

# **Bluestone**

**R E S O U R C E S   I N C .**

**Q3 2020 Presentation**



***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 date December 31, 2018 which is 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.



# Compelling Opportunity

TSXV:BSR OTCQB:BBSRF | 3

## Permitted

Exploitation mining license with underground mining activities occurring

*Cerro Blanco Underground*

## High Grade

Updated resource of 1.4 Moz at 10.3 g/t gold (M&I Category) | Added 200 koz to M&I

## 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

## Infrastructure

US\$230 M spent to date on the project, 3 km of underground development

## Emerging Gold Producer

Development anticipated to start this year



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.

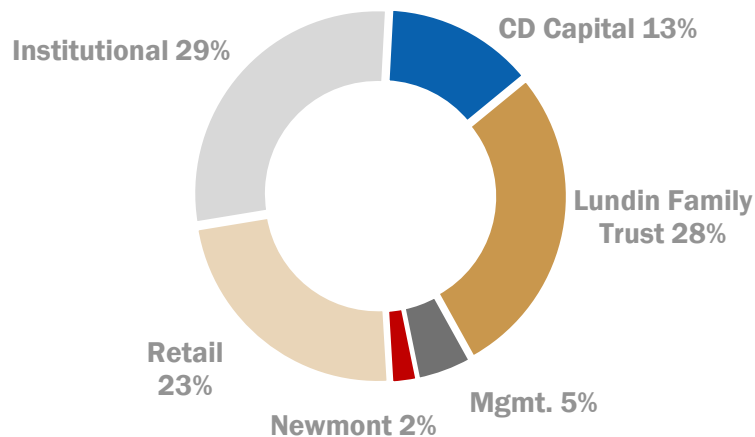
# Corporate Structure

TSXV:BSR OTCQB:BBSRF | 4

## Capital Structure – July 15, 2020

Listing	TSXV:BSR   OTCQB:BBSRF
Share Price	C\$2.15
Shares Outstanding	143,064,043
Options	6,004,000
Warrants <sup>1</sup>	8,970,652
Cash <sup>2</sup>	~US\$60 M
Market Cap.	~C\$308 M (US\$215 M)

## Major Shareholders



## Analyst Coverage (Avg. target price C\$3.50)

C\$4.25	Kevin MacKenzie	CANACCORD	Genuity
C\$3.50	Nicolas Dion	CORMARK	SECURITIES INC.
C\$3.20	Tyron Breytenbach	STIFEL	
C\$3.75	Kerry Smith	HAYWOOD	CAPITAL MARKETS
C\$3.25	John Sclodnick	NATIONAL BANK	
C\$3.10	Phil Ker	PI FINANCIAL	experience. driven.

1. Warrants: 8.9 M @ \$1.65 (Mar 2021), Options @ \$1.50 and \$1.89

2. Estimated as of July 15, 2020



# Establishing a Track Record of Results

Picked up by 6 analysts, average target price of C\$3.50/share

Anticipating to initiate development this year



**Acquisition**

May 2017



**Feasibility Study**

January 2019 robust economics AISC of \$579/oz



**Geology**

2018 Updated geology 20,000 drill program



**Resource**

November 2019 updated post Feasibility Study

Jack Lundin  
Appointed as CEO

Development  
Activities



Project  
Financing

Drill  
Program

2020



# Cerro Blanco Project Location

TSXV:BSR OTCQB:BBSRF | 6

- ~160 km by road east-southeast of Guatemala City (2.5 hour drive)
- Connected by the Pan American Highway (mine site is 5 km from the highway)
- Nearest town is Asuncion Mita with a population of 18,000
  - No relocation or land resettlement required



South Portal

Deposit

Water Treatment,  
Offices & Truck Shop

Melon Farms

Cerro Blanco Project Site

**Bluestone**  
RESOURCES INC.



## Robust economics with first quartile costs and rapid payback

### Feasibility Study at US\$1,250/ozs<sup>1</sup>

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

**Avg. Production**  
**146 koz Au/yr<sup>2</sup>**

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

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

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

**IRR 34%**

### Operating Summary

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

	US\$1,100	US\$1,250	US\$1,800
After-Tax NPV <sub>5%</sub>	US\$157 M	US\$241 M	US\$583 M
After-Tax IRR	25.0%	34.0%	67.0%
After-Tax Pay-Back	2.7 years	2.1 years	1.2 years

1. Feasibility Study as disclosed in the January 29, 2019 press release.

2 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.

