CORNERSTONE

Unaudited Condensed Interim Consolidated Financial Statements of
Cornerstone Capital Resources Inc.

For the three months ended
March 31, 2018

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Cornerstone Capital Resources Inc. for the three months ended March 31, 2018 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CORNERSTONE CAPITAL RESOURCES INC.

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CORNERSTONE CAPITAL RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

	As at March 31, 2018	As at December 31, 2017
	$	$
ASSETS		
CURRENT		
Cash and cash equivalents	**7,685,722**	564,181
Marketable securities (Note 8)	**2,492**	2,141
Receivables (Note 9)	**489,935**	128,128
Prepaid expenses	**188,800**	192,568
Assets held for spin-off (Note 2)	**390,648**	1,033,177
TOTAL CURRENT ASSETS	**8,757,597**	1,920,195
Long term investments (Note 7, 10)	**90,343,141**	125,757,292
Marketable securities (Note 7, 8)	**69,763,925**	86,779,516
Property and equipment	**279,494**	286,797
TOTAL NON-CURRENT ASSETS	**160,386,560**	212,823,605
TOTAL ASSETS	**169,144,157**	214,743,800
LIABILITIES		
CURRENT		
Trade payables and accrued liabilities	**755,309**	437,234
Liabilities held for spin-off (Note 2)	**14,393**	18,078
TOTAL CURRENT LIABILITIES	**769,702**	455,312
Deferred tax liability (Note 10)	**22,585,785**	31,439,323
TOTAL LIABILITIES	**23,355,487**	31,894,635
EQUITY		
Shareholders' equity (Note 12)	**145,788,670**	182,849,165
TOTAL LIABILITIES AND EQUITY	**169,144,157**	214,743,800

Plan of arrangement and discontinued operations (Note 2)
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Contingencies (Note 16)
Commitments (Note 17)
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APPROVED BY THE BOARD OF DIRECTORS ON MAY 25, 2018:

"Brooke Macdonald" Director "Beverley Evans" Director

See accompanying notes to the unaudited condensed interim consolidated financial statements

CORNERSTONE CAPITAL RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Operations and Comprehensive Income (loss)

(Expressed in Canadian Dollars)

	Three months ended March 31, 2018	Three months ended March 31, 2017
	$	$
REVENUE AND OTHER INCOME		
Unrealized gain on value of marketable securities	**352**	83
Investment income	**16**	3
TOTAL REVENUE AND OTHER INCOME	**368**	86
EXPENSES		
Exploration and evaluation expenditures (Note 11)	**264,272**	124,543
General and administrative	**301,874**	352,368
Share-based payments (Note 12)	**583,498**	272,193
Consulting fees	**174,334**	90,359
Accounting, audit and legal	**426,435**	117,514
Depreciation	**15,974**	7,714
Interest and bank charges	**1,681**	1,499
Foreign exchange (gain) loss	**(80,262)**	26,597
TOTAL EXPENSES	**1,687,806**	992,787
NET LOSS FROM CONTINUING OPERATIONS	**(1,687,438)**	(992,701)
NET LOSS FROM DISCONTINUED OPERATIONS (Note 2)	**(278,478)**	(256,288)
NET LOSS FOR THE PERIOD	**(1,965,916)**	(1,248,989)
OTHER COMPREHENSIVE (LOSS) INCOME		
Items that will be reclassified subsequently to income		
Unrealized gain on investment (Note 7)	**(52,429,743)**	82,293,078
Deferred income tax expense (Note 10)	**8,853,538**	(20,573,270)
TOTAL OTHER COMPREHENSIVE (LOSS) INCOME	**(43,576,205)**	61,719,808
NET COMPREHENSIVE (LOSS) INCOME	**(45,542,121)**	60,470,819
Loss per share		
Basic	**(0.00)**	(0.00)
Diluted	**(0.00)**	(0.00)
Weighted-average number of shares outstanding		
Basic	**602,730,619**	287,761,201
Diluted	**602,730,619**	287,761,201

See accompanying notes to the unaudited condensed interim consolidated financial statements

CORNERSTONE CAPITAL RESOURCES INC.

