Management’s Discussion & Analysis of

Financial Conditions & Results of Operations

For the Three Months Ended March 31, 2017

CORNERSTONE CAPITAL RESOURCES INC.

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The following discussion and analysis, dated May 25, 2017, should be read in conjunction with the Consolidated Financial Statements and related notes, as well as the annual consolidated financial statements and Management's Discussion & Analysis for the year ended December 31, 2016. All dollar amounts are stated in Canadian dollars, unless otherwise noted.

This discussion includes certain statements that may be deemed forward-looking statements. All statements in this discussion, other than statements of historical facts, that address exploration drilling, exploration activities and events or developments that Cornerstone Capital Resources Inc. (the "Company" or "Cornerstone") expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and investors are cautioned that actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include market prices, exploration, continued availability of capital and financing and general economic, market or business conditions.

Description of Business

Cornerstone Capital Resources Inc. ("Cornerstone" or the "Company"), is incorporated under the laws of Alberta, Canada and has its principal office in Ottawa, Ontario, Canada. The Company, through its wholly-owned subsidiaries, Cornerstone Ecuador S.A. ("CESA"), La Plata Minerales S.A., and Minera Cornerstone Chile Limitada, and CESA's 15% shareholding in Exploraciones Novomining S.A. ("ENSA"), is engaged in the evaluation, acquisition and exploration of mineral properties in Ecuador and Chile. The Company hopes to ultimately develop the properties, option or lease properties to third parties, or sell the properties outright.

Results of Operations

The three months ended March 31, 2017, compared with the three months ended March 31, 2016.

The Company with a total of 44 concessions in Chile and 3 concessions in Ecuador (not counting the Cascabel concession held by ENSA) at January 1, 2017. On January 5, 2017, the Company's subsidiary La Plata Minerales S.A. was awarded a new concession in Ecuador called "Bramaderos", bringing the total to 4 concessions in Ecuador (please refer to news release 17-02 dated January 5, 2017). On March 6, 2017, the Company announced that its joint venture partner, Ecuador State Mining Company ENAMI EP, had been granted eight mineral concessions totaling more than 37,182 hectares in Imbabura and Carchi provinces in the same area as the Cascabel and the Llurimagua concessions, for exploration by the ENAMI-CESA strategic exploration joint venture (please refer to news release 17-06 dated March 6, 2017). On March 14, 2017, one additional concession called "Espejo 3", reported as still pending in the March 6 news release, was received by ENAMI.

During the three months ended March 31, 2017, the Company had a net loss of $1,248,989 as well as a loss per share of $0.00 (compared to a net loss of $313,750 and a loss per share of $0.00 for the three months ended March 31, 2016). Expenses incurred during the three months ended March 31, 2017 were $1,221,706 compared to $342,654 for the three months ended March 31, 2016. The increases of $879,052 during the three month period ended March 31, 2017, compared to March 31, 2016 were due to a number of factors, the most notable of which are:

General & Administrative increased by $296,527 for the three months ended March 31, 2017 compared the same periods in 2016. The decrease during the year is due to the fact that in Q1 2017, the Company reopened its office in Quito and hired additional employees in Ecuador.

Exploration and evaluation expenses increased by $193,149 for the three months ended March 31, 2017, compared to 2016. The variances are due to the timing of the work programs, properties being advanced as well as the size of the current exploration programs compared to those performed in the prior year. As the current programs are based on the previous programs results as well as previously collected data on the companies projects the size of the current program is budgeted to meet the exploration goals for the current year and not based on requirements for spending a fixed amount on annual exploration. The proceeds from the last financing of $4.5 million announced April 7, 2016 (see below under ***Financial Conditions, Liquidity and Capital Resources***) will be used to maintain these current properties until partners can be found to advance them further (including drilling the 4 drill-ready Ecuador properties), acquire new concessions in Ecuador in a bidding process during the remainder of 2016, and to do initial prospecting and early stage exploration work on those new properties and on the concessions included in the ENAMI-CESA Strategic Alliance (see Exploration Outlook below).

Share based payments expense increased by $255,107 for the three months ended December 31, 2017 compared to the same periods in 2016. No stock options were granted in Q1 2017 or Q1 2016. The share based payments expense in both quarters are to previously granted stock options which vested during the quarter.

Exploration and evaluation assets

Net property expenditures of $278,131 were incurred during the three months ended March 31, 2017, compared to $84,131 during the same period in 2016. Please also see text above under ***Exploration and evaluation expenses.***

Geographical Area	Exploration and Evaluation expenditures March 31, 2017	Exploration and Evaluation expenditures March 31, 2016
	$	$
Chile	20,680	65,764
Ecuador	257,451	19,218
	278,131	**84,982**

Financial Conditions, Liquidity and Capital Resources

As at March 31, 2017, the Company had cash of $2,661,426 compared to cash of $2,627,882 at December 31, 2016. As at March 31, 2017, the working capital surplus (current assets less current liabilities) of the Company was $2,768,405 compared to a working capital surplus of $2,697,130 at December 31, 2016.

