Corriente Resources Inc.

(A Development Stage Enterprise)

Interim Consolidated Financial Statements

Six months ended June 30, 2007

(Unaudited)

Corriente Resources Inc.

(a development stage enterprise)

Consolidated Balance Sheets

As at June 30, 2007 (Unaudited)

(expressed in Canadian dollars)

	June 30, 2007	December 31, 2006
Assets		
Current assets		
Cash and cash equivalents	$ 106,939,525	$ 127,110,679
Amounts receivable and prepayments (note 3)	174,250	213,856
	107,113,775	127,324,535
Mineral properties (note 3)	68,745,102	61,249,060
Plant and equipment (note 4)	2,845,653	2,490,457
Other assets (note 5)	3,808,837	4,933,384
TOTAL ASSETS	$ 182,513,367	$ 195,997,436
Liabilities		
Current liabilities		
Accounts payable relating to mineral properties	$ 1,506,236	$ 6,448,508
Accounts payable and accrued liabilities	106,734	263,871
Accounts payable relating to plant and equipment	78,296	547,638
	1,691,266	7,260,017
Shareholders' Equity		
Share capital (note 6 (b))	233,906,429	233,552,783
Options (note 6 (c))	3,217,880	2,584,710
Contributed surplus	1,270,877	993,697
Deficit	(57,573,085)	(48,393,771)
	180,822,101	188,737,419
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 182,513,367	$ 195,997,436

Commitments (note 3)

Approved by the Board of Directors

________________________ Director ________________________ Director

The accompanying notes are an integral part of these consolidated financial statements.

Corriente Resources Inc.

(a development stage enterprise)

Consolidated Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2007 (Unaudited)

(expressed in Canadian dollars)

	Common Shares		Estimated Fair Value				
	Number	Share Capital	Options	Share Purchase Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Since inception:							
Common shares issued for cash, net of issue costs	31,919,872	$ 68,953,436	$ –	$ –	$ –	$ –	$ 68,953,436
Common shares issued for cash pursuant to exercise of warrants	5,740,044	6,309,025	–	–	–	–	6,309,025
Common shares issued for cash pursuant to exercise of options	890,000	767,600	–	–	–	–	767,600
Common shares issued for mineral property interests	6,871,477	6,787,054	–	–	–	–	6,787,054
Fair value of warrants issued	–	–	–	597,506	676,407	–	1,273,913
Fair value of options exercised	–	461,484	(461,484)	–	–	–	–
Fair value of warrants exercised	–	246,798	–	(246,798)	–	–	–
Fair value of warrants expired	–	–	–	(254,253)	254,253	–	–
Stock based compensation expense on unexercised options	–	–	2,116,646	–	–	–	2,116,646
Losses, inception to December 31, 2004	–	–	–	–	–	(46,452,660)	(46,452,660)
Balance at December 31, 2004	45,421,393	83,525,397	1,655,163	96,455	930,660	(46,452,660)	39,755,015
Common shares issued for cash pursuant to private placements, net of issue costs	7,605,000	27,853,364	–	–	–	–	27,853,364
Common shares issued for cash pursuant to exercise of options	475,000	435,250	–	–	–	–	435,250
Common shares issued for cash pursuant to exercise of warrants	250,000	200,000	–	–	–	–	200,000
Fair value of options exercised	–	257,189	(257,189)	–	–	–	–
Fair value of warrants exercised	–	96,455	–	(96,455)	–	–	–
Stock based compensation expense on unexercised options	–	–	1,224,274	–	–	–	1,224,274
Loss for the year ended December 31, 2005	–	–	–	–	–	(3,344,139)	(3,344,139)
Balance at December 31, 2005	53,751,393	112,367,655	2,622,248	–	930,660	(49,796,799)	66,123,764
Common shares issued for cash pursuant to private placements, net of issue costs	19,231,000	117,662,735	–	–	–	–	117,662,735
Common shares issued for cash pursuant to exercise of options	1,770,000	2,354,950	–	–	–	–	2,354,950
Fair value of options exercised (note 6 (c))	–	1,167,443	(1,167,443)	–	–	–	–
Fair value of options terminated (note 6 (c))	–	–	(63,037)	–	63,037	–	–
Stock based compensation on unexercised options (note 6 (c))	–	–	1,192,942	–	–	–	1,192,942
Income for the year ended December 31, 2006	–	–	–	–	–	1,403,028	1,403,028
Balance at December 31, 2006	74,752,393	233,552,783	2,584,710	–	993,697	(48,393,771)	188,737,419
Stock based compensation on unexercised options (note 6 (c))	–	–	1,026,996	–	–	–	1,026,996
Common shares issued for cash pursuant to exercise of options	75,000	237,000	–	–	–	–	237,000
Fair value of options exercised (note 6 (c))	–	116,646	(116,646)	–	–	–	–
Fair value of options expired (note 6 (c))	–	–	(277,180)	–	277,180	–	–
Loss for the period ended June 30, 2007	–	–	–	–	–	(9,179,314)	(9,179,314)
Balance at June 30, 2007 (unaudited)	74,827,393	$ 233,906,429	3,217,880	$ –	$ 1,270,877	$ (57,573,085)	$ 180,822,101

