Management's Discussion & Analysis of

Financial Conditions & Results of Operations

For the Years Ended December 31, 2017 and 2016

CORNERSTONE CAPITAL RESOURCES INC.

Management's Discussion & Analysis of Financial Conditions & Results of Operations for the three and twelve months ended December 31, 2017

The following management's discussion and analysis, dated April 27, 2018, should be read in conjunction with the Company's consolidated statements of financial position and related notes for the year ended December 31, 2017. 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 Capital") 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 Capital" 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, and its 15% holdings in Exploraciones Novomining S.A. ("ENSA"), is engaged in the evaluation, acquisition and exploration of mineral properties in Ecuador and Chile. The Company plans to ultimately develop the properties, bring them into production, option or lease the properties to third parties, or sell the properties outright. The Company has not determined whether these properties contain mineral reserves that are economically recoverable, and the Company is considered to be in the exploration stage.

As at December 31, 2017 and April 25, 2018, the Company is in the process of completing a strategic reorganization of Cornerstone Capital's business through a statutory plan of arrangement (the "Arrangement") under Section 288 of the Business Corporations Act (Ontario Business). Pursuant to the Arrangement, Cornerstone Capital will transfer its wholly owned subsidiaries that directly hold the Vetas Grande, Cana Brava, Bella Maria, Tioloma and Bramaderos concessions in Ecuador, the Miocene concessions in Chile, as well as applications for further concessions in Ecuador made by Cornerstone Capital prior to the Arrangement and will include $3,100,000 in cash and cash equivalents to Cornerstone Exploration Inc. ("Cornerstone Exploration") in exchange for common shares of Cornerstone Exploration (the "Cornerstone Exploration Common Shares").

As at December 31, 2017, the Company and its subsidiaries, including the concessions being held for spin-off, had a total of 44 concessions in Chile and 6 concessions in Ecuador (not counting the Cascabel concession held by ENSA), Bella Maria, Caña Brava, Shyri NW (containing the Vetas Grandes target), Bramaderos, and Tioloma (adjacent to Caña Brava). On January 5, 2017, the Company's subsidiary La Plata Minerales S.A. (PLAMIN) was awarded the 4th concession in Ecuador called "Bramaderos. 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.

Results of Operations

The three and twelve months ended December 31, 2017, compared with the three and twelve months ended December 31, 2016. The following results of operations do not reflect the discontinued operations resulting from the above-mentioned spin-off of exploration assets.

During the three and twelve months ended December 31, 2017, the Company had a net loss before other comprehensive income of $1,659,430 and $7,835,575 respectively, compared to a net loss before comprehensive income of $1,145,486 and $2,833,094 for the three and twelve months ended December 31, 2016, respectively. During the three and twelve months ended December 31, 2017, the Company had other comprehensive (loss)/income of ($40,703,450) and $11,068,536 compared to $Nil for the three and an income of $63,917,143 for the twelve months ended December 31, 2016. The other comprehensive income relates to the change in valuation of the long-term investment in ENSA and the SolGold marketable securities from one quarter to the next. Refer to the financial statements for the year ended December 31, 2017, for more details regarding the change in valuation as well as the valuation method used to determine the value of the investment in ENSA.

Expenses not included in discontinued operations incurred during the three and twelve months ended December 31, 2017 were $304,086 and $6,821,324 respectively, compared to $1,214,195 and $2,562,298 for the three and twelve months ended December 31, 2016, respectively. The most notable variances in expenses from the three and twelve months ended December 31, 2016 are:

> ***General & Administrative*** was $502,117 for the three months ended December 31, 2017 compared to $205,089 for the same period in 2016. The increase during the period is due to the fact that in 2017, the Company hired additional staff in its office in Quito and increased its operations in Ecuador considerably compared to 2016. The general and administrative expenses increased by $800,641 for the twelve months ended December 31, 2017 compared the same period in 2016. The increase during the period is due to the fact that in 2017, the Company was well funded and had resumed normal operations compared to 2016 in which the Company had to reduce expenses in order to obtain shareholder loans.
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> **Share based payments expense** were $573,883 for the three months ended December 31, 2017 compared to $623,803 for the three months ended December 31, 2016. During the year ended December 31, 2017 the share-based payments expense was $2,820,312 compared to $817,636 for 2016.
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> On June 14, 2016, the Company issued 3,200,000 stock options to directors, officers and consultants of the company and are exercisable at $0.05 until June 14, 2021. The stock options vest in three tranches with 1,066,666 options vesting on grant, 1,066,666 vesting nine months after grant and 1,066,667 vesting eighteen months after grant. The stock options have a Black-Scholes

option pricing value of $113,500. Only options vested during the year have been realized and recorde as an expense in the profit or loss.

