



# Bluestone

RESOURCES INC.

**Darren Klinck | President, CEO & Director**  
**Cerro Blanco Feasibility Study Presentation January 2019**

***Vision – A leading natural resource company driving stakeholder value through responsible, sustainable, and innovative development***

# Forward Looking Statements & Risk Factors

TSXV:BSR OTCQB:BBSRF | 2

This presentation contains “forward-looking information” within the meaning of Canadian securities legislation and “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, “forward-looking statements”). All statements, other than statements of historical fact, that address activities, events or developments that Bluestone Resources Inc. (“Bluestone” or the “Company”) believes, expects or anticipates will or may occur in the future including, without limitation: The conversion of the inferred mineral resources; increasing the amount of measure and indicated mineral resource; The proposed timeline and benefits of further drilling and Feasibility Study; Statements about the Company’s plans for its mineral properties; Bluestone’s business strategy, plans and outlook; the future financial or operating performance of Bluestone; capital expenditures, corporate general and administration expenses and exploration and development expenses; expected working capital requirements; the future financial estimates of the Cerro Blanco Project economics, including estimates of capital costs of constructing mine facilities and bringing a mine into production and of sustaining capital costs, estimates of operating costs and total costs, net present value and economic returns; proposed mine life, production timelines and rates; funding availability; resource estimates; metal or mineral recoveries; metal price assumptions; and future exploration and operating plans are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to Bluestone and often use words such as “expects”, “plans”, “anticipates”, “estimates”, “intends”, “may” or variations thereof or the negative of any of these terms.

All forward-looking statements are made based on the Company’s current beliefs as well as various assumptions made by the Company and information currently available to the Company. Generally, these assumptions include, among others: the ability of Bluestone to carry on exploration and development activities; the price of gold, silver and other metals; there being no material variations in the current tax and regulatory environment; the exchange rates among the Canadian dollar, Guatemalan quetzal and the United States dollar remaining consistent with current levels; the presence of and continuity of metals at the Cerro Blanco Project at estimated grades; the availability of personnel, machinery and equipment at estimated prices and within estimated delivery times; metals sales prices and exchange rates assumed; appropriate discount rates applied to the cash flows in economic analyses; tax rates and royalty rates applicable to the proposed mining operation; the availability of acceptable financing; anticipated mining losses and dilution; success in realizing proposed operations; anticipated timelines for community consultations and the impact of those consultations on the regulatory approval process.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, Bluestone. Factors that could cause actual results or events to differ materially from current expectations include, among other things: risks and uncertainties related to expected production rates, timing and amount of production and total costs of production; risks and uncertainties related to ability to obtain or maintain necessary licenses, permits, or surface rights; risks associated with technical difficulties in connection with mining development activities; risks and uncertainties related to the accuracy of mineral resource estimates and estimates of future production, future cash flow, total costs of production and diminishing quantities or grades of mineral resources; risks associated with geopolitical uncertainty and political and economic instability in Guatemala; risks and uncertainties related to interruptions in production; the possibility that future exploration, development or mining results will not be consistent with the Company’s expectations; uncertain political and economic environments and relationships with local communities; 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; risks related to fluctuations in currency exchange rates; as well as those factors discussed under “Risk Factors” in the Company’s Amended and Restated Annual Information Form.

Any forward-looking statement speaks only as of the date on which it was made, and except as may be required by applicable securities laws, Bluestone disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although Bluestone believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue reliance should not be put on such statements due to their inherent uncertainty. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

All mineral resource information has been estimated and disclosed in accordance with the definition standards on mineral resources and mineral reserves of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in Canadian Securities Administrators National Instrument 43-101 (“NI 43-101”), which requires disclosure of mineral resource information. U.S. reporting requirements for disclosure of mineral properties are governed by the United States Securities and Exchange Commission Industry Guide 7, which sets forth substantially different guidelines than NI 43-101.

The Company has included certain non-International Financial Reporting Standards (“IFRS”) measures in this presentation. 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. The Company believes that all-in sustaining costs (“AISC”) more fully defines the total costs associated with producing gold. The Company calculates AISC as the sum of refining costs, third party royalties, site operating costs, sustaining capital costs and closure capital costs all divided by the gold ounces sold to arrive at a per ounce amount. Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital. Total cash costs is a common financial performance measure in the gold mining industry but has no standard meaning. The Company reports total cash costs on a gold ounce sold basis. The Company believes that, in addition to measures prepared in accordance with IFRS, such as revenue, certain investors can use this information to evaluate the Company’s performance and ability to generate operating earnings and cash flow from its mining operations. Management uses this metric as an important tool to monitor operating cost performance. Total cash costs include (cost of sales such as mining, processing, maintenance and site administration, royalties, selling costs and by-product credits) to arrive at total cash costs per ounce of gold sold. Other companies may calculate this measure differently. ASIC and total cash costs are calculated based on the definitions published by the World Gold Council (“WGC”) (a market development organization for the gold industry comprised of and funded by 18 gold mining companies from around the world). The WGC is not a regulatory organization.

This presentation does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

## Compliance with NI 43-101

Certain information in this presentation is derived from the results of a Feasibility Study of the Cerro Blanco Project effective January 29, 2019, prepared in accordance with NI 43-101. A copy of the Feasibility Study is available on the SEDAR website under the Company’s profile at [www.sedar.com](http://www.sedar.com).

## Risk Factors

As a mineral resource development company, Bluestone is engaged in a highly speculative business that involves a high degree of risk and is frequently unsuccessful. In addition to the information disclosed elsewhere in this presentation, readers should carefully consider the risks and uncertainties described in the Company’s Amended and Restated Annual Information Form dated June 2, 2017 and its Final Short Form Prospectus dated June 15, 2017, both of which are available at [www.sedar.com](http://www.sedar.com). These risk factors do not necessarily comprise all of the risks to which Bluestone is or will be subject.

## Cerro Blanco Underground

### Permitted

Exploitation mining license with underground mining activities occurring

### Infrastructure

US\$230 M spent to date on the project (includes US\$60 M on the geothermal project), 3 km of underground development

### High Grade

Resource of 1.2 Moz at 10.1 g/t gold (M&I Category)

### Geothermal Power

Potential for up to 50 MW of annual production, 19 geothermal wells in place

### 1<sup>st</sup> Quartile AISC<sup>1</sup>

Feasibility Study Complete | Robust economics, rapid payback, AISC of \$579/oz Au, Avg. prod. of 146 koz Au/yr

1. Feasibility Study on the Cerro Blanco Gold project as disclosed in the January 29, 2019 press release. Production based on the first 3 years of mine life.

# Corporate Structure

TSXV:BSR OTCQB:BBSRF | 4

## Capital Structure – Jan 15, 2019

### Listing

TSXV:BSR | OTCQB:BBSRF

### Share Price

C\$1.25

### Shares Outstanding

63,840,560

### Options

5,930,000

### Warrants<sup>1</sup>

5,189,309

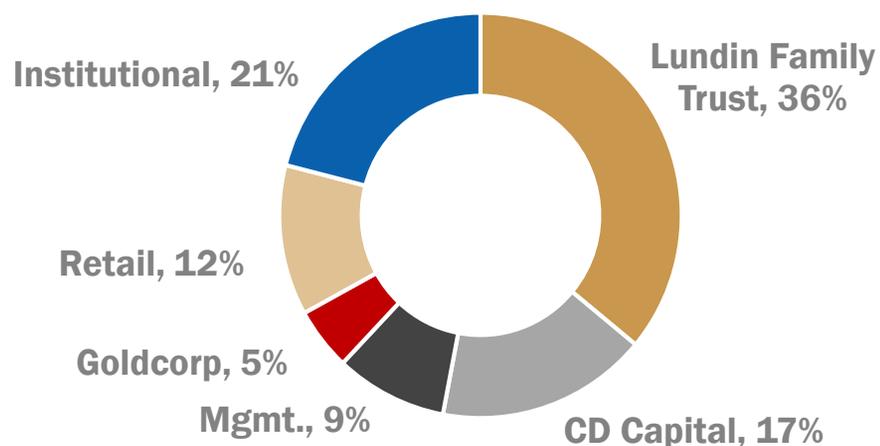
### Cash<sup>2</sup>

~US\$11.8 M

### Enterprise Value

~US\$51 M

### Major Shareholders



## Analyst Coverage (Avg. target price C\$2.64)

C\$3.00 Kevin MacKenzie **CANACCORD** Genuity

C\$3.10 Tyron Breytenbach **CORMARK** SECURITIES INC.

C\$2.55 Ian Parkinson **GMP**

C\$2.75 Kerry Smith **HAYWOOD** CAPITAL MARKETS

C\$2.25 David Medilek **MACQUARIE**

C\$2.40 John Sclodnick **NATIONAL BANK**

C\$2.40 Philip Ker **PI FINANCIAL** experience.driven.

