

# Bluestone Increases NPV of Cerro Blanco by over 275% to \$907 Million and Peak Gold Production to over 300 koz per Year

Vancouver, British Columbia--(Newsfile Corp. - February 28, 2021) - **Bluestone Resources Inc. (TSXV: BSR) (OTCQB: BBSRF) ("Bluestone" or the "Company")** is pleased to announce the findings of a preliminary economic assessment ("PEA") that highlights an optimized project which doubles the gold resource ounces and production profile which effectively triples the NPV<sub>5%</sub> of the project to \$907 million.

The recent completion of advanced engineering and optimization work has significantly enhanced the understanding of the project and presented an opportunity to capitalize on its near-surface, high-grade mineralization through an open pit development scenario. This is a major change to Bluestone's corporate strategy that will fully maximize the value of the Cerro Blanco gold project for all stakeholders.

Jack Lundin, CEO, commented, "This new development scenario outlines a great project which is capable of producing over 300,000 ounces of gold per year at first decile AISC. With the onboarding of key project personnel and completion of a successful drill campaign, 2020 presented us with the opportunity to dig deep into the technical and social elements of the project and evaluate all aspects. Following an initial review of the viability for a surface mining operation, discussions were held with key national stakeholders and authorities to confirm the endorsement for a project of this scale in Guatemala. Bluestone is committed to adopting world class responsible mining practices for the future of sustainable mining."

## Preliminary Economic Assessment Highlights

Unless otherwise indicated, all dollar amounts are stated in U.S dollars ("\$"). The Base case was completed at a gold price of \$1,550/oz and a silver price of \$20/oz.

- Peak production of 334,000 ounces and average annual production of 231,000 ounces gold over the life of mine ("LOM").
- Average life of mine all-in sustaining costs ("AISC") of \$642/oz (net credits).
- Average annual free cash flow of \$186 million per year and LOM total free cash flow of \$2 billion.
- Net present value ("NPV<sub>5%</sub>") of \$907 million after-tax.
- After-tax internal rate of return ("IRR") of 28.5%.
- Initial capital of \$548 million with an after-tax payback period of 2.6 years.
- Life of mine production of approximately 2.4 million ounces of gold and 10.3 million ounces of silver over an initial 11-year mine life.
- Measured & Indicated Resources of 3.0 million ounces of gold and 13.2 million ounces of silver (61.5 million tonnes at 1.5 g/t Au and 6.7 g/t Ag).
- At \$1,800/oz gold, the NPV<sub>5%</sub> increases to \$1.3 billion and the IRR to 36% with a payback of 2.2 years.

David Cass, Vice President of Exploration commented, "The pivot to surface mining is a culmination of our increased understanding of the geology and grade distribution that will realize the full potential of the

Cerro Blanco low-sulphidation mineralization. The inverted wedge shape of the deposit with its upper half forming the Cerro Blanco hill lends itself to surface mining with a low strip ratio. The extensive drilling undertaken to date of the high-grade vein swarms and their surrounding low-grade mineralized envelopes show impressive intercepts, including 203.8 meters grading 2.3 g/t Au and 4.1 g/t Ag (CB20-420) and 87.2 meters grading 5.3 g/t Au and 26 g/t Ag (UGCB18-89). The low-grade mineralization present in the Salinas cap rocks, where we currently have five drill rigs operational, make up a fifth of the Measured & Indicated Resource ounces and show excellent potential to further grow the resource by additional drilling."

### **Cerro Blanco Preliminary Economic Assessment Study**

The Cerro Blanco Gold Project is located in south-eastern Guatemala and currently hosts 3.0 million ounces ("Moz") of gold in the Measured & Indicated Mineral Resource category and 0.25 million ounces of gold in the Inferred Mineral Resource category, as set out in Table 3.

The PEA evaluates recovery of gold and silver from a 15,000 tonne-per-day ("tpd") open pit operation, with a conventional process plant that will include crushing, grinding, and agitated leaching followed by a carbon-in-pulp recovery process to produce doré bars.