On August 9, 2016, the Company issued 2,875,000 stock options to directors, officers and consultants of the company and are exercisable at $0.11 until August 8, 2021. The stock options vest in three tranches with 958,333 options vesting on grant, 958,333 vesting nine months after grant and 958,334 vesting eighteen months after grant. The stock options have a Black-Scholes option pricing value of $218,000. Only options vested during the year have been realized and recorded as an expense in the profit or loss.

On November 15, 2016, the Company issued 9,400,000 stock options to directors, officers and consultants of the company. These options were approved by the Company's shareholders at the annual shareholders meeting held on June 16, 2017. These options are exercisable at $0.15 until November 15, 2021, and vest in three tranches with 3,133,333 options vesting on grant, 3,133,333 vesting nine months after grant and 3,133,334 vesting eighteen months after grant. These stock options have a Black-Scholes option pricing value of $1,401,283. Only options vested during the year have been realized in the profit or loss.

On January 1, 2017, the Company issued 450,000 stock options to directors, officers and consultants of the company which are exercisable at $0.16 until June 23, 2018. The stock options vest in three tranches with 150,000 options vesting on grant, 150,000 vesting nine months after grant and 150,000 vesting eighteen months after grant. The stock options have a Black-Scholes option pricing value of $42,021. Only options vested during the year have been realized and recorded as an expense in the profit or loss.

On July 12, 2017, the Company issued 7,500,000 stock options to directors, officers and consultants of the company which are exercisable at $0.475 until July 12, 2022. The stock options vest in three tranches with 2,500,000 options vesting on grant, 2,500,000 vesting nine months after grant and 2,500,000 vesting eighteen months after grant. The stock options have a Black-Scholes option pricing value of $2,988,000. Only options vested during the year have been realized and recorded as an expense in the profit or loss.

Consulting fees were $152,444 and $83,733 for the three months ended December 31, 2017, and 2016, respectively. There was increased activity in Ecuador in the last three months of the year in 2017 compared to 2016, as well as an increase in the remuneration paid to consultants in 2017. During the year ended December 31, 2017 the consulting fees were $716,222 and $284,187 in 2016. The increase is primary due to an increase in activity in Ecuador as well as approximately CAD$ 195,000 of bonuses which were paid to the officers of the company in Q1 and Q2 2017. There were no similar bonuses paid in 2016.

Accounting, audit and legal fees were $97,046 and $161,447 for the three months ended December 31, 2017, respectively compared to the same period in 2016. During the year ended December 31, 2017 the fees were $1,152,455 compared to $361,901 for 2016. The increase is primary an increase in legal and advisory fees relating to the circular prepared for the Cornerstone

Capital shareholder meeting for the Spinout of the Exploration assets, legal fees relating to the acquisition of the SolGolds common shares, as well as other general corporate consultations.

Depreciation expenses were $19,840 and $835 for the three months ended December 31, 2017, respectively compared to the same period in 2016. During the year ended December 31, 2017 the expenses were $52,241 and $3,548 for 2016. The increase in depreciation expense in 2017 is due to purchases of property and equipment of $229,999 in 2017 compared to $95,864 in 2016.

Exploration and evaluation expenses were $419,245 compared to $351,957, for the year ended December 31, 2017, respectively, 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 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), 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).

Exploration and evaluation assets

Net property expenditures of $131,187 and $419,245 were incurred during the three and twelve months ended December 31, 2017, compared to $227,739 and $351,957 during the same periods in 2016. Please also see text above under ***Exploration and evaluation expenses.***

	Three months ended December 31,		**Twelve months ended December 31,**	
	2017	**2016**	**2017**	**2016**
Geographical Area	**Exploration and Evaluation expenditures**	Exploration and Evaluation expenditures	**Exploration and Evaluation expenditures**	Exploration and Evaluation expenditures
	$	$	**$**	$
Chile	**-**	-	**-**	-
Ecuador	**131,187**	227,739	**419,245**	351,957
	131,187	227,739	**419,245**	351,957

Financial Conditions, Liquidity and Capital Resources

As at December 31, 2017, the Company had cash of $564,181 compared to cash of $2,627,882 at December 31, 2016. As at December 31, 2017, the working capital surplus (current assets less current liabilities) of the Company was $449,784 compared to a working capital surplus of $2,697,130 at December 31, 2016.