1. Warrants: 3,654,162 @ \$0.35 and 1,535,147 @ \$2.00, Options @ \$1.50

2. Estimated as of September 30, 2018

## Acquisition of Tahoe by Pan American Silver (\$1.1 billion)

- Reaffirms opportunity and confidence in the jurisdiction
- Constitutional court resolution finalized allowing commencement of the ILO 169 consultation process

## Guatemala is the largest economy in Central America (\$US72B 2017E) and one of the strongest performing

- **Growing GDP** per capita with stable growth rates in the range of 2% to 4% per year
- **Predominately agriculture based** – vegetables, fruit and sugar make up the main exports
- **Competitive tax regime** & pro-business approach to government and fiscal management
- **Stable currency**, FX rates have fluctuated between 7 – 8 Quetzals/USD over the last 10 yrs in comparison to peers such as:
  - Mexican Peso (12 – 20/USD)
  - Brazilian Real (1.5 – 3.5/USD)
  - Chilean Peso (450 – 700/USD)
- **Double B (BB) credit rating**
  - Brazil – (BB-)
  - Burkina Faso – (B)
  - Ecuador – (B-)
  - Mexico – (BBB+)
  - Colombia – (BBB)



## Feasibility Study announced January 2019

### Geology

- Review and update to the geology and structural controls
- Detailed logging of 120 historic drill holes
- Underground geological and structural mapping
- 12,000 m underground and surface drill program (5 rigs)
- Underground channel sampling
- Updated resource estimate

### Mining

- Mine plan completed
- Mining activities undertaken in 2018

### Water Management

- Detailed groundwater model
- Flow testing program

### Team

- Preparations for advancement beyond completion of the Feasibility Study

- Bluestone engaged a consortium of independent consultants, led by JDS Energy & Mining Inc., an international engineering firm with extensive experience in both the construction and operation of mining projects
  - The study was supported by additional leading expert consultants, including: Capuano Engineering, Hatch Ltd., Kirkham Geosystems Ltd. and Stantec Inc.
- A Technical Advisory Committee (“TAC”) was established to act as a peer review over key technical aspects of the study. The TAC committee is a group of internationally recognized technical experts who have been engaged with management and the JDS area leads

## Technical Advisory Committee

### Alf Hills (Chair)

Mining, Placer Dome, CIM

### Scott Donald

Hydrogeologist, Golder

### Allan Moss

Mining & Geo-technical, SRK, Golder, Rio Tinto

### Roger Nendick

Operations, Sherritt, Fluor, Glamis

### Robert Sim

Resource Estimation, SIM Geological, Inmet

### Ward Wilson

Mine Waste Management, University of Alberta

# Feasibility Study Overview

## Robust economics with first quartile costs and rapid payback

### Feasibility Study Highlights

**Peak Production**  
**149 koz Au/yr**

**Avg. Production**  
**146 koz Au/yr<sup>1</sup>**

**Initial Capex**  
**US\$196 M**

**Avg. AISC**  
**US\$579/oz Au**

**NPV<sub>5%</sub> US\$241 M**

**IRR 34%**

### Operating Summary

Gold Price	\$1,250
Initial Mine Life	8 years
Tonnes Milled	3.4 Mt
LOM Avg. Grade	8.49 g/t Au   32.24 g/t Ag
Recovery	96% Au   85% Ag
Avg. Throughput	1,250 tpd
LOM Total Production	902 koz
LOM Avg. Production	113 koz/yr Au
Avg. Production (Yr. 1 - 3)	146 koz Au

### Cost Summary

LOM Avg. Cash Costs (net credits)	US\$424/oz Au
LOM Avg. AISC (net credits)	US\$579/oz Au
Initial Capex	US\$196 M
Sustaining Capex	US\$140 M

### Economics

After-Tax NPV <sub>5%</sub>	US\$241 M
After-Tax IRR	34.0%
After-Tax Pay-Back	2.1 years

<sup>1</sup> Average gold production in the first three years of operations.

All numbers in US dollars unless otherwise stated, base case shown at \$1,250/oz gold and \$18.00/oz Ag.

**Average annual production of 146,000 oz Au/yr over the first three years**

## Processing

- 1,250 tpd
- Avg. gold recovery 96%
- Avg. head grade of 8.5 g/t Au

## Production Profile

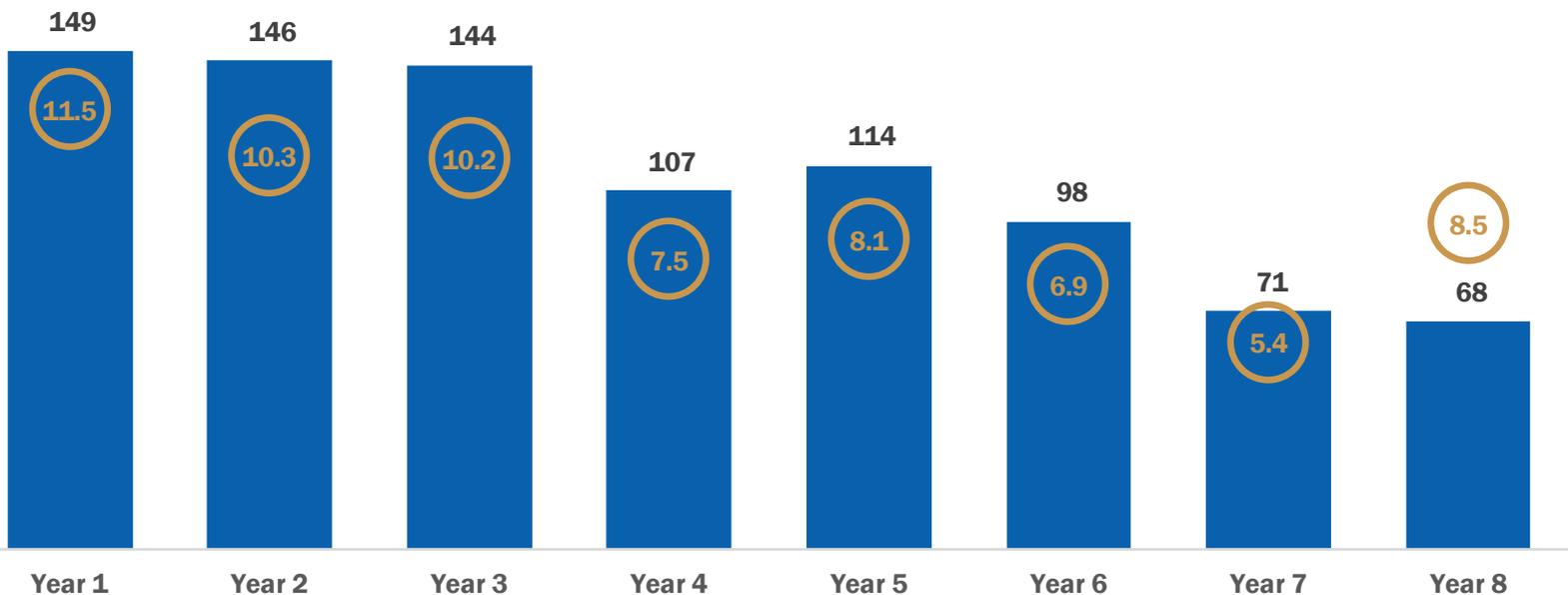
- Avg. annual production of 113 koz/yr Au LOM
- Total production of 902 koz Au
- Initial 8 year mine life

## Mine Life Extension

- Infill drilling program underway to convert current Inferred resources (350 koz)
- Further targeting resource extension along known veins that continue outside of the current resource envelope

## Production Profile & Head Grade

■ Gold Head Grade (g/t)  
■ Annual Gold Production (koz)