**Table 1 - Summary of the Economics of the Cerro Blanco PEA**

Gold price (base case)	\$1,550/oz
Silver price (base case)	\$20.00/oz
Exchange rate (Quetzal to US Dollar)	7.5:1
Exchange rate (CAD to US Dollar)	0.78:1
Peak annual gold production	334,000 ounces
Average annual gold production (years 1-4)	277,000 ounces
Average annual gold production (LOM)	231,000 ounces
Total gold production (LOM)	2,449,000 ounces
Strip Ratio (w:o)	2.36:1
Average gold head grade	1.60 g/t
Average silver head grade	7.27 g/t
Average gold recovery	91.0%
Average silver recovery	85.0%
Nominal Throughput	15,000 tonnes per day
Mine life	11 years
Operating costs	Mining - \$2.95/tonne mined Processing - \$13.30/tonne milled Site Services - \$3.98/tonne milled G&A - \$2.28/tonne milled
Total operating costs	\$28.78/tonne milled
Cash costs (LOM net credits)	\$570/oz Au
All-in Sustaining Cash Costs (LOM net credits)*	\$642/oz Au
Initial capital (including contingency)	\$548 M
Sustaining capital, including closure costs	\$173 M
Average annual after-tax free cash flow	\$272 M per year (years 1-4)
Total production after-tax free cash flow	\$2.0 B

NPV <sub>5%</sub> (pre-tax)	\$1,115 M
IRR (pre-tax)	35%
NPV <sub>5%</sub> (after-tax)	\$907 M (base case), \$1,305 M (\$1,800/oz gold)
IRR (after-tax)	28.5% (base case), 36% (\$1,800/oz gold)

\*all in sustaining cash costs (net credits) = (operating costs + offsite costs + royalties + sustaining and closure capital - value of payable silver ounces) / payable gold ounces

**Table 2 - Economic Sensitivities, Leverage to Gold Price**

Gold price (\$/oz)	\$1,400	<b>\$1,550</b>	\$1,600	\$1,800	\$2,000
After-tax NPV 5% (\$M)	\$669	<b>\$907</b>	\$987	\$1,305	\$1,633
After-tax IRR	23.4%	<b>28.5%</b>	30.0%	36.0%	41.6%
After-tax Payback	2.9	<b>2.6</b>	2.5	2.2	1.9

## Permitting and Environmental Baseline Data

Bluestone continues to advance the Cerro Blanco Project application through the national processes, which is well understood and defined. The Company is supported by a reputable in-country expert with extensive experience in permitting natural resource and industrial projects in Guatemala.

The Company's goal is to prepare a coordinated Environmental and Social Impact Assessment document that aligns with the International Finance Corporation Performance Standards, Equator Principles, as well as national requirements. Engagement with local communities and other stakeholders is essential to Bluestone and will remain on-going throughout the permitting process.

Bluestone plans to advance the development of the Environmental Impact Assessment ("EIA") document in 2021 for submittal prior to the end of this year.

Jack Lundin, CEO, commented, "The timeline and path to production is being worked through in detail. We plan to follow the well-defined process in Guatemala to advance an EIA application, in parallel with completing a bankable Feasibility Study by the end of 2021 and early in 2022, respectively. This Feasibility Study will serve as the blueprint for our development which we are targeting to initiate in late 2022, when we anticipate receiving our EIA permit."

## PRELIMINARY ECONOMIC ASSESSMENT DETAILS

### Geology and Mineral Resource

Cerro Blanco is a classic hot springs-related low-sulphidation epithermal gold-silver deposit comprising both high-grade vein and low-grade disseminated mineralization. Most of the high-grade mineralization is hosted in the Mita unit as two upward-flaring vein swarms (North and South Zones) that converge downwards and merge into basal feeder veins where drilling has demonstrated significant widths of high-grade mineralization, e.g. 15.5 meters 21.4 g/t Au and 52 g/t Ag. Bonanza gold grades are associated with ginguru banding and carbonate replacement textures. Sulphide contents are low, typically <3 volume %.

The Mita rocks are overlain by the Salinas Unit, a sub-horizontal sequence of volcanogenic sediments and sinter horizons approximately 100 meters thick that form the low-lying hill at the project. Low-grade

disseminated and veinlet mineralization within and as halos around the high-grade vein swarms is well documented in drilling since discovery of the deposit, with grades typically ranging from 0.3 to 1.5 g/t Au. The overlying Salinas cap rocks are also host to low-grade mineralization associated with silicified conglomerates and rhyolite intrusion breccias.