During the twelve months ended December 31, 2017, 37,951,148 warrants were exercised for gross proceeds of $3,637,782. The warrants had an exercise price of $0.096 and would have expired between

April 2019 and May 2021. As a result of the exercise of the warrants a total of $689,568 was transferred from warrants to share capital.

During the twelve months ended December 31, 2017, 2,374,164 options with an average exercise price of $0.12 and expiry dates between January 13, 2017 and November 15, 2021, were exercised for gross proceeds of $281,688. As a result of the exercise of the stock options a total of $197,894 was transferred from contributed surplus to share capital.

Subsequent to December 31, 2017, a total of 100,000 common share purchase options were exercised for gross proceeds of $10,000. The options had an average exercise price of $0.10, expiring May 8, 2018.

On March 2, 2018, the Company completed a financing consisting of the issuance of 41,000,000 common shares at $0.20 per share for proceeds of $8,200,000. A total of $252,000 in finder's fees were paid by Cornerstone Capital in connection with the private placement.

Outstanding Share Data

As at December 31, 2017, the Company had 589,519,508 common shares outstanding. The Company had 28,366,002 options outstanding at December 31, 2017, at various exercise prices as shown in the following chart, and 86,289,811 warrants issued in connection with private placement financings.

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

Expiry date	Grant date	Exercise price	Options outstanding	Contractual Life (years)	Options vested	Options unvested	Years remaining to maturity
08-May-18	08-May-13	$0.10	610,000	5	610,000	-	0.35
11-Jun-18	11-Jun-13	$0.10	125,000	5	125,000	-	0.44
05-Mar-19	05-Mar-14	$0.19	3,400,000	5	3,400,000	-	1.18
29-Jan-20	29-Jan-15	$0.10	1,843,500	5	1,843,500	-	2.08
04-Jun-20	04-Jun-15	$0.10	50,000	5	50,000	-	2.43
14-Jun-21	14-Jun-16	$0.05	2,700,001	5	2,800,001	-	3.45
08-Aug-21	09-Aug-16	$0.11	2,850,000	5	1,916,667	933,333	3.61
15-Nov-21	15-Nov-16	$0.15	8,900,001	5	6,000,001	2,900,000	3.88
23-Jun-18	23-Dec-16	$0.16	387,500	1.5	258,333	129,167	0.48
12-Jul-22	12-Jul-17	$0.475	7,500,000	5	2,500,000	5,000,000	4.53
			28,366,002		**19,503,502**	**8,962,500**	

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 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 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 USD dollars.

	December 31, 2017 (USD)	December 31, 2016 (USD)
Cash	**95,078**	1,848,860
Receivables	**44,600**	79,600
Trade payables and accrued liabilities	**(70,892)**	(9,663)
Net US dollar exposure presented in CAD	**68,786**	1,918,797

Based upon the above net exposures to US dollars, as at December 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 $6,878 (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 December 31, 2017, the Company had a cash balance of $564,181 (December 31, 2016 - $2,627,882) to settle current liabilities of $455,312 (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 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 what 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 December 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 years ended December 31, 2017 and 2016. The amounts are expensed as professional and administrative charges.

Brooke Macdonald, who serves as the Company's President and CEO, provided the Company with management consulting services. During the year ended December 31, 2017, Mr. Macdonald billed a total of $409,732 (USD $ 327,499) ($194,420 –2016) (USD $142,573). Included in the fees billed was a performance bonus of $134,110 (USD $100,000) ($Nil - 2016) in recognition of the performance in the Company's share price.

Sabino Di Paola, who serves as the CFO and Corporate Secretary for the Company, provided the Company with management consulting services. During the year ended December 31, 2017, Mr. Di Paola billed a total of $153,100 ($73,500 –2016) for accounting and management consulting services. Included in the fees billed was a performance bonus of $22,500 ($Nil - 2016) in recognition of the performance in the Company's share price.

During the year ended December 31, 2017, non-management directors of the Company were paid/accrued stipends of $119,000 ($21,000 - 2016).