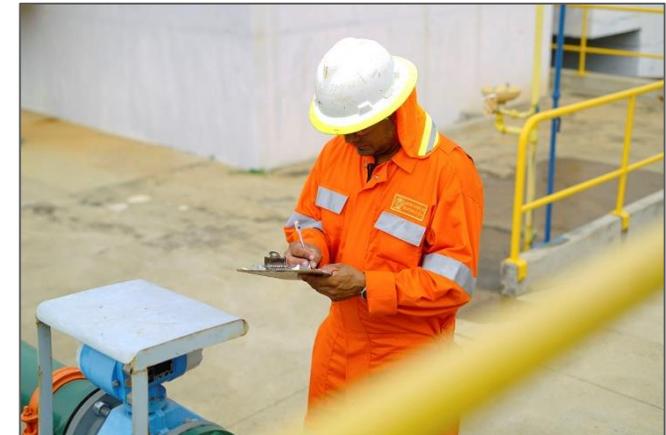
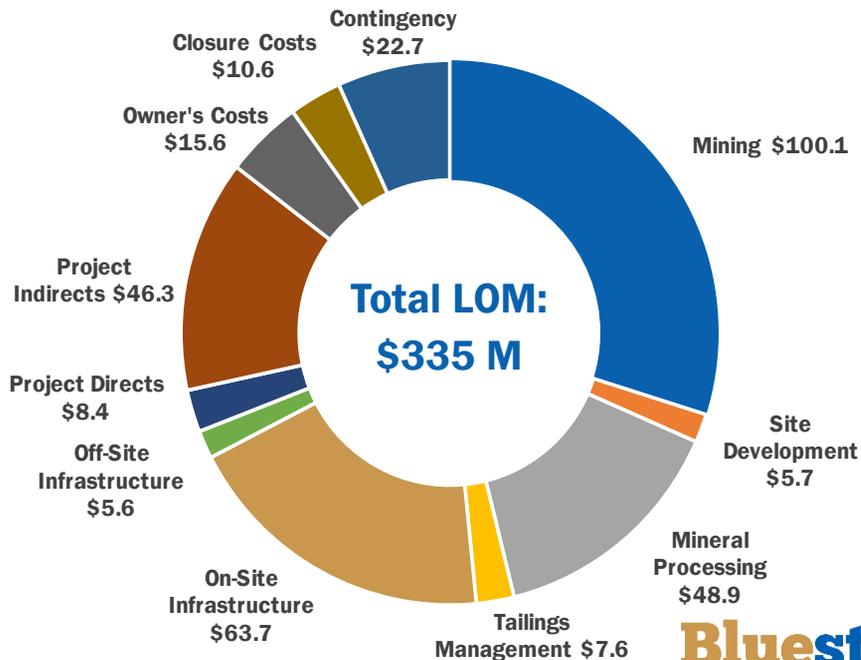
**Infill drill program underway to convert Inferred resources**



# Capital Cost Estimate

## Leverage existing infrastructure

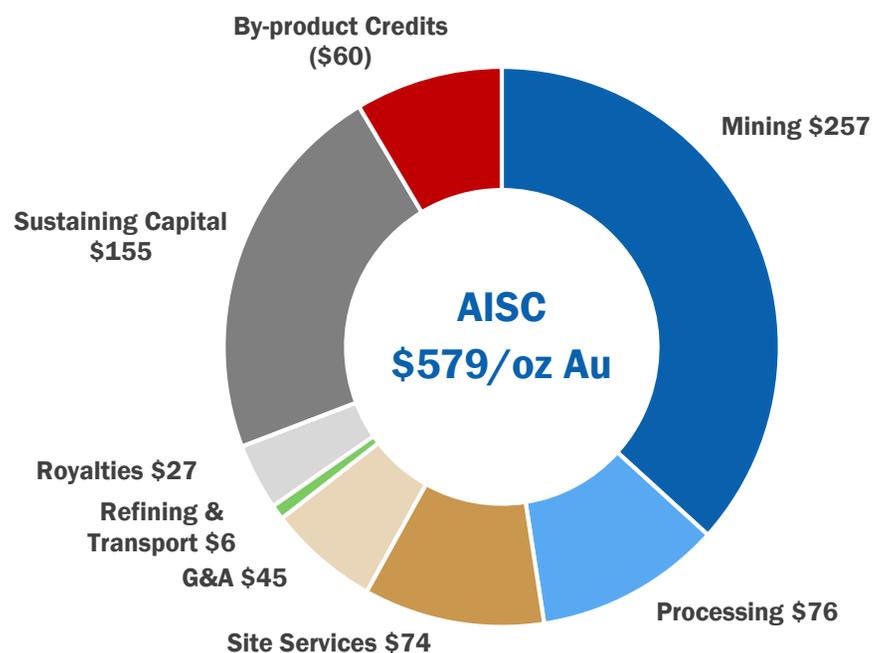
	Initial Capital (\$M)	Sustaining Capital (\$M)	LOM (\$M)
Mining	\$32.4	\$67.7	\$100.1
Site Development	\$5.3	\$0.4	\$5.7
Mineral Processing	\$44.7	\$4.2	\$48.9
Tailings Management	\$2.5	\$5.1	\$7.6
On-Site Infrastructure	\$19.2	\$44.5	\$63.7
Off-Site Infrastructure	\$5.6	-	\$5.6
Project Directs	\$8.4	-	\$8.4
Project Indirects	\$39.3	\$7.0	\$46.3
Owners Costs	\$15.6	-	\$15.6
Closure Costs		\$10.6	\$10.6
Contingency	\$22.7	-	\$22.7
<b>Total</b>	<b>\$195.7</b>	<b>\$139.6</b>	<b>\$335.2</b>



# Robust, High Margin Project

**LOM AISC \$579/oz Au – Lowest quartile in the industry**

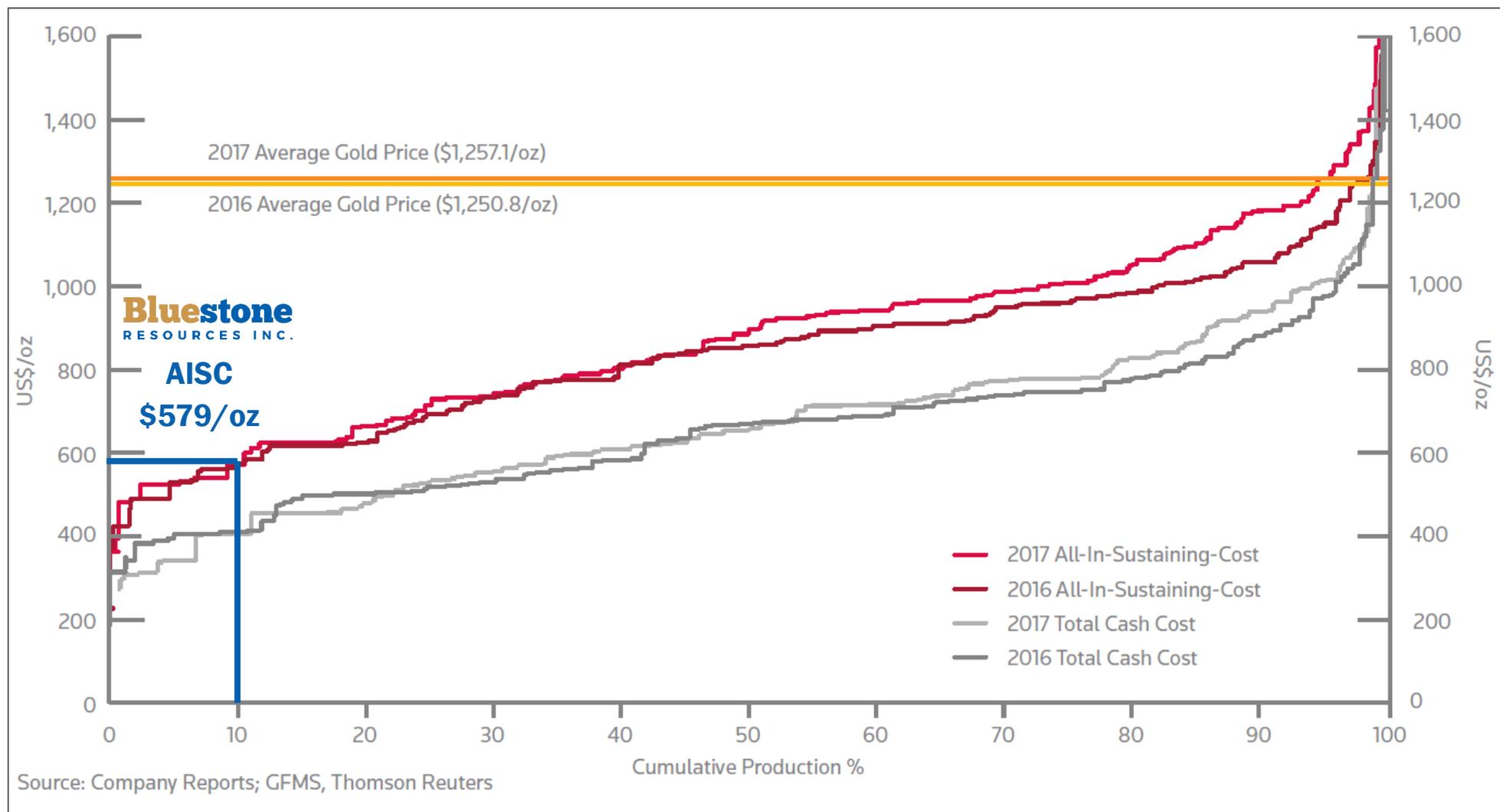
## Breakdown of costs per ounce gold (\$/oz)



	Cost per Tonne Milled (\$/t)	Cost Per Ounce (\$/oz)
Mining	\$67	\$257
Processing	\$20	\$76
Site Services (dewatering)	\$19	\$74
G&A	\$12	\$45
<b>Total Direct Operating Costs</b>	<b>\$118</b>	<b>\$451</b>
Refining & Transport	-	\$6
Royalties	-	\$27
By-product Credits	-	(\$60)
<b>Total Cash Costs (net credits)</b>	<b>-</b>	<b>\$424</b>
Sustaining Capital	-	\$155
<b>AISC</b>	<b>-</b>	<b>\$579</b>