# Strong Cash Generation

TSXV:BSR OTCQB:BBSRF | 8

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

## 113,000 oz

LOM Avg. Annual Au Production

## \$90 Million

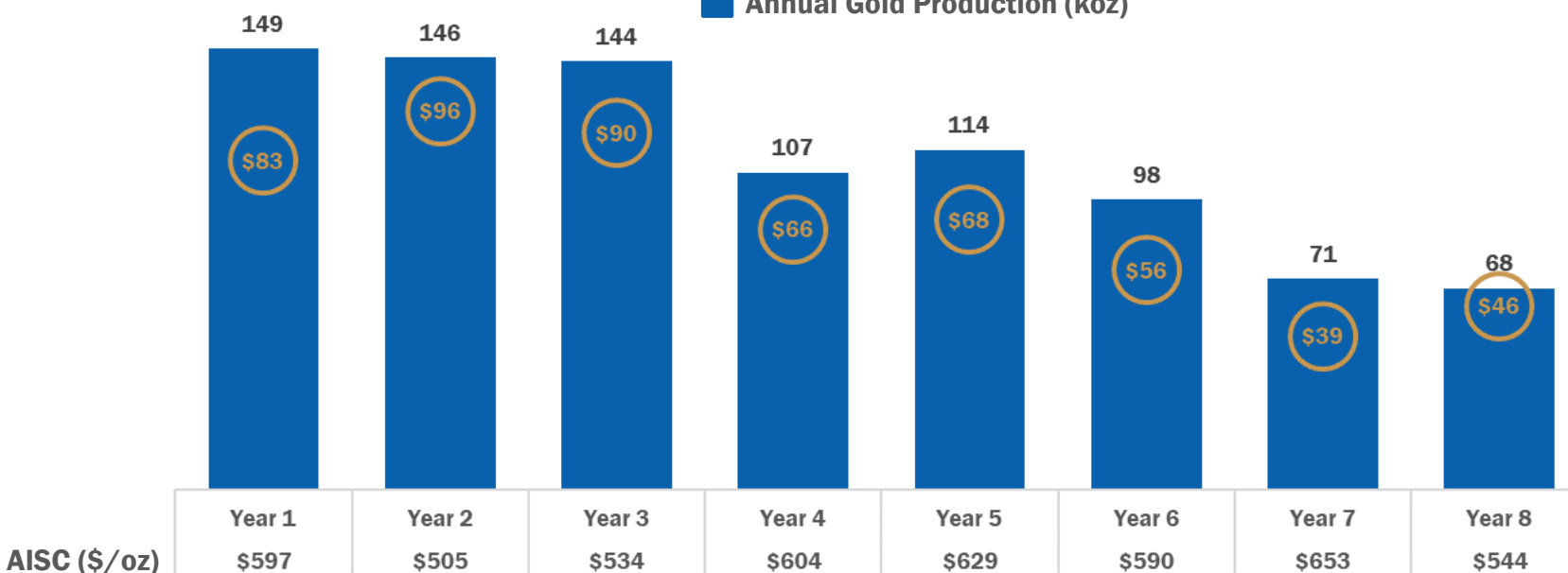
Avg. Annual Free Cash Flow<sup>1</sup>  
Increases to **\$160 M/yr**  
at US\$1,800/oz

## \$538 Million

LOM Free Cash Flow<sup>2</sup>  
Increases to **\$1.0 Billion** at  
US\$1,800/oz

### Production Profile & Free Cash Flow

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



Drilling underway to  
expand resource



1. Based on the first three years of production at US\$1,250/oz.

2. Unlevered basis at US\$1,250/oz.

Source: . Feasibility Study as disclosed in the January 29, 2019 press release.



