



**Management's Discussion & Analysis of
Financial Conditions & Results of Operations**

To March 31, 2008

CORNERSTONE CAPITAL RESOURCES INC.

Consolidated Results To March 31, 2008

Management's Discussion & Analysis of Financial Conditions & Results of Operations

The following discussion and analysis, dated May 30, 2008, should be read in conjunction with the Consolidated Financial Statements and related notes. 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") 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 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 and exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

Description of Business

Cornerstone Capital Resources Inc. was formed in July 1999 and began trading on the now TSX Venture Exchange on November 29, 1999 under the trading symbol "CTP". The symbol was changed to "CGP" after shareholders approved a one for three share consolidation during January of 2003. Cornerstone Resources Inc. (CRI), Cornerstone International Inc. (CII), Cornerstone Ecuador S.A., La Plata Minerales S.A., Cornerstone Capital Resources Mauritius Inc., Newfoundland Exploration Private Limited, CCRI Exploration Private Limited and Land Minerals Exploration Private Limited are wholly owned subsidiaries involved in mineral exploration and development. The Company's properties, all located in Canada and Ecuador, have exploration potential for deposits of base and precious metals and industrial minerals.

Results of Operations

The three-month period ending March 31, 2008 compared with the three-month period ending March 31, 2007.

At January 1, 2008, exploration properties held by the Company totalled 7,739 claims. During the first three months of 2008, a number of property claims were dropped and additional claims were staked and acquired, leaving the Company with a total of 8,740 claims in Canada and 31 claims in Ecuador at the end of March 2008.

During the three-month period ending March 31, 2008 the Company had a net loss of \$697,267 - \$0.01 per share (compared to a net loss of \$512,151 - \$0.01 share for the same period in 2007). Expenses incurred during the three-month period ending March 31, 2008 were \$778,924 compared to \$576,493 for the same period in 2007. The increase of \$202,431 during the period was due to a number of

factors, the most notable of which are:

1. General and administrative expenses increased by \$215,249, due to reduced exploration activities in Canada and Ecuador, which resulted in more costs being charged to general and administration expense in the period compared to the same period in 2007.

2. Stock-based compensation decreased by \$26,205 due primarily to lower share prices relative to options issued during the same period last year.

3. Amortization increased by \$21,413 during this quarter compared to the same quarter last year due to additional capital equipment acquired during the last half of 2007.

4. Unrealized loss on fair value of share purchase warrants increased by \$30,274 over the same period last year as the receipt of these warrants was recorded during the last quarter of 2007.

5. Foreign exchange loss decreased by \$51,627 during the first quarter of 2007 compared with the same period last year as a result of the favourable Canadian dollar exchange rate .

6. Mineral property costs abandoned increased slightly by \$13,274 due to a small write off this quarter compared to no write offs in the same period last year.

Revenue for the period was \$81,657 compared to \$64,342 in 2007, an increase of \$17,315, mainly due to option payments forfeited by a joint venture partner.

Mineral properties

Total capitalized expenditures on mineral properties as at March 31, 2008 were \$9,122,957 compared to \$7,968,640 as at December 31, 2007. Net mineral property expenditures of \$1,018,133 were incurred during the three month period ending March 31, 2008 compared to \$52,956 during the same period in 2007. Included in the net mineral property expenditures are recoveries from Joint Venture Partners and Government grants of \$357,928 compared to \$2,432,408 for the same period in 2007. Expenditure recoveries from JV partners are significantly lower for the first three months of 2008 over the corresponding period in 2007 due to the significantly decreased exploration work undertaken in Ecuador for the first quarter of 2008 as compared to the first quarter of 2007.