# First Quartile All-In Sustaining Costs

The 2017 global average for AISC was \$878/oz Au, Cerro Blanco at \$579/oz<sup>1</sup> Au would be in the first quartile of the cost curve for the industry



1. All-in sustaining costs ("AISC") are presented as defined by the World Gold Council less corporate G&A. Calculated as: (refining costs + third party royalties + operating costs + sustaining capital costs + closure capital costs) / payable gold ounces

# Strong Cash Generation

Average annual production of 146,000 oz Au/yr over the first three years

**113,000 oz**

LOM Avg. Annual Au Production

**\$90 Million**

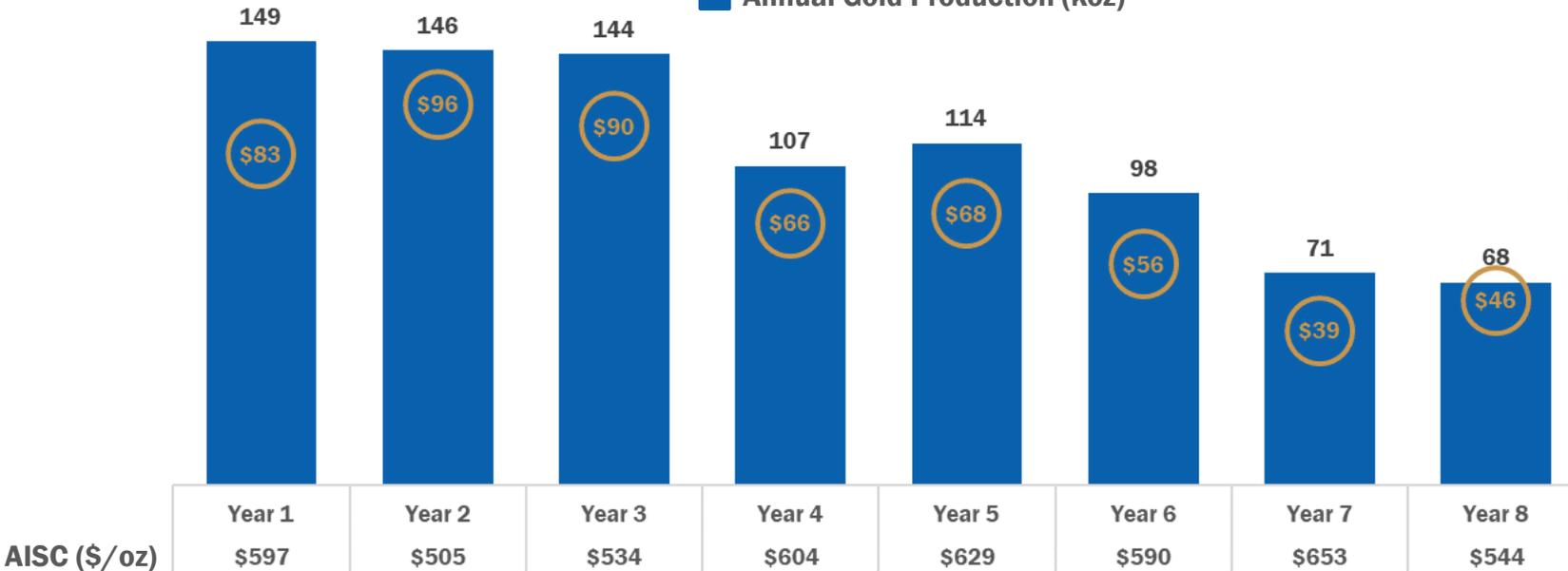
Avg. Annual Free Cash Flow<sup>1</sup>

**\$538 Million**

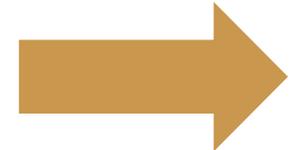
LOM Free Cash Flow<sup>2</sup>

## Production Profile & Free Cash Flow

■ Free Cash Flow (\$M)  
■ Annual Gold Production (koz)



Infill drill program underway to convert Inferred resources



1. Based on the first three years of production.  
2. Unlevered basis.

# Mineral Reserves and Resources

Resource to reserve conversion was ~ 80%

## Mineral Reserve Estimate

3.5 g/t Au Cut-Off	Tonnes (000s t)	Grade		Resource	
		Gold (g/t)	Silver (g/t)	Gold (koz)	Silver (koz)
<b>Proven</b>	313	8.3	31.4	83	315
<b>Probable</b>	3,131	8.5	32.3	857	3,254
<b>Total</b>	3,444	8.5	32.2	940	3,570

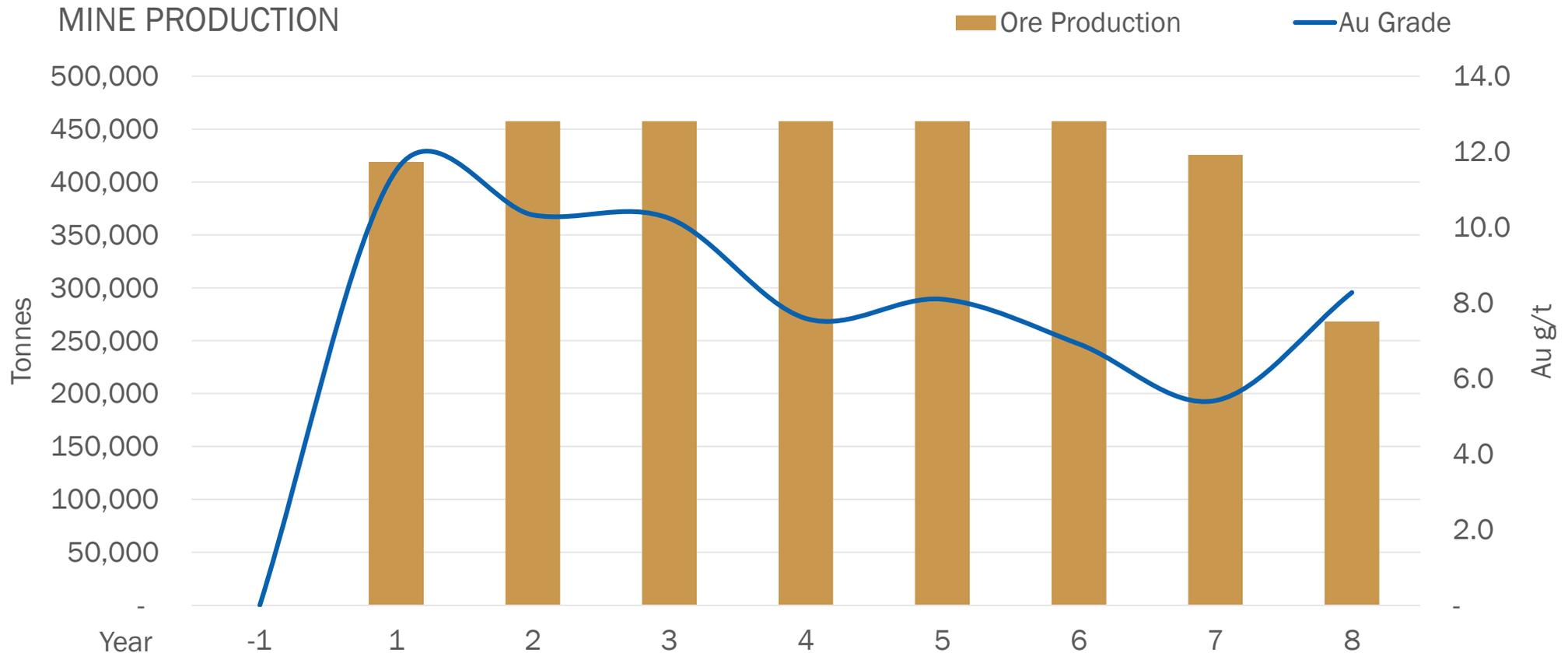
## Mineral Resource Estimate

3.5 g/t Au Cut-Off	Tonnes (000s t)	Grade		Resource	
		Gold (g/t)	Silver (g/t)	Gold (Moz)	Silver (Moz)
<b>Measured</b>	290	10.3	39.1	0.10	0.4
<b>Indicated</b>	3,426	10.0	37.8	1.11	4.2
<b>M&amp;I Total</b>	3,716	10.1	37.9	1.20	4.5
<b>Inferred</b>	1,373	8.1	23.6	0.36	1.0