During the three months ended March 31, 2017, 10,314,481 warrants were exercised for gross proceeds of $1,031,448. The warrants had an exercise price of $0.10 and would have expired on May 12, 2021. As a result of the exercise of the warrants a total of $205,029 was transferred from warrants to share capital.

During the three months ended March 31, 2017, 431,666 options with an average exercise price of $0.12 and expiry dates between January 13, 2017 and June 14, 2021, were exercised for gross proceeds of $25,733. As a result of the exercise of the stock options a total of $26,856 was transferred from contributed surplus to share capital.

Subsequent to March 31, 2017, a total of 900,000 stock options were exercised for gross proceeds of $107,000. The stock options had an exercise price of $0.10 and expired between May 8, 2018 and January 29, 2020.

Subsequent to March 31, 2017, a total of 100,000 common share purchase warrants were exercised for gross proceeds of $10,000. The warrants had an exercise price of $0.10, expiring May 16, 2021.

Outstanding Share Data

As at March 31, 2017, the Company had 297,757,143 common shares outstanding. The Company had 22,651,667 options outstanding at March 31, 2017, at various exercise prices as shown in the following chart, and 113,926,478 warrants issued in connection with private placement financings.

The following table summarizes information about stock options outstanding and exercisable at March 31, 2017:

Expiry date	Grant date	Exercise price ($)	Options outstanding	Contractual Life (years)	Options vested	Options unvested	Years remaining to maturity
8-May-18	8-May-13	0.10	870,000	5	870,000	-	1.10
11-Jun-18	11-Jun-13	0.10	125,000	5	125,000	-	1.20
5-Mar-19	5-Mar-14	0.19	3,875,000	5	3,875,000	-	1.93
29-Jan-20	29-Jan-15	0.10	2,410,000	5	2,410,000	-	2.83
4-Jun-20	4-Jun-15	0.10	50,000	5	50,000	-	3.18
14-Jun-21	14-Jun-16	0.05	3,046,667	5	1,986,667	1,060,000	4.21
8-Aug-21	9-Aug-16	0.11	2,875,000	5	958,333	1,916,667	4.36
15-Nov-21	15-Nov-16	0.15	9,400,000	5	-	*9,400,000	4.63
			22,651,667		**10,275,000**	**12,376,667**	

***** *These options are issued pending approval by the shareholders of the company.*

Financial Instrument Risk

The Corporation's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. A summary of the major financial instrument risks and the Corporation's approach to the management of these risks are highlighted below.

Credit risk

Credit risk refers to the potential loss arising from any failure by counterparties to fulfill their obligations, as and when they fall due. It is inherent to the business as potential losses may arise due to the failure of its customers and counterparties to fulfill their obligations on maturity periods or due to adverse market conditions. The Company's financial assets exposed to credit risk are primarily composed of cash, and accounts receivable (trade and other). Maximum exposure is equal to the carrying values of these assets. The Company's cash is held at several large financial institutions. Funds are kept in Canadian banks and transferred as needed to Ecuador and Chile, which have experienced political and economic stability for many years, and whose banking systems and standards for professional services are comparable to those in North America.

As of the date of the MD&A, the Company's receivables are with the Canadian government and other recognized, creditworthy third parties.

Foreign currency risk

The Company transacts business primarily in U.S. dollars, the currency of Ecuador, and therefore is subject to foreign exchange risk on U.S. dollar receivables, trade payables and cash balances. The Company attempts to mitigate these risks by managing its U.S. dollar inflows and outflows. No hedging instruments have been used by the Company, however, depending upon the nature and level of future foreign exchange transactions, consideration may be given to the use of hedging instruments. The Company believes that it adequately manages its foreign exchange risk, and the risk is minimal. The following table shows the net exposures in Canadian dollars.

	March 31, 2017	December 31, 2016
	$	$
Cash	**1,464,519**	1,848,860
Receivables	**79,600**	79,600
Trade payables and accrued liabilities	**(9,663)**	(9,663)
Net US dollar exposure	**1,534,456**	1,918,797

Based upon the above net exposures to US dollars, as at March 31, 2017, a 10% change in the value of the US dollar to the Canadian dollar exchange rate would impact the Company's net loss by approximately $153,445 (December 31, 2016 - $191,880).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at March 31, 2017, the Company had a cash balance of $2,661,426 (December 31, 2016 - $2,627,882) to settle current liabilities of $63,912 (December 31, 2016 - $91,567). To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through equity or partnering transactions. All of the Company's financial liabilities are normally paid within 30 days and are subject to normal trade terms. The Company has no source of operating cash flow to fund its exploration and development projects. Funding for projects requires equity or debt financing. The Company has limited financial resources and there is no assurance that funding will always be available to allow the Company to fulfill its obligations on existing or future exploration projects.