Compensation for the year ended December 31, 2017, for key management personnel, not included above, is $3,307,349 ($425,047 –2016) which includes salary and other short-term benefits of $360,996 ($203,513 –2016) and share-based payments of $2,676,353 ($741,723 – 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. Included in the Company's Vice President, Exploration's fees billed was a performance bonus of $67,055 ($Nil - 2016) in recognition of the performance in the Company's share price.

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 the Company's 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 favorable results, the property is abandoned.

Off-Balance Sheet Arrangements

At December 31, 2017 and 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. Some 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, 2017, are archived at the Company's website www.cornerstoneresources.com. Regulatory filings are also available through www.sedar.com.

Business Changes

Share Swaps to Acquire 11.23% of SolGold Plc

On June 27, 2017 the Company announced it had agreed to acquire 78,212,500 ordinary shares of SolGold plc from multiple parties, including funds managed by Rosseau Asset Management Ltd. ("Rosseau"), in exchange for 120,821,675 common shares of Cornerstone Capital. Rosseau received 81,236,501 common shares, representing 19.3% of Cornerstone Capital, and agreed not to divest more than 2.5% of the outstanding common shares of Cornerstone Capital to any one party without the consent of Cornerstone Capital. For as long as Rosseau owns over 10% of the outstanding common shares of

Cornerstone Capital, Rosseau is entitled to appoint a director to the board of Cornerstone Capital, but to date has not exercised that right.

On July 4, 2017 the Company announced it had agreed to acquire an additional 91,943,914 ordinary shares of SolGold plc from multiple parties in exchange for 140,957,200 common shares of Cornerstone Capital. Greg Chamandy received 62,696,371 common shares, and combined with his current holdings owns 11.9% of Cornerstone Capital, and has agreed not to divest more than 2.5% of the outstanding common shares of Cornerstone Capital to any one party without the consent of Cornerstone Capital. For as long as Mr. Chamandy owns over 10% of the outstanding common shares of Cornerstone Capital, he is entitled to appoint a director to the board of Cornerstone Capital. The Company appointed Mr. Chamandy as a director and Chairman of the Board on July 11, 2017. Dmyant Sangha received 66,513,619 common shares, and combined with his current holdings owns 13.9% (15.8% partially diluted) of Cornerstone Capital, and has agreed not to divest more than 2.5% of the outstanding common shares of Cornerstone Capital to any one party without the consent of Cornerstone.

After the closing of the share swaps, Cornerstone Capital owned 11.22% of SolGold plc. Cornerstone Capital now has an approximate 24% economic interest in the Cascabel concession. Subsequent to the closing of the swaps, Solgold had a financing in which Cornerstone did not participate. As a result Cornerstone was diluted down to ~10% of the shares of SolGold, for a total 23% economic interest in the deposit.

Creation of a SpinCo to maximize shareholder value

On July 13, 2017, the Company announced that it plans to spin off all of its assets except for its interests in the Cascabel concession in Ecuador and shares of SolGold plc into a new, well-funded exploration company called Cornerstone Exploration Inc. ("SpinCo"). SpinCo will own the drill ready Bella Maria, Vetas Grandes and Bramaderos properties in Ecuador, and the option to own 100% Cana Brava a drill ready property in Ecuador, the Tioloma property surrounding Cana Brava, the pending applications for new properties in Ecuador made by Cornerstone Capital’s subsidiary La Plata Minerales S.A., and the Miocene property in Chile, in addition to Cornerstone Capital's generative exploration databases for Ecuador and Chile.

The Board of Directors of Cornerstone Capital are also evaluating the transfer to SpinCo of Cornerstone Capital's interest in the generative exploration joint venture with Ecuadorian state mining company ENAMI EP, a joint venture which is currently exploring nine highly prospective concessions to the east, south, and south-west of the Cascabel concession.

Cornerstone Capital shareholders will receive shares of SpinCo on a pro rata basis, and Cornerstone Capital will be changing its name to Cascabel Gold & Copper Inc. Details of the proposed spin-off will be contained in an information circular to be mailed to Cornerstone Capital shareholders and filed on SEDAR. Cornerstone Capital has applied to list the shares of SpinCo on the TSX Venture Exchange. The spin-off is subject to TSX Venture Exchange approval, shareholder approval having been obtained on December 14, 2017.