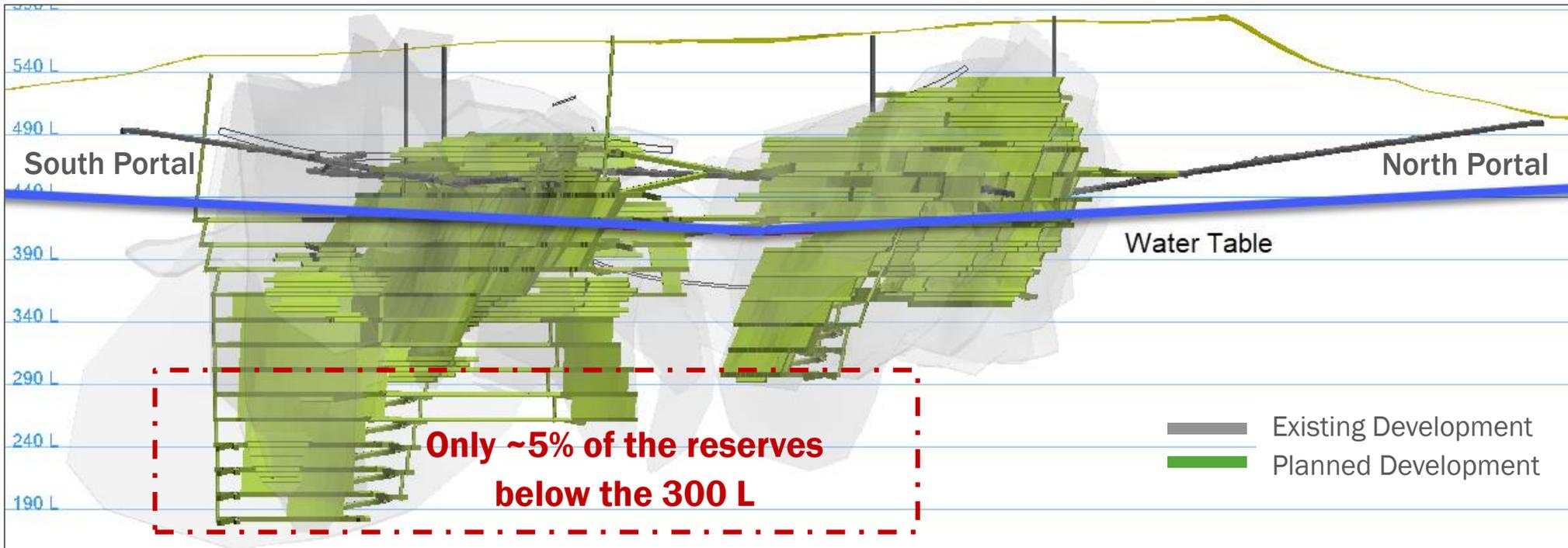
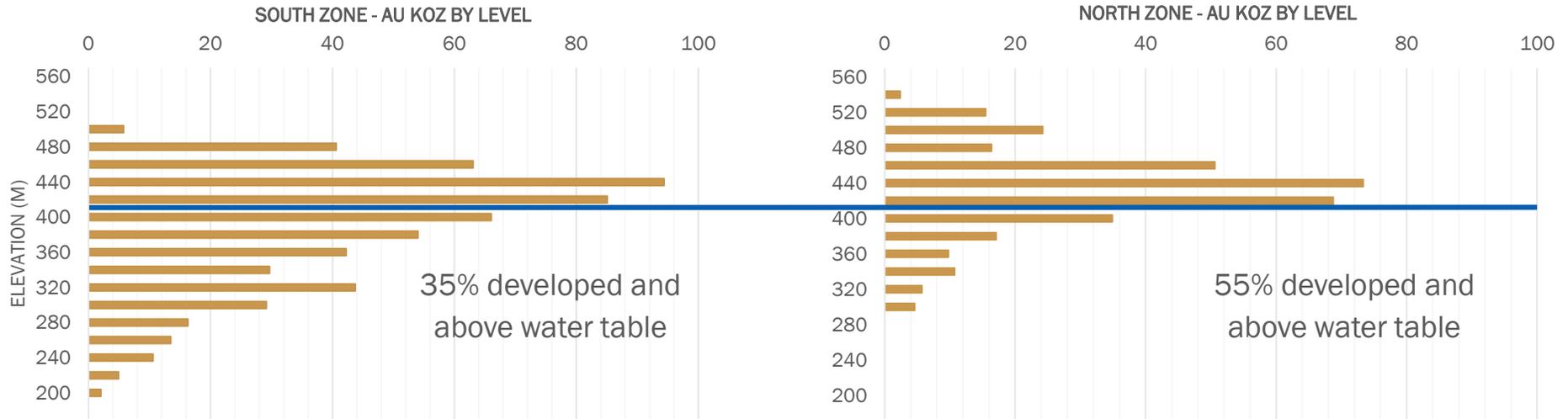
# Mine Plan

**Annual ore production of up to 460,000 tonnes with a LOM reserve grade of 8.5 g/t gold. Primary access already established with 3.5 km of underground development currently in place**

- Combination of long-hole stoping and cut & fill mining methods
- Contractor underground mining

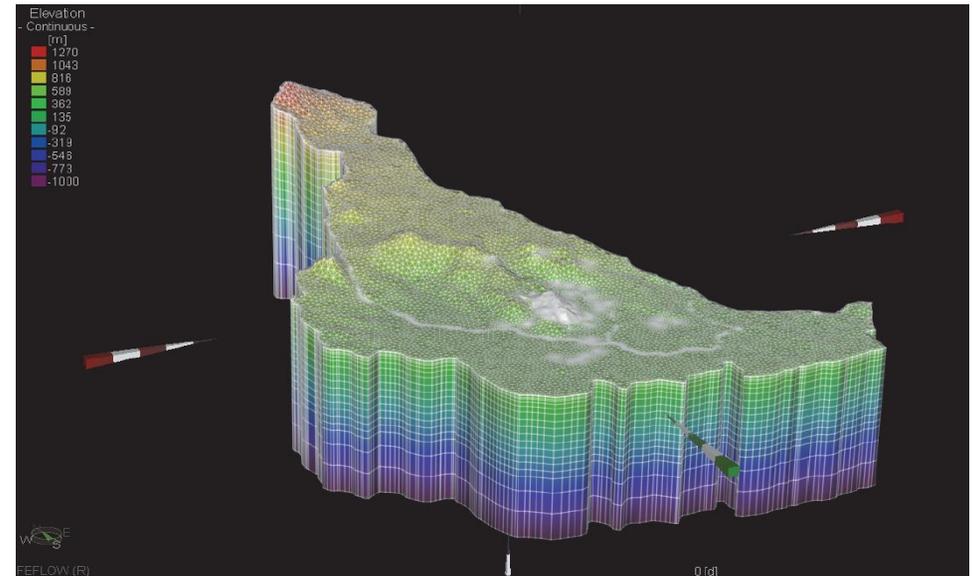


# Existing Development & Water Table



## Groundwater Model

- A detailed numerical ground water model simulating drainage into the mine was completed to better understand dewatering requirements
  - Capable of simulating unsaturated, saturated flow, and contaminant transport
  - Higher hydraulic conductivities accounted for as a result of temperature



## Steady State Calibration

- Used groundwater level data from on and off site wells
- Model parameters were calibrated to simulated observed steady state heads
- Model fit was determined based on mean error, mean absolute error and root mean square error

## Transient Calibration

- Used 2011 – 2014 groundwater level data and pumping rates available from wells and UG sumps for the transient calibration

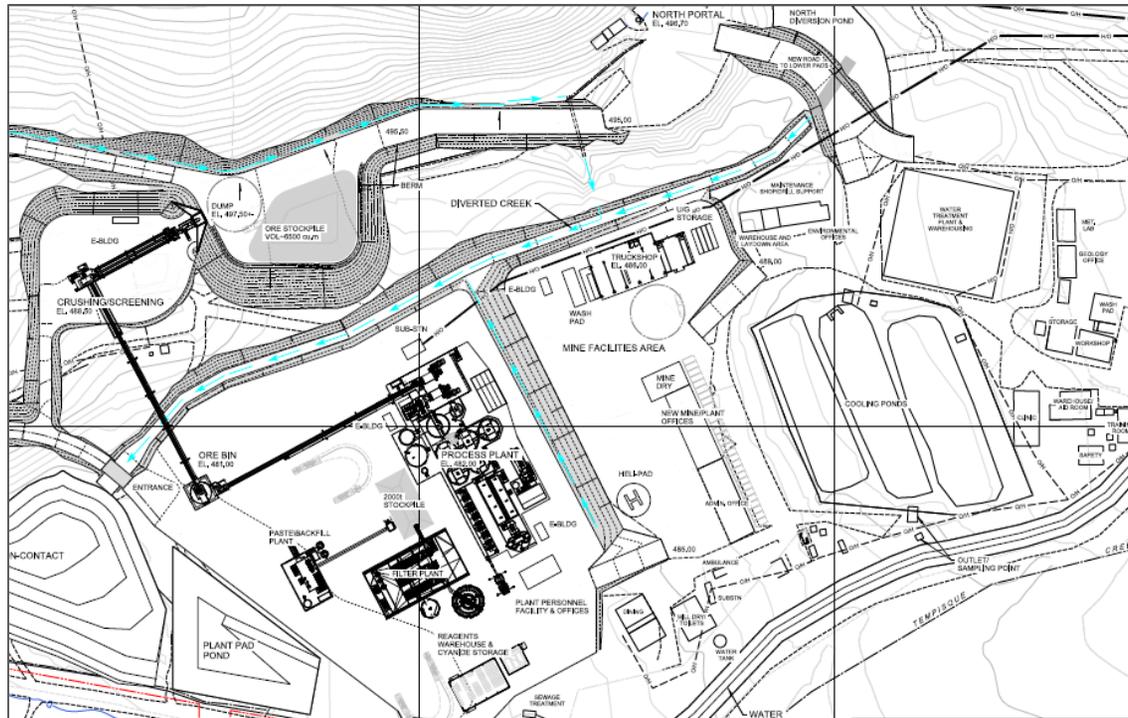
**Precedents from existing mining operations that manage, and control similar underground mining environments were benchmarked against and validated Bluestones approach and assumptions**