Other 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 monitors commodity prices of gold, copper and other metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company believes that both commodity and equity price movements can have a substantial effect on the market value of the Company's investments.

The valuation of ENSA was based on a modified market model which was based on the trading price of the 85% owner of ENSA, SolGold Plc ("SolGold"). This was accomplished by taking the market capitalization of SolGold and subtracting out the estimated fair value of all other identifiable assets and liabilities, to come up with the expected value of 85% of ENSA. This value was then used to determine the value of a 15% interest in ENSA is worth after applying a marketability discount of 5%. The model is most sensitive to the value of the common shares of SolGold (which trade in active market) and the amount of the marketability discount.

Interest rate risk
As at March 31, 2017, and December 31, 2016, the Company does not have any cash balances subject to interest rate risk. The Company's current policy is to invest excess cash in interest bearing deposit accounts or guaranteed investment securities with its financial institutions.

Related Party Transactions

The following represents a summary of transactions with parties under common control and shareholders for the three months ended March 31, 2017 and 2016. The amounts, which are all expensed as professional and administrative charges, are recorded at the exchange amounts:

Brooke Macdonald, who serves as the Company's President and CEO, provided the Company with management consulting services. During the three months ended March 31, 2017, Mr. Macdonald billed a total of $43,462 ($26,433 - March 31, 2016).

Sabino Di Paola, effective January 1, 2016, was the CFO and Corporate Secretary for the Company. During the three months ended March 31, 2017, Mr. Di Paola billed a total of $25,500 ($16,500 - March 31, 2016), for accounting and management consulting services.

During the three months ended March 31, 2017, non-management directors of the Company accrued stipends of $27,000 (March 31, 2016 - $Nil).

Compensation for the three months ended March 31, 2017, for key management personnel, not included above, is $303,245 ($58,872 - March 31, 2016), which includes salary and other short-term benefits of $51,441 ($46,111 - March 31, 2016), and share-based payments of $251,804 ($12,761 - March 31, 2016). These amounts include salary and benefits for the Company's Vice President, Exploration, group insurances for all management and share based payments for all management and directors.

Acquisition of Mineral Properties

The Company's strategy is grass roots project generation followed by project level exploration usually with a partner which funds exploration costs. All properties which are under consideration for acquisition must initially pass through Company generated evaluation criteria. Properties which are considered worthy are then acquired, provided a reasonable agreement can be reached with the owner or the property is available for staking or acquisition upon application. In cases where the project does not develop to the stage that management perceives it to be likely to attract such financing or if subsequent work by the Company indicates that further in-house work will not yield favourable results, the property is abandoned.

Off-Balance Sheet Arrangements

At March 31, 2017 and December 31, 2016, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Property Agreements and Exploration

The Company is engaged in the evaluation, acquisition and exploration of mineral properties in Ecuador and Chile, of which most of the exploration activities of the Company are carried on with partners. The Company plans to ultimately develop the properties, bring them into production, option or lease properties to third parties, or sell the properties outright. The Company typically uses an "earn-in" arrangement with partners, whereby the partner funds all the exploration expenditures in return for a percentage ownership in the project. The Company capitalizes all such property expenditures and reduces the property carrying value by payments received from its partners.

Details of material property agreements are disclosed by press release at the time of formation. Updates concerning the results of ongoing exploration programs are also updated by press release. Press releases issued by the Company, including those issued during the year ended December 31, 2016, are archived at the Company's website www.cornerstoneresources.com. Regulatory filings are also available through www.sedar.com.

Exploration Outlook

For the next 2 years, Cornerstone plans an aggressive prospecting program within the ENAMI-CESA strategic exploration joint venture (announced June 14, 2016), and on other high priority target areas within Ecuador. At the time the Company signed the letter of intent with ENAMI in 2015, the only way to gain access to new prospective ground in Ecuador was through ENAMI exercising its preferential right under the mining law. This situation changed in March 2016, as a result of the Government opening up vast areas of the country for concession applications. As noted above under Results of Operations, on March 6 and 14, 2017, ENAMI was granted a total of 9 mineral concessions for exploration by the

ENAMI-CESA strategic exploration joint venture. Another 4 concessions have been applied for in the same mineral district and are pending. A further 11 concessions have been applied for in other provinces.

