CORNERSTONE

Management's Discussion & Analysis of

Financial Conditions & Results of Operations

For the Year Ended December 31, 2016 and 2015

CORNERSTONE CAPITAL RESOURCES INC.

Management's Discussion & Analysis of Financial Conditions & Results of Operations for the three and twelve months ended December 31, 2016 and 2015

The following discussion and analysis, dated April 28, 2017, should be read in conjunction with the Consolidated Financial Statements and related notes. 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., La Plata Minerales S.A., and Minera Cornerstone Chile Limitada, and its 15% shareholding in Exploraciones Novomining S.A. ("ENSA"), is a prospect generator 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 and twelve months ended December 31, 2016, compared with the three and twelve months ended December 31, 2015.

On January 1, 2016, exploration properties held by the Company totalled 111 claims. During the twelve months ended December 31, 2016, a number of property claims were dropped, leaving the Company with a total of Nil claims in Canada, 44 in Chile and 3 concessions in Ecuador (not counting the Cascabel concession held by ENSA) at December 31, 2016. 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 and twelve months ended December 31, 2016, the Company had a net loss of $1,145,486 and $2,833,094 respectively as well as a loss per share of $0.00 and $0.01 respectively (compared to a net loss of $284,782 and $3,121,541 and a loss per share of $0.00 and $0.02 respectively for the three and twelve months ended December 31, 2015). Expenses incurred during the three and twelve months ended December 31, 2016 were $1,214,195 and $2,833,094 respectively compared to $360,846 and $3,322,991 respectively for the three and twelve months ended December 31, 2015. The increases of $269,481 during the three month period ended December 31, 2016, compared to December 31, 2015, and the decrease of $998,028 for the year ended December 31, 2016 compared to the prior year were due to a number of factors, the most notable of which are:

General & Administrative increased by $101,756 and decreased by $446,760 for the three and twelve months ended December 31, 2016 compared the same periods in 2015. The decrease during the year is due to the fact that in Q3 2015, the Company terminated the employment of the majority of its employees in Canada, Chile and Ecuador (paying out significant sums in legally mandated termination indemnities in Ecuador), outsourced its accounting and compliance functions, and used consultants to perform the remaining necessary functions at a reduced cost. The increase in Q4 2016 compared to Q4 2015 is due to the Company increasing its activities at the end of the year to be in better position to bid on prospective concessions in Ecuador and seek out strategic partners to fund future exploration.

Loss on sale of marketable securities was $55,459 and $165,800 lower during the three and twelve months ended December 31, 2016 compared to the same periods in 2015.

During the year ended December 31, 2016, the Company sold 125,000 common shares (250,000 common shares – December 31, 2015) of Benton Resources for gross proceeds of $5,000 ($10,000 – December 31, 2105) and recorded a gain on sale of marketable securities of $615 (gain of $1,240 – December 31, 2015) in the statement of loss and comprehensive loss.

During the year ended December 31, 2016, the Company sold 488,560 common shares of SolGold Plc. for gross proceeds of $16,780 and recorded a loss on sale of marketable securities of $5,313 in the statement of operations and comprehensive loss.

During the year ended December 31, 2015, the Company sold 887,614 common shares of Rambler Metals and Mining Plc for gross proceeds of $179,746 and recorded a loss on sale of marketable securities of $171,738 in the statement of loss and comprehensive loss.

Exploration and evaluation expenses increased by $161,533 for the three months ended December 31, 2016, compared to 2015 and decreased by $158,753 for the twelve months ended December 31, 2016 compared to 2015. 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 company's 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).

Gain on disposal of property and equipment for the three and twelve months ended December 31, 2016, was $NIL and $28,987 compared to $50,339 and $107,418 for the same periods in 2015. In Q1 2016 as well as Q3 and Q4 2015 the Company's foreign subsidiaries sold equipment which was not currently in use.

Exploration and evaluation assets

Net property expenditures of $614,538 were incurred during the year ended December 31, 2016, compared to $773,291 during the same period in 2015. Please also see text above ***Exploration and evaluation expenses.***

Geographical Area	**Number of Claims**	**Exploration and Evaluation expenditures Year ended December 31, 2016**	**Exploration and Evaluation expenditures Year ended December 31, 2015**
		$	**$**
Chile	44	224,632	218,885
Ecuador	3	389,906	554,406
	47	**614,538**	**773,291**

Financial Conditions, Liquidity and Capital Resources

As at December 31, 2016 the Company had cash of $2,627,882 compared to cash of $175,029 at December 31, 2015. As at December 31, 2016 the working capital surplus (current assets less current liabilities) of the Company was $2,697,130 compared to a working capital surplus of $129,263 at December 31, 2015.

