Bluestone

RESOURCES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2020 and 2019

(Unaudited)

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

	Notes	March 31, 2020	December 31, 2019
Current assets			
Cash and cash equivalents		**$5,232,110**	$3,030,330
Accounts receivable		**130,740**	77,812
Equity securities		**40,981**	85,052
Prepaid expenses and other current assets		**705,197**	216,612
Inventory		**103,586**	89,514
		6,212,614	3,499,320
Non-current assets			
Restricted cash		**1,759,405**	1,763,494
Property, plant and equipment	3	**5,106,373**	5,210,243
Exploration and evaluation asset		**30,126,433**	30,126,433
Total assets		**$43,204,825**	$40,599,490
Current liabilities			
Trade and other payables	4	**$2,050,213**	$3,621,810
Loans payable	5	**10,000,000**	—
		12,050,213	3,621,810
Non-current liabilities			
Lease liabilities		**7,991**	34,885
Rehabilitation provisions	6	**8,087,715**	7,952,768
Deferred income tax liabilities		**1,542,252**	1,665,314
Total liabilities		**21,688,171**	13,274,777
Shareholders' equity			
Share capital	7	**97,023,428**	96,107,883
Reserves		**12,462,613**	12,502,950
Accumulated other comprehensive income		**4,779,294**	4,561,233
Deficit		**(92,748,681)**	(85,847,353)
Total shareholders' equity		**21,516,654**	27,324,713
Total liabilities and shareholders' equity		**$43,204,825**	$40,599,490

Events after the reporting period (note 13)

Approved on May 20, 2020 on behalf of the Board of Directors:

"Zara Boldt"	*"Jack Lundin"*
Zara Boldt, Director	Jack Lundin, Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Bluestone Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in United States dollars - Unaudited)

	Notes	**Three Months Ended March 31, 2020**	Three Months Ended March 31, 2019
Expenses			
Accounting and legal		**$107,773**	$127,062
Advertising and promotion		**138,118**	395,967
Corporate listing and filing fees		**31,851**	26,442
Exploration and evaluation expenses	8	**4,098,352**	3,487,176
Office and administration		**221,414**	177,308
Salaries and wages		**960,236**	712,479
Share-based compensation	7	**238,721**	361,746
		(5,796,465)	(5,288,180)
Interest income		**31,994**	51,985
Finance expenses		**(749,933)**	(32,579)
Accretion expense	6	**(134,947)**	(49,111)
Foreign exchange loss		**(374,730)**	(217,767)
Loss before income tax		**(7,024,081)**	(5,535,652)
Income tax recovery		**122,753**	360,158
Net loss		**(6,901,328)**	(5,175,494)
Other comprehensive (loss) income items that will not be reclassified to net loss:			
Loss on equity securities		**(38,927)**	—
Translation adjustment		**256,988**	78,892
Comprehensive loss		**($6,683,267)**	($5,096,602)
Weighted average number of common shares outstanding – basic and diluted		**82,412,067**	66,239,292
Basic and diluted loss per common share		**($0.08)**	($0.08)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Bluestone Resources Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in United States dollars - Unaudited)

		Share capital					
	Notes	**Shares**	**Amount**	**Reserves**	**Accumulated other comprehensive income**	**Deficit**	**Total shareholders' equity**
Balance, January 1, 2019		63,840,560	$81,396,001	$10,404,099	$4,234,556	($63,551,119)	$32,483,537
Private placements, net of fees	7	17,941,321	14,488,593	1,403,278	—	—	15,891,871
Share-based compensation	7	—	47,022	314,724	—	—	361,746
Exercise of warrants		10,000	3,773	(1,111)	—	—	2,662
Comprehensive income (loss) for the period		—	—	—	78,892	(5,175,494)	(5,096,602)
Balance, March 31, 2019		81,791,881	$95,935,389	$12,120,990	$4,313,448	($68,726,613)	$43,643,214
Balance, January 1, 2020		81,898,123	$96,107,883	$12,502,950	$4,561,233	($85,847,353)	$27,324,713
Credit Facility consideration	5	**85,000**	**98,012**	**—**	**—**	**—**	**98,012**
Share-based compensation	7	**—**	**46,531**	**192,190**	**—**	**—**	**238,721**
Exercise of options		**378,100**	**595,788**	**(180,815)**	**—**	**—**	**414,973**
Exercise of warrants		**466,000**	**175,214**	**(51,712)**	**—**	**—**	**123,502**
Comprehensive income (loss) for the period		**—**	**—**	**—**	**218,061**	**(6,901,328)**	**(6,683,267)**
Balance, March 31, 2020		**82,827,223**	**$97,023,428**	**$12,462,613**	**$4,779,294**	**($92,748,681)**	**$21,516,654**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Bluestone Resources Inc.
Consolidated Statements of Cash Flows
(Expressed in United States dollars - Unaudited)