Also as noted above, on January 5, 2017, the Company's subsidiary La Plata Minerales S.A. (PLAMIN) was awarded a new concession in Ecuador called "Bramaderos", an epithermal Au-Ag property located in the "Macara" area in Loja Province where the Company previously had a strategic alliance with Newmont Ventures. On April 10, 2017 the Company announced it had entered into an earn-in agreement for Bramaderos with Avalon Minerals Inc.

In addition to generative work, the Company will seek to sign agreements with partner(s) to drill the following projects:

(1) Vetas Grandes (epithermal Au-Ag project 20 km to the southwest of the Loma Larga (formerly called Quimsacocha) deposit;

(2) Caña Brava (epithermal Au-Ag with possible Cu-Au porphyry at depth in SW Ecuador) -; and

(3) Bella Maria (Au project adjacent to Lumina Gold's Greater Cangrejos) projects.

Confidentiality agreements have been signed with several potential partners for Vetas Grandes, Caña Brava and Bella Maria, some site visits have been carried out and others are pending.

Should the Company be successful in attracting partners for these projects, the programs would typically include a 6-9 month period to carry out an Environmental Impact Study (EIS), a social license consultation process and water permitting followed by a 12-month, 5,000m to 7500m drilling program. It is assumed that after drilling is completed, partner(s) earning in would take over management of the projects or abandon them. The Company may be operator of the project(s) at least until a partner acquires a majority interest.

The Chile-Miocene project will be promoted to potential funding partners.

The Company has also undertaken a promotional program including attendance/presentation at exploration-mining conventions, with the objective to show exploration results to attract potential funding partners.

ECUADOR

Cascabel

On April 10, 2012, the Company and SolGold Plc ("SolGold") announced that they had signed a binding letter of intent ("LOI") outlining the terms of an option arrangement for the Cascabel property. On July 24, 2012 the Company and SolGold signed the definitive agreement and on February 19, 2013, the Company announced re-negotiated terms of the agreement with SolGold. The agreement was further amended effective February 24, 2014 (see News release dated December 16, 2013 for a summary of the agreed amendments, which were later formalized on February 24, 2014 and filed on Sedar on February 25, 2014).

On February 25, 2014, the Company announced it had been notified by SolGold of its election to increase its ownership in ENSA to 85%. SolGold will finance Cornerstone's 15% interest in the project to completion of a feasibility study on SolGold's schedule and budget. If Cornerstone fails to fund its proportionate share of ongoing expenditures following completion of the feasibility study and its interest is diluted below 10% such interest will be converted to a 0.5% Net Smelter Return ("NSR"). SolGold may buy out this and other royalties on Cascabel for payments of US$7.5 million ($3.5 million to buy out Cornerstone's 0.5% NSR and $4 million to buy out an underlying 2% NSR to a 3rd party). SolGold may recover Cornerstone's financed costs to completion of the feasibility study from 90% of Cornerstone's share of Cascabel project cash flows.

Cascabel Exploration Update

The most significant holes drilled to date at Cascabel are listed in the Company's 2016 Annual MD&A, filed on Sedar on April 28, 2017.

Geophysics

SolGold has completed the ground magnetic survey over Cascabel, and crews for the detailed Orion-Spartan 3D IP survey across most of the licence area are being mobilized. Processing of this improved magnetic data is underway and this work will not only augment the existing geophysical targets at Alpala and Aguiñaga, but further investigate the promising Tandayama-America anomaly and other satellite targets on the property. SolGold is refining exploration and drill targets along the Alpala cluster, as well as those at Moran, Aguiñaga, and Tandayama-America. A 'LIDAR'© topographic control survey is being planned for commencement mid-year.

Outlook

Upgrade and expansion of site facilities are well underway at Cascabel as the project continues to expand towards 7 rigs by October and 10 rigs next year. The geology team have yet to define the extents of the Alpala porphyry system, and the deposit remains open in most directions, continuing to grow with each new drill hole. An aggressive drill program, producing approximately 90,000m of diamond drill core per annum from early 2018 is planned to delineate the system limits along the greater Alpala trend prior to a maiden resource statement, and to test the other multiple targets within the concession.

An increasing understanding of the deposit is now leading to much larger step-outs in drilling as SolGold directs its program towards the copper and gold at a predicted large and rich heart of the Alpala system. The presence of magnetite with chalcopyrite and bornite with potassic alteration endorses the predictive nature of the 3D Magnetic model at Cascabel. The magnetic bodies at Alpala, Moran and Aguiñaga envelope approximately 15 billion tonnes of untested magnetic rock. SolGold is encouraged by the strong correlation between magnetic signatures and copper mineralization in this system.

SolGold is planning further metallurgical testing and completion of an independent Pre-Feasibility Study at Cascabel (which may or may not be the equivalent of a National Instrument 43-101/CIM definition standards Pre-Feasibility Study), and is investigating both high tonnage open cut and underground block caving operations, as well as a high grade / low tonnage initial underground development towards the economic development of the copper gold deposit/s at Cascabel.