Unaudited Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of shares	**Share capital**	**Warrants**	**Contributed Surplus**	**Accumulated other Comprehensive Income**	**Deficit**	**Total Shareholders' Equity**
		$	$	$	$	$	$
Balance, December 31, 2016	287,090,996	40,041,836	3,099,038	10,069,549	63,917,143	(50,343,000)	66,784,566
Total comprehensive loss for the period	-		-	-	61,719,808	(1,248,989)	60,470,819
Shares issued on exercise of stock options	351,666	78,268	-	(26,856)	-	-	51,412
Shares issued on exercise of warrants	10,314,481	1,236,477	(205,029)	-	-	-	1,031,448
Share-based payments	-	-	-	272,193	-	-	272,193
Share issue costs	-	(10,725)	-	-	-	-	(10,725)
Balance, March 31, 2017	297,757,143	41,345,856	2,894,009	10,314,886	125,636,951	(51,591,989)	128,599,713
Total comprehensive loss for the year	-	-	-	-	(50,651,272)	(6,586,586)	(57,237,858)
Shares issued on exercise of stock options	2,022,498	401,314	-	(171,038)	-	-	230,276
Shares issued on exercise of warrants	27,636,667	3,090,873	(484,539)	-	-	-	2,606,334
Shares issued for property agreements	324,324	120,000	-	-	-	-	120,000
Shares issued for acquisition of marketable securities	261,778,876	106,068,949	-	-	-	-	106,068,949
Share-based payments	-	-	-	2,548,119	-	-	2,548,119
Share issue costs	-	(86,368)	-	-	-	-	(86,368)
Balance, December 31, 2017	589,519,508	150,940,624	2,409,470	12,691,967	74,985,679	(58,178,575)	182,849,165
Total comprehensive loss for the period	-	-	-	-	(43,576,205)	(1,965,916)	(45,542,121)
Shares issued in private placements	41,000,000	7,958,000	-	-	-	-	7,958,000
Share issue costs	-	(59,872)	-	-	-	-	(59,872)
Share-based payments	-	-	-	583,498		-	583,498
Balance, March 31, 2018	630,519,508	158,838,752	2,409,470	13,275,465	31,409,474	(60,144,491)	145,788,670

See accompanying notes to the unaudited condensed interim consolidated financial statements

CORNERSTONE CAPITAL RESOURCES INC.
Unaudited Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Three months March 31, 2018	Three months March 31, 2017
	$	$
OPERATING ACTIVITIES		
Net loss from continuing operations for the period	**(1,687,438)**	(992,701)
Items not affecting cash:		
Depreciation	**15,974**	7,714
Interest and bank charges recognized in net loss	**1,681**	1,499
Interest income recognized in net loss	**(16)**	(3)
Unrealized loss on value of marketable securities	**(352)**	(83)
Share-based payments	**583,498**	272,193
Changes in non-cash operating working capital (Note 14)	**(39,964)**	(37,648)
Cashflows from operating activities — continuing operations	**(1,126,617)**	(749,029)
Cashflows from operating activities — discontinued operations	**130,447**	(255,117)
CASHFLOWS FROM OPERATING ACTIVITIES	**(996,170)**	(1,004,146)
INVESTING ACTIVITIES		
Interest income received	**16**	3
Purchase of property and equipment	**(8,672)**	(32,949)
Cashflows from investing activities — continuing operations	**(8,656)**	(32,946)
Cashflows from investing activities — discontinued operations	**-**	-
CASHFLOWS FROM INVESTING ACTIVITIES	**(8,656)**	(32,946)
FINANCING ACTIVITIES		
Interest and bank charges paid	**(1,681)**	(1,499)
Proceeds from exercise of stock options	**-**	51,412
Proceeds from exercise of warrants	**-**	1,031,448
Proceeds from issuance of share capital - net	**7,958,000**	-
Share issue costs	**(59,869)**	(10,725)
Cashflows from financing activities — continuing operations	**7,896,450**	1,070,636
Cashflows from financing activities — discontinued operations	**-**	-
CASHFLOWS FROM FINANCING ACTIVITIES	**7,896,450**	1,070,636
INCREASE IN CASH	**6,891,624**	33,544
CASH, BEGINNING OF THE PERIOD	**809,530**	2,627,882
CASH, END OF THE PERIOD	**7,701,154**	2,661,426
LESS CASH OF DISCONTINUED OPERATIONS AT END OF PERIOD	**15,432**	-
CASH OF CONTINUING OPERATIONS, END OF THE PERIOD	**7,685,722**	2,661,426

See accompanying notes to the unaudited condensed interim consolidated financial statements

1. 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.

These unaudited condensed interim consolidated financial statements ("financial statements") for the three months ended March 31, 2018, were authorized for issuance by the Board of Directors of the Company on May 25, 2018.

2. PLAN OF ARRANGEMENT AND DISCONTINUED OPERATIONS

As at March 31, 2018, the Company was 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 (Alberta 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 $5,750,000 in cash and cash equivalents to Cornerstone Exploration Inc. ("Cornerstone Exploration") in exchange for common shares of Cornerstone Exploration (the "Cornerstone Exploration Common Shares"). Cornerstone Exploration will commence trading on the Toronto Venture Stock Exchange under the symbol "CEX" upon completion of the Arrangement. Shareholders of Cornerstone Capital will receive common shares of Cornerstone Exploration by way of a share exchange, in proportion to their shareholdings in Cornerstone Capital.