	Notes	**Three Months Ended March 31, 2020**	Three Months Ended March 31, 2019
Cash flows used in operating activities			
Net loss for the period		**($6,901,328)**	($5,175,494)
Adjustments for:			
Accretion expense	6	**134,947**	49,111
Depreciation	3	**114,216**	104,456
Share-based compensation	7	**238,721**	361,746
Interest income		**(24,905)**	(44,620)
Finance expenses		**43,315**	25,796
Income tax recovery		**(120,778)**	(350,880)
Non-cash foreign exchange loss		**248,699**	88,924
Changes in non-cash working capital:			
Accounts receivable		**(62,214)**	21,144
Prepaid expenses and other current assets		**6,528**	64,912
Inventory		**(14,072)**	16,707
Trade and other payables		**(1,432,103)**	(956,747)
Cash used in operating activities before income taxes paid		**(7,768,974)**	(5,794,945)
Income taxes paid		**(2,032)**	(9,621)
Cash used in operating activities		**(7,771,006)**	(5,804,566)
Cash flows from investing activities			
Purchase of plant and equipment		**(23,790)**	(220,202)
Interest received		**24,905**	44,620
Cash generated by (used in) investing activities		**1,115**	(175,582)
Cash flows from financing activities			
Proceeds from private placements	7	**—**	16,872,293
Private placement fees	7	**—**	(980,422)
Funds received from Loans	5	**10,000,000**	—
Credit Facility fees		**(409,387)**	—
Lease principal repayments		**(22,861)**	(13,860)
Interest paid		**(34,454)**	(25,796)
Proceeds from exercise of options		**414,973**	—
Proceeds from exercise of warrants		**123,502**	2,662
Cash generated by financing activities		**10,071,773**	15,854,877
Effects of foreign exchange rate changes on cash and cash equivalents		**(100,102)**	(76,830)
Increase in cash and cash equivalents		**2,201,780**	9,797,899
Cash and cash equivalents, beginning of the period		**3,030,330**	6,672,318
Cash and cash equivalents, end of the period		**$5,232,110**	$16,470,217

Supplemental cash flow information (note 12)

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of Operations

Bluestone Resources Inc. ("Bluestone" or the "Company"), incorporated on November 7, 2000 under the Business Corporations Act (Alberta) and continued into British Columbia on June 13, 2005, is a resource company focused on the exploration and development of its 100% owned Cerro Blanco Gold project ("Cerro Blanco") and Mita Geothermal project ("Mita Geothermal"), both located in Guatemala. The Company's head and registered office is located at Suite 1020, 800 West Pender Street, Vancouver, BC, V6C 2V6. The Company is listed on the TSX Venture Exchange, trading under the symbol 'BSR', and on the OTCQB, trading under the symbol 'BBSRF'.

2. Significant Accounting Policies, Estimates and Judgments

a) Basis of presentation, principles of consolidation and statement of compliance

These condensed interim consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2019.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, *Interim financial reporting*. The comparative information has also been prepared on this basis.

The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 20, 2020.

For all periods presented, these condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries, which are wholly owned. All intercompany balances and transactions have been eliminated upon consolidation. A wholly owned subsidiary is an entity in which the Company has 100% control, directly or indirectly. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Company continues to closely monitor developments in the novel coronavirus ("COVID-19") pandemic, including the potential impact on the Company's operations. The impact of COVID-19 is uncertain and COVID-19 could have a significant impact on the Company if the Company or its suppliers are not able to maintain operations.

b) Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of judgments and/or estimates that affect the amounts reported and disclosed in the consolidated financial statements and related notes. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements. The critical estimates and judgments applied in the preparation of the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2020 are consistent with those applied and disclosed in note 2(q) to the Company's audited consolidated financial statements for the year ended December 31, 2019.

(Expressed in United States dollars - Unaudited)

3. Property, Plant and Equipment

	March 31, 2020			
	Land	**Plant and equipment [(1)]**	**ROU assets [(2)]**	**Total**
Cost				
Balance, January 1, 2020	$907,858	$4,965,757	$217,881	$6,091,496
Additions	—	23,790	—	23,790
Translation differences	—	(3,693)	(9,751)	(13,444)
Balance, March 31, 2020	**907,858**	**4,985,854**	**208,130**	**6,101,842**
Accumulated depreciation				
Balance, January 1, 2020	—	(792,523)	(88,730)	(881,253)
Charge for the period	—	(92,062)	(22,154)	(114,216)
Balance, March 31, 2020	—	**(884,585)**	**(110,884)**	**(995,469)**
Net book value at March 31, 2020	**$907,858**	**$4,101,269**	**$97,246**	**$5,106,373**

	December 31, 2019			
	Land	Plant and equipment [(1)]	ROU assets [(2)]	Total
Cost				
Balance, January 1, 2019	$907,858	$4,841,105	$—	$5,748,963
Adoption of IFRS 16 on January 1, 2019	—	—	199,666	199,666
Additions	—	123,358	9,870	133,228
Translation differences	—	1,294	8,345	9,639
Balance, December 31, 2019	907,858	4,965,757	217,881	6,091,496
Accumulated depreciation				
Balance, January 1, 2019	—	(446,087)	—	(446,087)
Charge for the period	—	(346,436)	(88,730)	(435,166)
Balance, December 31, 2019	—	(792,523)	(88,730)	(881,253)
Net book value at December 31, 2019	$907,858	$4,173,234	$129,151	$5,210,243

(1) Includes assets under construction of $773,944 at March 31, 2020 (December 31, 2019 - $778,862).

(2) The ROU assets mainly relates to the Company's office lease contract.

(Expressed in United States dollars - Unaudited)

4. Trade and Other Payables

	March 31, 2020	December 31, 2019
Trade payables	**$941,136**	$1,892,933
Accrued liabilities	**326,971**	421,496
Lease liability	**107,950**	115,419
Payroll liabilities	**673,170**	1,191,282
Income taxes payable	**986**	680
	2,050,213	3,621,810

5. Loans Payable

On January 27, 2020, the Company entered into a $30,000,000 credit facility (the "Credit Facility") with Natixis, a French multinational financial services firm. Loans under the Credit Facility (the "Loans") are made available through multiple borrowings. The annual interest rates on the Loans are set based on US LIBOR plus a margin equal to 0.45%. A commitment fee equal to 0.20% per annum on the unused portion of the Credit Facility is payable quarterly in arrears during the availability period. The Loans can be repaid at any time in whole or in part subject to a minimum notice period without penalty. The maturity date for the Loans and the end of the availability period for the Credit Facility is the earlier of (i) the one-year anniversary of the Credit Facility and (ii) the occurrence of certain events, including funding pursuant to a potential senior debt project financing.