**Consolidated Schedule of Mineral Properties
(Unaudited)**

Property	Gross Expenditures	Government Grants (JCEAP)	Recoveries from Joint		Properties Abandoned	Net Total Mar 31/08	Net Total Dec 31/07
			Venture Partners				
	\$	\$	\$	\$	\$	\$	\$
Aucoin	237,950	23,193	-	-	-	214,757	213,705
Burin	564,143	-	-	-	-	564,143	471,055
Cape Ray	1,679,224	83,810	1,473,142	-	13,274	108,998	108,748
Codroy Valley	2,195	-	-	-	-	2,195	-
Deer Lake Uranium	208,592	-	11,500	-	-	197,092	189,117
South America	13,899,092	-	10,441,065	-	-	3,458,027	2,852,192
El Strato	1,101,406	166,841	637,376	-	-	297,189	297,189
Green Bay gold	501,144	90,040	294,599	-	-	116,505	116,505
Konrad	2,013,841	-	800,115	-	-	1,213,726	1,042,661
Labrador	122,960	-	-	-	-	122,960	111,238
Labrador Trough	242,746	-	-	-	-	242,746	177,606
Long Harbour	152,735	-	-	-	-	152,735	152,735
Noel Paul's Brook	525,491	102,795	395,357	-	-	27,339	27,339
Paul's Pond	32,243	-	-	-	-	32,243	32,243
Porterville	97,983	-	-	-	-	97,983	97,983
Red Cliff	1,378,491	76,370	655,267	-	-	646,854	646,854
True Grit	292,287	118,800	17,794	-	-	155,693	150,978
Dorchester	193,225	-	143,134	-	-	50,091	9,237
Goshen	50,151	-	-	-	-	50,151	45,506
Elgin	78,089	-	12,106	-	-	65,983	63,029
Chaleur	102,029	-	-	-	-	102,029	-
Little Deer	605,263	-	-	-	-	605,263	433,104
Other Properties	827,487	-	229,232	-	-	598,255	729,616
	<u>24,908,767</u>	<u>661,849</u>	<u>15,110,687</u>	<u>13,274</u>		<u>9,122,957</u>	<u>7,968,640</u>

Financial Conditions, Liquidity and Capital Resources

As at March 31, 2008 the Company had cash and cash-equivalents of \$3,065,512 compared to \$3,721,802 at December 31, 2007. The Company received net cash proceeds of \$667,840 from the issue of common shares during the three-month period ending March 31, 2008 compared to \$93,345 during the same period in 2007. As at March 31, 2008 the net treasury position (current assets less prepaid expenses less current liabilities) of the Company was \$2,987,442 compared to \$3,640,355 at December 31, 2007. See "Subsequent Events" for details of May 2008 financing.

A very significant source of funding for the Company's exploration programs are its earn-in / joint venture agreements with several mining industry partners. These partners are funding the exploration of individual properties, or groups of properties, in exchange for direct ownership in the properties, should all vesting conditions be met. Annual cash payments to the Company are often a component of these agreements. For the three months ending March 31, 2008 these annual cash payments from JV partners related to new and existing joint venture agreements were \$50,000 (compared to \$100,000 for the same period in 2007).

The Company anticipates that it will continue to access grant funding under the Newfoundland and Labrador Mineral Incentive Program, Junior Exploration Assistance Program (JEA). Under JEA, eligible property expenditures may be subject to reimbursement of up to 50% of approved costs, to a maximum of \$100,000 per program on the island of Newfoundland and \$150,000 per program in Labrador. Subsequent to June 30, 2007 the Company was also successful in obtaining funding from the New Brunswick Junior Mining Assistance Program. This program provides assistance for approved costs up to a maximum of \$50,000 per project.

Management has estimated that the Company will have adequate funds from existing working capital to meet its corporate administrative and property obligations for the coming year. If the Company is to advance or develop its mineral properties further, it may be necessary to obtain additional financing, and while the Company has been successful in the past, there can be no assurance that it will be able to do so in the future.

Outstanding Share Data

As at March 31, 2008 the Company had 58,752,428 common shares outstanding. The Company had 9,253,001 options outstanding at March 31, 2008, at various exercise prices as shown in the following chart, and 11,437,320 warrants issued in connection with private placement financings. A total of 4,375,000 of these warrants expired on May 25, 2008. A total of 5,857,500 of the warrants are priced at \$0.80 and expire October 17, 2009 and the remaining 1,204,820 warrants are priced at \$1.00 and expire on February 28, 2010.

