MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED FEBRUARY 28, 2017 AND FEBRUARY 29, 2016

The information contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the three months ended February 28, 2017 has been prepared as of April 28, 2017. It should be read in conjunction with the condensed interim consolidated financial statement of Cornerstone Metals Inc. (the "Company") for the three months ended February 28, 2017 as well as the audited annual consolidated financial statements for the year ended November 30, 2016 and the accompanying MD&A for the year then ended.

The referenced financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars unless otherwise indicated.

General

Cornerstone was incorporated on June 23, 2006 under the *Business Corporations Act* (British Columbia). The Company is engaged primarily in the business of evaluating, acquiring, exploring, and if warranted, developing natural resource properties. The Company has not realized any revenues from commercial operations to date. The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "CCC".

Recent Highlights

On April 18, 2017 the Company announced the appointment of Michael Mracek, P.Eng to its Advisory Board. Mr. Mracek is a graduate of the University of Saskatchewan and currently provides consulting services for major consulting firms, including SRk and SNC-Lavalin, advising on various studies, including feasibility studies.

On March 29, 2017, the Company announced the appointment of Jacques McMullen to its Advisory Board. Mr. McMullen holds a Bachelor's Degree in Applied Sciences in Metallurgical Engineering (B.A.Sc) and a Master's Degree of Applied Sciences, both from Laval University, Quebec. Mr. McMullen currently is a director of NewCastle Gold and acts as a technical advisor to Detour Gold Corporation.

On January 5, 2017, a total of 22,500 warrants with an exercise price of $0.05 per share were exercised into 22,500 common shares for gross proceeds of $1,125.

Mineral Properties

Paul Cowley, P.Geo, Chief Executive Officer of the Company, is the Qualified Person as defined in National Instrument 43-101 responsible for the review of technical information disseminated to the public by the Company, including any technical information in this MD&A.

West Jerome, Arizona

The West Jerome property, near Jerome, Arizona, consists of approximately five square kilometers of claims on the west side of Freeport McMorran patented lands. The property, in a Volcanogenic Massive Sulfide camp, is a high grade, massive sulfide target located 2.4km south of the past-producing United Verde (32 million tons grading 4.4% copper, 1.5 oz/t silver and 0.04 oz/t gold). The West Jerome property has attractive untested TEM geophysical targets.

On February 11, 2015 the Company announced they had entered into a binding option agreement in respect of the grant of an option (the "Option") on the West Jerome project in Yavapai County, Arizona (the "Project") to Lowell Copper Ltd ("Lowell Copper"). Under the terms of the Option, Lowell Copper can acquire up to a 75% interest in the Project in exchange for $40,000 worth of shares on the first anniversary and annually thereafter, funding work expenditures up to $2,600,000 and an additional $15,000 worth of shares subject to the results of a gravity survey to be undertaken on the Project as part of the initial work program.

On August 5, 2015 the “Company announced that Lowell Copper had terminated the option agreement announced February 11, 2015 on Cornerstone’s West Jerome project. Lowell Copper conducted 2 gravity surveys by Zonge International Inc. on the Project, which generated two anomalies, one being open-ended. Zonge recommended further work to better define the open-ended anomaly, however due to market conditions and other priorities, Lowell Copper has preferred not to proceed further with the Project. As a result, Cornerstone remains with a 100% interest in the property, now supported by gravity anomalies.

Lone Mountain, New Mexico

During the year ended November 30, 2015 the Company terminated its Part 4 exploration level permit and received proceeds of US$248,275 (CAD 312,533) plus interest of US$ 2,341 (CAD $2,950) that was held as a reclamation bond and realized foreign exchange gain of $54,496. The Company did not make the state mineral leases payments and did not renew the BLM claims and therefore wrote off $259,792 of previously capitalized costs.

Summary of Quarterly Results

The following is selected financial data for the last eight quarters ending with the most recently completed quarter, being the three months ended February 28, 2017.

	THREE MONTHS ENDED			
	February 28, 2017 ($)	**November 30, 2016 ($)**	**August 31, 2016 ($)**	**May 31, 2016 ($)**
Total Revenue	Nil	Nil	Nil	Nil
Acquisition and exploration costs	-	-	19,922	Nil
Net (loss) or gain	(28,700)	(53,424)	(19,880)	(37,446)
Net (loss) or gain per share(1)	(0.00)	(0.00)	(0.00)	(0.00)

	THREE MONTHS ENDED			
	February 29, 2016 ($)	**November 30, 2015 ($)**	**August 31, 2015 ($)**	**May 31, 2015 ($)**
Total Revenue	Nil	Nil	Nil	Nil
Acquisition and exploration costs	Nil	Nil	Nil	Nil
Net (loss) or gain	(21,942)	(289,112)	47,317	(37,632)
Net (loss) or gain per share(1)	(0.00)	(0.02)	0.00	(0.00)

(1) The basic and fully diluted calculations result in the same value due to the anti-dilutive effect of outstanding stock options and warrants for all quarters.

During the quarter-ended November 30, 2015, the Company recorded a write-down of $259,792 of mineral properties related to the Lone Mountain property. The gain of $47,317 recorded during the quarter ended August 31, 2015 is the result of a realized foreign exchange gain of $54,496 from proceeds received for the refund of its reclamation bond on the Lone Mountain property of US$248,275.