# Mineral Reserves and Resources

TSXV:BSR OTCQB:BBSRF | 9

**New resource converted 208 koz into M&I, increasing the total M&I ounces by 18%**

## Mineral Reserve Estimate

3.5 g/t Au Cut-Off	Tonnes (000s t)	Grade		Reserve	
		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

## New Mineral Resource Estimate (inc. reserves)

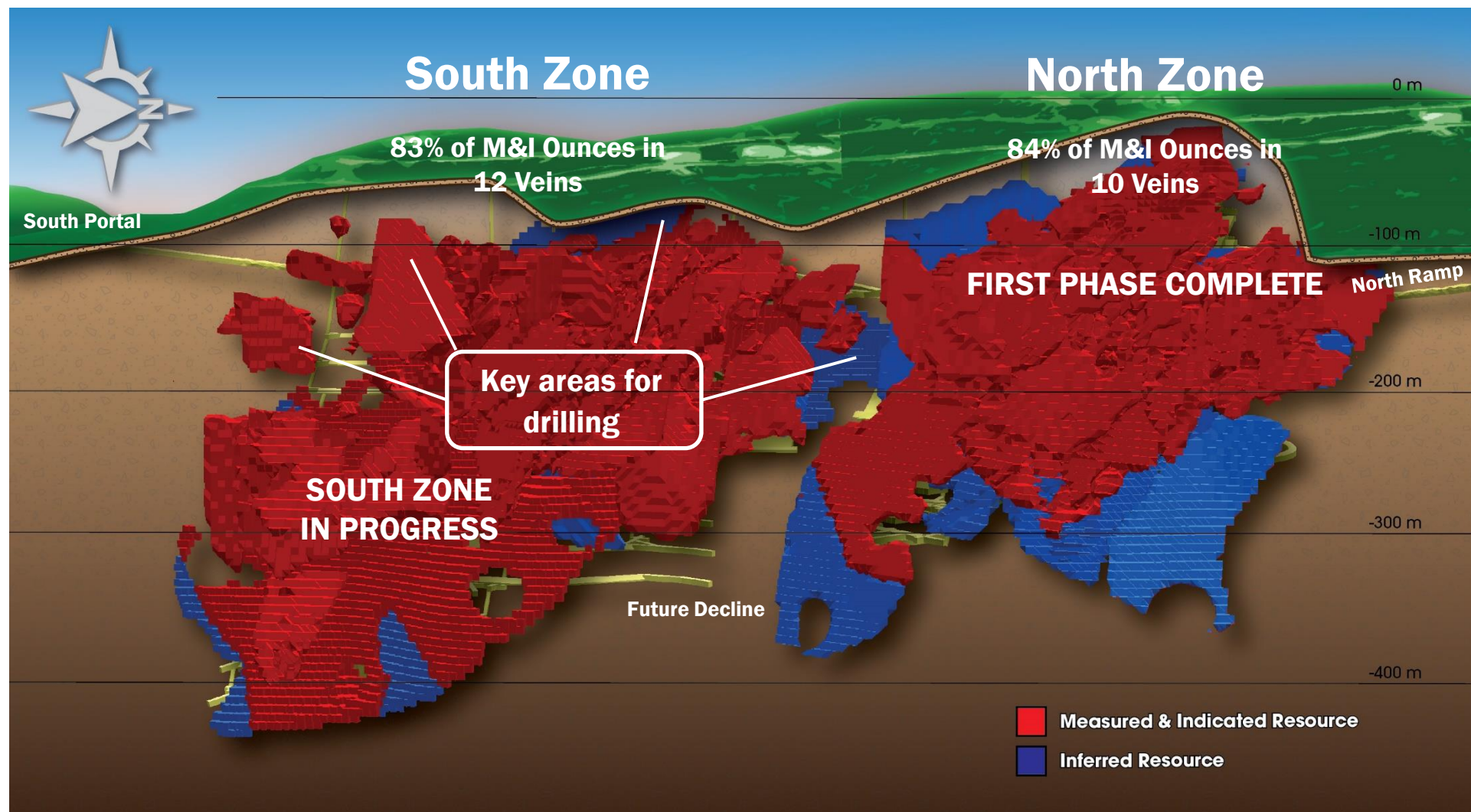
3.5 g/t Au Cut-Off	Tonnes (000s t)	Grade		Resource	
		Gold (g/t)	Silver (g/t)	Gold (Moz)	Silver (Moz)
<b>Measured</b>	608	11.5	44.2	0.23	0.9
<b>Indicated</b>	3,662	10.1	35.6	1.19	4.2
<b>M&amp;I Total</b>	<b>4,270</b>	<b>10.3</b>	<b>36.8</b>	<b>1.41</b>	<b>5.1</b>
<b>Inferred</b>	466	7.1	16.6	0.11	0.2



# Infill Drill Program

TSXV:BSR OTCQB:BBSRF | 10

**Infill drilling underway since Nov 2019. Currently drilling South Zone, targeting vein extensions outside of the current resource envelope in the upper part of the orebody**