Exploration Outlook

Cascabel Joint Venture with SolGold Plc

Funded by joint-venture partner SolGold Plc and targeting porphyry copper-gold deposits, our flagship Cascabel property in northern Ecuador has been the focus of a drilling campaign that produced results indicating the discovery of a large gold-enriched copper porphyry system: Alpala deposit Maiden Mineral Resource Estimate ("MRE") of 430Mt @ 0.8% Copper Equivalent (CuEq[1]) Indicated and 650Mt @ 0.6% CuEq Inferred (3.4 Mt CuEq Indicated 4.0 Mt CuEq Inferred) at 0.3% CuEq cut off (see news release dated January 3, 2018). Contained metal content totals a current 2.3 Mt Cu and 6.0 Moz Au Indicated and 2.9 Mt Cu and 6.3 Moz Au Inferred. Higher grade core has a current 70Mt @ 1.8% CuEq Indicated (1.2Mt CuEq) and 50Mt @ 1.8% CuEq Inferred (0.8 Mt CuEq) at a 1.1% CuEq cut off. A further 50 Mt @ 1.0% CuEq Indicated (1.0 Mt CuEq) and 50 Mt @ 1.0% CuEq Inferred (1.0 Mt CuEq) is added to the high-grade core if a 0.9% CuEq cut off is used. Exploraciones Novomining S.A. ("ENSA"), an Ecuadorean company owned by SolGold and Cornerstone Capital, holds 100% of the Cascabel concession. Subject to the satisfaction of certain conditions, including SolGold's fully funding the project through to feasibility, SolGold Plc will own 85% of the equity of ENSA and Cornerstone Capital will own the remaining 15% of ENSA. In addition to the 15% direct interest in Cascabel, Cornerstone Capital owns ~10% of the shares of SolGold, for a total 23% economic interest in the deposit.

Over 92,500m of drilling has been completed on the project. Currently, 12 drill rigs are active on site, with 11 Rigs drilling along the Alpala trend, and one drilling at the Aguinaga prospect. The Cascabel drill program for 2018 comprises over 120,000m of drilling that focuses on extending the Alpala Resource southwest, northwest and southeast, as well as further drill testing of the Aguinaga prospect.

Project operator, SolGold, has reported it is planning further metallurgical testing, completion of a Preliminary Economic Assessment, 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 deposits at Cascabel.

Joint Venture with Ecuadorian State Mining Company ENAMI

For the next 2 years, Cornerstone Capital 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.

The terms of the Agreement with ENAMI are as follows (announced June 14, 2016):

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

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[1] The MRE is reported using a cut-off grade of 0.3% copper equivalent (CuEq) calculated using [copper grade (%)] + [gold grade (g/t) x 0.6] based on a copper price of US$2.8/lb and gold price of US$1,160/oz.

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.

Other Exploration (to be continued by the proposed SpinCo)

A number of concessions have been applied for in other provinces, most of them in Loja near Ecuador's southern border with Peru, near the Bramaderos concession and the area previously explored jointly by Cornerstone Capital and Newmont. However, at the end of January 2018 the government suspended the applications of a number of companies, including Cornerstone Capital's applications. Cornerstone Capital, together with other companies similarly affected and the Ecuadorian Chamber of Mines, is awaiting clarification from the government on the nature (temporary or permanent) of the suspensions. The suspensions do not affect any of Cornerstone Capital's other properties for which concessions have already been granted and recorded.

In addition to generative work, the Company will be making plans to drill the following projects. Drill 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 phase 1 drilling program.

Bramaderos - Copper/Gold - (Cornerstone Capital owns 100% - earn in agreement with Sunstone Metals)

As noted above, on January 5, 2017, the Company's subsidiary La Plata Minerales S.A. (PLAMIN) was awarded the "Bramaderos" concession, a porphyry Au-Cu property located in the "Macara" area in Loja Province. On April 10, 2017 the Company announced it had entered into an earn-in agreement for Bramaderos with Avalon Minerals Inc., which subsequently changed its name to Sunstone Metals Inc. ("Sunstone"). Sunstone has the right to earn a 51% interest in the project by spending US$3.4 million over 3 years to complete a phase 1 drill program. If this first option is earned, Sunstone can go to 70% by funding a bankable feasibility study and can go to 80% by financing 100% of the cost of construction of a mine and mill (see news release 17-08 dated April 10, 2017).

Approximately 2/3 of the Bramaderos concession surface area is subject to an underlying 2% NSR in favor of a third party (the "2% NSR "). A $50,000 annual advance royalty is payable on and after the first anniversary of the delivery of a Positive Feasibility Study (as defined in the underlying agreement). One-half of the 2% NSR may be purchased for $3 million, leaving the holder of the NSR with a 1% NSR.