The Loans are supported by a guarantee from Nemesia S.à.r.l. ("Nemesia"). The guarantee is secured by a cash collateral held with Natixis, equal to at least the principal and anticipated interest and fees through maturity of the Loans. In consideration for the guarantee from Nemesia, the Company issued 85,000 common shares to Nemesia with a fair value of $98,012. Nemesia is an affiliate of Zebra Holdings and Investment S.à.r.l. and Lorito Holdings S.à.r.l. (collectively with Nemesia, the "Lundin Entities"), both of which are companies controlled by a trust settled by the late Adolf H. Lundin. The Lundin Entities are shareholders of the Company, making them a related party.

The Company entered into a debenture (the "Debenture") with Nemesia which provides a repayment mechanism in the event of default with Natixis. The Debenture allows for the automatic draw down of funds in an amount up to $14,000,000 if the Company defaults on the Loans and Natixis realizes on the cash collateral provided by Nemesia. The Debenture may be increased up to $32,000,000 (an amount equivalent to the Credit Facility plus potential interest) at the request of Nemesia but subject to approval of shareholders of the Company. If the Debenture is increased to $32,000,000, an additional 100,000 common shares of the Company will be issued to Nemesia. An additional 3,500 common shares of the Company will be issued to Nemesia for each $500,000 draw down per month until repayment under terms of the Debenture.

As of March 31, 2020, the Company has Loans payable of $10,000,000. During the three months ended March 31, 2020, the Company recognized the following as finance expenses in the consolidated statement of loss relating to the Credit Facility:

Interest on Loans	**$17,081**
Commitment fees	**8,861**
Amortization of transaction costs [1]	**83,637**
	$109,579

[1] The Company incurred transaction costs of $529,659 in connection with the Credit Facility. These transaction costs are recognized as prepaid expenses and other current assets in the consolidated statement of financial position and amortized using the straight-line method to January 27, 2021. In the event of the availability period for the Credit Facility ending prior to January 27, 2021, the remaining unamortized amount will be immediately expensed.

(Expressed in United States dollars - Unaudited)

6. Rehabilitation Provisions

The changes in the rehabilitation provision during the three months ended March 31, 2020 and the year ended December 31, 2019 were as follows:

	March 31, 2020	December 31, 2019
Balance, beginning of period	**$7,952,768**	$7,127,797
Accretion (unwinding of discount)	**134,947**	198,483
Change in estimates and rates	**—**	626,488
Balance, end of period	**$8,087,715**	$7,952,768

The Company has estimated the present value of future rehabilitation costs required to remediate the properties based on their current state. Although the ultimate amount of the rehabilitation liability is uncertain, the best estimate of these obligations is based on information currently available. Significant closure activities include land rehabilitation, equipment removal, demolition of buildings and other costs.

The total amount of estimated undiscounted cash flows required to settle the Company's estimated obligation as at March 31, 2020 is $9,815,273 (December 31, 2019 - $9,815,273). The revision in the estimated undiscounted cash flows during the year ended December 31, 2019 was due to updated quotes for the restoration of geothermal wells for Mita Geothermal and the restoration of dewatering wells and monitoring at Cerro Blanco. The calculation of present value of estimated future cash flows assumed a discount rate of 6.75% (December 31, 2019 - 6.75%) and an inflation rate of 4.50% (December 31, 2019 - 4.50%). The liabilities are expected to be settled at various dates which are currently expected to extend from 2022 to 2024.

7. Share Capital

As at March 31, 2020, the Company's authorized share capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

a) Private placements and limited recourse loans

On March 19, 2019, the Company completed a bought deal private placement (the "Private Placement") pursuant to which the Company issued 17,941,321 units at C$1.25 per unit, with each unit consisting of one common share of the Company and one-half of one common share purchase warrant, and received gross proceeds of $16,872,293 (C$22,426,651). Each whole warrant is exercisable at C$1.65 for a period of two years. The value attributed to the common shares was $15,382,442 based on the fair value allocation between the common shares and warrants (note 7(b)). The Company incurred $980,422 in fees in connection with the Private Placement during the three months ended March 31, 2019.

During the three months ended March 31, 2020, the Company recognized share-based compensation expense of $46,531 (three months ended March 31, 2019 - $47,022) in the consolidated statement of loss relating to the limited recourse loans previously issued to certain employees.

(Expressed in United States dollars - Unaudited)

7. Share Capital (cont'd)

b) Warrants

The changes in warrants outstanding during the three months ended March 31, 2020 and year ended December 31, 2019 are as follows:

	March 31, 2020		December 31, 2019	
	Number of warrants	**Weighted avg. exercise price (C$/warrant)**	Number of warrants	Weighted avg. exercise price (C$/warrant)
Outstanding, beginning of period	**12,508,572**	**$1.28**	5,189,309	$0.84
Issued	**—**	**—**	8,970,652	1.65
Exercised	**(466,000)**	**(0.35)**	(116,242)	(0.35)
Expired	**—**	**—**	(1,535,147)	2.00
Outstanding, end of period	**12,042,572**	**$1.32**	12,508,572	$1.28

As at March 31, 2020, the following warrants were outstanding:

Expiry date	**Weighted avg. exercise price (C$/warrant)**	**Number of warrants**	**Weighted avg. remaining contractual life in years**
June 2, 2020	0.35	200,000	0.17
June 4, 2020	0.35	2,218,920	0.18
July 7, 2020	0.35	653,000	0.27
March 19, 2021	1.65	8,970,652	0.97
	$1.32	**12,042,572**	**0.77**

The relative fair value of $1,489,850 allocated to the warrants issued for the gross proceeds from the Private Placement was estimated using the Black-Scholes option pricing model with the following assumptions: Risk-free rate - 1.64%, volatility - 50%, dividend yield - 0%, expected life - 2 years.

