

# Cornerstone and Newcrest sign Option and Farm-in Heads of Agreement for the Caña Brava gold-copper Project in Ecuador

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OTTAWA, Feb. 19, 2019 - [Cornerstone Capital Resources Inc.](#) ("Cornerstone" or "the Company") (TSXV:CGP) (Frankfurt:GWN) (Berlin:GWN) (OTC:CTNXF) is pleased to announce that Cornerstone and its subsidiary Cañabrava Mining S.A. have signed an option and farm-in Heads of Agreement with Newcrest International Pty Limited ("Newcrest"), a subsidiary of [Newcrest Mining Ltd.](#) (ASX: NCM) for Cornerstone's Caña Brava and Tioloma properties in Ecuador (the "Project"), targeting epithermal gold-silver and porphyry gold-copper deposits in south central Ecuador.

## HIGHLIGHTS (all \$ are US\$):

- Subject to due diligence and negotiation of definitive documentation, Newcrest has the option to earn up to a 75% interest in the Project in stages, as follows:
  - Initial Option Period (runs from date of the definitive agreement until 18 months after receipt of Drilling Permit): making an up-front payment to Cornerstone of \$100,000, and spending a minimum of \$2 million (committed);
  - Stage 1 (4 years): paying \$500,000 to Cornerstone and spending a further \$8 million (with a minimum of \$500,000 in each year to maintain the option) to earn a 51% interest in the Project;
  - Stage 2 (2 years): paying \$650,000 to Cornerstone and completing a positive Preliminary Economic Assessment in accordance with National Instrument 43-101 on any target area in the Project, to increase its interest in the Project to 65% (Newcrest may extend Stage 2 an additional year by paying Cornerstone \$250,000); and
  - Stage 3 (2 years): incurring expenditures of \$100 million or completing a bankable feasibility study (BFS), whichever occurs first, to increase its interest in the Project to 75% (Newcrest may extend Stage 3 by up to an additional 2 years by paying \$500,000 to Cornerstone for each 1 year extension).
- If Newcrest earns a 75% interest, Cornerstone will have the option for 90 days to convert up to 10% (2/5<sup>th</sup>) of its 25% project equity into a net smelter returns (NSR) royalty at the rate of 5% equity per 1% NSR (with minimum conversion of 5% equity interest). Newcrest will have the right to buy down the royalty to 1.5% NSR at fair market value after delivery of the BFS.
- Cornerstone's carried interest ends at the end of Stage 3 or sooner if Newcrest fails to complete any Stage after completing Stage 1 or if Newcrest elects not to proceed with Stage 2 or 3, following which Cornerstone will be required to contribute or suffer dilution of its participating interest according to a formula. If Newcrest completes Stage 1 and elects not to proceed to Stage 2, it will revert to a 49% non-controlling interest.
- Cornerstone's carried interest is not repayable out of project cash flows or otherwise.
- Newcrest will be the operator at its own cost during the Initial Option Period, for a 5% fee during Stages 1, 2 and 3, and at 3% fee thereafter.

President and CEO Brooke Macdonald said: "Newcrest is one of the largest gold mining companies in the world, operating mines in Australia, Papua New Guinea, and Indonesia, and we are pleased to have entered into this Heads of Agreement with them. Newcrest is also partnering with us on the Miocene project in Chile (see news release dated December 10, 2018). Cornerstone looks forward to seeing the Ecuadorian government providing regulatory certainty in the near term on the pathway for drilling."

Figures referred to in this news release can be seen in PDF format by accessing the version of this release on the Company's website ([www.cornerstoneresources.com](http://www.cornerstoneresources.com)) or by clicking on the link below:

<http://www.cornerstoneresources.com/i/pdf/NR19-05Figures.pdf>.

## About Caña Brava and Tioloma

### Caña Brava - Gold/Copper - (Cornerstone has the right to earn 100%)

On February 26, 2015, the Company announced results from prospecting and geological mapping surveys carried out during 2014 on the 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.

An EIA was begun in July 2018, including an environmental base line study and consultation process. Base line study field work has been completed. The EIA will be submitted to the Ministry of Environment in the coming weeks.

The Company has the right to earn a 100% interest in the Caña Brava project from the original owner in return for cash option payments of \$40,000 each 6 months until the Company decides to exercise the option by making a final payment of \$350,000. The \$350,000 payment may be made early, and the option exercised at any time.

### Tioloma & Gold (100% Cornerstone)

Cornerstone acquired the Tioloma property in March 2017 for strategic purposes; the property wraps around three sides of the Caña Brava property, thereby enlarging, and effectively creating a protective area of interest around, the Caña Brava property and on strike with a well-defined regional mineralized trend.

### About Cornerstone:

[Cornerstone Capital Resources Inc.](#) is a mineral exploration company with a diversified portfolio of projects in Ecuador and Chile, including the Cascabel gold-enriched copper porphyry joint venture in north west Ecuador, in which the Company has a 15% interest<sup>1</sup> financed through to completion of a feasibility study and repayable out of Cornerstone's share of project earnings or dividends, plus 9.22% of the shares of joint venture partner and project operator [SolGold plc](#), for a total direct and indirect interest in Cascabel of approximately 23%.

### Qualified Person:

Yvan Crepeau, MBA, P.Geo., Cornerstone's Vice President, Exploration and a qualified person in accordance with National Instrument 43-101, is responsible for supervising the exploration program at the Miocene project for Cornerstone and has reviewed and approved the information contained in this news release.

Further information is available on Cornerstone's website: [www.cornerstoneresources.com](http://www.cornerstoneresources.com) and on Twitter. For investor, corporate or media inquiries, please contact:

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Due to anti-spam laws, many shareholders and others who were previously signed up to receive email

updates and who are no longer receiving them may need to re-subscribe at <http://www.cornerstoneresources.com/s/InformationRequest.asp>

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*This news release may contain "Forward-Looking Statements" that involve risks and uncertainties, such as statements of Cornerstone's plans, objectives, strategies, intentions and expectations. The words "potential," "anticipate," "forecast," "believe," "estimate," "expect," "may," "project," "plan," and similar expressions are intended to be among the statements that identify "Forward-Looking Statements." Although Cornerstone believes that its expectations reflected in these "Forward-Looking Statements" are reasonable, such statements may involve unknown risks, uncertainties and other factors disclosed in our regulatory filings, viewed on the SEDAR website at [www.sedar.com](http://www.sedar.com). For us, uncertainties arise from the behaviour of financial and metals markets, predicting natural geological phenomena and from numerous other matters of national, regional, and global scale, including those of an environmental, climatic, natural, political, economic, business, competitive, or regulatory nature. These uncertainties may cause our actual future results to be materially different than those expressed in our Forward-Looking Statements. Although Cornerstone believes the facts and information contained in this news release to be as correct and current as possible, Cornerstone does not warrant or make any representation as to the accuracy, validity or completeness of any facts or information contained herein and these statements should not be relied upon as representing its views after the date of this news release. While Cornerstone anticipates that subsequent events may cause its views to change, it expressly disclaims any obligation to update the Forward-Looking Statements contained herein except where outcomes have varied materially from the original statements.*

On Behalf of the Board,  
Brooke Macdonald  
President and CEO

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

<sup>1</sup> Subject to JV partner SolGold satisfying certain conditions.

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