In profile, the inverted wedge-shape of the high-grade veins (upward flaring arrays) and their low-grade halos overlain by the mineralized Salinas cap rocks to surface render the deposit amenable to exploitation by surface methods with a low strip ratio.

The mineral resource has a footprint of 800 x 400 meters between elevations of 525 meters and 200 meters above sea level. The mineral resource estimate is the result of 141,969 meters of drilling by Bluestone and previous operators (1,256 drill holes and channel samples by Bluestone) with the majority of meters drilled after the completion of the current EIA. The 3.4 kilometres of underground infrastructure that was invested as a result of this permit allowed underground mapping, sampling, and over 30,000 meters of underground drilling that was critical to Bluestone's current understanding and validation of the Cerro Blanco geological model. The mineral resource estimate is based on a scenario that considers open pit mining methods and therefore required improved geological models of the lithologic units. These broad mineralized lithologies are host to the high-grade veins that have been the focus of the potential underground mining scenario. The resulting domain models and estimation strategy was designed to accurately represent the grade distribution.

**Table 3 - Cerro Blanco Mineral Resource Estimate at a 0.4 g/t Au Cut-Off**

Resource Category	Tonnes (kt)	Gold Grade (g/t)	Silver Grade (g/t)	Contained Au (koz)	Contained Ag (koz)
Measured	20,388	1.93	9.01	1,266	5,906
Indicated	41,135	1.30	5.54	1,716	7,327
<b>Measured and Indicated</b>	<b>61,523</b>	<b>1.51</b>	<b>6.69</b>	<b>2,982</b>	<b>13,233</b>
Inferred	2,287	0.56	3.41	42	251

The mineral resource statement is subject to the following:

- Effective date: December 31, 2020. All mineral resources have been estimated in accordance with Canadian Institute of Mining and Metallurgy and Petroleum ("CIM") definitions, as required under NI 43-101.
- Cut-off grades are based on a price of US\$1,600/oz gold, US\$20/oz silver and a number of operating cost and recovery assumptions, including a reasonable contingency factor.
- The PEA is preliminary in nature, it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves have not demonstrated economic viability. The mineral resources may be affected by subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic and other factors.
- *Rounding as required by reporting guidelines and may result in summation differences.*

Sensitivity to cut-off grade, as shown in Table 4 below, the mineral resource estimates for Cerro Blanco (Base Case in **bold**).

**Table 4 - Cerro Blanco Mineral Resource Estimate Sensitivity Analysis**

Resource Category	Cut-off Grade (Au g/t)	Tonnes	Gold Grade (g/t)	Silver Grade (g/t)	Contained Au Ounces	Contained Ag Ounces
Measured	0.2	28,629,085	1.46	7.07	1,342,194	6,507,552
	0.3	23,860,565	1.70	8.07	1,304,282	6,190,775
	<b>0.4</b>	<b>20,388,333</b>	<b>1.93</b>	<b>9.01</b>	<b>1,265,639</b>	<b>5,906,052</b>
	0.5	17,742,672	2.15	9.90	1,227,643	5,647,353
	0.6	15,700,806	2.36	10.73	1,191,764	5,416,421
Indicated	0.2	81,498,560	0.79	3.89	2,081,779	10,192,724
	0.3	56,048,662	1.04	4.75	1,880,933	8,559,524
	<b>0.4</b>	<b>41,135,218</b>	<b>1.30</b>	<b>5.54</b>	<b>1,715,979</b>	<b>7,326,799</b>
	0.5	31,438,906	1.56	6.33	1,576,822	6,398,260
	0.6	25,065,443	1.82	7.08	1,464,914	5,705,574
Inferred	0.2	7,747,410	0.37	3.10	90,941	772,163
	0.3	4,219,647	0.46	3.32	62,921	450,407
	<b>0.4</b>	<b>2,287,137</b>	<b>0.56</b>	<b>3.41</b>	<b>41,531</b>	<b>250,748</b>
	0.5	1,130,156	0.68	3.84	24,872	139,528
	0.6	573,986	0.08	5.0	15,228	91,532

## Mineral Resource Estimation Methodology

The mineral resource estimates for Cerro Blanco were prepared to industry standards and best practices and verified by Garth Kirkham, P.Geo., an Independent Qualified Person for the purposes of NI 43-101. The mineral resources were estimated using commercial mine modelling and geostatistical software.