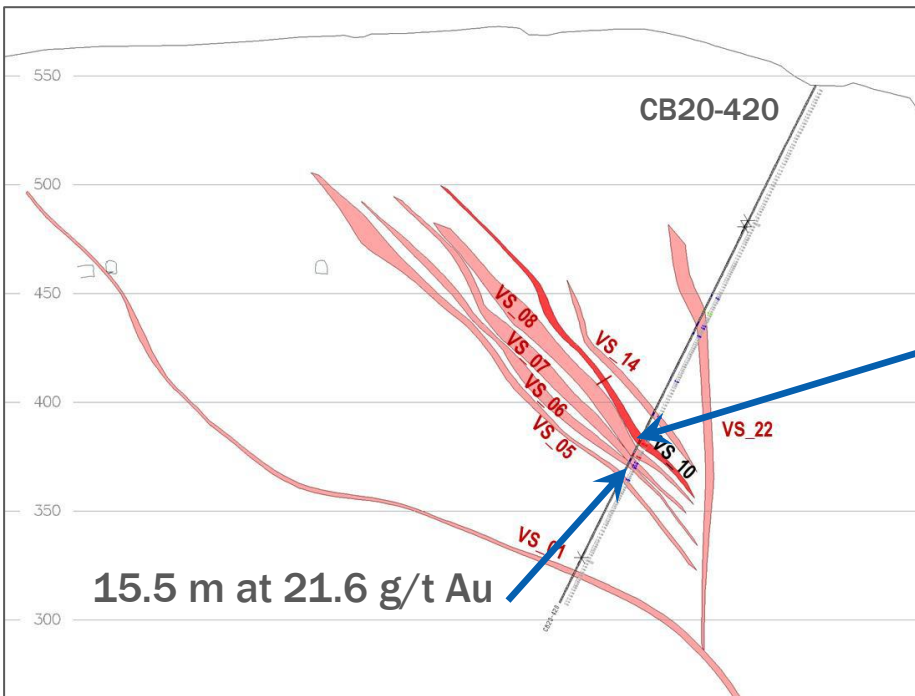


# Exploration Results

TSXV:BSR OTCQB:BBSRF | 11

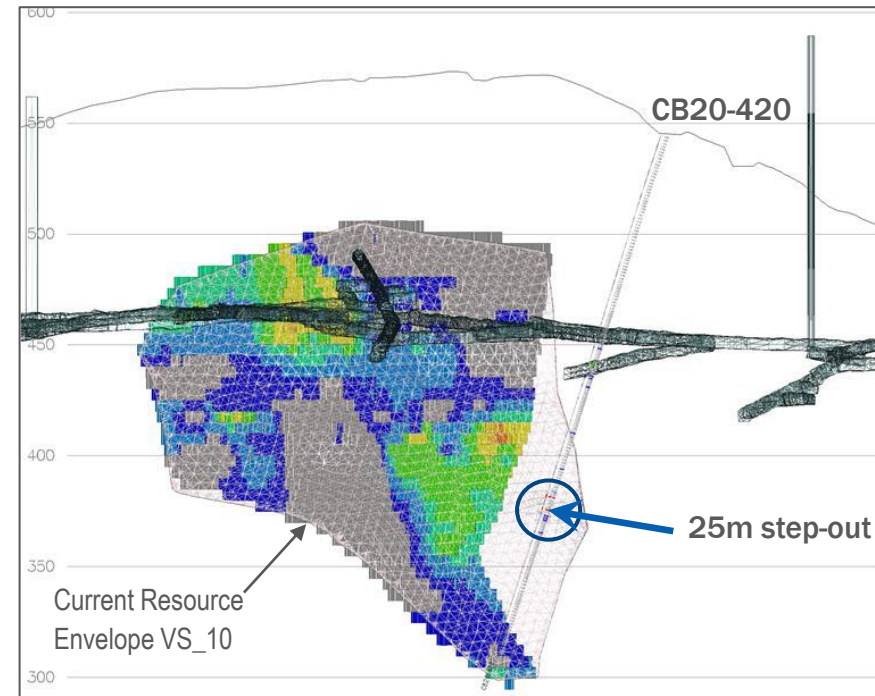
**Exploration results (June) continue to demonstrate broad high-grade intercepts. Recent drilling returned 15.5 m at 21.6 g/t Au – 25 m step-out outside current resource envelope**