Sampling results from the initial field program at Bramaderos were announced by Cornerstone Capital on September 25, on October 17 and 18, and on November 8, 2017.

Acquisition of magnetic and radiometric data across the entire Bramaderos concession provides a key dataset that assists in mapping the geology (faults, alteration types and intrusions). These geophysical datasets underpin the definition and refinement of target areas for porphyry Au-Cu and epithermal Au-Ag mineralization when interpreted in conjunction with geochemical and geological data. These key datasets have been integrated in a GIS package and targets have been defined based on overlapping and complementary features. The datasets comprise 2-D processed heli-magnetics and radiometrics, current soil sampling results, geological mapping and trenching.

The defined areas of interest comprise 10 targets for porphyry Au-Cu and an additional 10 targets for epithermal Au-Ag.

This work has also defined a widespread and continuous area of alteration covering over 17 km^2 and extending up to 8km x 4km in dimension which coalesces around, and envelopes, many of these target areas. Some of the porphyry and epithermal targets overlap, which is to be expected from a technical perspective.

An updated EIA report, recording the positive local response to the EIA process at Bramaderos, has been submitted to the Ministry of Environment. Contact is being maintained with the Ministry and significant effort is being directed towards receiving the permit to allow for drilling, which is expected to begin by the end of June 2018.

Preparation of drill access tracks and drill pads at West Zone and Bramaderos Main is underway to allow for an efficient start to drilling once the permit is received. A short list of drill contractors has been identified and the selection of the preferred contractor is imminent.

An inspection by the National Water Secretariat (SENAGUA) has been completed for the water permit process.

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

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.

Caña Brava - Gold/Copper - (Cornerstone Capital 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 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 Capital)

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.

Miocene – Gold - (Chile – 100% Cornerstone Capital)

The Chile-Miocene project will be promoted to potential funding partners, or the SpinCo may decide to advance it without a partner.

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 Capital 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 $250,000 in common shares of Cornerstone Capital and having satisfied all required work commitments (all amounts are CAD$). 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 (November 15, 2017 to March 15, 2018), 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., La Plata Minerales S.A., and Minera Cornerstone Chile Limitada, 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, attendance at mining investment conferences, and on-going investor communications through timely news releases and regular targeted updates.

By agreement dated January 1, 2017, Cornerstone Capital agreed to retain Raymond M. Mullaney to provide communication services on behalf of the Company in North-eastern United States, which services will include communication of news releases and information about Cornerstone Capital on Mr. Mullaney's web sites www.BostonMining.com and www.ThePerfectTrade.com, and assisting Cornerstone Capital at PR roadshows across the north-eastern 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.

By agreement dated January 1, 2017 Cornerstone Capital 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.

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,	2017	2016	2015
	$	$	$
Net comprehensive income	3,232,961	61,084,049	-
Net loss	(7,835,575)	(2,833,094)	(3,121,541)
Operating loss	(6,816,412)	(2,511,125)	(3,121,541)
Net loss from discontinued operations	(1,019,163)	(321,969)	-
Exploration and evaluation expenses	(419,245)	(351,957)	(773,291)
Loss per share - basic and diluted	(0.02)	(0.01)	(0.02)

Summary of Quarterly Results

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

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
	$	$	$	$
Net income (loss)	(1,659,430)	(3,226,935)	(1,700,221)	(1,248,989)
Other comprehensive (loss) income	(40,703,450)	(3,655,931)	(2,519,172)	61,719,808
Loss per share - Basic and diluted	-	(0.02)	(0.01)	(0.01)

	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
	$	$	$	$
Net loss	(1,145,486)	(548,082)	(313,750)	(313,750)
Other comprehensive income	63,917,143	-	-	-
Loss per share - Basic and diluted	-	-	-	-

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, 2018, 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 15 - Revenue From Contracts With Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other standards. The Company will adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The Company has evaluated the impact of IFRS 15 and has determined that IFRS 15 will not have a significant impact on the Company other than additional required disclosures. The Company is continuing to evaluate the impact of disclosures to its future consolidated financial statements.

IFRS 16 – Leases – The new standard replaces IAS 17 – Leases and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has low value. It will be applied retrospectively for annual periods beginning on or after January 1, 2019. Early adoption is permitted if IFRS 15 has also been applied.

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, which the Company maintains was 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. 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.

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, 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.