The accompanying notes are an integral part of these consolidated financial statements.

Corriente Resources Inc.

(a development stage enterprise)

Consolidated Statements of Loss, Comprehensive Loss and Deficit

For the six months ended June 30, 2007 (Unaudited)

(expressed in Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Administration				
Management fees, wages & benefits	$ 213,661	$ 210,228	$ 458,846	$ 426,423
Legal and accounting	387,156	253,349	409,462	269,758
Stock-based compensation (note 6)	158,949	61,809	366,974	114,391
Corporate development and shareholder expenses	119,113	87,427	199,865	134,254
Office and related	64,513	65,573	119,099	111,462
Regulatory fees	4,245	130,177	64,667	189,842
Other	21,216	39,122	33,203	42,569
Travel	4,210	30,746	7,756	47,595
	973,063	878,431	1,659,872	1,336,294
Other expenses (income)				
Foreign exchange loss (gain) (note 9)	7,700,173	(33,006)	9,402,783	(55,137)
Interest income	(1,009,491)	(753,238)	(2,714,221)	(1,020,518)
Severance costs	87,880	–	830,880	–
Recovery of mineral property expenditures (note 3)	(178,324)	–	–	–
(Gain) on sale of marketable securities	–	(336,253)	–	(336,253)
General exploration	–	16,699	–	35,921
	6,600,238	(1,105,798)	7,519,442	(1,375,987)
Loss (earnings) and comprehensive loss (earnings) for the period	7,573,301	(227,367)	9,179,314	(39,693)
Deficit – beginning of period	49,999,784	49,984,473	48,393,771	49,796,799
Deficit – end of period	$ 57,573,085	$ 49,757,106	$ 57,573,085	$ 49,757,106
Loss (earnings) per share				
Basic	$ 0.10	$ (0.00)	$ 0.12	$ (0.00)
Diluted	$ 0.10	$ (0.00)	$ 0.12	$ (0.00)
Weighted average number of shares outstanding				
Basic	74,786,184	58,639,879	74,769,382	58,382,283
Diluted	75,849,699	59,099,284	75,832,897	58,841,688

The accompanying notes are an integral part of these consolidated financial statements.

Corriente Resources Inc.

(a development stage enterprise)

Consolidated Statements of Cash Flows

For the six months ended June 30, 2007 (Unaudited)