Under the Arrangement, each existing share of Cornerstone Capital would be exchanged for 0.05 of a "new" share of Cornerstone Capital, which will be renamed "Cascabel Gold and Copper Inc.", and 0.005 Class B multiple voting shares and 0.005 Class A single voting shares of a Cornerstone Exploration. Option holders and warrant holders of Cornerstone Capital will receive replacement options and warrants of Cascabel Gold and Copper and options and warrants of Cornerstone Exploration which are proportionate to, and reflective of the terms of, their existing options and warrants of Cornerstone Capital. The exercise prices of the warrants and options will be determined in accordance with the Arrangement. The Arrangement was approved by the Supreme Court of Alberta and by Cornerstone Capital shareholders, as well as Cornerstone Capital option holders and warrant holders voting together as a single class. At the Special Meeting of Cornerstone Capital securityholders held on December 14, 2017, Cornerstone Capital shareholders also approved a Stock Option Plan for Cornerstone Exploration.

The assets and liabilities that will be transferred to Cornerstone Exploration were classified as discontinued operations and classified on the balance sheet as assets / liabilities held for spin-off ("Spin-off"). The discontinued operations include five entities to be transferred to Cornerstone Exploration pursuant to the Arrangement, Bellamaria Mining S.A., Vetasgrande Mining S.A., Canabrava Mining S.A., La Plata S.A., and Mineria Cornerstone Chile Limitada. The Spin-off distribution will be accounted for at the carrying amount, without gain or loss, and will result in a reduction of shareholders' equity.

Cornerstone Exploration is expected to enter into an Administrative Services Agreement with Cornerstone Capital, pursuant to which Cornerstone Capital will provide office space, furnishings and equipment, communications facilities and personnel necessary for Cornerstone Exploration to fulfill its basic day-to-day head office and executive responsibilities on a pro-rata cost-recovery basis.

(Expressed in Canadian Dollars)

2. PLAN OF ARRANGEMENT AND DISCONTINUED OPERATIONS (Continued)

The closing of the Arrangement will result in a spin-off of assets and liabilities being distributed to Cornerstone Exploration. As at March 31, 2018, the following is a summary of the assets and liabilities held for spin-off:

	March 31, 2018	December 31, 2017
	$	$
Current assets		
Cash	**15,432**	245,349
Receivables	**357,748**	769,431
Property and equipment	**17,468**	18,397
Total assets	**390,648**	1,033,177
Current liabilities		
Trade payables and accrued liabilities	**14,393**	18,078
Net assets	**376,256**	1,015,099

The net loss from the assets held for spin-off has been reclassified from net loss to discontinued operations as follows:

	Three months ended March 31, 2018	Three months ended March 31, 2017
	$	$
REVENUE AND OTHER INCOME		
Project revenue	**50,488**	-
TOTAL REVENUE AND OTHER INCOME	**50,488**	-
EXPENSES		
Exploration and evaluation expenditures	**219,018**	153,588
General and administrative	**90,823**	74,843
Accounting, audit and legal	**18,546**	25,997
Depreciation	**929**	1,171
Foreign exchange loss (gain)	**(349)**	689
TOTAL EXPENSES	**328,967**	256,288
NET LOSS FROM DISCONTINUED OPERATIONS	**(278,478)**	(256,288)

(Expressed in Canadian Dollars)

3. BASIS OF CONSOLIDATION AND PRESENTATION

Statement of Compliance

These financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting, ("IAS 34"), using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC").

The preparation of the financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgements in applying the Company's accounting policies. The areas involving a higher degree of judgements or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3).

Basis of Consolidation and Presentation

The financial statements reflect the financial position, results of operations and cash flows of the Company and its subsidiaries. Cornerstone Capital is the ultimate parent company of the consolidated group. Subsidiaries are consolidated from the date on which the Company obtains control and continue to be consolidated until control ceases. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Where the ownership of a subsidiary is less than 100%, and a non-controlling interest thus exists, any losses of that subsidiary are attributed to the non-controlling interests even if that results in a deficit. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

An associate is an entity in which the Company or its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in, without having control over, the financial and operating policy decisions of the entity, and generally exists where between 20% and 50% of the voting power of the entity is held by the Company. As at March 31, 2018, and December 31, 2017, the Company did not have any associates. The Company's indirect 15% interest in ENSA (held by Cornerstone Ecuador S.A. ("CESA")) is being accounted for as an available-for-sale asset.