The deposit was segregated into multiple estimation domains based on geologic models for each of the mineralized veins and the Salinas and Mita host lithologies including sinter units. Gold and silver block grades were estimated from capped composited samples in a single pass.

The mineral resources were estimated using inverse distance to the third power interpolation for the continuous vein domains, and the Salinas and Mita host units were estimated using ordinary kriging. Search ellipse anisotropy and orientation were guided by the orientation of the vein solids models and omni-directional ellipsoids were employed in the host and sinter zones. Specific gravities were assigned to individual rock types and assigned on a block-by-block basis.

## Cautionary Statement

*The PEA is preliminary in nature, it may include mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA will be realized. Mineral resources that are not mineral reserves have not demonstrated economic viability. The mineral resources may be affected by subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic, and other factors.*

## Mining

An open-pit mining scenario is the basis for this PEA. The owner-operated mining fleet will utilize 65 tonne trucks matched with 7.0 cubic meter hydraulic shovels supported by 8.2 cubic meter front-end wheel loaders.

The mine designs and scheduling were engineered to feed 5.04 Mt per year (15,000 tpd) of mill feed to the process plant at a strip ratio of 2.36 and LOM mining cost of \$2.95/t. A total of 52.2 Mt of mill feed

averaging 1.60 g/t gold and 7.26 g/t silver (1.68 g/t Au Eq.), is to be processed over the life of mine from the main pit area. Mill feed will be trucked to a primary crusher located to the east of the main pit. Waste totalling 123.5 Mt will be placed in a waste storage facility. Open-pit mining dilution has been estimated with a dilution skin of 0.5 meters resulting in 7.2% dilution at a grade of 0.30 g/t gold and 2.29 g/t silver.

Standard pit slopes were applied to the mine design. The pit slopes are designed with inter-ramp angles of 52 degrees with an overall slope angle of 49 degrees. Mining will take place on 5-meter benches.

**Table 5 - Cerro Blanco Mill Feed Material**

Mill Feed Material	Tonnes (000's)	Au Grade g/t	Ag Grade g/t	Contained Gold (000's Oz)	Contained Silver (000's Oz)
Measured	19,370	1.96	9.26	1,222	5,764
Indicated	32,880	1.38	6.08	1,463	6,427
<b>Measured &amp; Indicated</b>	<b>52,250</b>	<b>1.60</b>	<b>7.26</b>	<b>2,686</b>	<b>12,191</b>
Stockpile	30	5.35	22.59	5	22
Total Mill Feed	52,280	1.60	7.27	2,691	12,213

The mill feed material is subject to the following:

- The Qualified Person for the Mill Feed estimate is Antoine Champagne, P. Eng. of G Mining Services Inc.
- The cut-off grade for mill feed material was estimated using a \$1,500/oz gold price and gold cut-off grade (CoG) of 0.48 g/t AuEq. Other costs and factors used for gold cut-off grade determination were process, G&A, and other costs of \$20.21/tonne, a royalty of \$30.64 /oz Au and a gold metallurgical recovery of 91%, and a silver metallurgical recovery of 85%.
- Bulk density of mineralized material is variable but averages 2.68 t/m<sup>3</sup>.
- The average strip ratio is 2.36:1.
- Tonnages are rounded to the nearest 1,000 tonnes, metal grades are rounded to two decimal place. Tonnage and grade measurements are in metric units; contained gold and silver are reported as thousands of troy ounces.
- Rounding as required by reporting guidelines and may result in summation differences.

## Processing

The PEA is based on treating 5.04 million dry tonnes mineralized material per year at an average feed grade of 1.60 g/t gold and 7.26 g/t silver through a conventional cyanide leach process plant to produce doré. The flowsheet is very similar to the previous underground mine option and includes primary crushing, single train semi-autogenous (SAG) mill and ball mill to produce a target grind size of 80% passing 53 microns, atmospheric pre-oxidation, 48-hour cyanide leach, carbon-in-pulp carousel adsorption circuit, Zadra elution circuit, gold room and filtered tailings. Based on PEA metallurgical test work, the expected recoveries are 91% for gold and 85% for silver.

Filtered tailings will be configured in a dry stack facility and eliminate the need for the construction and operation of a traditional tailings impoundment. The adoption of this technology puts the Cerro Blanco Project at the forefront of responsible mining practices being adopted for the future of sustainable mining globally.