(Expressed in United States dollars - Unaudited)

7. Share Capital (cont'd)

c) Stock options

The changes in stock options outstanding during the three months ended March 31, 2020 and year ended December 31, 2019 are as follows:

	March 31, 2020		December 31, 2019	
	Number of options	**Weighted avg. exercise price (C$/option)**	Number of options	Weighted avg. exercise price (C$/option)
Outstanding, beginning of period	**7,735,000**	**$1.43**	5,930,000	$1.50
Granted	**700,000**	**1.38**	2,305,000	1.27
Exercised	**(378,100)**	**(1.46)**	—	—
Cancelled/forfeited	**(10,000)**	**(1.50)**	(500,000)	(1.50)
Outstanding, end of period	**8,046,900**	**$1.43**	7,735,000	$1.43

6,946,898 of the stock options outstanding as at March 31, 2020 are exercisable at a weighted average exercise price of C$1.33 per option.

The weighted average fair value of the stock options granted during the three months ended March 31, 2020 (year ended December 31, 2019) was estimated to be C$0.48 (C$0.43) per stock option using the Black-Scholes option pricing model with the following weighted average assumptions: Risk-free rate - 1.19% (1.68%), volatility - 50.00% (50.00%), dividend yield - 0% (0%), expected life - 3.00 years (2.90 years). The stock options granted during the three months ended March 31, 2020 expire on January 24, 2025 and March 16, 2025.

During the three months ended March 31, 2020, the Company recognized share-based compensation expense of $192,190 (three months ended March 31, 2019 - $314,724) in the consolidated statement of loss relating to the stock options.

8. Exploration and Evaluation Expenses

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cerro Blanco operating expenditures	**$2,755,636**	$2,877,529
Cerro Blanco pre-development	**1,099,012**	305,340
Corporate social responsibility and community relations	**157,063**	167,653
Mita Geothermal evaluation	**—**	34,002
Depreciation	**86,641**	77,018
Other projects	**—**	25,634
	$4,098,352	$3,487,176

(Expressed in United States dollars - Unaudited)

9. Related Party Transactions - Key Management Compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of certain executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of key management personnel included in the consolidated statements of loss was as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Salaries	**$651,532**	$433,233
Share-based compensation	**191,329**	251,331
	$842,861	$684,564

Accrued compensation due to key management as at March 31, 2020 was $275,203 (December 31, 2019 - $721,435).

10. Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

The Company's cash and cash equivalents, equity securities, trade and other payables and Loans payable approximate their carrying values, which are the amounts recorded on the consolidated statement of financial position due to their short-term nature.

11. Financial Risk Management

a) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash and cash equivalents, restricted cash and accounts receivable. Management believes that the credit risk concentration with respect to these financial instruments is remote as the balances primarily consist of amounts on deposit with a major financial institution. The maximum exposure to credit risk as at March 31, 2020 was $7,052,138 (December 31, 2019 - $4,793,824).

b) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2020, the Company had a cash balance of $5,232,110 (December 31, 2019 - $3,030,330) to settle current liabilities of $12,050,213 (December 31, 2019 - $3,621,810). All of the Company's financial liabilities are subject to normal trade terms. Within the next twelve months, the Company's objectives center on the advancement of Cerro Blanco. There can be no assurances that the Company will be able to obtain additional financing on satisfactory terms and/or achieve profitability or positive cash flows from its future operations. Taking into account the events after the reporting period (note 13) and the Company's ability to draw on the Credit Facility (note 5), management estimates that the Company has sufficient working capital to maintain its planned operations and its activities for the foreseeable future.

c) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and prices.

<u>Interest rate risk</u>

Interest rate risk is the risk that the fair values or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. Interest rate risk arises from the interest rate impact on cash and cash equivalents and Loans payable because these are the only financial instruments held by the Company that are impacted by interest based on variable market interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company monitors its exposure to interest rates closely and has not entered into any derivative contracts to manage its risk. As at March 31, 2020, the weighted average interest rate earned on our cash and cash equivalents was 0.40%. With other variables unchanged, a change in the annualized interest rate of a hundred basis points at March 31, 2020 would impact after-tax net loss by approximately $49,000.

<u>Foreign currency risk</u>

The Company is exposed to foreign currency risk in connection with its Canadian dollar and Guatemala quetzal denominated financial instruments. A 10% fluctuation in the C$/US$ rate as at March 31, 2020 would result in an approximate $30,000 increase/decrease in comprehensive loss. A 10% fluctuation in the US$/Guatemala quetzal rate as at March 31, 2020 would result in an approximate $89,000 increase/decrease in comprehensive loss.

(Expressed in United States dollars - Unaudited)

11. Financial Risk Management (cont'd)

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

d) Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to explore and develop its projects for the benefit of its shareholders and other stakeholders. The Company considers the components of shareholders' equity as capital. The Company manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares through private placements in order to maintain or adjust the capital structure.

There were no changes to the Company's approach to capital management during the three months ended March 31, 2020. The Company does not have any financial covenants in relation to the Credit Facility.