The subsidiaries of the Company at March 31, 2018, and their principal activities are described below:

Name of subsidiary	Acronym	Place of incorporation	Ownership interest	Principal activity
Cornerstone Exploration Inc.	CEX	Canada	100%	Holding Company
Bellamaria Mining S.A.	BMSA	Ecuador	100%	Exploration Company
Canabrava Mining S.A.	CMSA	Ecuador	100%	Exploration Company
La Plata Minerales S.A	La Plata	Ecuador	100%	Exploration Company
Exploaurum S.A.	EXSA	Ecuador	100%	Exploration Company
Cornerstone Ecuador S.A.	CESA	Ecuador	100%	Exploration Company
Vetasgrandes Mining S.A.	VMSA	Ecuador	100%	Exploration Company
Minera Cornerstone Chile Limitada	MCCL	Chile	100%	Exploration Company

The financial statements of the Company have been prepared in accordance with IFRS on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company does not have any proven economically recoverable reserves, has a

3. BASIS OF CONSOLIDATION AND PRESENTATION (Continued)

history of losses, and at March 31, 2018, the Company had an accumulated deficit of $60,144,491 (December 31, 2017 - $58,178,575) and has recorded a net comprehensive loss of $45,542,121 for the three months ended March 31, 2018 (March 31, 2017 – net comprehensive income of $60,470,819). The success of the Company is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to find and complete the development of such reserves, the ability of the Company to satisfy obligations as they come due and upon future profitable production from the properties or proceeds from disposition. The Company as at March 31, 2018, had cash balances of $7,685,722 (December 31, 2017 - $564,181) and current liabilities of $769,702 (December 31, 2017 - $455,312). The Company currently does not expect to require additional financing to continue to pursue its exploration activities, and to meet its general and administrative costs for at least the next 12 months from the reporting period.

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, government licensing requirements or regulations, unregistered claims and non-compliance with regulatory, environmental and social licensing requirements, and may be affected by undetected defects. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the balance sheet classifications used.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for long-term investments and marketable securities classified as fair value through profit and loss, which are measured at fair value.

Functional currency and currency of presentation

The financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiaries.

4. SIGNIFICANT ACCOUNTING POLICIES

<u>Estimates and assumptions</u>

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

- *Property and equipment*

The Company reviews the estimated useful lives of property and equipment at the end of each reporting period to ensure assumptions are still valid as well as for indicators of impairment and makes judgments about the recoverable amounts.

- *Receivables*

The Company reviews its receivables on a regular basis and makes estimates of any amounts which are not expected to be collected. If such doubt exists, an allowance for doubtful accounts will be recorded.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Share-based payments*

The Company makes certain estimates and assumptions when calculating the fair values of stock options and warrants granted. The significant assumptions used include estimates of expected volatility, expected life and expected risk-free rate of return. Changes in these assumptions may result in a material change to the amount recorded for the issuance of stock options and warrants.

- *Fair value of investment in securities not quoted in an active market*

Where the fair values of financial assets and liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. Refer to notes 7 and 10 for further details.

5. FUTURE ACCOUNTING CHANGES

The following standards are effective for annual periods beginning after January 1, 2019, 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, 2019. The standard contains requirements in the following areas: classification and measurement, impairment, hedge accounting and de-recognition.

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.

6. CAPITAL MANAGEMENT

The capital structure of the Company consists of debt and equity comprised of share capital, warrants, reserves and deficit. The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral assets.

The properties in which the Company has or is earning an interest are in the exploration stage; as such the Company has historically relied on the equity markets to fund its activities. Subject to availability of funding, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geological or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis. The Company is not subject to externally imposed capital requirements.

The Company's capital management objectives, policies and processes have remained unchanged during the three months ended March 31, 2018 and the year ended December 31, 2017. The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange (“TSXV”) which requires adequate working capital or financial resources of the greater of (i) $50,000

(Expressed in Canadian Dollars)

6. CAPITAL MANAGEMENT (Continued)

and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

7. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

Level 2 – valuation techniques based on inputs that are quoted prices or similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – valuation techniques with significant unobservable market inputs.

Level 3 financial instruments

The value of the Company's 15% interest in ENSA is classified as an available-for-sale asset. The Company has a long-term investment in ENSA, which is a private company with no quoted price in active markets and has therefore been classified as a level 3 fair value measurement.

The following table presents the change in fair value measurements of financial instruments classified as Level 3 for the three months ended March 31, 2018, as well as the year ended December 31, 2017. These financial instruments are measured at fair value utilizing non-observable market inputs. The net realized losses and net realized gains are recognized in the other comprehensive income / (loss).

Investments, fair value	Three months ended March 31, 2018	Year ended December 31, 2017
Balance, beginning of period	$ 125,757,292	$ 82,000,000
Changes in valuation	(35,414,151)	43,757,292
Balance, end of period	**$ 90,343,141**	**$ 125,757,292**

Within Level 3, the Company includes private company investments which are not quoted in an active market. The key assumptions used in the valuation of these instruments include (but are not limited to) the value at which a recent financing was done by the investee, company-specific information, trends in general market conditions and the share performance of comparable publicly-traded companies.

As the valuation of investments for which market quotations are not readily available are inherently uncertain, the values may fluctuate materially within short periods of time and are based on estimates, and determinations of fair value may differ materially from values that would have resulted if a ready market existed for the investments.

(Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS (Continued)

The valuation of ENSA was based on a modified market model using 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, which resulted in the expected value of 85% of ENSA. This value was then used to determine the value of a 15% interest in ENSA subsequent to 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.

