

Questions posed by an Investor to Glen McKay, President;

Q. For some time now Cornerstone has been talking about going international and you've finally delivered, but why Ecuador?

A. We decided to launch our first international venture in Ecuador because we view the country as an area of emerging exploration opportunities. The prolific porphyry and epithermal metallogenic belts of northern Peru may be interpreted to extend into relatively under-explored Ecuador. The country revised its mining code and tax regime in 2000-2001 to facilitate exploration and mining investment. The opportunity to work in Ecuador is also attractive because we are able to partner with Sierramin, a reputable and experienced Ecuadorian company. The arrangement gives Cornerstone the immediate working capability to apply its business model and proven exploration approach and quickly advance our Ecuador projects to the drill ready stage for potential joint venture participation. The agreement is our corporate mantra, 'People, Process, Projects', in action. We see this acquisition as an attractive exploration opportunity with potential for near term rewards for our shareholders that complements our ongoing program in Newfoundland & Labrador.

Q. I understand Ecuador has gotten much better, but the place still gives me the creeps, as a place to do business.

A. We did quite a bit of investigation, including talking with lamgold, who we know. We used a consultant who's done quite a bit of work for Goldfields down there also. Additionally we visited there on two occasions and at the end of the day we were able to resolve any initial trepidations that we had.

Q. The NSR is substantial, but the purchase price seems low.

A. The vendor was adamant on maintaining a 25% interest, which would leave us with only a 75% retained interest. With our business model of bringing in JV partners it is always essential for us to earn in 100% in order to get the kind of deal we like in a JV agreement with a major, which it is our intention to do on this. The trade off was the NSR in order to get that 100% undivided interest. Also there is a third party underlying 1 1/2 % NSR which can be bought out for US\$2M by the Vendor so the 3% includes that also. In light of all of this we felt that while the NSR is a bit higher than we like it to be it is manageable and will not be a deterrent. On the matter of the purchase price we feel it is a good deal but significantly we were able to back end the earn in.

The following is an excerpt from the agreement.

For clarity the Expenditures, payments and shares are summarized, in US dollars, as follows:

	On Signing	1st Year by Feb 23/06	2nd Year by Feb 23/07	3rd Year by Feb 23/08	4th Year by Feb 23/09	Earn In After 4 Years 100%
Expenditures		\$175K	\$225K	\$325K	\$425K	\$1.15M
Option Payments	\$25K	\$25K	\$50K	\$50K	\$50K	\$200K
Shares in CCRI - \$ equal	\$25K	\$25K	\$50K	\$50K	\$50K	\$200K

(Re price calculation for shares - cause to be issued to the Vendor a number of shares of CCRI stock in equivalent US dollar value as outlined on the following chart. The price per share will be the closing trading price of CCRI shares on the applicable date and, if such date is not a trading day, such closing trading price on the trading day preceding such date. The number of Shares to be issued is to be determined by dividing the agreed payment by the price per share, rounded to the nearest whole number. The currency exchange rate for the purposes of such calculation shall be the price to purchase US\$ published by the Bank of Montreal on the applicable trading day.) The closing price on signing was \$0.45 so we'll be issuing about 68,000 shares on signing.

Q. The requirement that you use the vendor's buddies for the contract work makes me nervous; if they're the best for the job, why such strings attached?

A. We are not using the vendor's buddies but the vendor himself who owns both companies. One criteria we established for working in any area is to find the right people to work with. We checked out Allen Brown Hidalgo with companies like Goldfields, Far West Mining etc. and he has a stellar reputation. Also, he has geologists on staff. One of our geologists, who lives in Newfoundland, has worked in South America (and speaks Spanish) and he will be the one who will be in Ecuador using Allen's company resources the same as we use contractors here. However, Allen will be an invaluable help to us as we 'get the lie of the land' so to speak with regard to culture, politics, regulations, etc. We wanted a working relationship with him.

Q. And why go international at all, when you're still trying to unlock the value of your Canadian projects?

A. We've been looking at projects within Newfoundland, across Canada & the USA, in Mexico, Argentina, Peru, etc. and we are looking for projects that we feel have the potential to (a) become a mine, and (b) attract the interest of a JV partner. We are project generators and we need to continually keep the supply line going. It is to be expected that most projects will eventually 'fall off the table' after a JV partner has spent some \$\$ to evaluate. Most exploration targets do not become mines, as you know. The

earth is shrinking more and more into a global village so we think that both North & South America are well within our management range. Companies like Linear have done so very effectively. However, I should state that our commitment to Newfoundland & Labrador remains as strong as ever.

One other factor that played strongly into our decision is that the acquired properties include ground contiguous with lamgold's Quimsacocha Project where drilling has encountered a series of high-grade intersections. We've been watching that very closely and we believe that we are strategically positioned for an area play that will unfold rapidly during 2005.

We have a large land position in Ecuador but our first focus will be on Shryi. We expect to bring Shryi to the drill ready stage within six months and if lamgold's Quimsacocha Project unfolds as it now looks we think we'll be able to get a JV partner there this year.

We put a lot of thought, time and effort into what we feel is an excellent project on its own merits but with tremendous area play potential also.