On May 12, 2016, the Company completed a financing consisting of the issuance of 90,000,000 units at $0.05 per unit for proceeds of $4,500,000. Each unit consisted of one common share of the Company and one non-transferable share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at a price of $0.10 until May 12, 2021.

The Company paid cash finders' fees of $109,619 and issued 3,280,000 units as well as 4,454,842 finders' warrants, with each finders' warrant entitling the holder to purchase one common share of the Company at a price of $0.05 until May 12, 2018.

During the year ended December 31, 2016, 1,969,000 warrants were exercised for gross proceeds of $196,900. 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 $39,139 was transferred from warrants to share capital.

During the year ended December 31, 2016, 226,666 options with an average exercise price of $0.11 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 $13,565 was transferred from contributed surplus to share capital.

Outstanding Share Data

As at December 31, 2016, the Company had 287,090,996 common shares outstanding. The Company had 24,041,664 options outstanding at December 31, 2016, at various exercise prices as shown in the following chart, and 124,240,959 warrants issued in connection with private placement financings.

The following table summarizes information about stock options outstanding and exercisable at December 31, 2016:

Expiry date	Grant date	Exercise price	Options outstanding	Contractual Life (years)	Options vested	Options unvested	Years remaining to maturity
13-Jan-17	13-Jan-12	$0.14	1,183,330	5	1,183,330	-	0.04
08-May-18	08-May-13	$0.10	990,000	5	990,000	-	1.35
11-Jun-18	11-Jun-13	$0.10	125,000	5	125,000	-	1.44
05-Mar-19	05-Mar-14	$0.19	3,875,000	5	3,875,000	-	2.18
29-Jan-20	29-Jan-15	$0.10	2,410,000	5	2,410,000	-	3.08
04-Jun-20	04-Jun-15	$0.10	50,000	5	50,000	-	3.43
14-Jun-21	14-Jun-16	$0.05	3,133,334	5	1,000,000	2,133,334	4.45
08-Aug-21	09-Aug-16	$0.11	2,875,000	5	1,677,083	1,197,917	4.61
15-Nov-21	15-Nov-16	$0.15	*9,400,000	5	-	*9,400,000	4.88
			24,041,664		**11,310,413**	**12,731,251**	

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

The following table summarizes information about warrants outstanding and exercisable at December 31, 2016:

Number of warrants	Carrying Value	Exercise price	Expiry date
	$	$	
26,666,667	1,224,466	0.35	April 2019
1,808,450	119,956	0.20	April 2019
88,031,000	1,627,616	0.10	May 12, 2021
3,280,000	65,000	0.10	May 12, 2021
4,454,842	62,000	0.05	May 12, 2018
124,240,959	**3,099,038**	0.15	

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.

	December 31, 2016	December 31, 2015
Cash	**1,848,860**	88,594
Receivables	**79,600**	95,708
Trade payables and accrued liabilities	**(9,663)**	(55,530)
Net US dollar exposure	**1,918,797**	128,772

Based upon the above net exposures to US dollars, as at December 31, 2016, 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 $194,168 (December 31, 2015 - $25,934).

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 December 31, 2016, the Company had a cash balance of $2,627,882 (December 31, 2015 - $175,029) to settle current liabilities of $91,567 (December 31, 2015 - $249,838). 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.

During the year ended December 31, 2016, the Company changed the valuation technique from a cost approach to a modified market approach. Previously the Company had used a cost approach as management believed the asset had nominal value pending the completion of exploration and evaluation work on the asset and no other evidence of a substantive change in value existed in the view of management.

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 an active market) and the amount of the marketability discount.

Interest rate risk
As at December 31, 2016, and 2015, 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. The Company had two loans payable at a variable rate. As at December 31, 2016, both of the loans had been fully repaid.

Related Party Transactions

The following represents a summary of transactions with parties under common control and shareholders for the years ended December 31, 2016 and 2015. 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 year ended December 31, 2016, Mr. Macdonald, who resides in the United States, billed a total of US$142,000, which converts to $194,420 ($186,810 - December 31, 2015). These transactions are considered to be in the normal course of business.