As at March 31, 2018, a 10% increase/decrease in the share price of SolGold would result in an increase/decrease in the fair value estimate of ENSA of approximately $11.6 million keeping all other variables constant.

As at March 31, 2018, a change in the marketability discount of 5% (decrease to 0% or increase to 10%) would result in an increase/decrease in the fair value estimate of ENSA of approximately $4.7 million keeping all other variables constant.

While this illustrates the overall effect of changing values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonable possible alternative assumptions may differ. The sensitivity analysis is intended to reflect the significant uncertainty inherent in the valuation of private investments under current market conditions, and the results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the estimated fair value of these investments. Furthermore, the analysis does not indicate a probability of changes occurring and it does not necessarily represent the Company's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

The following table presents the fair value, categorized by key valuation techniques and unobservable inputs used within Level 3 as at March 31, 2018, and December 31, 2017.

Description	Period	Fair value ($)	Valuation technique	Significant unobservable input(s)	Range of significant unobservable input(s)
ENSA	**March 31, 2018**	90,343,141	Modified market approach	Marketability of shares	5%-10% discount
ENSA	**December 31, 2017**	125,757,292	Modified market approach	Marketability of shares	5%-10% discount

Management continues to believe that the modified market approach is the most appropriate approach in consideration of various factors including the volatility and trading volume of SolGold shares.

The Company has no liabilities recorded at fair value on March 31, 2018, and December 31, 2017. The carrying value of the Company's liabilities approximates its fair value due to the short-term nature. The Company does not have any level 2 fair value measurements, and there have been no transfers between levels in 2018 and 2017.

(Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS (Continued)

As at March 31, 2018	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets	$	$	$	$
Marketable securities (Note 8)	69,763,925	-	-	69,763,925
Long-term investment	-	-	90,343,141	90,343,141
	69,763,925	-	90,343,141	160,107,066

As at December 31, 2017	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets	$	$	$	$
Marketable securities (Note 8)	86,779,516	-	-	86,779,516
Long-term investment	-	-	125,757,292	125,757,292
	86,779,516	-	125,757,292	212,536,808

Financial Risk Factors

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks, which are summarized below, are appropriately managed:

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.

The Company's high-grade receivables are with the Canadian government and other recognized, creditworthy third parties.

(Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS (Continued)

As at March 31, 2018	**Neither past due nor impaired**		**Past due or**	
	High grade	**Standard grade**	**Individually impaired**	**Total**
Cash and receivables:	$	$	$	$
Cash and cash equivalents	7,685,722	–	–	7,685,722
Other receivables(1)	427,726	–	–	427,726
	8,113,448	–	–	8,113,448

(1) Other receivables exclude sales tax receivable of $62,209.

As at December 31, 2017	**Neither past due nor impaired**		**Past due or**	
	High grade	**Standard grade**	**Individually impaired**	**Total**
Cash and receivables:	$	$	$	$
Cash and cash equivalents	564,181	–	–	564,181
Other receivables(1)	55,851	–	–	55,851
	620,032	–	–	620,032

(1) Other receivables exclude sales tax receivable of $72,277

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at March 31, 2018, the Company had a cash balance of $7,685,722 (December 31, 2017 - $564,181) to settle current liabilities of $769,702 (December 31, 2017 - $455,312). 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.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect the Company’s income or the value of its financial instruments.

Interest rate risk – As at March 31, 2018, and December 31, 2017, 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.

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

7. FINANCIAL INSTRUMENTS (Continued)

believes that both commodity and equity price movements can have a substantial effect on the market value of the Company's investments. Such price movements are monitored by the Company.

Foreign exchange 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.

	March 31, 2018 (USD) ($)	December 31, 2017 (USD) ($)
Cash	**1,711,812**	95,078
Receivables	**134,184**	44,600
Trade payables and accrued liabilities	**(44,331)**	(70,892)
Net US dollar exposure presented	**1,801,665**	68,786

Based upon the above net exposures to US dollars, as at March 31, 2018, 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 $180,167 (December 31, 2017 - $6,878).

Sensitivity analysis

As at March 31, 2018, the Company has an equity investment in Rambler Metals and Mining, which is listed on TSX Venture Exchange and the Alternative Investment Market ("AIM") on the London Stock Exchange, and SolGold Plc, which is listed on Toronto Stock Exchange and AIM.

A 20% change in value of these investments as at March 31, 2018, would result in an increase or decrease in net comprehensive income and the carrying value of the investments of $13,952,785.

The carrying amount of cash, receivables, trade payables and accrued liabilities approximate fair value due to their short-term nature.