## South Zone Cross Section (CB20-420)



4.2m @ 48.5 g/t Au 97 g/t Ag  
(VS\_10)

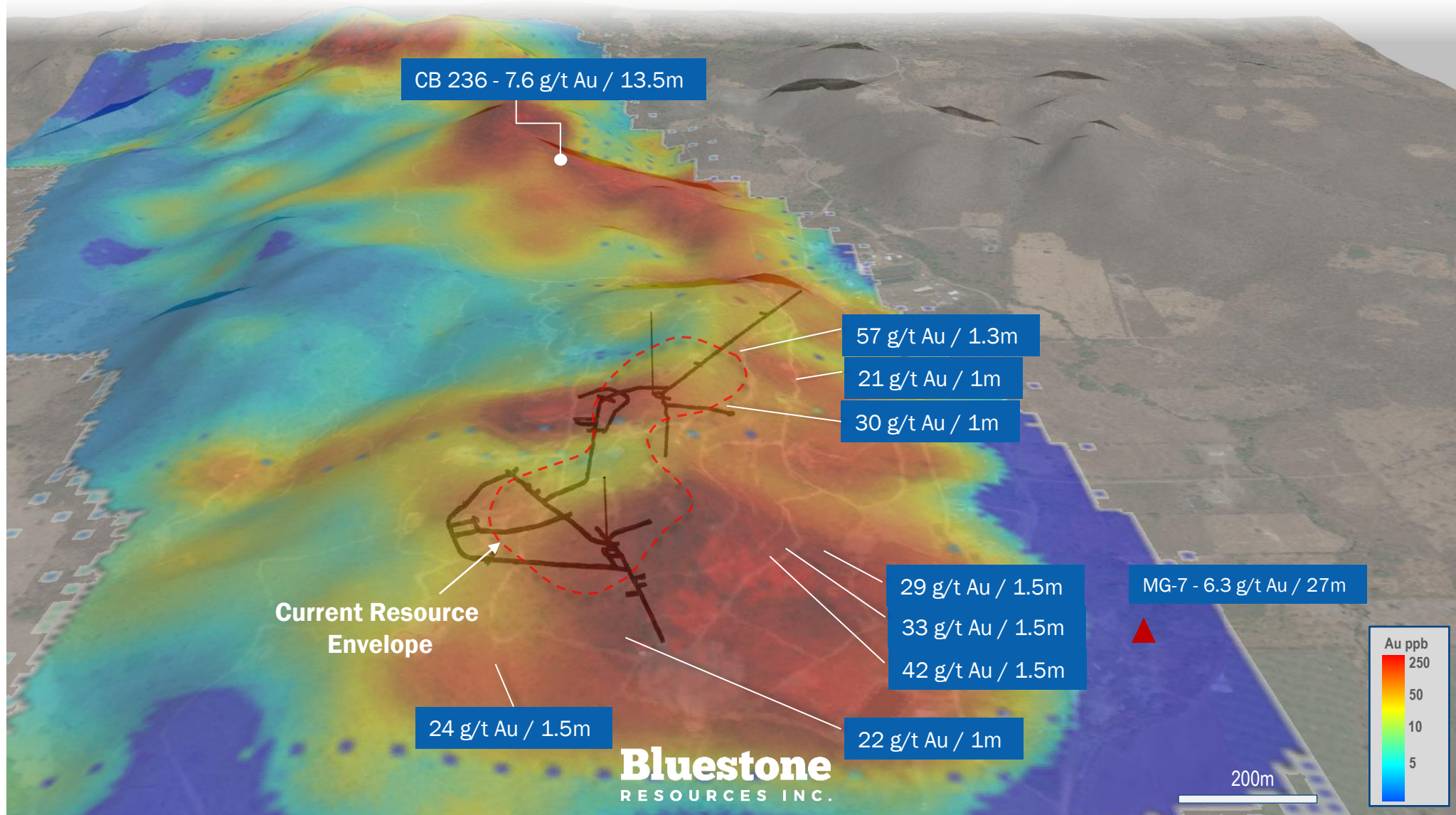
## Long Section Vein 10





## Regional gold-in-soils and historic drill results

- Significant exploration potential in the larger district
- Gold bearing structures extend at least 2 km northwest