Total Options Outstanding				Total Exercisable Options		
Exercise Price Range	Number of Outstanding Options	Remaining Contractual Life	Weighted Average Strike Price	Number of Exercisable Options	Remaining Contractual Life	Weighted Average Strike Price
\$			\$			\$
0.25 - 0.39	1,579,000	1.85	0.34	1,479,000	1.65	0.34
0.40 - 0.54	3,144,001	3.09	0.49	3,144,001	3.09	0.49
0.55 - 0.69	4,205,000	4.07	0.64	2,798,318	4.07	0.64
0.70 - 0.84	325,000	4.55	0.75	108,331	4.55	0.75
	9,253,001	3.37	0.54	7,529,650	3.19	0.52

During May 2008, in consultation with those affected, approximately 4,000,000 stock options issued to directors, management and staff were cancelled. Approximately 1,000,000 new stock options were issued to these individuals at an exercise price of \$0.30, which was the trailing 30 day average share price to May 1, 2008. The new options will vest according to Exchange regulations and the Company's stock option plan.

Financial Instruments

The Company has estimated fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of financial instruments is considered to approximate fair value, unless otherwise indicated.

Related Party Transactions

The following represents a summary of transactions with parties under common influence and shareholders for the three-month period ending March 31, 2008. Resource Concepts Inc., which is controlled by Director John Fleming, P. Geo, who serves as the Company's Vice Chairman, billed a total of \$16,100 for geological consulting and management services. Director W. John Clarke is the Company's legal counsel. He provided legal services in the amount of \$2,290 relating to various agreements and ongoing business matters. Sealan Capital Corporation Inc., controlled by Director Glen H. McKay, who serves as the Company's Chairman, billed a total of \$39,728, including management and property related consulting of \$25,600 and office services and property leasing of \$14,128. D.R. Loveys & Associates Inc., controlled by Director David Loveys, the Company's Vice President Finance, CFO and Corporate Secretary, billed a total of \$43,150 for accounting and management consulting services. These transactions are considered to be in the normal course of business. The portions of these amounts capitalized in mineral properties represent direct costs associated with the respective properties, a summary of which follows:

	<u>Expensed during the period</u>	<u>Capitalized in Mineral Properties</u>	<u>Three months ended March 31, 2008 Total</u>	<u>Three months ended March 31, 2007 Total</u>
	\$	\$	\$	\$
Professional & Administrative	86,740	400	87,140	148,722
Office and warehouse rent	14,128	-	14,128	14,128
	<u>100,868</u>	<u>400</u>	<u>101,268</u>	<u>162,850</u>

Acquisition and Abandonment of Mineral Properties

See Note 6 to the March 31, 2008 Consolidated Financial Statements for details of Mineral Properties. The Company's strategy is grass roots project generation followed by project level or joint venture ("JV") based exploration financing. All properties which are under consideration for acquisition must initially pass through Company generated 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. This process results in a relatively large number of properties being acquired annually with the expectation that many of these will advance to the stage where partner financing can be attracted. 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 favourable results, the property is abandoned and written down. For information on the current status of activities in Ecuador see "Risks and Uncertainties" and "Subsequent Events".

Off-Balance Sheet Arrangements

At March 31, 2008, 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

Details of JV 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 three months ended March 31, 2008, are archived at the Company's website www.cornerstoneresources.com. Regulatory filings are also available through www.sedar.com.

Exploration Outlook

The Company will continue to leverage the value of its properties during 2008. Joint venture funding agreements are in place for several of the Company's properties that ensure a substantial amount of exploration work. The Company will also undertake work on some wholly owned projects. Discussions with potential partners are currently underway with respect to several wholly owned properties. New property acquisitions are ongoing.

Our financial plans for 2008 and forward were heavily reliant on our projects in Ecuador. We were expecting imminently the drill permits for Gama (Coastport Capital Inc. Joint Venture) and positive results from Macara (Newmont Mining Corporation Strategic Alliance) plus we expected to generate new joint ventures based on the level of interest and discussions with interested parties. The moratorium imposed by the Ecuador Constituent Assembly on April 18th (see Subsequent Events) caught the industry by surprise. Subsequent to this announcement the Company had to carry out a substantive reorganization of human and financial resources. Due to the dramatic negative impact of the moratorium on the Company's budgeted revenues and expense recovery it was necessary to do a financing as was announced on May 14, 2008. (See Subsequent Events). That financing has been fully subscribed and is expected to close early in June.