**The water levels in the immediate area of the mine will be lowered by a series of surface and underground dewatering wells**

- 5 existing wells (150 gpm each)
- 8 new deeper wells over the LOM (600 gpm each)
  - New wells located around the periphery of mine workings
  - Underground drain holes as part of development
- Strategically placed sumps underground to pull water away from mining areas

The process plant is designed to process 1,250 tpd. The final flowsheet parameters include:

- 3 stage crushing with primary and secondary grinding
- Target grind size of 80% passing 50  $\mu\text{m}$
- Gravity separation and intensive leach
- 2 hour atmospheric pre-oxidation using oxygen
- Pre-leach thickening to 50% solids
- 48 hour leach time at a cyanide concentration of 500 ppm and 250 g/t lead nitrate
- CIP circuit, 4 tonne carbon plant and 1 hour cyanide destruction
- Filtered tailings and paste backfill plant



## Excellent economics with opportunity to improve

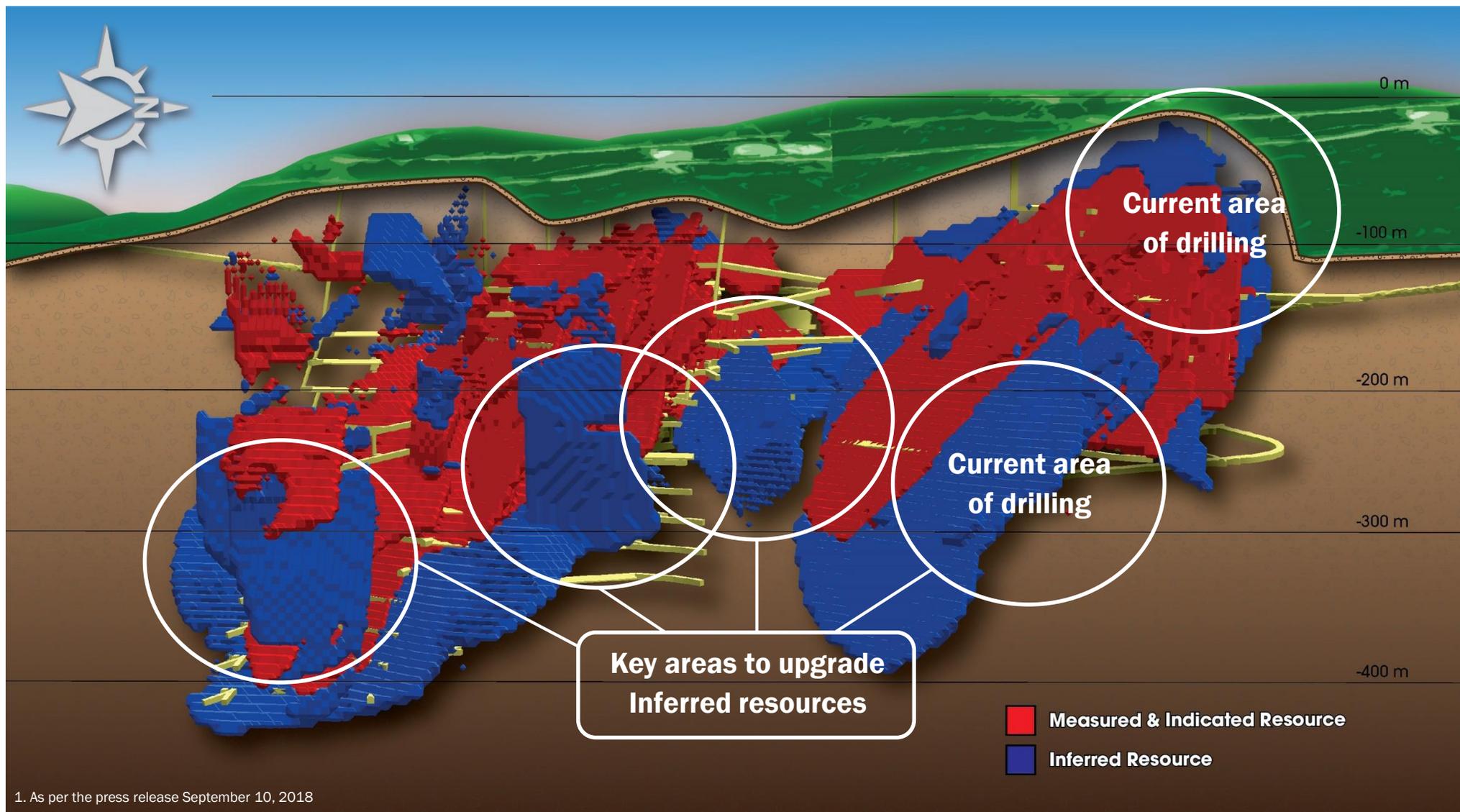
**Possible mine life extension through the conversion of Inferred mineral resources to Measured and Indicated through infill drilling**

**Potential resource and reserve growth from step-out drilling along existing veins that extend beyond the current resource envelope**