## G Mining Services engaged – Previously built Fruta del Norte (Lundin Gold) & Merian (Newmont)

### Cerro Blanco optimization, engineering and design work underway

- Trade-off studies well advanced
- Optimization of process flowsheet nearing finalization
- Project execution & UG mine teams being established
- Basic engineering & some detailed engineering underway
- Some vendor packages completed and going out to tender
- Long lead-time order placements expected in Q4 2020

### Underground mine development contract advancing





## The next twelve months will be transformational for Bluestone

- Ongoing drill results, drill program underway on the South Zone
- Project financing package H2 2020
- Place long lead time orders Q4 2020
- Initiate early works activities Q4 2020 / Q1 2021
- Resource estimate update Q1 2021

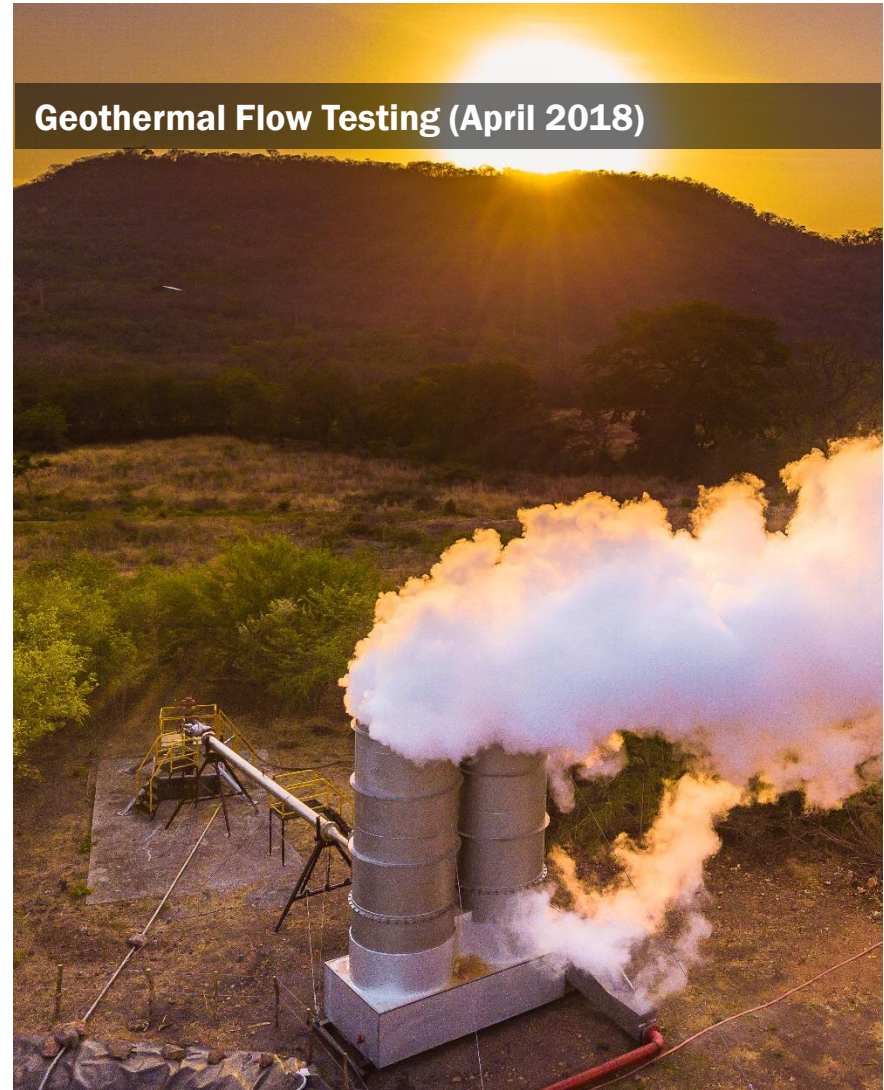


# Geothermal Power Potential

TSXV:BSR OTCQB:BBSRF | 15

**US\$60 M spent to date, 18 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





# Appendix

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## Executive Team

### Jack Lundin, CEO & Director

Lundin Gold, Josemaria Resources and Denison

### Darren Klinck, President & Director

Previously EVP at OceanaGold

### Peter Hemstead, CFO

Capstone Mining, Sherwood Copper, PwC Canada

### Joe Campbell, GM & Country Manager

+30 years of experience, Alio Gold, Phelps Dodge, Inmet, Cyprus Minerals

### David Cass, VP Exploration

+25 years of experience, previous Exploration Manager of North America for Anglo American