Shyri NW Concession (Vetas Grandes Prospect, - Gold/Silver - 100% Cornerstone, available for option)

The Company believes its 100% owned "Shyri NW" concession, the site of the **Vetas Grandes** prospect, has the potential to host a significant epithermal style gold-silver deposit. The Company has retained a local consultant to prepare a stakeholder map and action plan to carry out community consultations and obtain environmental approvals required to commence Phase 1 drilling at Vetas Grandes. Environmental consultations and drilling will not begin until the Company can locate a suitable partner to fund the activities.

Caña Brava - Gold/Copper - (Available for option. Cornerstone has the right to earn 100%)

On February 26, 2015, the Company announced results from prospecting and geological mapping surveys carried out during 2014 on its 100% owned Caña Brava property located in south-central Ecuador. The surveys identified (1) two significant porphyry Cu-Au targets well defined by coincident geological, geochemical and ground magnetic anomalies, (2) an intermediate sulphidation, higher grade, epithermal Au-Ag-Cu veins-breccia system mapped on the northern margin of the porphyry targets, and (3) a high sulphidation epithermal Au-Ag system recognized in the northeast corner of the property. Subsequently, a trenching program was completed (20 trenches, 599 metres, 301 channel samples), spectrometry (Terraspec) work carried out on soil samples (552), rock chips and channel samples (706) and a Phase 1 drill program has been prepared. The Company is seeking a partner to fund more advanced exploration programs on the property.

The Company has the right to earn a 100% interest in the Caña Brava project in return for cash option payments each 6 months, starting at $15,000 and increasing by $5,000 increments to $ 40,000 at month 42 and then continuing at that level until the Company decides to exercise the option by making a final balloon payment of $350,000. The $350,000 balloon payment may be made early, and the option exercised at any time, in which case the remaining semestral payments in the schedule do not have to be made (all amounts are US$). The Company made the first option payment on signing the option contract, and then declared force majeure due to the 2008 Mining Mandate (Moratorium) in Ecuador and the recovery of the concession title during a long appeal process. Force majeure was lifted in 2014 due to recent resumption of limited exploration activities by the Company at Caña Brava, at which time the option payments resumed again.

Bella Maria – Gold (100% Cornerstone, available for option)

On May 11, 2012, the Company announced that it has received authorization to resume activities on the Bella Maria project (adjacent to Odin Mining's Greater Cangrejos property) and provided a summary of results for exploration work carried out prior to the April 2008 Mining Moratorium. Initial results indicate that the property has excellent potential for hosting significant gold and copper mineralization. Stream sediment samples collected across the property are exceptionally anomalous in gold, and a large coincident gold- and copper-in-soil anomaly accompanied by porphyry style mineralization has been identified in the central part of the property. Seven mineralized prospects have been identified and a Phase 1 drilling program designed.

On October 2, 2014 the Company announced that (1) systematic exploration programs carried out in 2014 confirm previously defined extensive gold-copper-molybdenum in-soil anomalies, and (2) three new prospective areas have been defined for copper-gold mineralization.

ENAMI Definitive Agreement

On June 14, 2016, the Company announced that its Ecuadorean subsidiary, Cornerstone Ecuador S.A. (“CESA”), had signed a definitive agreement (the “Agreement”) with Ecuador’s State Mining Company, *Empresa Nacional Minera Empresa Pública* (“ENAMI”), replacing the letter of intent announced April 14, 2015, and creating a structure to jointly prospect and explore for mineral deposits in Ecuador.

In the First Phase, CESA will identify, at its own cost and risk, geologically prospective areas in parts of Ecuador (“Areas of Interest” or “AOIs”), and identify them to ENAMI, which will make application to the Ministry of Mining (“MM”) for a concession or concessions covering such areas. Once a concession has been granted, ENAMI and CESA will form a specific purpose corporation (the “SPC”). ENAMI will transfer the concession to the SPC as a capital contribution in return for a 16% shareholding in the SPC. CESA, employing its project generator business model, and a funding partner who will earn a majority interest in the projects (collectively, “CESA & Partner”), the exact percentage to be negotiated with CESA, will prospect the concession to identify the most prospective parts. CESA & Partner will have a collective 84% shareholding. In the short term, the Company may decide to use its own funds to advance exploration on the properties and define drill targets to add more value to the properties before seeking a funding partner.