**Further optimization of the mine plan and sequencing during detailed design and engineering**

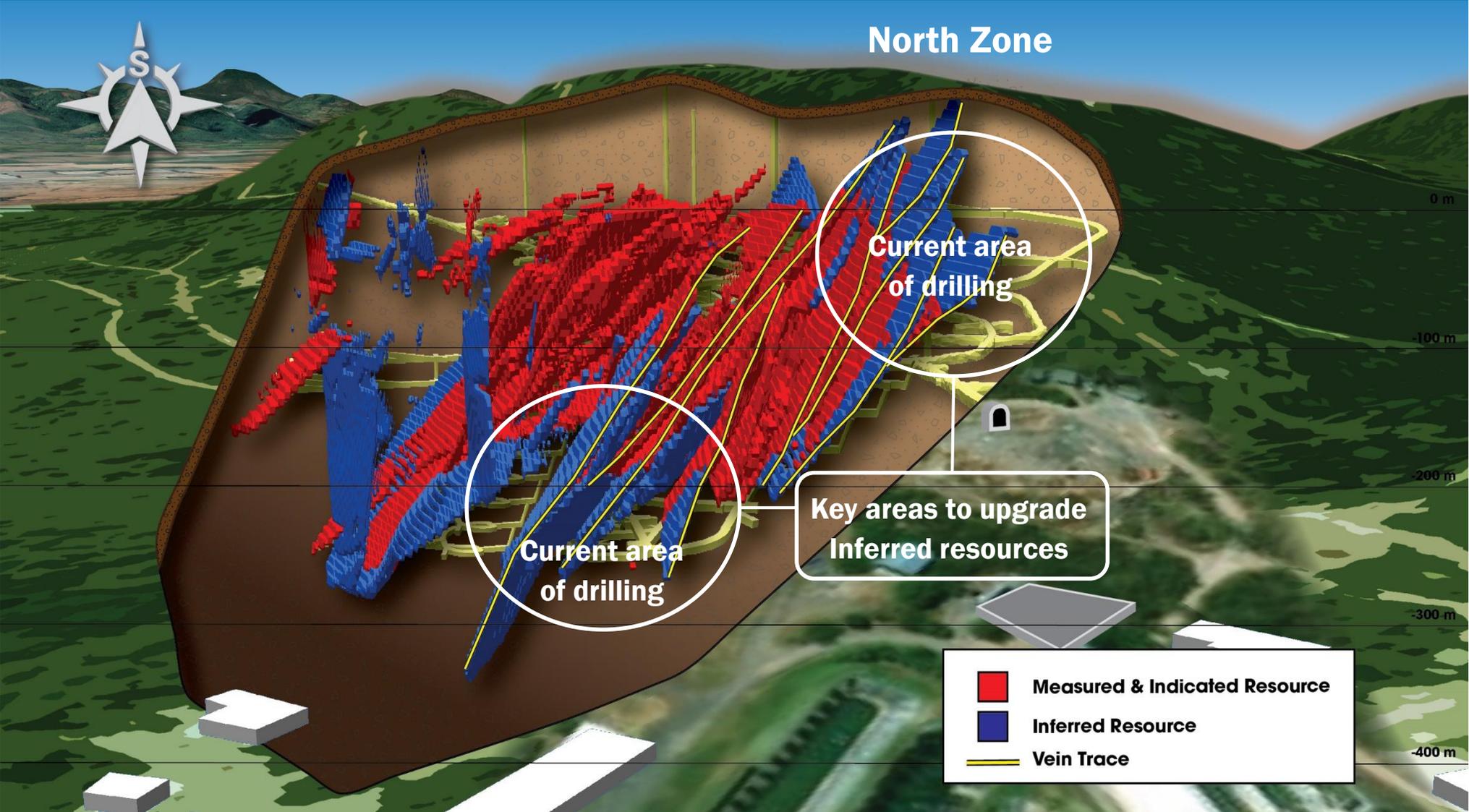
# Exploration

**Current drill program underway is targeting the conversion of Inferred resources (~360,000 oz) outlined in the 2018 updated resource estimate<sup>1</sup> and new resources along veins in the mine plan that extend outside of the current resource envelope**



1. As per the press release September 10, 2018

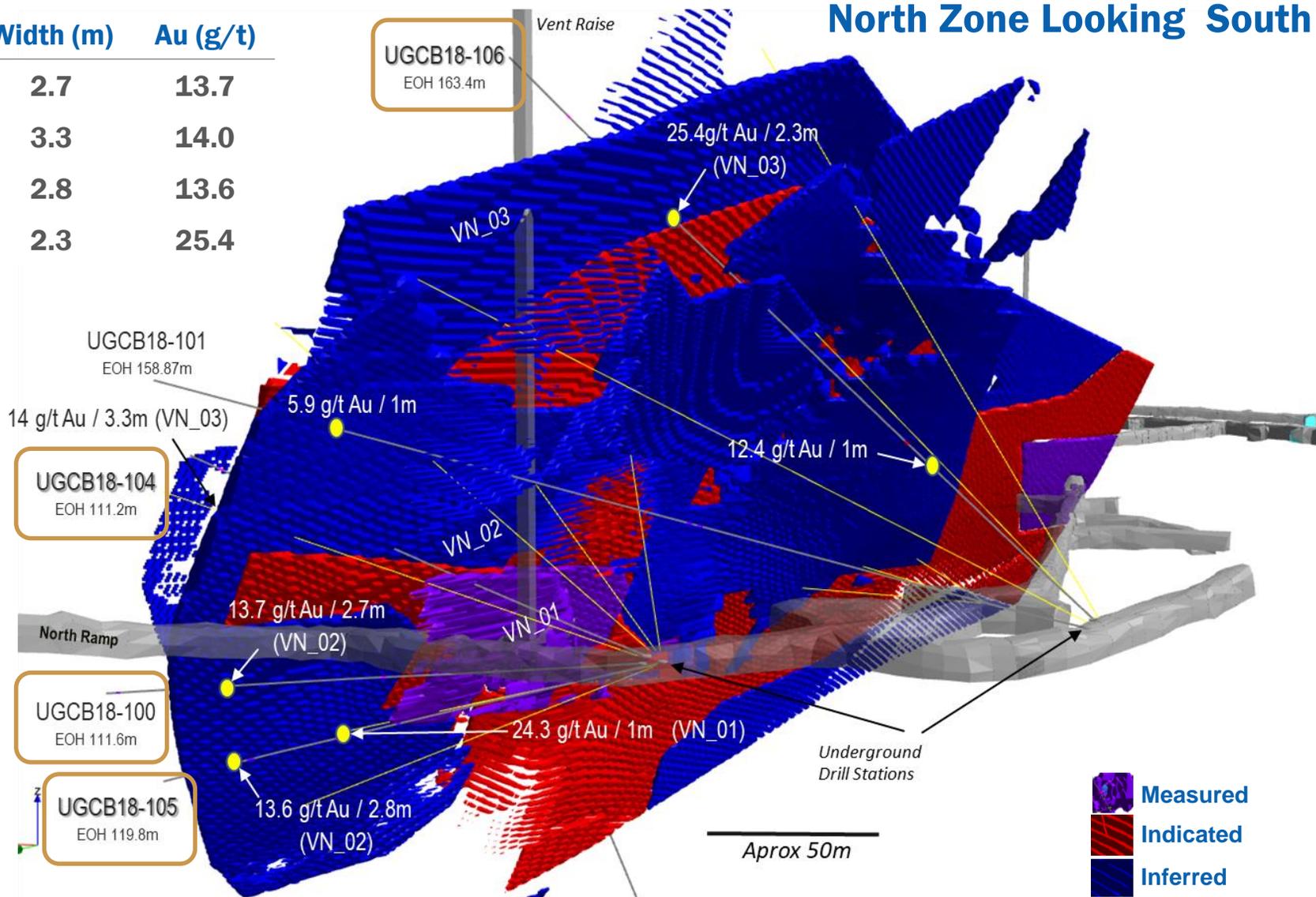
## Targeting Inferred mineral resources along veins in the mine plan



# Impact of the Current Drill Results – North Zone

Hole	Width (m)	Au (g/t)
UGCB18-100	2.7	13.7
UGCB18-104	3.3	14.0
UGCB18-105	2.8	13.6
UGCB18-106	2.3	25.4

## North Zone Looking South



View from footwall to south showing resources and drill holes

- **Opportunity to further enhance the project through conversion of ~200 to 250 Au koz of Inferred resources to Measured & Indicated resources and then into an updated a mine plan**
  - Infill drill program underway
  - Updated resource and mine plan expected in H2 2019
- **Optimization and trade off studies H1 2019**
  - Ore sorting
  - Backfill / paste plant
  - Derisking pre-development activities
  - Basic engineering
- **Resource update & Feasibility Study update H2 2019**
- **Project financing package H2 2019**



## Compelling Investment Opportunity

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**Permitted**

**Strong shareholder support**

**High-grade**

**Compelling economics**

**Exploration Potential**

**Robust Feasibility Study**

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**Generate more free cash flow than the current mkt cap.  
of the company in the first year of production**



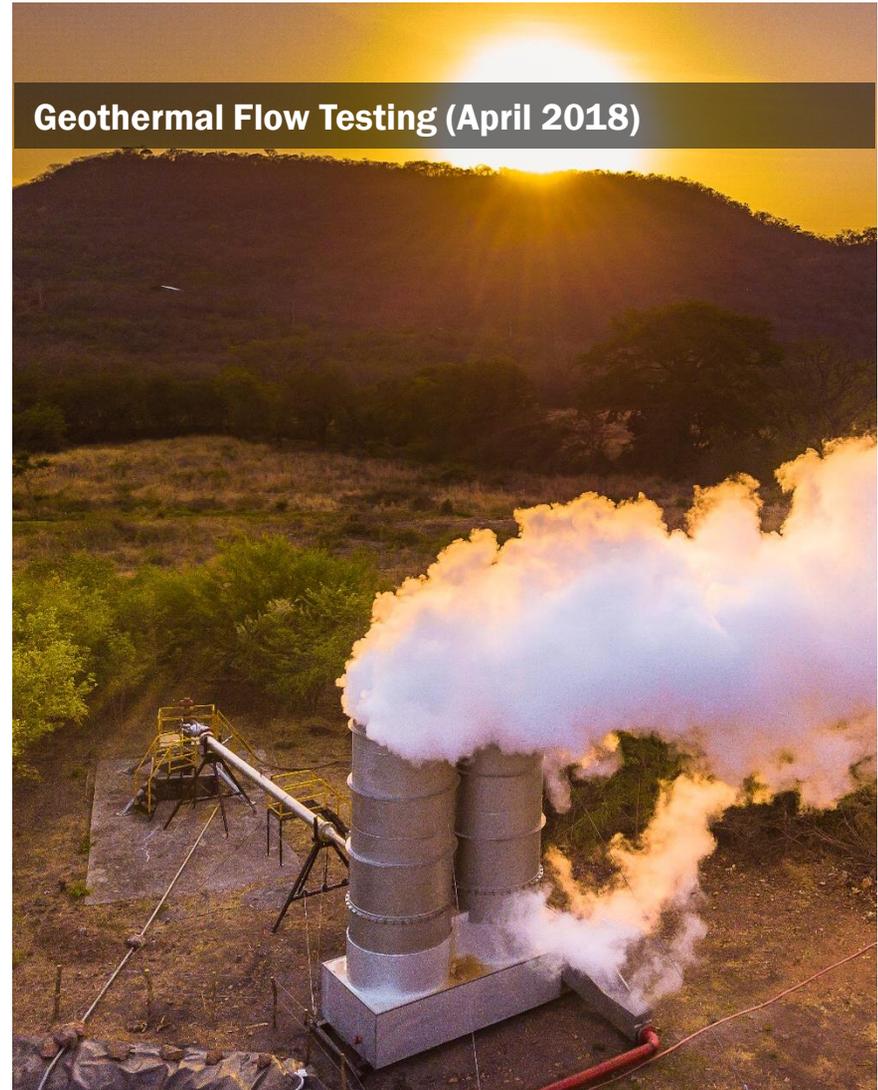
# Appendix

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**US\$60 M spent to date, 19 geothermal wells drilled and a feasibility study completed**