### Stephen Williams, VP Corporate Development & IR

Canaccord Genuity, Freeport-McMoRan

## Board of Directors

### John Robins, Chairman

Kaminak, Stornoway, Grayd, Hunter Exploration

### Zara Boldt, Director

Lucara, Kaminak, Stornoway

### Jamie Beck, Director

NGEx, Filo Mining, Lundin Mining

### Dave Dicaire, Director

Lundin Gold, Freeport-McMoRan, Xstrata

### Leo Hathaway, Director

Lumina Copper, Anfield Gold, Lumina Capital

### William Lamb, Director

Lucara Diamonds, De Beers



**LUNDINGOLD**



**lundin mining**





# Latest Drill Results and Development

TSXV:BSR OTCQB:BBSRF | 18

The 2019 drill program produced some of the highest grade drill results in the market

## Select Drill Highlights (20 Holes):

True Width (m)	Grade	
	(Au g/t)	(Ag g/t)
6.1	11.9	18.0
11.1	8.5	7.1
13.1	11.2	78.0
5.8	21.2	138.0
2.1	49.2	42.0
9.1	7.2	16.0
9.0	8.4	53.2
7.5	19.0	44.3
8.1	8.3	73.0
5.6	19.9	281.0
10.2	13.1	25.0
2.3	31.0	32.4
2.4	86.1	963.0
1.0	201.4	2,139.0
1.0	38.5	51.5
2.1	18.5	20.9
3.3	27.9	260.0
3.3	14.0	45.9
2.3	25.4	238.8
3.0	16.3	15.1

## Early Underground Development

- Early underground development and mining activities were undertaken as part of an operational readiness and project de-risking initiative ahead of development
- Vein VS\_10 in the South Zone averaged 22 g/t Au over the 22 m of development

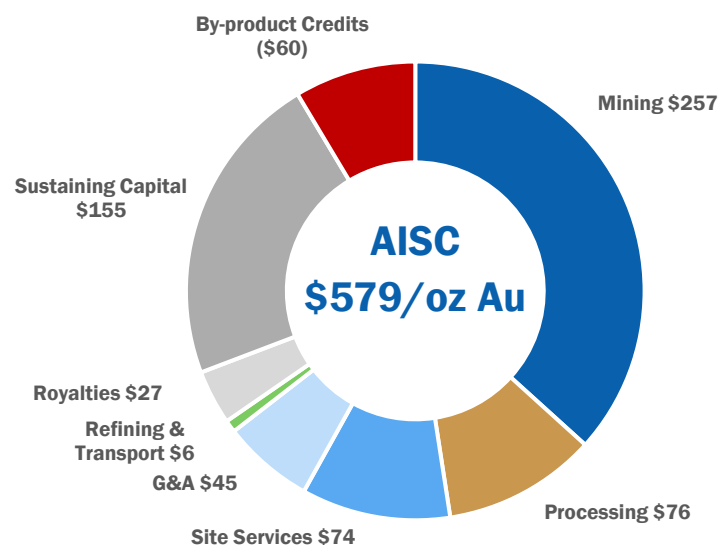


# Robust High Margin Project

TSXV:BSR OTCQB:BBSRF | 19

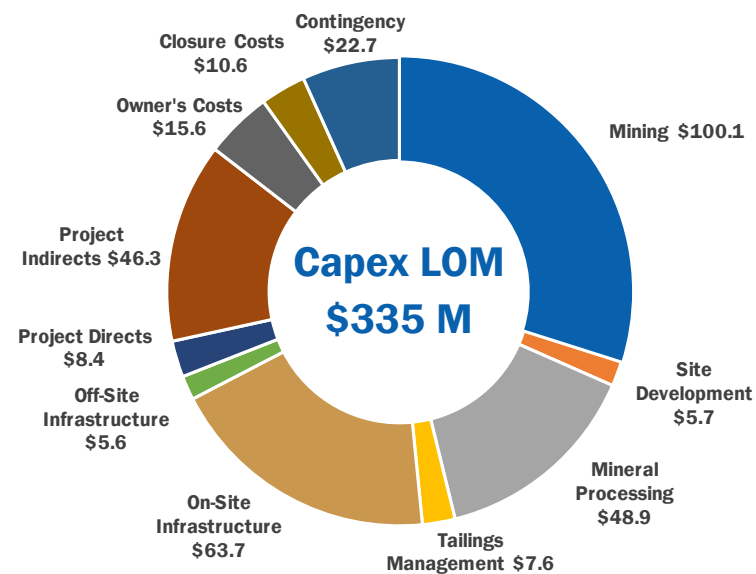
## LOM AISC \$579/oz Au – Lowest quartile in the industry