8. MARKETABLE SECURITIES

The Company has not purchased shares of publicly listed companies on the open market. The current marketable securities were acquired through prior years option agreements. The listed shares below trade on TSX Venture Exchange and Toronto Stock Exchange. Market values of the investments are as follows:

Current marketable securities

	March 31, 2018	December 31, 2017
	$	$
Rambler Metals and Mining	**2,492**	2,141

(Expressed in Canadian Dollars)

8. MARKETABLE SECURITIES (Continued)

There were no sales of marketable securities during the three months ended March 31, 2018 and the year ended December 31, 2017.

Non-current marketable securities

The following marketable securities were acquired by the Company as a long-term strategic investment and have been classified as non-current marketable securities:

	March 31, 2018	December 31, 2017
	$	$
SolGold Plc	**69,763,925**	86,779,516

On June 27, 2017, the Company acquired 78,212,500 ordinary shares of SolGold plc from multiple non-arm's length parties, in exchange for 120,821,675 common shares of Cornerstone. The acquisition of the SolGold shares was initially recorded at $48,787,316, which was the fair market value of the SolGold shares at the date of acquisition.

On July 4, 2017, the Company acquired an additional 91,943,914 ordinary shares of SolGold plc from multiple parties in exchange for 140,957,200 common shares of Cornerstone. The acquisition of the SolGold shares was initially recorded at $57,281,633, which was the fair market value of the SolGold shares at the date of acquisition.

9. RECEIVABLES

	March 31, 2018	December 31, 2017
	$	$
Sales tax receivable	**62,209**	72,277
Share subscription receivable	**259,500**	-
Other receivables	**168,226**	55,851
Total receivables	**489,935**	128,128

During the three months ended March 31, 2018, the Company incurred exploration expenditures on its Bramaderos property which were charged back to its exploration partner Sunstone Metals Ltd (note 11). As at March 31, 2018, the Company, through its assets held for spin-off, has a receivable of $356,617 (December 31, 2017 - $769,711) relating to its exploration partner.

As at March 31, 2018, $259,500 (December 31, 2017 - $Nil) of share subscriptions, for which shares had been issued, had not yet been received by the Company. Subsequent to the end of the reporting period the share subscription receivables had been received in full.

(Expressed in Canadian Dollars)

10. LONG TERM INVESTMENTS

As at March 31, 2018, SolGold is the registered shareholder of an 85% interest in ENSA. 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 will own the remaining 15% of ENSA. SolGold Plc is funding 100% of the exploration at the Cascabel property, which is held by ENSA, up to completion and delivery of a feasibility study, and is the operator of the project.

Upon completion and delivery of a feasibility study, Cornerstone and SolGold shall jointly fund the activities of ENSA based on their proportionate interest. To the extent that either Cornerstone or SolGold fail to fund their proportionate interest, that party will have its ownership in ENSA diluted.

As a result of SolGold funding 100% of the activities in ENSA up to completion and delivery of a feasibility study, SolGold shall receive 90% of any distribution of earnings or dividends from ENSA or the Cascabel property that would otherwise be due to Cornerstone until such time as the amount received by SolGold through such payments equals Cornerstone's proportionate share of the expenditures incurred by SolGold from the date it earned its 85% interest until the time of completion and delivery of the feasibility study plus annual interest of LIBOR +2%.

As at March 31, 2018, the estimated value of the long-term investment in ENSA was $90,343,141 (December 31, 2017 - $125,757,292). Refer to note 7 for details on the valuation of the investment in ENSA. As at March 31, 2018, the estimated deferred income tax liability related to the long-term investment in ENSA was $22,585,785 (December 31, 2017 - $31,439,323).

11. EXPLORATION AND EVALUATION EXPENDITURES

As at March 31, 2018, the Company holds several mineral concessions in Ecuador (excluding the concessions held by ENSA). A summary of exploration and evaluation expenditures is as follows:

	Three months ended	
	March 31, 2018	March 31, 2017
Geographical Area	**Exploration and Evaluation expenditures**	Exploration and Evaluation expenditures
	$	$
Ecuador	**264,272**	124,543

The exploration and evaluation expenditures from the spin out of the subsidiaries, pursuant to the Arrangement, has been reclassified from exploration and evaluation expenditures to discontinued operations as follows:

	Three months ended	
	March 31, 2018	March 31, 2017
Geographical Area	**Exploration and Evaluation expenditures**	Exploration and Evaluation expenditures
	$	$
Chile	**96,582**	22,146
Ecuador	**122,436**	131,442
Total	**219,018**	153,588

(Expressed in Canadian Dollars)

11. EXPLORATION AND EVALUATION EXPENDITURES (Continued)

Exploration expenditures included in the discontinued operations incurred in Ecuador for the three months ended March 31, 2018, have been reduced by $470,534 (March 31, 2017 – $Nil), which was charged to the Company's exploration partner.