Sabino Di Paola, effective January 1, 2016, was the CFO and Corporate Secretary for the Company, following the resignation of the previous CFO who was based in Newfoundland, on December 31, 2015, due to the closure of the Company's Newfoundland and Labrador operations. During the year ended December 31, 2016, Mr. Di Paola billed a total of $73,500 ($Nil - December 31, 2015), while Mr. Loveys billed $Nil ($129,000 - December 31, 2015) for the year ended December 31, 2016, for accounting and management consulting services.

During the year ended December 31, 2016, non-management directors of the Company received stipends of $21,000 ($3,500 each) (December 31, 2015 - $15,000 ($3,000 each)).

Compensation for the year ended December 31, 2016, for key management personnel, not included above, is $425,047 ($474,356 - December 31, 2015), which includes salary and other short-term benefits of $203,513 ($258,345 - December 31, 2015), and share-based payments of $741,723 ($216,011 - December 31, 2015). 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.

On March 11, 2016, a director of the Company loaned $5,000 to the Company. The loan carried an annual interest rate of LIBOR plus 3% compounded monthly and had no set maturity date.This loan was repaid following closing of the Company's financing on May 12, 2016.

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 December 31, 2016 and 2015, 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 Alliance (Project Generation) and on other high priority target areas within Ecuador, the signing of the ENAMI definitive agreement was announced June 14, 2016. 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 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 concession are in process to be granted.

Also as noted above, on January 5, 2017, the Company's subsidiary La Plata Minerales S.A. was awarded a new concession in Ecuador called "Bramaderos".

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) – The Company had discussions with a mid-tier gold mining company and is working towards advancing those discussions into an option agreement in order to advance exploration on the project;

(2) Caña Brava (epithermal Au-Ag with possible Cu-Au porphyry at depth in SW Ecuador) - Confidentiality agreements have been signed with several potential partners, some site visits have been carried out and others are pending;

(3) Bella Maria (Au project adjacent to Lumina Gold's Greater Cangrejos) projects - Confidentiality agreements have been signed with several potential partners, some site visits have been carried out and others are pending; and

(4) Bramaderos (epithermal Au-Ag, located in the "Macara" area in Loja Province where the Company previously had a strategic alliance with Newmont Ventures). The Company is engaged in preliminary discussions with a third party that is a potential partner for this new exciting new project.

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 maintained as it currently is and promoted to potential funding partners.

The Company has also undertaken an aggressive 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.

The most significant holes drilled to date at Cascabel are as follows:

Drill Hole CSD-13-005

Hole CSD-13-005 at the Alpala porphyry target is generally considered to be the discovery hole at Cascabel. The following highly significant intersections were generated:

> **1306m grading 0.62% Cu and 0.54 g/t Au (1.05% Copper equivalent (CuEq)), from 24m; including 672m grading 0.93% Cu and 0.91 g/t Au (1.65% CuEq) from 658m; or 552m grading 1.03% Cu and 1.05 g/t Au (1.86% CuEq) from 778m; or**
> **an even higher grade interval of 258m grading 1.27% Cu and 1.40 g/t Au (3.59% CuEq) from 1052m depth.**

Drill hole CSD-14-009

Drill hole CSD-14-009 ("Hole 9") total downhole interval extends over 1 kilometre and remains open at depth. A bulk intersection of 1327m grading 0.57% copper and 0.74 g/t gold for 1.15% CuEq from 430m.

> **This intersection includes 1088m grading 0.66% copper and 0.89 g/t gold for 1.36%** CuEq **from 650m, or 772m grading 0.80% copper and 1.19 g/t gold for 1.51% CuEq from 710m**

Drill hole CSD-15-012

CSD-15-012 (“Hole 12”) final assay results from high grade porphyry copper gold mineralization return intersection of:

1312m @ 0.67 % Cu, 0.63 g/t Au, for 1.17 % CuEq, including:
- **1002m @ 0.76 % Cu, 0.77 g/t Au, for 1.37 % CuEq, or**
- **576m @ 1.03 % Cu, 1.19 g/t Au, for 1.97 % CuEq**

Drill Hole CSD-15-014

Drill Hole CSD-15-014 ("Hole 14"), testing the northeastern extensions of the Alpala Central deposit, returned the following intersections:

- **768m @ 0.50 % copper and 0.45 g/t gold (0.86 % CuEq*), including**
- **476m @ 0.63 % copper and 0.65 g/t gold (1.14 % CuEq), or**

222m @ 0.83 % copper and 1.08 g/t gold (1.68 % CuEq).