	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>\$424</b>
Sustaining Capital	-	\$155
<b>AISC</b>	-	<b>\$579</b>



## Capital cost estimate – Leverage existing infrastructure

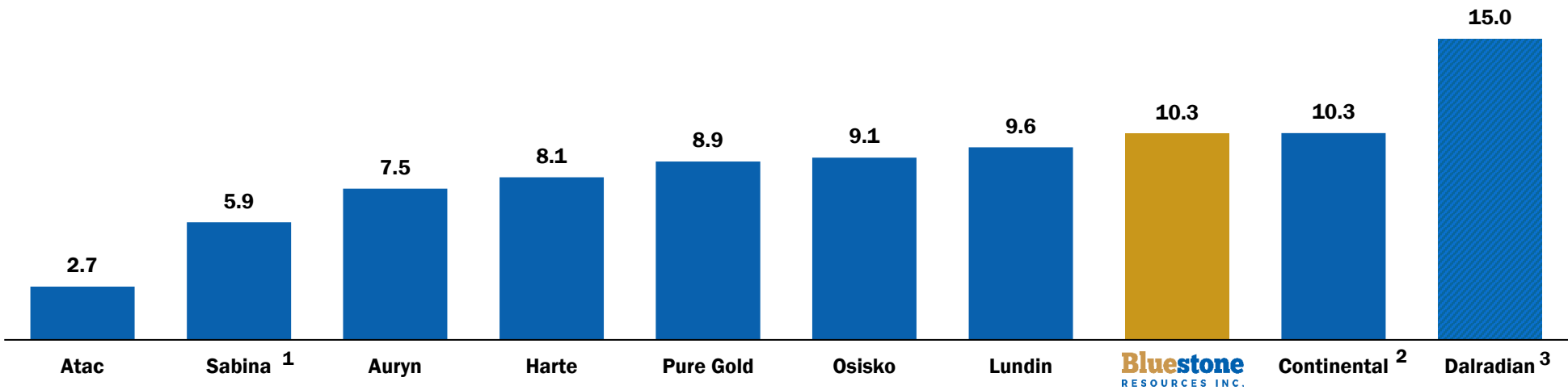
	Initial Capital (\$M)	Sustaining Capital (\$M)	LOM (\$M)
Mining	\$32.4	\$67.7	\$100.1
Site Development	\$5.3	\$0.4	\$5.7
Mineral Processing	\$44.7	\$4.2	\$48.9
Tailings Management	\$2.5	\$5.1	\$7.6
On-Site Infrastructure	\$19.2	\$44.5	\$63.7
Off-Site Infrastructure	\$5.6	-	\$5.6
Project Directs	\$8.4	-	\$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>



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

High-grade resource of 1.4 Moz at 10.3 g/t gold (M&I category)

## M&I Resource Grade



Sources: Corporate disclosure as of September 1, 2019.  
1. Sabina grades represent Back River Project, respectively  
2. Transaction with Zijin for C\$1.4B  
3. Transaction with Orion for C\$537 M



# Reserve and Resource Summary

TSXV:BSR OTCQB:BBSRF | 21

## Cerro Blanco Gold project mineral reserves and resource statements

### Mineral Reserve Estimate

3.5 g/t Au Cut-Off	Tonnes (000s t)	Grade		Reserve	
		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

#### 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.

### Resource Estimate (inclusive of reserves)

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>	608	11.5	44.2	0.23	0.9
<b>Indicated</b>	3,662	10.1	35.6	1.19	4.2
<b>M&amp;I Total</b>	<b>4,270</b>	<b>10.3</b>	<b>36.8</b>	<b>1.41</b>	<b>5.1</b>
<b>Inferred</b>	<b>466</b>	<b>7.1</b>	<b>16.6</b>	<b>0.11</b>	<b>0.2</b>

#### 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 November 1, 2019;
- (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.

# **Bluestone** **RESOURCES INC.**

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