12. Supplemental Cash Flow Information

Cash and cash equivalents included no short-term investments as at March 31, 2020 and December 31, 2019.

Non-cash financing transactions during the three months ended March 31, 2020 and 2019 were as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Fair value of common shares issued for the Credit Facility (note 5)	**$98,012**	$—
Transfer of reserves on exercise of options	**(180,815)**	—
Transfer of reserves on exercise of warrants	**(51,712)**	(1,111)
Fair value of warrants issued from the Private Placement, net of fees	**—**	1,403,278

13. Event After the Reporting Period

On May 1, 2020, the Company completed a bought deal financing (the "Financing") pursuant to which the Company issued 52,578,000 common shares of the Company at C$1.75 per common share and received gross proceeds of $65,414,119 (C$92,011,500). Following the completion of the Financing, the Lundin Entities and Jack Lundin, Chief Executive Officer, hold and control 37,978,221 common shares of the Company, representing approximately 28.5% of the issued and outstanding common shares of the Company.

Bluestone
RESOURCES INC.

BLUESTONE RESOURCES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2020

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 three months ended March 31, 2020. The MD&A was prepared as of May 20, 2020 and should be read with the condensed interim consolidated financial statements and related notes for the three months ended March 31, 2020, which can be found along with other information of the Company on SEDAR at www.sedar.com. All figures are in United States ("U.S.") dollars unless otherwise stated. References to C$ are to Canadian dollars. The financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* of International Financial Reporting Standards 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, which address activities, events or developments that management believes, expects or anticipates will or may occur in the future are forward-looking statements and often use words such as "expects", "plans", "anticipates", "estimates", "intends", "may" or variations thereof or the negative of any of these terms. Forward-looking statements contained in this MD&A include, but are not limited to statements with respect to the conversion of Inferred Mineral Resources; increasing the amount of Measured and Indicated Mineral Resources; the proposed timeline and benefits of further drilling; the timing of commercial production at the Company's Cerro Blanco Gold project ("Cerro Blanco") and the generation of material revenue by the Company; the proposed timeline, objectives and benefits of the feasibility study on Cerro Blanco titled "Feasibility Study, NI 43-101 Technical Report, Cerro Blanco Project, Guatemala" dated February 14, 2019 with an effective date as of January 29, 2019 and filed on the Company's profile at www.sedar.com on February 13, 2019 (the "Feasibility Study"); statements about the Company's plans for its mineral properties; Bluestone's business strategy, plans and outlook; the future financial or operating performance of Bluestone; capital expenditures, corporate general and administration expenses and exploration and evaluation expenses; expected working capital requirements; proposed production timelines and rates; funding availability; the potential impact of the novel coronavirus ("COVID-19") on the Company and its operations; and future exploration and operating plans.

All forward-looking statements are made based on management's current beliefs, as well as various assumptions made by them and information currently available to them. Generally, these assumptions include, among others: the ability of Bluestone to carry on exploration and development activities; the price of gold, silver and other metals; there being no material variations in the current tax and regulatory environment; the exchange rates among the Canadian dollar, Guatemalan quetzal and the U.S. dollar remaining consistent with current levels; the presence of and continuity of metals at Cerro Blanco at estimated grades; the availability of personnel, machinery and equipment at estimated prices and within estimated delivery times; metals sales prices and exchange rates assumed; appropriate discount rates applied to the cash flows in economic analysis; tax rates and royalty rates applicable to the proposed mining operation; and the availability of acceptable financing.

Forward-Looking Statements (cont'd)

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, Bluestone. Factors that could cause actual results or events to differ materially from current expectations are included under the heading "*Risks and Uncertainties*" in this MD&A in addition to risks and uncertainties related to expected production rates, timing and amount of production and total costs of production; risks associated with technical difficulties in connection with mining development activities; risks and uncertainties related to the accuracy of estimates of future production, future cash flow, total costs of production and diminishing quantities or grades of Mineral Resources; and risks and uncertainties related to interruptions in production.

Any forward-looking statement speaks only as of the date on which it was made, and, except as may be required by applicable securities laws, Bluestone disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

Qualified Person

The scientific and technical disclosure in this MD&A has been reviewed and approved by David Cass, P.Geo., Vice President Exploration, who is a Qualified Person as defined by National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101").

Overview

Bluestone is a natural resource company focused on the exploration and development of its 100% owned Cerro Blanco Gold project and Mita Geothermal project ("Mita Geothermal"), both located in Guatemala. Cerro Blanco is a proposed underground gold mining operation located in southeast Guatemala approximately 160 kilometers by road from the capital, Guatemala City. Mita Geothermal is a geothermal energy resource located adjacent to Cerro Blanco. The Company's head and registered office is located at 1020 - 800 West Pender Street, Vancouver, BC, V6C 2V6. The Company's common shares are listed on the TSX Venture Exchange ("TSXV"), trading under the symbol 'BSR', and on the OTCQB, trading under the symbol 'BBSRF'.

Highlights for the Three Months Ended March 31, 2020

- Entered into a $30 million credit facility (the "Credit Facility") with Natixis and appointed Jack Lundin as Chief Executive Officer and to the Board of Directors on January 27, 2020. During the three months ended March 31, 2020, $10 million was drawn from the Credit Facility.

- Reported extension of Cerro Blanco development drift on February 13, 2020. This included sampling of 26.5 g/t Au along 29.3 m of vein.

- Outlined 2020 drill program, which will focus on infill drilling in the Cerro Blanco South Zone and build on the infill drill program recently completed in the North Zone of the deposit.