Drill Hole CSD-16-016

Drill Hole CSD-16-016 (“Hole 16”) returned a high grade intersection from the Alpala deposit of:
- **1145.6m @ 0.63% Copper and 0.78 g/t Gold (1.25% CuEq) from 516m, including**
- **856.0m @ 0.80% Copper and 1.04 g/t Gold (1.62% CuEq) from 548m.**

Drill Hole CSD-16-017

Drill Hole CSD-16-017 (“Hole 17”) returned another high grade intersection from the Alpala deposit”
- **948m (true width 683m) @ 0.60% Copper and 0.53 g/t Gold (1.07% CuEq) from 330m, including**
- **150m (true width 108m) @ 1.54% Cu and 2.05 g/t Au (3.36 CuEq) from 846m.**

Drill Hole CSD-16-018

Drill Hole CSD-16-018 ("Hole 18"), intersecte a the main zone at Alpala, returning **1204m @ 0.46 % Copper and 0.47 g/t Gold (0.76% CuEq, true width of 722m)**, including a high grade intersection of **664m @ 0.70% Copper and 0.77 g/t Gold 01.195 CuEq, true width of 398m).**

Drill Hole CSD-16-019

Drill hole CSD-16-019 drilled at Central Alpala returned:

- **1344m @ 0.44% Copper and 0.28 g/t Gold (0.62% CuEq, true width of 484m) including**
- **552m @ 0.68% Copper and 0.45 g/t God (0.96% CuEq, true width of 199m).**

Holes 23, 24 and 25 are currently being drilled, intersecting significant significant copper mineralization but no assay results are yet available.

Cascabel Exploration Update

To date SolGold has completed geological mapping and soil sampling over 25 km^2, along with and an additional 9km^2 of Induced Polarisation and 14km^2 Magnetotelluric “Orion” surveys over the Alpala cluster and Aguinaga targets. SolGold has completed 29,000m of drilling and expended over USD 39M on the program, corporate costs and investments into Cornerstone. Intense diamond drilling is planned for the next 12 months with multiple drill rigs.

The Alpala deposit is open at depth and in the upper extensions, as well as to the north, north-east, south-east and south-west. The mineralized zone at Alpala and Moran is closely modelled by magnetic signatures and currently encompasses over 10Bt of magnetic rock expected to be mineralized with copper and gold.

SolGold is focussing on extending the dimensions of Alpala before completing a resource statement and drill testing the other key targets within the Cascabel concession at Alpala Southeast, Aguiñaga, Triviño, Moran, Alpala Northwest, Hematite Hill, Cristal, Parambas, Carmen, Tandayama-America and Chinambicito. SolGold is planning further metallurgical testing and completion of a conceptual early stage mine and plant design and a scoping study (which may not be the equivalent of a National Instrument 43-101 Preliminary Economic Assessment) for an economic development at Cascabel. SolGold is investigating both high tonnage / low-medium grade open cut and underground block caving operations, and a high grade / low tonnage underground development.

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 (which concession may be granted based on the plans, policies and guidelines of MM for the mining sector). Although ENAMI is a state enterprise, the granting of mineral concessions in Ecuador is within the exclusive jurisdiction of MM, which sets its own policies with regard to the timing of opening certain areas of the country to exploration and to whom mineral concessions will be granted, as a result of which there is no guarantee that concessions requested by ENAMI for joint exploration with CESA & Partner will be granted. 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.

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 the amended Agreement dated June 27, 2014, Cornerstone now has the right to acquire an undivided 100% interest in any concessions acquired using a proprietary database within the Miocene Project area in return for option payments totaling $250,000 and $250,000 in common shares of Cornerstone by April 28, 2017 both in annual increments, and $2.5 million in exploration expenditures in annual increments by April 28, 2019 (all amounts are CAD$). The Company has incurred exploration expenditures to date of $1,321,059, and is required to incur further exploration expenditures of $1,178,941 by April 28, 2019 (but not required to incur any further work expenditures until 2018).

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.

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.

	December 31, 2016 $	**September 30, 2016 $**	**June 30, 2016 $**	**March 31, 2016 $**
Net loss	(1,145,486)	(548,082)	(830,145)	(313,750)
Loss per share - Basic and diluted	-	-	-	-

	December 31, 2015 $	**September 30, 2015 $**	**June 30, 2015 $**	**March 31, 2015 $**
Net loss	486,232	812,192	(866,220)	(817,180)
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 December 31, 2016, and other information concerning the Company are archived at the Company website www.cornerstoneresources.com. Regulatory filings are also available through www.sedar.com.