The First Phase will be subdivided into: (i) Prospecting, with committed expenditures of $5 per hectare within the AOI (e.g., $100,000 per 20,000 hectares), (ii) Initial Exploration (up to 4 years including 18 months of prospecting), with optional expenditures of an additional $600,000; (iii) Advanced Exploration, including drilling (up to 4 years), with optional expenditures of an additional $4.3 million. Expenditures may be accelerated, amounts in excess in any period will be credited to the next succeeding periods, and shortfalls may be paid in cash to maintain the option in good standing. CESA & Partner may abandon their option at any time, except during the prospecting portion of the First Phase where the $5 per hectare expenditures are committed, delivering all technical information to ENAMI and arranging for a re-conveyance of the respective concessions to ENAMI from the SPC. ENAMI will have a “free” carried interest through to completion of a Bankable Feasibility Study, or “BFS”.

In the Second Phase, CESA & Partner will fund the SPC to commence Economic Evaluation (e.g., scoping, pre-feasibility and/or feasibility studies) (up to 2 years, renewable for up to an additional 2 years), incurring optional expenditures of an additional $10 million. Total expenditures on each concession (which can by law cover an area up to 5,000 hectares) through completion of a BFS could total a minimum of $15 million - i.e., $100,000 or more in prospecting (assuming an AOI of 20,000 hectares), $600,000 in Initial Exploration, $4.3 million in Advanced Exploration, plus $10 million during Economic Evaluation. In the event CESA & Partner make a Production Decision to construct a mine/mill and related infrastructure, ENAMI will have the option of financing the totality of its own participating interest, or electing to have CESA & Partner finance the totality of ENAMI’s interest (including sustaining capital after commercial production is achieved) at cost of funds plus an agreed financing arrangement fee.

CHILE

Miocene – Gold - (Available for option. Cornerstone has the right to earn 100%)

On July 3rd, 2014, the Company announced that it had further amended the Miocene (Chile) Property Agreement (see also news releases dated February 22, 2011 and May 8, 2014), to reduce the $5 million in required exploration expenditures to $2.5 million. Under an amended Agreement dated April 28, 2017, Cornerstone now has acquired an undivided 100% interest in any concessions acquired using a proprietary database within the Miocene Project area having made option payments totaling $250,000 and $250,000 in common shares of Cornerstone and having satisfied all required work commitments (all amounts are CAD$). The Company has incurred exploration expenditures to date of $1,321,059 (and is not required to incur any further work expenditures).

On November 4, 2014 the Company announced the re-start of work at Miocene during the austral summer. Five prospective areas defined by previous compilation and exploration work within the Miocene property were the focus of the recent exploration program: El Chaco, Zona Norte, Llano Blanco, Cerro Bayos Norte and Cerro Bayos Sur. Semi-detailed geological mapping (scale 1:5000) and systematic rock geochemical sampling were carried out in these five areas. 390 rock samples were collected, assayed for precious metals (gold and silver) and a suite of base metals and epithermal pathfinder elements. Spectrometry work (ASD TerraSpec) was carried out on all rock specimens (478 samples) collected during the 2011 to 2014 field programs.

Two sub-parallel NW-SE oriented alteration / anomalous trends affect the volcanic units present on the property. The Cerro Bayos (CB) alteration zone covers an area of approximately 9km by 3km and is located in the SW extension of the Atlas Gold, Atlas Silver and the Pampa epithermal prospects. Alteration minerals (native sulphur, predominant alunite, vuggy and massive silica and some silica-clay in the peripheral parts) and 3D distribution mapped along this trend are typical of high sulphidation epithermal system, centered on the highest part of Cerro Bayos Norte (CBN), with the top of the paleo-phreatic zone estimated to be at approximately 4260 masl. Similar alteration patterns are present at Cerro Bayos Sur (CBS) where the top of the paleo-phreatic zone at this location is estimated at 4150 masl. High temperature alunite and high crystallinity kaolinite minerals are centered on the CBN and CBS zones, with some minor presence within the Llano Blanco trend to the south. The aerial extent of the prospective CBN and CBS alteration zones are at least 5 km by 3 km and 4 km by 2.5 km but can possibly be significantly larger as they are partly covered by a thin veneer of relatively fresh younger volcanic rocks and gravels.

Rock geochemical anomalies defined on the Miocene property are very similar in distribution and intensities to anomalies defined during the regional prospecting program in the vicinity of the Atlas Gold and Silver prospects located to the NW. As expected in the upper part of this epithermal environment, the gold content is systematically low. Strong arsenic and mercury anomalies are present at El Chaco, CBN and CBS and to a minor degree at Azufre and Silice Masiva zones. Barium anomalies are present at CBN, Llano Blanco Norte and Cerro Azufre. Molybdenum is anomalous at CBN, to the NE of CBN and to a minor degree at CBS, Llano Blanco Norte and Silice Masiva zones. A large and strong copper anomaly is present at CBN and some less intense but widespread anomalies at Llano Blanco Norte and Cerro Azufre sectors. Sulphur anomalies are present at CBN, CBS, Llano Blanco Norte and Cerro Azufre