- Advanced Cerro Blanco project readiness activities, in addition to various confirmation test-work, optimization and basic engineering efforts. The Company continues to build its project execution team, including underground mining and engineering roles.

- Subsequent to the quarter-end, the Company completed a bought deal financing pursuant to which the Company issued 52.6 million common shares of the Company at C$1.75 per common share and received gross proceeds of $65.4 million (C$92.0 million).

Project Development Updates

Cerro Blanco

The Company has one principal mining property interest, namely Cerro Blanco, a proposed underground gold mining operation located in southern Guatemala. Entre Mares de Guatemala S.A. ("Entre Mares"), a wholly-owned subsidiary of the Company, is the 100% owner of Cerro Blanco.

Optimization and engineering activities were initiated during the quarter with the objective to finalize the mineral process flow sheet and advance key trade-off studies. Project execution planning and project management approaches are currently being updated or refined to include lessons learned from recent gold project developments. Detailed design and engineering are expected to kick-off in the second half of 2020 and much of this work is intended to be performed by mine design and construction experts, in conjunction with current Bluestone personnel, through an integrated team approach.

Underground development

The Company reported further Cerro Blanco underground development work undertaken as part of an operational readiness and project de-risking initiative ahead of project construction phase. Two development drifts, on two individual veins, one located in the North Zone (VN_10) and the other in the South Zone (VS_10), were advanced using the Company's mine equipment and personnel. Channel sampling of veins was undertaken at the drift face after each successive blast as the drift advanced. These new results have been combined with those announced previously (see press release dated September 4, 2019):

- Drift N636 along Vein VN_10 in the North Zone was extended by 7.5 meters and averaged 18.8 g/t Au and 44 g/t Ag along its total length of 22.4 m (26 samples)
- Drift S314 along Vein VS-10 in the South Zone was extended by 7.7 meters and averaged 26.5 g/t Au and 122 g/t Ag along its total length of 29.3 m (42 samples)

Sampling continues to demonstrate consistent high grades and widths with good continuity, in particular Vein VS-10 which showed an increase in grade in the last drift face sampled, averaging 37.9 g/t Au and 144.8 g/t Ag over 1.0 m (6 samples). Reconciliation of resource block model grades against available muck pile grades (ore and waste) for each drift showed positive results, demonstrating higher average mined grades over block model grades by 19% and 37% for drifts N636 and S314, respectively.

Project Development Updates (cont'd)

Infill drilling program

The Company’s 2020 drill program will primarily focus on infill drilling in Cerro Blanco's South Zone and build on the infill drill program recently completed in the North Zone of the deposit. A total of 9,000 meters, potentially increasing to 12,000 meters, is planned from both surface and underground. The focus of the program will be the definition of extensions to key veins outside of the current Mineral Resource estimate and conversion of Inferred Mineral Resources. Infill drilling was suspended during the three months ended March 31, 2020 due to the COVID-19 pandemic, but has resumed subsequent to the quarter-end.

Project financing

The Company continued to advance the project financing (debt package) in 2020 Q1. There are multiple workstreams underway in terms of the independent engineer review of both the technical and the environmental and social ("E&S") aspects of Cerro Blanco. Final due diligence reports are expected in 2020 Q2. Refer to the "Liquidity and Capital Resources" section of the MD&A for details of the equity financing completed subsequent to the reporting period.

Impact of COVID-19 and response measures

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. No COVID-19 cases have been reported from amongst the Company’s employee base in Canada or Guatemala. As of March 13, 2020, the Company implemented a work from home policy and asked corporate office staff to work remotely. All travel has been suspended until further notice.

In Guatemala, the Company has implemented a number of measures focused on the well-being of the employees, contractors, their families and the communities in which it operates. These measures are in conjunction with a series of measures introduced by the Government of Guatemala to contain the spread of COVID-19, which includes the closure of international borders and the declaration of a State of Public Calamity through the months of April and May, including the closure of non-essential business activities and a curfew. As a result, the Company reduced the number of employees on site to a minimum in order to maintain vital activities, such as safety and environmental monitoring activities, along with essential services such as power and dewatering activities.

The health and safety of the Company's employees and communities is, and will always be, the Company's top priority. The Company continues to take the necessary steps and actions to ensure their well-being. Given the stage of Cerro Blanco, most aspects of the project can continue to advance without jeopardizing the well-being of stakeholders.

Mita Geothermal

The Company owns a 100% interest in Mita Geothermal through its wholly-owned subsidiary, Geotermia Oriental de Guatemala, S.A. ("Geotermia"). Mita Geotermal is a geothermal energy resource located adjacent to Cerro Blanco and is 7 km from the Pan American Highway near the town of Asuncion Mita, in the region of Jutiapa in Guatemala. In November of 2015, the Government of Guatemala granted Geotermia a 50-year license to build and operate 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 is committed to promoting more renewable energy and expanding the regional market. According to wholesale power market administrator Administrador del Mercado Mayorista (AMM), the country’s effective generation capacity totals 3,440 MW, of which around 1,700 MW is thermo and 1,490 MW hydro, with contributions from wind (107 MW), solar (92 MW) and geothermal (39 MW). It is expected that greater private sector engagement will carry out projects of generation and transmission through the development of public private partnerships. It is also expected that new biddings of energy for 15 year contracts, for renewable generation, will open in 2020, which will be an important incentive for new projects. The Company will continue to evaluate advancement options for Mita Geothermal as these developments occur.