- Economic geothermal resource located east of the Cerro Blanco Gold project with potential to reduce costs or be monetized
- US\$60 M spent on exploring and advancing the Mita Geothermal project
- 50-year license to build and operate a 50 MW geothermal plant granted
- Flow testing program completed to upgrade the confidence level in the geothermal resource
- Further studies ongoing in conjunction with synergies from the Cerro Blanco Gold project
- Bluestone envisions a staged approach, with Phase 1 being a smaller operation that could supplement power requirements to the mine or be sold into the privatized national grid



## Active engagement with the community for the last decade

### Social Responsibility

- Excellent relationship with local stakeholders
- Active initiatives for the past 10 years in the areas of education, health, sociocultural sports and community infrastructure
- Updated social and health baseline studies completed to identify community needs and to help prioritize them
- Strong support from local authorities (local municipality)
- Bolstering efforts with a focus on building sustainable capacity, local employment and local procurement

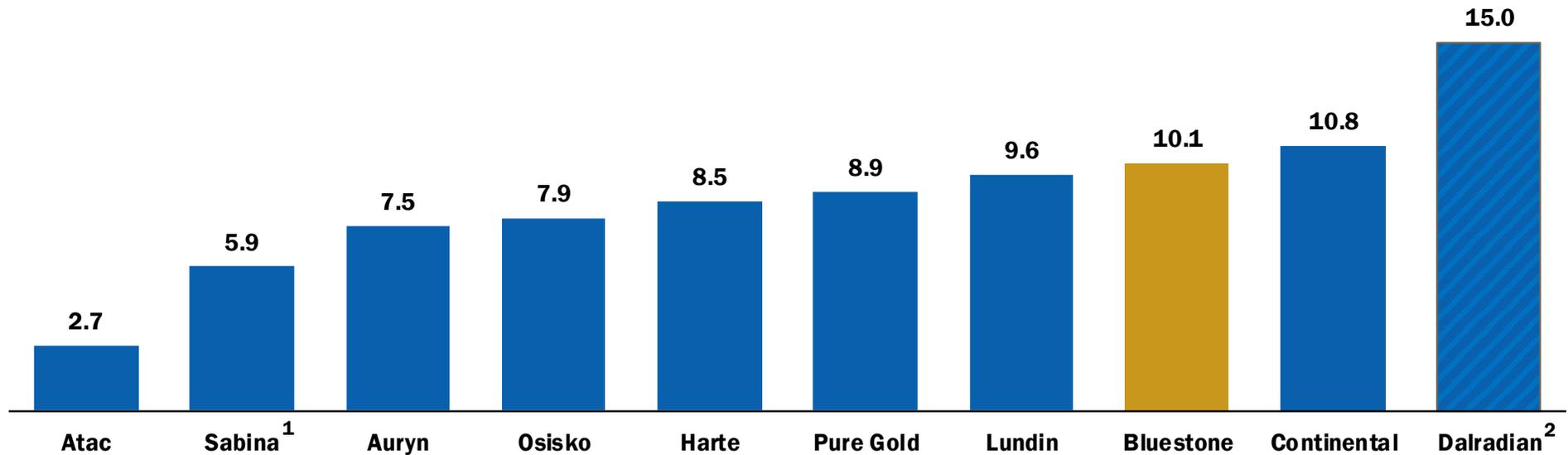
### Environmental Protection

- The project has 26 monitoring points for water quality
  - 13 surface, 5 ground, 4 fresh water springs, 2 hot springs, and the entrance and discharge of the water treatment plant
  - Continuous regional water testing has been conducted since 2004
- Water monitoring results are reported to the MARN and MEM in compliance with local and international standards and the environmental impact study approval
- Independent community team – AMAR monitor water quality around the project's area of influence in conjunction with Bluestone
- Environmental technicians monitor air quality, noise levels and terrestrial biology as well

One of the highest grade deposits amongst its peers, and it is permitted for construction

High-grade resource of 1.2 Moz at 10.1 g/t gold (M&I category)

## M&I Resource Grade



Sources: Corporate disclosure as of January 1, 2019.

1. Sabina grades represent Back River Project, respectively

2. Transaction with Orion for C\$537 M

## Cerro Blanco Gold project mineral reserves and resource statements

### Mineral Reserve Estimate

3.5 g/t Au Cut-Off	Tonnes (000s t)	Grade		Resource	
		Gold (g/t)	Silver (g/t)	Gold (koz)	Silver (koz)
<b>Proven</b>	313	8.3	31.4	83	315
<b>Probable</b>	3,131	8.5	32.3	857	3,254
<b>Total</b>	<b>3,444</b>	<b>8.5</b>	<b>32.2</b>	<b>940</b>	<b>3,570</b>

#### Notes on Mineral Reserve Estimate:

- (1) The Qualified Person for the Mineral Reserve estimate is Michael Makarenko, P. Eng., of JDS Energy & Mining Inc.
- (2) Effective date: January 29, 2019. All Mineral Reserves have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum (CIM) definitions, as required under NI 43-101.
- (3) Mineral Reserves were estimated using a \$1,250 /oz gold price and gold cut-off grade of 3.5 g/t. Other costs and factors used for gold cut-off grade determination were mining, process and other costs of \$109.04/t, transport and treatment charges of \$5.00 /oz Au, a royalty of \$24.84 /oz Au and a gold metallurgical recovery of 95%.
- (4) Silver was not used in the estimation of cut-off grades but is recovered and contributes to the revenue stream.
- (5) Tonnages are rounded to the nearest 1,000 t, metal grades are rounded to one decimal place. Tonnage and grade measurements are in metric units; contained gold and silver are reported as thousands of troy ounces.
- (6) Rounding as required by reporting guidelines may result in summation differences.

### High-Grade Resource Estimate

3.5 g/t Au Cut-Off	Tonnes (000s t)	Grade		Resource	
		Gold (g/t)	Silver (g/t)	Gold (Moz)	Silver (Moz)
<b>Measured</b>	290	10.3	39.1	0.10	0.4
<b>Indicated</b>	3,426	10.0	37.8	1.11	4.2
<b>M&amp;I Total</b>	<b>3,716</b>	<b>10.1</b>	<b>37.9</b>	<b>1.20</b>	<b>4.5</b>
<b>Inferred</b>	1,373	8.1	23.6	0.36	1.0

#### Notes on Resource Estimate:

- (1) All Mineral Resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum (CIM) definitions, as required under National Instrument 43-101 (NI 43-101), with an effective date of September 10, 2018;
- (2) Mineral resources reported demonstrate reasonable prospect of eventual economic extraction, as required under NI 43-101. Mineral resources are not Mineral Reserves and do not have demonstrated economic viability;
- (3) Underground Mineral Resources are reported at a cut-off grade of 3.5 g/t Au. Cut-off grades are based on a price of US\$1,250/oz gold, US\$16/oz silver and a number of operating cost and recovery assumptions, plus a contingency;
- (4) Numbers are rounded; and
- (5) The Mineral Resources may be affected by subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic and other factors.

## Government support for the Cerro Blanco Gold project

### Mining Laws Provide a Clear Framework

- Guatemalan mining law provides for three types of licenses for reconnaissance, exploration and exploitation
  - Reconnaissance license (rarely used, can be skipped) for a 6 month term, renewable for an additional six month period
  - Exploration license covering an area up to 100 km<sup>2</sup>; three-year term, extendable for two additional two-year terms
  - Exploitation license; 25 year term, extendable for a second 25 year term
    - Covers a maximum of 20 km<sup>2</sup>
- Guatemala does not have a specific law on water rights
  - Mining projects have the right to responsible use of water as long as this resource is not contaminated
- Easements and road access are obtained through civil agreements with the legal owners and local authorities

### Attractive Tax & Royalty Regime

- Current Guatemalan royalty 1% on precious metals mining revenues (Marlin and Escobal both pay an additional voluntary 4% royalty)
- Mining companies may choose how to pay income tax, either;
  - (i) 7% gross revenue tax or
  - (ii) 25% tax on operating profits
- VAT of 12% payable on purchase of in-country goods; recoverable by mining companies
- Stamp tax of 5% is payable on dividends to shareholders paid out of retained earnings

# **Bluestone**

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