While we wait for favorable news from Ecuador the Company is concentrating on its Canadian projects and generating new projects. The Company is also considering other opportunities in South America.

Investor Relations Activities

The Company continues to accomplish its goals aimed at broadening its investor base through strategic marketing and on-going investor communications.

During the first three months of 2008, Company representatives participated in several core investment and technical conferences including the 2008 Vancouver Resource Investment Conference, the Mineral Exploration Round-Up and the PDAC Convention in Toronto.

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 joint venture 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 dependant upon continuing to obtain favourable results from its exploration activities, which will affect its ability to attract joint venture partners and to raise financing. The participation of joint venture 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 JV 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 JV, 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 Company has implemented this business model. It has a solid foundation technically, corporately and financially to go forward and be positioned for future success.

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.

Ecuador Operations – On April 18, 2008, the Constituent Assembly of the Government of Ecuador placed a moratorium on all exploration and mineral development activities in the country for up to 180 days while it finalizes its new mining law. The outcome of this new law is uncertain, and the Company has had to reduce operations in Ecuador to a minimum. At this time, the Company is uncertain of the outcome or future of the activities in Ecuador, however, believes it is premature to recognize any impairment in its Ecuador-related assets. The Company will continue to work with its joint venture partners and the government of Ecuador to help develop a new framework for responsible mining. (See Subsequent Events).

Selected Annual Information

The following information has been derived from the three most recently completed annual financial statements:

As at December 31,	2007	2006	2005
	\$	\$	\$
Net loss	(4,307,721)	(3,248,363)	(1,685,857)
Loss per share - basic and diluted	(0.08)	(0.07)	(0.06)
Total assets	13,350,465	14,508,765	7,414,033
Cash dividends per share	-	-	-
Long term liabilities	-	-	-

Summary of Quarterly Results

The following information has been derived from the eight most recently completed quarters:

	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
	\$	\$	\$	\$
Net loss	(697,267)	(1,012,696)	(1,618,906)	(1,163,968)
Loss per share - basic and diluted	(0.01)	(0.02)	(0.03)	(0.02)

	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006
	\$	\$	\$	\$
Net loss	(512,151)	(1,532,674)	(457,623)	(831,660)
Loss per share - basic and diluted	(0.01)	(0.03)	(0.01)	(0.02)

Significant Events

Appointments, Joint Ventures & Strategic Alliances and Financings;

As of March 31, 2008, the Company had seven joint venture agreements in place and is operator on four of these projects.

Appointments and resignations:

On January 25, Terry Brace was appointed Vice President Exploration, replacing Mike Basha who took on the role of Executive Vice President, in which he will continue to provide the Company with strategic direction on new project development and related corporate initiatives. Mr. Brace is joining the Company following several years with Aur Resources, latterly Teck Cominco, where as the Senior Exploration Geologist he directed the exploration programs at the Duck Pond Mine in central Newfoundland. He was a key member of the management team that brought Duck Pond into production, having also been heavily involved in environmental and permitting aspects of the project. He has over 20 years experience in mineral exploration with several major and junior companies, including Noranda, Teck, Joutel Resources, and Thundermin Resources, during which time he has worked on and/or directed projects in several regions of Canada, and in Latin America and Africa. His experience extends to base and precious metals in a wide range of deposit types plus oil and gas exploration. Mr. Brace holds Bachelor of Science and Master of Science degrees in earth sciences from Memorial University of Newfoundland, and has been a Professional Geoscientist with the Professional Engineers and Geoscientists, Newfoundland and Labrador for 10 years.

On January 31, 2008 The Honourable John C. Crosbie, P.C., O.C., Q.C., resigned from the Board of Directors of the Company upon his appointment as Lieutenant Governor of Newfoundland & Labrador. Mr. Crosbie's appointment was announced by Prime Minister Stephen Harper and became effective at the end of January 2008. Mr. Crosbie was one of the founding directors of the Company. The company was formed and listed on the TSX Venture Exchange in 1999. As an independent director, Mr. Crosbie played a very active and important role in the company's development, in particular as a member of the Audit Committee and the Governance & Compensation Committee.