## Capital & Operating Costs

Initial capital to fund construction and commissioning is estimated at \$548 million. The Cerro Blanco Gold Project benefits from a significant amount of infrastructure already in place including a water treatment plant, maintenance and warehouse facilities, offices, and communications systems. The project benefits from being located eight kilometres from the Pan American Highway.

**Table 6 - Cerro Blanco Capital Cost Estimate**

<b>Capital Cost Estimate (\$M)</b>	<b>Initial Capital (\$M)</b>	<b>Sustaining Capital (\$M)</b>	<b>Life of Mine (\$M)</b>
Infrastructure	\$18.2	\$0.0	\$18.2
Power & Electrical	\$37.9	\$0.0	\$37.9
Water Management	\$40.2	\$56.3	\$96.5
Surface Operations	\$31.9	\$19.8	\$51.7
Mining	\$48.7	\$61.8	\$110.5
Process Plant	\$153.8	\$0.0	\$153.8
Construction Indirects	\$70.0	\$0.0	\$70.0
Owner's Costs	\$46.6	\$0.0	\$46.6
Pre-Prod, Start-up, Commissioning	\$23.4	-	\$23.4
Pre-Prod Mining and Pre-Stripping	\$31.9	-	\$31.9
<b>Subtotal</b>	<b>\$502.6</b>	<b>\$137.9</b>	<b>\$640.5</b>
Contingency	\$76.5	\$0.0	\$76.5
Closure	-	\$35.0	\$35.0
Pre-Production Revenue	\$31.3	-	\$31.3
<b>Total Capital Costs</b>	<b>\$547.8</b>	<b>\$172.9</b>	<b>\$720.7</b>

**Table 7 - Cerro Blanco Operating Cost Estimate**

<b>Operating Cost Estimate</b>	<b>Cost per Tonne Milled (\$/t)</b>
Mining	\$9.22
Processing	\$13.30
Site Services (includes dewatering)	\$3.98
G&A	\$2.28
<b>Total Direct Operating Costs</b>	<b>\$28.78</b>

**Table 8 - All-in Cash Costs Including Sustaining Capex**

Mining	\$475.9
Processing	\$686.6
Site Services	\$205.3
Site G&A	\$117.7
Refining & Transport	\$22.7
Royalties	\$81.2
Sustaining Capital	\$172.9
By-product Credits	\$204.8
<b>Total (\$M)</b>	<b>\$1,557 M</b>

<b>All-in Sustaining Cash Costs (net of credits) (\$/oz)</b>	<b>\$642/oz Au</b>
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All-in sustaining costs 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 silver ounces value) / payable gold ounces.

## **Infrastructure**

The project is located approximately 160 kilometres southeast of Guatemala City. The site is accessible via the Pan-American Highway (CA1) through the town of Asunción Mita. Existing infrastructure is in place to provide year-round access, an upgraded access road, bridge, and a new power transmission line will be installed as part of the construction of the project. Guatemala has 400 kilometres of coastline, with the closest deep-water port (Puerto Quetzal) on the Pacific Ocean, which is connected by good highway access to the project.

## **Corporate Social Responsibility and Economic Benefits**

Bluestone is a values-based company where environmental and community stewardship are integral to our core values. We live in the communities we operate in and follow best practices to maximize benefits for our stakeholders. The project and local team have been part of the local community for over a decade and Bluestone is active in engaging with the stakeholders around the project.

The development of the project is expected to provide substantial economic benefits to Guatemala, both locally and at a national level. The project is expected to generate direct employment of over 500 people once in operation. It is estimated that during production the mine will contribute about \$160 million annually and approximately \$1.8 billion over the life of the mine to the Guatemalan economy through direct employee wages, consumables, taxes, and royalties. In addition, the project is expected to generate several thousand additional indirect jobs with local suppliers and service providers.

A key priority will be to continue to train and develop skills of the local workforce as the project advances which is in line with Bluestone's philosophy of working with our stakeholders and communities.

In 2020 Bluestone engaged a third-party consultant to complete an updated environmental social impact assessment that was used as the basis to complete environmental and social due diligence to International Finance Corporation Performance Standards.

