522,683**		

Off Balance Sheet Arrangements

The Company does not utilize off balance sheet arrangements.

Transactions with Related Parties

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of 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 and comprehensive loss is as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021
Salaries and benefits	**$1,247,920**	$1,552,383
Share-based compensation	**1,043,645**	1,319,124
	$2,291,565	$2,871,507

Accrued compensation due to key management as at December 31, 2022 was $84,908 (December 31, 2021 - $553,136). The balances payable were in connection with the payment of short-term incentives related to the years ended December 31, 2022 and 2021.

Related party expenses

During the year ended December 31, 2022, the Company incurred $380,150 (December 31, 2021 - $345,055) in office facilities and services expenses pursuant to an agreement with Namdo Management Services Ltd. ("Namdo"). A key management person of the Company is the owner of Namdo.

Loan

The Lender and its affiliates are significant shareholders of the Company, making them a related party. Details of the Loan can be found in the MD&A section "*Liquidity and Capital Resources*" and note 7 of the Company's consolidated financial statements for the year ended December 31, 2022.

Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risk management can be found in notes 13 and 14, respectively, of the Company's audited consolidated financial statements for the year ended December 31, 2022.

Significant Accounting Policies, Estimates and Judgments

A description of the Company's significant accounting policies, estimates and judgments, can be found in note 2(q), of the Company's audited consolidated financial statements for the year ended December 31, 2022.

New Standards and Interpretations

A description of new IFRS standards, interpretations, amendments and improvements to existing standards can be found in note 2(r) of the Company's audited consolidated financial statements for the year ended December 31, 2022.

Non-GAAP Measures

The Company has included certain non-Generally Accepted Accounting Principles ("GAAP") measures in this MD&A that are not defined under IFRS, including AISC per payable ounce of gold sold and per tonne processed. Non-GAAP measures do not have any standardized meaning prescribed under IFRS and, therefore, they may not be comparable to similar measures employed by other companies. The Company believes that these measures, in addition to measures prepared in accordance with GAAP, 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-GAAP 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 GAAP. These measures do not have any standardized meaning prescribed under GAAP, and therefore may not be comparable to similar measures presented by other issuers.

All-in sustaining costs

The Company believes that 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 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.

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 audited consolidated financial statements for the year ended December 31, 2022 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 audited consolidated financial statements for the year ended December 31, 2022 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 March 9, 2023. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional information relating to Bluestone, including its most recent Annual Information Form, is available on SEDAR at www.sedar.com or can be obtained by contacting:

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