Results of Operations for the Three Months Ended March 31, 2020 Compared to the Three Months Ended March 31, 2019

The Company's net loss for the three months ended March 31, 2020 totaled $6,901,328 or $0.08 per share as compared to a net loss of $5,175,494 or $0.08 per share for the three months ended March 31, 2019. Significant expenditures and variances are as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	(Increase) Decrease in Net Loss
Accounting and legal	**$107,773**	$127,062	$19,289
Advertising and promotion	**138,118**	395,967	257,849
Corporate listing and filing fees	**31,851**	26,442	(5,409)
Exploration and evaluation expenses [(1)]	**4,098,352**	3,487,176	(611,176)
Office and administration	**221,414**	177,308	(44,106)
Salaries and wages	**960,236**	712,479	(247,757)
Share-based compensation	**238,721**	361,746	123,025
Total expenses	**(5,796,465)**	(5,288,180)	(508,285)
Interest income	**31,994**	51,985	(19,991)
Finance expenses [(2)]	**(749,933)**	(32,579)	(717,354)
Accretion expense	**(134,947)**	(49,111)	(85,836)
Foreign exchange loss	**(374,730)**	(217,767)	(156,963)
Loss before income tax	**(7,024,081)**	(5,535,652)	(1,488,429)
Income tax recovery	**122,753**	360,158	(237,405)
Net loss	**($6,901,328)**	($5,175,494)	($1,725,834)

(1) Exploration and evaluation expenses for the three months ended March 31, 2020 and 2019 were for the following:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Cerro Blanco operating expenditures	**$2,755,636**	$2,877,529
Cerro Blanco pre-development	**1,099,012**	305,340
Corporate social responsibility and community relations	**157,063**	167,653
Mita Geothermal evaluation	**—**	34,002
Depreciation	**86,641**	77,018
Other projects	**—**	25,634
	$4,098,352	$3,487,176

(2) Finance expenses increased during the three months ended March 31, 2020 compared to the three months ended March 31, 2019 due to the Credit Facility (see "Liquidity and Capital Resources") and project financing activities as discussed in "Project Development Updates".

Summary of Quarterly Results

The following table summarizes selected financial data reported by the Company for the three months ended March 31, 2020 and the previous seven quarters:

	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	June 30, 2018
Current assets	**$6,212,614**	$3,499,320	$8,148,314	$13,080,500	$16,775,803	$7,074,710	$12,231,523	$17,955,048
Property, plant and equipment	**5,106,373**	5,210,243	5,258,354	5,360,973	5,454,016	5,302,876	5,333,150	5,163,550
Exploration and evaluation assets	**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	**43,204,825**	40,599,490	45,286,909	50,327,226	54,118,624	44,255,376	49,450,151	55,030,177
Current liabilities	**12,050,213**	3,621,810	2,096,774	1,441,212	1,555,118	2,647,630	2,029,482	2,087,126
Working capital	**(5,837,599)**	(122,490)	6,051,540	11,639,288	15,220,685	4,427,080	10,202,041	15,867,922
Net loss	**(6,901,328)**	(7,012,413)	(5,852,904)	(4,255,423)	(5,175,494)	(7,631,841)	(6,101,735)	(6,096,361)
Basic and diluted loss per share	**(0.08)**	(0.09)	(0.07)	(0.05)	(0.08)	(0.12)	(0.10)	(0.10)
Weighted avg. shares outstanding	**82,412,067**	81,898,123	81,898,123	81,849,132	66,239,292	63,840,560	63,840,560	63,840,560

During the three months ended March 31, 2020, $10 million was drawn from the Credit Facility, resulting in an increase to current liabilities. The Company completed a bought deal private placement on March 19, 2019 (the "Private Placement"), which resulted in an increase to share capital. Quarterly results mainly fluctuate due to the level of exploration and evaluation activities, such as drilling programs and Feasibility Study advancement and completion. There are no seasonal fluctuations in the results for the presented periods.

Liquidity and Capital Resources

Cash increased by $2,201,780 during the three months ended March 31, 2020 from $3,030,330 as at December 31, 2019 to $5,232,110 as at March 31, 2020. Cash utilized in operating activities during the three months ended March 31, 2020 was $7,771,006 (three months ended March 31, 2019 - $5,804,566). Cash generated by investing activities during the three months ended March 31, 2020 was $1,115 (three months ended March 31, 2019 - cash utilized of $175,582). During the three months ended March 31, 2020, the Company generated cash from financing activities of $10,071,773, mainly from draws on the Credit Facility, compared to $15,854,877 during the three months ended March 31, 2019 from the Private Placement.

As at March 31, 2020, share capital was $97,023,428 and was comprised of 82,827,223 issued and outstanding common shares (December 31, 2019 - $96,107,883 comprised of 81,898,123 shares outstanding). The increase in outstanding common shares during the three months ended March 31, 2020 was mainly the result of stock option and warrant exercises. Reserves, which decreased due to stock option and warrant exercises, were $12,462,613 (December 31, 2019 - $12,502,950). As a result of the net loss for the three months ended March 31, 2020, the deficit at March 31, 2020 increased to $92,748,681 from $85,847,353 at December 31, 2019. Accordingly, shareholders' equity on March 31, 2020 was $21,516,654 compared to $27,324,713 at December 31, 2019.

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)

In order to finance the Company's operations, the Company has raised money through the sale of equity instruments, the exercise of convertible securities and the Credit Facility. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration and resource development investments, the Company's track record, 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.

As at March 31, 2020, the Company had a working capital deficiency of $5,837,599. Subsequent to March 31, 2020, the Company completed a bought deal financing pursuant to which the Company issued 52,578,000 common shares of the Company at C$1.75 per common share and received gross proceeds of $65,414,119 (C$92,011,500). This financing is expected to provide sufficient funding to meet the Company's commitments and foreseeable corporate needs, including expenditures required to maintain properties and agreements in good standing.