In addition, Bluestone completed an initial Sustainable Development Summary, chronicling environmental, social, and governance (ESG) performance. Our goal is to build stakeholder trust by providing a transparent account of our contributions, impacts, and relationships over time. We are working toward alignment with Global Reporting Initiative, the Equator Principles, and the International Finance Corporation Environmental and Social Performance Standards.

For further information on Bluestone's Sustainable Development Summary, please click [HERE](#).

## **Technical Information**

Bluestone engaged a consortium of independent consultants, led by G Mining Services Inc., an international engineering firm with extensive experience in both the construction and operation of mining projects, to complete the Preliminary Economic Assessment.

The Technical Report summarizing the results of the Preliminary Economic Assessment is being prepared in accordance with NI 43-101 and will be filed under the Company's profile on SEDAR within 45 days of this press release. The Qualified Persons have reviewed and verified that the scientific and technical information in respect to the PEA in this press release is accurate and approve the written disclosure of such information.



The Qualified Persons who will prepare the Technical Report are:

Qualified Person	Company	QP Responsibility
Mathieu Gignac, P. Eng.	G Mining Services Inc.	Project Management, Environmental/ Permitting/Social, CAPEX, OPEX, Economic Analysis
Antoine Champagne, P. Eng.	G Mining Services Inc.	Mining Methods and LOM Plan
Carl Burkhalter, P. Eng.	NewFields	Tailings Management
Neil Lincoln, P. Eng.	G Mining Services Inc.	Metallurgy, Recovery Methods
Joël Lacelle, P. Eng.	G Mining Services Inc.	Infrastructure
Garth Kirkham, P. Geo.	Kirkham Geosystems Ltd.	Geology, Mineral Resource Estimate

Other than as set forth above, all scientific and technical information contained in this press release has been reviewed, verified, and approved by David Cass, P. Geo., the Company's Vice President Exploration, a Qualified Persons under NI 43-101.

**Bluestone will be hosting a webinar on March 1, 2021 at 8:00 am EST.**

Conference call and webcast:

**To receive conference call details and PIN register at Diamond Pass [HERE](#):**

**You will receive an email with the conference call number and unique pin.**

Germany Tollfree: 0800-180-1954

Switzerland Tollfree: 0800-802-457

UK Tollfree: 0808-101-2791

**Presentation Webcast [HERE](#):**

The conference call will be archived and available on our website. Audio replay will be

Canada/USA TF: 1-800-319-6413

International Toll: +1-604-638-9010

Replay Access Code: 6313

### **About Bluestone Resources**

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

**On Behalf of Bluestone Resources Inc.**

*"Jack Lundin"*

## Jack Lundin | Chief Executive Officer & Director

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*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

### Forward Looking Statements

This press release contains "forward-looking information" within the meaning of Canadian securities legislation and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 (collectively, "forward-looking statements"). All statements, other than statements of historical fact, that address activities, events, or developments that Bluestone Resources Inc. ("Bluestone" or the "Company") believes, expects, or anticipates will or may occur in the future including, without limitation: the estimated value of the Cerro Blanco Project (the "Project"); the planned open pit development scenario for the Project; the estimated gold production volume per year from the Project; gold and silver price estimates used in the preliminary economic assessment ("PEA"); additional financial estimates of Project economics resulting from the PEA, including peak and average annual gold productions amounts, average all-in sustaining costs, average annual free cash flow, after-tax net present value ("NPV"), after-tax internal rate of return, initial capital requirements, life of mine gold and silver production amounts, measured and indicated resources and NPV assuming a higher gold price estimate; the Company's plan to advance an EIA application in parallel to completing a bankable Feasibility Study by the end of 2021; the Company's target to initiate Project development in the second half of 2022; anticipated receipt of an EIA permit in the second half of 2022; mineral resource estimates; the estimated tonne-per-day recovery volume of the planned open pit operation; the planned conventional process plant and associated processing methods; the Company's goal to prepare a coordinated Environmental and Social Impact Assessment document that aligns with the IFC Performance Standards, Equator Principles as well as national requirements; engagement with local communities and stakeholders to remain on-going through the process; the Company's plan to advance the development of the EIA document in 2021 for submittal prior to the end of the year; the reasonable prospect of eventual economic extraction demonstrated by reported mineral resources; gold and silver price estimates and a reasonable contingency factor used as the basis for mineral resource estimate cut-off grades; reasonable expectation that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration; results of mineral resource estimate sensitivity analysis; uncertainty that the PEA will be realized; the potential for subsequent assessment of mining, environmental, processing, permitting, taxation, socio-economic and other factors to affect mineral resources; estimated diluted mill feed to be processed over the life of mine from the main pit area; planned trucking of mill feed to a primary crushed located to the east of the main pit; amount of waste to be stored in a dump adjacent to the main pit; estimated open-pit mining dilution; measured and indicated mill feed amounts; estimated process plant capacity in tonnes per day of ore; planned processing rate measured in dry tonnes per year and average feed grade thereof; details of planned processing, including pre-oxidation, 48-hour leach and carbon-in-pulp absorption circuit elements and expected gold and silver recovery percentage to produce a dore; estimated initial capital required to fund construction and commissioning; beneficial existence of a significant amount of development already in place, a water treatment plant, maintenance and warehouse facilities, offices and communications; capital and operating cost estimates; estimated all-in cash costs including sustaining capex; planned installation of a new power transmission line as part of the construction of the Project; the Project's expected economic benefits to Guatemala. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to