On April 2, 2008 the Company announced the following appointments to be effective April 15, 2008:

- Colin McKenzie has been appointed President & CEO, replacing Glen McKay.
- Glen McKay has been elected Chairman.
- John Fleming, the outgoing Chairman, has been elected Vice Chairman.

Colin McKenzie has been a Cornerstone Director since February 2005. He becomes President & CEO of Cornerstone following several years as Vice President Exploration for Skye Resources and a career involving more than 25 years experience in major exploration projects and business development in Newfoundland & Labrador, other regions of Canada and internationally. Mr. McKenzie is very knowledgeable concerning the mineral potential of Eastern Canada and South America, the regions where Cornerstone's current projects are concentrated. His experience in Eastern Canada includes stints with BP Canada, where he was credited with the discovery of the Hope Brook gold deposit, and with Voisey's Bay Nickel (now Vale Inco) in Labrador, the area where Cornerstone has several nickel exploration projects including the Konrad project where new drill targets have recently been defined. In addition, Mr. McKenzie brings skills developed in his roles with major and junior companies at all levels of the business from project initiation and implementation to management and directorships.

Joint Ventures & Strategic Alliances:

On February 12, 2008, the Company signed a definitive Earn-in Joint Venture option agreement with Newmont Ventures Limited ("Newmont"), a subsidiary of Newmont Mining Corporation with respect to the formation of a regional exploration alliance ("Alliance") to explore for gold in southern Ecuador. The Alliance covers an area of approximately 1800 km² in Southern Ecuador. Alliance funding included a US\$1,000,000 private placement in the Company by Newmont at a fixed share purchase price of CAN \$0.83. Up to US\$4,000,000 in exploration expenditures will be made in two stages over 6 years if Newmont elects to earn-in. The Company will operate the initial phase of program. The first year budget of approximately US\$1,000,000 will be funded by the Company out of the private placement proceeds. Under the Alliance agreement, Newmont may elect, at its discretion, to exercise its right to earn an undivided 51% participating interest in the property within the AOI by spending US\$3,000,000 on exploration over 4 years. Newmont may earn an additional 12.5% interest by solely funding a positive feasibility study and earn a further 11.5% by arranging mine financing. (See Subsequent Events).

In March 11, 2008 Celtic Minerals Ltd. ("Celtic"), gave notice that they would not be continuing with the March 24, 2006 joint venture agreement on the Company's Garland nickel property in Labrador Newfoundland. The Company is seeking a new joint venture partner for this project.

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 independent, non-executive directors who meet periodically with management and independent auditors to review financial reporting and internal control matters.

Internal Control over Financial Reporting - Management is responsible for the establishment and maintenance of a system of internal controls over financial reporting. This system has been designed to provide reasonable assurance that assets are safeguarded and that the financial reporting is accurate and reliable. The consolidated financial statements have been prepared by management in accordance with generally accepted accounting principles (GAAP) and in accordance with accounting policies set out in the notes to the consolidated financial statements for the quarter ended March 31, 2008.

In compliance with Form 52-109F1 of Multilateral Instrument 52-109, management must disclose in its MD&A any material weakness found to exist within its system of internal control over financial reporting. Management has identified a material weakness during the year in lack of segregation of duties. The management group of the Company is small and full segregation of all duties has not been possible throughout the year. This is a typical issue for smaller companies, and while the Company has experienced significant growth during 2006 and 2007 to date, and has added additional staff during the year, which strengthens the segregation of duties, there still exists a lack of such segregation of duties. Management believes, however, that the risks associated with the lack of segregation of duties during part of the year have been mitigated by the implementation of other controls. The Audit Committee has direct oversight responsibilities for the review and approval of the quarterly and annual financial disclosures and the Company has qualified senior accounting personnel engaged on a full time basis to manage the Company's financial disclosures.

Evaluation and Effectiveness of Disclosure Controls and Procedures - The Company has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness of the issuer's disclosure controls and procedures as of March 31, 2008, and have concluded that such procedures are adequate and effective to ensure accurate and complete disclosures in annual and quarterly filings.