Credit Facility

On January 27, 2020, the Company entered into the $30,000,000 "Credit Facility" with Natixis, a French multinational financial services firm. Loans under the Credit Facility (the "Loans") are made available through multiple borrowings. The annual interest rate on the Loans are set based on US LIBOR plus a margin equal to 0.45%. A commitment fee equal to 0.20% per annum on the unused portion of the Credit Facility is payable quarterly in arrears during the availability period. The Loans can be repaid at any time in whole or in part subject to a minimum notice period without penalty. The maturity date for the Loans is the earlier of (i) the one-year anniversary of the Credit Facility and (ii) the occurrence of certain events, including funding pursuant to a potential senior debt project financing. As of March 31, 2020, the Company has Loans payable of $10,000,000.

The Loans are supported by a guarantee from Nemesia S.à.r.l. ("Nemesia"). The guarantee is secured by a cash collateral held with Natixis, equal to at least the principal and anticipated interest and fees through maturity of the Loans. In consideration for the guarantee from Nemesia, the Company issued 85,000 common shares to Nemesia with a fair value of $98,012. Nemesia is an affiliate of Zebra Holdings and Investment S.à.r.l. and Lorito Holdings S.à.r.l. (collectively with Nemesia, the "Lundin Entities"), both of which are companies controlled by a trust settled by the late Adolf H. Lundin. The Lundin Entities are shareholders of the Company, making them a related party.

The Company entered into a debenture (the "Debenture") with Nemesia which provides a repayment mechanism in the event of default with Natixis. The Debenture allows for the automatic draw down of funds in an amount up to $14,000,000 if the Company defaults on the Loans and Natixis realizes on the cash collateral provided by Nemesia. The Debenture may be increased up to $32,000,000 (an amount equivalent to the Credit Facility plus potential interest) at the request of Nemesia but subject to approval of shareholders of the Company. If the Debenture is increased to $32,000,000, an additional 100,000 common shares of the Company will be issued to Nemesia. An additional 3,500 common shares of the Company will be issued to Nemesia for each $500,000 draw down per month until repayment under terms of the Debenture.

Risks and Uncertainties

Bluestone is subject to a number of risks and uncertainties including, but not limited to the following:

- Operations in Guatemala
- Global epidemics or pandemics or other health crises
- Licenses and title to assets
- Maintaining and obtaining licenses and permits
- Environmental hazards
- Governmental laws and regulations
- Community action
- Uncertainty of development projects
- Estimates of Mineral Reserves and Resources
- The business of exploration for minerals and mining involves a high degree of risk
- Anti-corruption laws
- Tax risks
- Reliance on third parties and risk associated with foreign subsidiaries
- Property commitments
- Limited operational history
- Substantial capital requirements
- Acquisition risk
- Future sales or issuances of common shares
- Competition
- Dependence on key personnel
- Changes in climate conditions
- Control person of the Company
- Public company requirements
- Marketability of natural resources
- Conflicts of interest
- Uninsurable risks
- Infrastructure
- Price volatility of publicly traded securities
- Risk of fines and penalties
- The successful development of Cerro Blanco and Mita Geothermal cannot be guaranteed
- Information systems

An analysis of these risks and uncertainties, as they have the potential to impact Bluestone, can be found in Bluestone's Annual Information Form and MD&A for the year ended December 31, 2019. The risks and uncertainties have not changed from those disclosed in Bluestone's Annual Information Form and MD&A for the twelve months ended December 31, 2019.

Outstanding Share Data

Bluestone's authorized capital consists of an unlimited number of common shares and an unlimited number of preferred shares without par value. No preferred shares have been issued to date. The following common shares, options and share purchase warrants are outstanding as at May 20, 2020:

	Number of Shares	**Exercise Price C$**	**Remaining life (years)**
Issued and Outstanding Common Shares	136,386,653		
Stock options	7,435,000	1.15 - 1.50	0.09 - 4.83
Warrants	11,673,042	0.35 - 1.65	0.04 - 0.83
Fully diluted at May 20, 2020	**155,494,695**		

Off Balance Sheet Arrangements

The Company does not utilize off balance sheet arrangements.

Transactions with Related Parties

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company has determined that key management personnel consist of certain executive and non-executive members of the Company's Board of Directors and corporate officers. The remuneration of key management personnel included in the consolidated statements of loss were as follows:

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Salaries	**$651,532**	$433,233
Share-based compensation	**191,329**	251,331
	$842,861	$684,564

Accrued compensation due to key management as at March 31, 2020 was $275,203 (December 31, 2019 - $721,435).

Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risk management can be found in notes 10 and 11, respectively, of the Company's condensed interim consolidated financial statements for the three months ended March 31, 2020.

Significant Accounting Policies, Estimates and Judgments

A description of the Company's significant accounting policies, estimates and judgments, can be found in note 2, of the Company's audited consolidated financial statements for the year ended December 31, 2019.

Disclosure of Internal Controls

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence that: (i) the condensed interim consolidated financial statements for the three months ended March 31, 2020 do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, and (ii) the condensed interim consolidated financial statements for the three months ended March 31, 2020 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 May 20, 2020. A copy of this MD&A will be provided to anyone who requests it.

Additional Information

Additional Information relating to Bluestone is on SEDAR at www.sedar.com or can be obtained by contacting:

Bluestone Resources Inc.
1020 - 800 West Pender Street
Vancouver, BC CANADA
V6C 2V6
www.bluestoneresources.ca
Email: info@bluestoneresources.ca