On April 4, 2017, the Company entered into an option agreement with Sunstone Metals Ltd. (formerly "Avalon Minerals Ltd.") ("Sunstone") to acquire up to a 51% undivided interest in the Company's wholly-owned Bramaderos property. To acquire the 51% interest Sunstone is required to 1) make a US $50,000 payment (received) to the Company upon signing the option agreement, 2) Incur US $1,500,000 of exploration expenditures on the property by April 4, 2018, 3) Incur an additional US$ 1,900,000 of exploration expenditures on the property by April 4, 2020. The Bramaderos property is included in the assets to be spin out on completion of the Arrangement (Note 2).

As at March 31, 2018, Sunstone has incurred $1,504,493 (US$1,189,255) of exploration expenditures on the Bramaderos property. As at March 31, 2018, Sunstone has not yet acquired its initial interest in the Bramaderos property.

12. SHAREHOLDERS' EQUITY

A) Share Capital

Authorized

An unlimited number of common shares with no par value.

Issued and outstanding

	March 31, 2018		December 31, 2017	
	Number of Shares	**$**	Number of Shares	$
Common shares	**630,519,508**	**158,838,752**	589,519,508	150,940,624

2018 issuances

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 in connection with the private placement. As at March 31, 2018, $259,500 of share subscription, for which shares had been issued, had not yet been received by the Company. Subsequent to the end of the reporting period the share subscription receivable had been received in full.

2017 issuances

During the year ended December 31, 2017, 37,951,148 warrants were exercised for gross proceeds of $3,637,782. The warrants had an average exercise price of $0.10 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 year ended December 31, 2017, 2,374,164 options with an average exercise price of $0.119 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.

12. SHAREHOLDERS' EQUITY (Continued)

On April 27, 2017, the Company issued 324,324 common shares, with a value of $120,000, and made a cash payment of $120,000 in regards to the Miocene gold-silver-copper project in Chile.

On June 27, 2017, the Company acquired 78,212,500 ordinary shares of SolGold plc from multiple non-arm's length parties, in exchange for 120,821,675 common shares of Cornerstone. The acquisition of the SolGold shares was initially recorded at $48,787,316, which was the fair market value of the SolGold shares at the date of acquisition.

On July 4, 2017, the Company acquired an additional 91,943,914 ordinary shares of SolGold plc from multiple parties in exchange for 140,957,200 common shares of Cornerstone. The acquisition of the SolGold shares was initially recorded at $57,281,633, which was the fair market value of the SolGold shares at the date of acquisition.

Preferred shares

The first and second preferred shares which have been authorized may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. No first or second preferred shares have been issued.

B) Stock options

The Company has an equity settled stock option plan under which options to purchase common shares in the Company may be granted to directors, officers, key employees and consultants of the Company.

There were no stock options granted in the three months ended March 31, 2018.

During the three months ended March 31, 2018, the Company realized and recorded as an expense in the profit or loss of $583,498 (March 31, 2017 - $272,193) relating to stock options which vested in the current period.

<u>2017 Stock option grants</u>

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.

(Expressed in Canadian Dollars)

12. SHAREHOLDERS' EQUITY (Continued)

The fair values of options granted during the year ended December 31, 2017, were estimated using the Black-Scholes option pricing model with the following weighted average assumption:

	January 2017	July 2017
Average share price at date of grant	$0.16	$0.475
Expected dividend yield	0.00%	0.00%
Expected share price volatility	132%	123%
Risk-free interest rate	0.76%	1.58%
Forfeiture rate	0%	0%
Expected life of options	1.5 years	5 years
Average exercise price at date of grant	$0.16	$0.475
Stock options granted	450,000	7,500,000
Black-Scholes fair value	$0.09338	$0.3984

Details of the activity of the stock option plan are as follows:

	For the three months ended March 31, 2018		For the year ended December 31, 2017	
	Number	**Weighted-Average Exercise Price**	Number	Weighted-Average Exercise Price
		$		$
Balance, beginning of the Period	**28,366,002**	**0.17**	24,041,664	0.13
Granted during the period				
To employees, officers, directors and consultants	-	-	7,950,000	0.46
Exercised during the period	-	-	(2,374,164)	0.119
Expired	-	-	(683,331)	0.14
Forfeited or cancelled during the period	-	-	(2,670,000)	0.37
Balance, end of period	**28,366,002**	**0.22**	28,366,002	0.22
Exercisable, end of period	**19,503,502**	**0.17**	19,503,502	0.17

The following table summarizes information about stock options outstanding and exercisable at March 31, 2018.