One of the Miocene concessions lies adjacent to Mirasol Resources Ltd.'s (TSXV-MRZ) Titan project, where recent trench channel sampling has returned anomalous gold of 194 m at 0.41 g/t gold and higher grade intervals including 31 m at 1.36 g/t gold and 10 m at 2.13 g/t gold. Mirasol interprets the newly discovered mineralization as a high-sulphidation epithermal gold system sitting above a postulated mineralized intrusion at depth. Recently completed ground geophysical surveys comprising high resolution magnetics and induced polarization support the aforementioned deposit model(s). The Company holds a strong land position in this part of the Miocene Belt (>31,000 hectares), including approximately 16,000 hectares in the same district as the Titan project. The Company is encouraged by early results from Mirasol's Titan project, which serve to support the conceptual model utilized in acquiring the Miocene concessions. The Company continues to seek a partner to help advance exploration on this exciting early-stage project.

For the next austral field season, it is planned to carry out a ground magnetic survey and a trenching program over most prospective areas to further define and prioritize targets to be drill tested.

Qualified Person

The technical information contained in this exploration update has been reviewed and approved by Yvan Crepeau, P.Geo., Vice President Exploration of the Company. Mr. Crepeau is also president of Cornerstone Ecuador S.A. and Minera Cornerstone Chile Limitada (Ecuadorian and Chilean projects), and a Qualified Person in accordance with National Instrument 43-101.

Investor Relations Activities

The Company continues to work at broadening its investor base through strategic marketing and on-going investor communications through timely news releases and regular targeted updates.

By agreement dated January 1, 2017, Cornerstone agreed to retain Raymond M. Mullaney to provide communication services on behalf of the Company in Northeastern United States, which services will include communication of news releases and information about Cornerstone on Mr. Mullaney's web sites www.BostonMining.com and www.ThePerfectTrade.com, and assisting Cornerstone at PR roadshows across the northeastern United States. As consideration for these services, the Company agreed to pay to Mr. Mullaney a monthly retainer of US$1,000 and to grant him a stock option to purchase up to 200,000 common shares in the capital stock of the Company at an exercise price of C$0.16 per share, for a term of 18 months from the date of grant.

Raymond M. Mullaney is based in North Kingstown, RI. Ray is a business, financial and economic analyst, a writer and a public speaker. Ray owned an NASD member firm for over a decade and has owned and been a partner in two registered investment advisory firms. He began investing in mining companies in the late 1970s, and has been a shareholder of Cornerstone for over a decade. Ray has raised capital for private placements for several dozen junior mining companies. He has served on boards of directors for over a dozen public, private and non-profit organizations, including 9 Canadian junior mining companies.

By agreement dated January 1, 2017 Cornerstone agreed to retain M13 Communications Financièrs Inc. ("M13") to provide communication services on behalf of the Company in Eastern Canada, which services include, but are not limited to, communication of all news releases and information on the Company, including technical notes, posting on Twitter and Facebook, and assisting the Company at PR roadshows across 14 cities in Canada. As consideration for these services, the Company agreed to pay to MI3 a monthly retainer of C$1,500 and to grant a stock option to purchase up to 250,000 common shares in the capital stock of the Company at an exercise price of C$0.16 per share, for a term of 18 months from the date of grant.

MI3 Communications Financièrs Inc., based in Montreal, is a new-age financial communications company geared for today's fast-paced global economy. MI3 specializes in market awareness and market intelligence for Canadian public companies. During the last ten years MI3 has worked with over 185 small, mid-tier and large companies with projects all over the world.

The stock options granted to both Raymond M. Mullaney and M13 are subject to vesting provisions whereby 25% shall vest three months from the date of grant, with an additional 25% vesting every three months thereafter.

Risks and Uncertainties

The Company is principally involved in mineral exploration, which is an inherently high-risk activity. Exploration is also capital intensive and the Company has no sources of funding other than financing arrangements with other mining and exploration companies and equity financing. Only the skills of management and staff in mineral exploration and exploration financing serve to mitigate these risks. The ability of the Company to continue operations into the future is dependent upon continuing to obtain favourable results from its exploration activities, which will affect its ability to attract partners and to raise financing. The participation of partners is very important to the future success of the Company.

The Company has a simple business model, one which is as low risk as possible in such a high risk business as mineral exploration: to generate diversified exploration projects at low cost to the Company, to attract partners to finance further exploration and to be the operator on the majority of these projects which allows the Company to transfer personnel and administration costs to the project on a cost plus basis, thereby maintaining a lower burn rate. The more projects that can be generated and the longer the company can obtain financing the better its chances for achieving success. The Cascabel project in Ecuador is an example of the Company’s success in generating prospects with excellent potential for large discoveries.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects. Exploration activity is also dependent on the laws of local governments, including aboriginal governing bodies, which may change from time to time, and may have an effect on the Company’s exploration programs.