Bluestone and often use words such as "expects", "plans", "anticipates", "estimates", "intends", "may", or variations thereof or the negative of any of these terms.

All forward-looking statements are made based on Bluestone's current beliefs as well as various assumptions made by Bluestone and information currently available to Bluestone. Generally, these assumptions include, among others: the presence of and continuity of metals at the Cerro Blanco Project at estimated grades; the availability of personnel, machinery, and equipment at estimated prices and within estimated delivery times; currency exchange rates; metals sales prices and exchange rates assumed; appropriate discount rates applied to the cash flows in economic analyses; tax rates and royalty rates applicable to the proposed mining operations; the availability of acceptable financing; the impact of the novel coronavirus (COVID-19); anticipated mining losses and dilution; success in realizing proposed operations; and anticipated timelines for community consultations and the impact of those consultations on the regulatory approval process.

Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of Bluestone to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, Bluestone. Factors that could cause actual results or events to differ materially from current expectations include, among other things: potential changes to the mining method and the current development strategy; risks and uncertainties related to expected production rates; timing and amount of production and total costs of production; risks and uncertainties related to the ability to obtain, amend, or maintain necessary licenses, permits, or surface rights; risks associated with technical difficulties in connection with mining development activities; risks and uncertainties related to the accuracy of mineral resource estimates and estimates of future production, future cash flow, total costs of production, and diminishing quantities or grades of mineral resources; risks associated with geopolitical uncertainty and political and economic instability in Guatemala; risks related to global epidemics or pandemics and other health crises, including the impact of the novel coronavirus (COVID-19); risks and uncertainties related to interruptions in production; the possibility that future exploration, development, or mining results will not be consistent with Bluestone's expectations; uncertain political and economic environments and relationships with local communities and governmental authorities; risks relating to variations in the mineral content within the mineral identified as mineral resources from that predicted; variations in rates of recovery and extraction; developments in world metals markets; and risks related to fluctuations in currency exchange rates. For a further discussion of risks relevant to Bluestone, see "Risk Factors" in the Company's annual information form for the year ended December 31, 2019, available on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

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

### **Non-IFRS Financial Performance Measures**

The Company has included certain non-International Financial Reporting Standards ("IFRS") measures in this news release. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide investors an improved ability to evaluate the underlying performance of the Company and to compare it to information reported by other companies. The non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed under IFRS, and therefore may not be comparable to similar measures presented by other issuers.

## **All-in sustaining costs**

The Company believes that all-in sustaining costs ("AISC") more fully defines the total costs associated with producing gold.

The Company calculates AISC as the sum of refining costs, third party royalties, site operating costs, sustaining capital costs, and closure capital costs all divided by the gold ounces sold to arrive at a per ounce amount. Other companies may calculate this measure differently as a result of differences in underlying principles and policies applied. Differences may also arise due to a different definition of sustaining versus non-sustaining capital.

## **AISC reconciliation**

AISC and costs are calculated based on the definitions published by the World Gold Council ("WGC") (a market development organization for the gold industry comprised of and funded by 18 gold mining companies from around the world). The WGC is not a regulatory organization.

To view the source version of this press release, please visit

<https://www.newsfilecorp.com/release/75689>