

Bluestone Resources Inc.

BSR (TSXV): C\$1.47

Stock Rating: Outperform

Target: C\$2.40

Risk Rating: Speculative

Resource Conversion Drilling Continues to Show Impressive Results

Impact: Positive.

This morning before market open, Bluestone announced more positive results from the resource conversion drilling program, where the company intends to convert the 360koz of inferred into an M&I resource category. These results will be included in an updated mineral resource and mine plan. The company will also look to define new resources along known veins that extend beyond the current resource envelope.

Highlight results include:

- 27.9g/t Au and 260g/t Ag over 3.3 metres (Estimated True Width)
- 19.9g/t Au and 170g/t Ag over 1.0 metre (ETW)
- 10.0g/t Au and 113g/t Ag over 2.0 metres (ETW)

We were pleased to see the company encounter a new vein outside of the current resource area with grades of 8.5g/t over 1.0 metre and 19.9g/t over 1.0 metre.

We base our target price on a 0.85x NAV multiple. As of yesterday's close the stock was trading at 0.52x NAV, and US\$23/oz, representing a 15% premium and 23% discount respectively versus covered developer gold peers. We believe that the company should trade at a premium to the group given the the high grade and high margin project.

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