The Company is subject to political risk, operating in foreign jurisdictions. The Government of Ecuador, which on March 5, 2012 signed its first major mining development agreement for the Mirador copper project, and has agreed on the terms of a development agreement with Lundin Gold for advancement of the Fruta del Norte gold deposit, is increasingly welcoming environmentally friendly, socially responsible, sustainable mining development and the Company is positioning itself to be a major player and a partner of choice in Ecuador.

Selected Financial Information

The following information has been derived from the three most recently completed annual financial statements

As at December 31,	2016	2015	2014
	$	$	$
Comprehensive income	61,084,049	-	-
Net loss	(2,833,094)	(3,121,541)	(2,068,776)
Operating loss	(2,339,640)	(3,363,908)	(1,170,266)
Exploration and evaluation expenses	(614,538)	(773,291)	(898,510)
Loss per share - basic and diluted	(0.03)	(0.02)	(0.01)
Total assets	84,916,133	473,162	3,326,869

Summary of Quarterly Results

The following information has been derived from the eight most recently completed quarters, all presented under IFRS.

	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
	$	$	$	$
Net loss	(1,248,989)	(1,145,486)	(548,082)	(830,145)
Loss per share - Basic and diluted	-	-	-	-

	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
	$	$	$	$
Net loss	(313,750)	486,232	812,192	(866,220)
Loss per share - Basic and diluted	-	-	(0.02)	-

Management's Responsibility for Financial Statements

The Board of Directors carries out its responsibility for the consolidated financial statements primarily through the audit committee which is composed of a majority of independent, non-executive directors who meet periodically with management and auditors to review financial reporting and internal control matters.

Future Accounting Changes

The following standards are effective for annual periods beginning after January 1, 2016, with earlier adoption permitted. The Company has not early adopted these standards and is currently assessing the impact they will have on the financial statements.

IFRS 9 - Financial Instruments - A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement has been issued and is effective for annual periods beginning on or after January 1, 2018. The standard contains requirements in the following areas: classification and measurement, impairment, hedge accounting and de-recognition. IFRS 9 (2014) supersedes IFRS 9 (2009), IFRS 9 (2010) and IFRS 9

(2013), but these standards remain available for application if the relevant date of initial application is before February 1, 2015.

IFRS 15 - Revenue from Contracts with Customers - The new standard replaces IAS 11 - Construction Contracts, IAS 18 - Revenue and IFRIC 13 - Customer Loyalty Programs, as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model to account for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments. IFRS 15 also includes enhanced disclosure requirements. It will be applied retrospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

Contingencies

There are three claims for alleged non-payment of annual mineral concession fees in Ecuador (relating to the relinquished Shyri SE, Shyri NE, and Rodeo concessions), payment of which CESA contends would have become due only after it formally relinquished the concessions and turned them back to the government following the 2008 Mining Moratorium in Ecuador when CESA was prohibited by law from working on the concessions. Shyri SE and Rodeo are in the 1st District Administrative Court in Quito, and Shyri NE case is in the Supreme Court. Shyri SE, Rodeo and Shyri NE do not in the aggregate amount to a material sum even if found due and owing in a final unappealable hearing or judgment, and the Company's lawyers in Quito at Tobar ZVS are monitoring the cases and hope to eventually resolve all of them to the satisfaction of CESA, although they cannot guarantee any result.

There is one administrative claim by the Ministry of Environment (ME) for the cost of remediating some moderate environmental disturbance caused by illegal miners trespassing on CESA's La Rinconada concession. CESA contends that it formally notified the ME immediately upon becoming aware of the presence of the illegal miners and that the damages were done following the giving such notice and occurred, as a result of the ME failing to timely act to bring in Police to evict the miners. At the present time the Company's Ecuadorean legal counsel believes that the Company's claim has enough merit to be successful in the Court, although they cannot guarantee any result.

Management currently considers the Company's exposure to these matters to be minimal, except for increased legal fees to defend them. As such, no provision has been recorded in these financial statements.

Other

The Company's shares are traded on the TSX Venture Exchange under the stock symbol CGP as well as the over the counter market in the USA under the symbol CTNXF. The Company is also listed on the Frankfurt and Berlin Stock Exchanges under the stock symbol GWN.

Financial Statements and press releases issued by the Company, including those issued during the quarter ended March 31, 2017, and other information concerning the Company are archived at the Company website www.cornerstoneresources.com. Regulatory filings are also available through www.sedar.com.