(Expressed in Canadian Dollars)

12. SHAREHOLDERS' EQUITY (Continued)

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	-	0.10
11-Jun-18	11-Jun-13	$0.10	125,000	5	125,000	-	0.20
05-Mar-19	05-Mar-14	$0.19	3,400,000	5	3,400,000	-	0.93
29-Jan-20	29-Jan-15	$0.10	1,843,500	5	1,843,500	-	1.83
04-Jun-20	04-Jun-15	$0.10	50,000	5	50,000	-	2.18
14-Jun-21	14-Jun-16	$0.05	2,700,001	5	2,700,001	-	3.21
08-Aug-21	09-Aug-16	$0.11	2,850,000	5	2,016,667	833,333	3.61
15-Nov-21	15-Nov-16	$0.15	8,900,001	5	6,000,001	2,900,000	3.63
23-Jun-18	23-Dec-16	$0.16	387,500	1.5	258,333	129,167	0.23
12-Jul-22	12-Jul-17	$0.475	7,500,000	5	2,500,000	5,000,000	4.28
			28,366,002		**19,503,502**	**8,862,500**	

C) Warrants

Warrants have been issued by the Company in the course of issuing shares. Warrants are valued using the Black Scholes option-pricing model.

	For the three months ended March 31, 2018		
	Number	**Fair Value $**	**Weighted-Average Price $**
Balance, beginning of the period	**86,289,811**	**2,409,470**	**0.17**
Exercised	**-**	**-**	**-**
Balance, end of the period	**86,289,811**	**2,409,470**	**0.17**

	For the year ended December 31, 2017		
	Number	**Fair Value $**	**Weighted-Average Price $**
Balance, beginning of the year	**124,240,959**	**3,099,038**	**0.15**
Exercised	**(37,951,148)**	**(689,568)**	**(0.09)**
Balance, end of the year	**86,289,811**	**2,409,470**	**0.17**

(Expressed in Canadian Dollars)

12. SHAREHOLDERS' EQUITY (Continued)

Number of warrants	Carrying Value	Exercise price	Expiry date
	$	$	
26,600,000	1,221,405	0.35	April 7, 2019
1,808,450	119,956	0.20	April 7, 2019
1,174,842	20,606	0.05	May 12, 2018
56,706,519	1,047,503	0.10	May 12, 2021
86,289,811	**2,409,470**		

D) Loss per share

During the three months ended March 31, 2018, 86,289,811 warrants (March 31, 2017 – 113,526,478) and 28,366,002 options (March 31, 2017 – 22,651,667) were excluded from the computation of diluted loss per share as they were anti-dilutive.

13. RELATED PARTY TRANSACTIONS

The following represents a summary of transactions with parties under common control and shareholders for the three months ended March 31, 2018 and 2017. 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 three months ended March 31, 2018, Mr. Macdonald billed a total of $75,834 ($43,462 – 2017). The Company may terminate the contract without cause by paying the President and CEO 24 months' salary at any time.

Sabino Di Paola, who serves as the CFO and Corporate Secretary for the Company, provided the Company with management consulting services. During the three months ended March 31, 2018, Mr. Di Paola billed a total of $39,000 ($25,500 – 2017) for accounting and management consulting services. The Company may terminate the contract without cause by paying the CFO a lump sum equal to $75,000.

During the three months ended March 31, 2018, non-management directors of the Company were paid/accrued stipends of $32,500 ($32,500 - 2017).

Compensation for the three months ended March 31, 2018, for key management personnel, not included above, is $631,242 ($303,245 – 2017) which includes salary and other short-term benefits of $65,220 ($51,441 – 2017) and share-based payments of $566,021 ($251,804 – 2017). 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.

(Expressed in Canadian Dollars)

14. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31,	
	2018	2017
	$	$
Changes in non-cash operating working capital		
(Increase) decrease in receivables	**(361,807)**	(5,994)
(Increase) in prepaid expenses	**3,768**	(3,999)
Increase (decrease) in trade payables and accrued liabilities	**318,075**	(27,655)
	(39,964)	(37,648)

During the three months ended March 31, 2018, the value of the share-based payments and warrants exercised were $Nil (2017 - $26,856) and $Nil (2017 - $205,029) respectively.

15. SEGMENT REPORTING

The Company has one reportable operating segment being that of acquisition, exploration and evaluation activities. The Company has the following non-current assets located in Canada and Ecuador:

	March 31, 2018	December 31, 2017
	$	$
Ecuador		
Property, plant and equipment	**279,494**	286,797
Long-term investment	**90,343,141**	125,757,292
Canada		
Marketable securities	**69,763,925**	86,779,516
	160,386,560	212,823,605

All Ecuador exploration mineral claims are held by the Company's Ecuador subsidiaries with all costs incurred in the subsidiaries expensed to exploration and evaluation expenditures on the statement of operations. The Company's long-term investment is in an entity with mineral property interests in Ecuador.

The Company has $17,468 (2017 - $18,397) of property and equipment in Chile that has been reclassified as non-current assets held for spin-off (Note 2).

16. 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.

16. CONTINGENCIES (Continued)

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.

17. COMMITMENTS

See note 13 for the commitments under agreements with the management.

18. EVENTS AFTER THE REPORTING PERIOD

Subsequent to March 31, 2018, 550,000 stock options were exercised for gross proceeds of $63,333.

Subsequent to March 31, 2018, 1,174,842 warrants were exercised for gross proceeds of $58,742.