Adoption of New Accounting Standards

On January 1, 2008, the Company adopted applicable accounting standard changes issued by the Canadian Institute of Chartered Accountants ("CICA") that effect reporting periods ending March 31, 2008. The Company adopted changes as follows: amendments to Handbook Section 1400 General Standards of Financial Statement Presentation, ("Section 1400"), as well as new presentation and disclosure standards for : Capital Disclosures ("Section 1535"), Financial Instruments – Disclosures ("Section 3862"), and Financial Instruments – Presentation ("Section 3863"). These changes are explained in further detail in Note 2 to the March 31, 2008 consolidated financial statements.

Subsequent Events

Ecuador Operations – On April 18, 2008, the Constituent Assembly of the Government of Ecuador placed a moratorium on all exploration and mineral development activities in the country for up to 180 days while it finalizes its new mining law. The outcome of this new law is uncertain, and the Company has had to reduce operations in Ecuador to an absolute minimum. At this time, the Company is uncertain of the outcome or future of the activities in Ecuador, however, believes it is premature to recognize any impairment in its Ecuador-related assets. The Company will continue to work with its joint venture partners and the government of Ecuador to help develop a new framework for responsible mining. The Company will continue to assess the value of its Ecuador-related assets and

investments on an ongoing basis. On April 30, 2008, in consultation with its joint venture partners, Coastport Capital and Newmont Ventures, the Company has provided notice of *force majeure* on the Shyri and Macara Projects in Ecuador. The declaration of *force majeure* is a legal requirement under the terms of the agreements in order to suspend exploration work and expenditures during the moratorium. The partners will continue to work together to understand the impact of the mining mandate on their plans for the Shyri and Macara projects. At March 31, 2008 the Company has not recognized any impairment in either its Ecuadorian Mineral Properties or its investments in marketable securities related to the Ecuador projects.

Cape Ray Letter of Intent – On April 24, 2008 the Company signed a non-binding letter of intent (“LOI”) to sell a 100% interest in its Cape Ray mineral license in western Newfoundland for \$1,100,000. The purchaser is a privately held company in the United Kingdom. The LOI stipulates that the parties will reach a definitive agreement by May 15, 2008 (subsequently extended to June 15, 2008), following which the purchaser will have 90 days to close the purchase arrangement. On signing of the definitive agreement, the purchaser will make a non-refundable deposit of \$50,000 to the Company. The Company will retain a 2.5% Net Smelter Royalty on the property subject to certain limitations and third party rights.

Private Placement – On May 14, 2008, the Company announced a \$3,000,000 non-brokered private placement of 15,000,000 units at \$0.20 per unit. Each unit will consist of one common share and one non-transferable share purchase warrant exercisable at \$0.26 per share for a two year period following closing. The warrants are callable by the Company after the four month hold period after closing, if the volume weighted average price of the Company’s shares for any consecutive 20 day period of trading is equal to or greater than \$0.47. A finders fee of 7% in units and 5% Compensation warrants will be paid. Each compensation warrant will entitle the finder to purchase one unit for \$0.20 during a period of two years following closing. The private placement is subject to regulatory approval and all shares and any shares issued on exercise of warrants are subject to a four month restriction on sale or transfer. Proceeds will be used to further advance the Company’s exploration programs and working capital requirements.

Other

On May 24th, 2005, the Company announced that its company information will be made available via Standard & Poor's Market Access Program, an information distribution service that enables subscribing publicly traded companies to have their company information disseminated to users of Standard & Poor's Advisor Insight. The company information to be made available through this program includes share price, volume, dividends, shares outstanding, company financial position, and earnings. Standard & Poor's Advisor Insight is an Internet-based research engine used by more than 100,000 investment advisors. A public version of the site is available at www.advisorinsight.com.

In addition, information about companies in Standard & Poor's Market Access Program will be available via S&P's Stock Guide database, which is distributed electronically to virtually all major quote vendors. As part of the program, a full description of the Company will also be published in the Daily News section of Standard Corporation Records, a recognized securities manual for secondary trading in approximately 37 states under the Blue Sky Laws. The trading symbol in the over the counter market in the USA is “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 March 31, 2008, and other information concerning the Company are archived at the Company website www.cornerstoneresources.com. Regulatory filings are also available through www.sedar.com.