Results of Operations
The Company recorded a net loss of $28,700 ($0.00 per share) for the three months ended February 28, 2017, compared to a net loss of $21,942 ($0.00 per share) for the three months ended February 29, 2016.

	2017 ($)	**2016 ($)**
General and administrative expenses	(28,151)	(25,205)
Foreign exchange gain (loss)	(561)	(3,223)
Interest income	12	40
Net loss for the year	(28,700)	(21,942)

The most significant general and administrative variances were with respect to the increase in consulting fees of $11,235 (2016 - $7,200) due to the increased efforts of Management to explore potential project opportunities.

Financing Activities
During the three months ended February 28, 2017, a total of 22,500 warrants with an exercise price of $0.05 per share were exercised into 22,500 common shares for gross proceeds of $1,125.

There were no financing activities during the three months ended February 29, 2016.

Liquidity and Capital Resources
The Company's operations consumed $18,762 of cash during the three months ended February 28, 2017 (February 29, 2016 – $9,472) before non-cash working capital items. The cash requirement was funded mainly from the cash balance as at November 30, 2016.

The Company's aggregate operating, investing, and financing activities during the three months ended February 28, 2017 resulted in a decrease in its cash balance from $160,156 at November 30, 2016 to $142,519 at February 28, 2017. The Company had working capital at February 28, 2017 of $83,907 (November 30, 2016 – $111,312). The Company has no long-term indebtedness.

None of the Company's mineral properties have been put into commercial production and, as such, the Company has no operating revenues or cash flows. The Company will be required to complete additional financings in order to carry out its business plan. The Company's capital resources are largely determined by the strength of the junior resource capital markets and by the status of the Company's projects in relation to these markets and the Company's ability to compete for investor support of its projects. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the future.

Capital Expenditures
During the three months ended February 28, 2017 and February 29, 2016, the Company did not incur mineral property option or exploration expenditures.

Transactions with Related Parties
The Company's related parties consist of the Company's directors, officers and companies associated with them including the following:

- Buena Tierra Development Ltd., a company owned by Paul Cowley, the President, Chief Executive Officer and a director of the Company

Compensation paid or payable to the directors, the Chief Executive Officer and the Chief Financial Officer for services provided during the three months ended February 28, 2017 and February 29, 2016 was as follows:

	2017	**2016**
	$	**$**
Accounting fees	2,080	1,560
Consulting fees [(1)]	10,000	7,200

[(1)] The charge includes consulting fees paid to Buena Tierra Development Ltd.

As at February 28, 2017, accounts payable and accrued liabilities include an amount of $18,480 (November 30, 2016 – $20,160) due to officers of the Company and/or companies controlled by officers of the Company.

Financial Instruments
The Company's financial instruments consist of cash and cash equivalents, other receivables, marketable securities, and accounts payable and accrued liabilities. Cash and cash equivalents and other receivables are designated as loans and receivables, which are measured at amortized cost. Marketable securities are designated as available-for-sale, which are measured at fair value through other comprehensive income or loss. Accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost.

Off-balance Sheet Arrangements
The Company has not entered into any material off-balance sheet arrangements.

Outstanding Share Data
The following table discloses the Company's share capital structure as at April 28, 2017, the date of this MD&A

<u>Authorized share capital</u>: Unlimited number of Common Shares
<u>Issued and outstanding common shares:</u> 22,905,694

Type of Security	**Number**	**Exercise Price**	**Expiry Date**
Stock options	370,000	$0.12	August 10, 2017
Stock options	1,500,000	$0.05	October 12, 2021
Stock options	100,000	$0.10	April 10, 2022
Fully Diluted	**24,876,194**		

Disclosure Controls and Procedures
Disclosure controls and procedures are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized, and reported within the time periods specified by securities regulations and that the information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings) ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the three months ended February 28, 2017 and this accompanying MD&A (together, the "Annual Filings").

In contrast to the full certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Annual Filings on SEDAR at www.sedar.com.

Additional Disclosure for Venture Issuers without Significant Revenue
The Company provides disclosure related to capitalized or expensed exploration and development costs in the notes to the financial statements and disclosure related to general and administration expenses in the statements of operations and comprehensive loss. The Company has no expensed research and development costs nor deferred development costs.

Forward-Looking Statements
This MD&A contains forward-looking statements. All statements, other than statements of historical fact, constitute "forward-looking statements" and include any information that addresses activities, events or developments that the Company believes, expects or anticipates will or may occur in the future including the Company's strategy, plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance.

Forward-looking statements are generally identifiable by the use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology. All such forward-looking information and statements are based on certain assumptions and analyses made by the Company's management in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. These statements, however, are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed, implied by or projected in the forward-looking information or statements. Important factors that could cause actual results to differ from these forward-looking statements include but are not limited to: risks related to the exploration and potential development of the Company's projects, risks related to international operations, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, future prices of precious and base metals, as well as those factors discussed in the sections relating to risk factors of the Company set out in this MD&A.

There can be no assurance that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, the reader should not place any undue reliance on forward-looking information or statements. Except as required by law, the Company does not intend to revise or update these forward-looking statements after the date of this document or to revise them to reflect the occurrence of future unanticipated events.

Other Information
Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company's website, www.cornerstonemetals.ca.