(expressed in Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Cash flows from (applied to) operating activities				
Loss for the period	$ (7,573,301)	$ 227,367	$ (9,179,314)	$ 39,693
Items not affecting cash				
Stock-based compensation	158,949	61,809	366,974	114,391
Foreign exchange on EIA deposit	269,343	–	301,954	–
Depreciation	6,478	5,507	11,431	8,954
Recovery of mineral property expenditures	(178,324)	–	–	–
Changes in non-cash working capital				
Amounts receivable and prepayments	2,712,380	(509,328)	31,297	(545,238)
Accounts payable and accrued liabilities	416,200	(216,172)	204,402	(506,123)
	(4,188,275)	(430,817)	(8,263,256)	(888,323)
Cash flows from (applied to) investing activities				
Mineral property costs	(3,064,561)	(4,734,888)	(10,477,250)	(7,577,191)
Payments to acquire plant and equipment	(196,684)	(152,224)	(1,172,034)	(239,118)
Other assets	(402,154)	(3,370,409)	(402,154)	(3,370,409)
Cash balance of spun-off company (note 3)	(93,460)	–	(93,460)	–
	(3,756,859)	(8,257,521)	(12,144,898)	(11,186,718)
Cash flows from financing activities				
Proceeds from issuance of share capital, net of issue costs	237,000	118,937,860	237,000	119,726,860
	237,000	118,937,860	237,000	119,726,860
Increase (decrease) in cash and cash equivalents	(7,708,134)	110,249,522	(20,171,154)	107,651,819
Cash and cash equivalents – beginning of period	114,647,659	29,842,987	127,110,679	32,440,690
Cash and cash equivalents – end of period	$ 106,939,525	$ 140,092,509	$ 106,939,525	$ 140,092,509

Supplemental cash flow information (note 8)

The accompanying notes are an integral part of these consolidated financial statements.

1 Nature of operations

Corriente Resources Inc. and its subsidiaries (collectively, "Corriente" or "the company") are engaged in the exploration and development of mineral properties in Ecuador, South America. The company considers itself to be a development stage enterprise.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, receipt of necessary permits and regulatory approvals, the ability of the company to obtain financing to complete their development and future profitable operations or sale of the properties. The investment in and expenditures on mineral properties comprise a significant portion of the company's assets.

2 Significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. The interim consolidated financial statements should be read in conjunction with the company's audited consolidated financial statements including the notes thereto for the year ended December 31, 2006.

The accounting policies followed by the company are set out in note 2 to the audited consolidated financial statements for the year ended December 31, 2006 and have been consistently followed in the preparation of these consolidated financial statements except that the company has adopted the following CICA guidelines effective January 1, 2007:

a) Section 3855 – Financial Instruments - Recognition and Measurement. Section 3855 requires that all financial assets, except those classified as held to maturity, and derivative financial instruments, must be measured at fair value. All financial liabilities must be measured at fair value when they are classified as held for trading; otherwise, they are measured at amortized cost. Investments classified as available-for-sale are reported at fair market value (or marked to market) based on quoted market prices with unrealized gains or losses excluded from earnings and reported as other comprehensive income or loss. Investments subject to significant influence are not adjusted to fair market value.

b) Section 1530 – Comprehensive Income. Comprehensive income is the change in the company's net assets that results from transactions, events and circumstances from sources other than the company's shareholders and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments.

c) Transition adjustment to opening balances: The adoption of Sections 1530 and 3855 did not impact, either on a gross or net-of-tax basis, the consolidated balance sheet of the company as at January 1, 2007.

(expressed in Canadian dollars)

Basis of consolidation

The consolidated financial statements include the accounts of the company, its subsidiaries, all of which are wholly-owned and any variable interest entities (“VIEs”) where the company is the primary beneficiary. The company has determined that it does not have any VIEs as at June 30, 2007 and December 31, 2006. Inter-company balances and transactions have been eliminated.

3 Mineral properties

Corriente Copper Belt, Ecuador

Under various agreements signed and completed with certain Ecuadorian subsidiaries of BHP Billiton Plc ("BHP Billiton"), the company has earned a 100% interest in BHP Billiton’s mineral properties located in the Rio Zamora copper porphyry district (Corriente Copper Belt) in Ecuador. This required the issue of shares to BHP Billiton and the expenditure of exploration funds under the terms of these agreements. Additionally, these mineral properties are subject to a 2% Net Smelter Royalty (“NSR”) payable to BHP Billiton, though the company has options to reduce the NSR to 1% for the Mirador/Mirador Norte, Panantza and San Carlos mineral properties upon the payment of US$2 million to BHP Billiton for each such option exercised.

Following is a summary of the company’s deferred mineral property expenditures.

Corriente Copper Belt	**Mirador / Mirador Norte**	**Panantza / San Carlos**	**Caya 36/ Piedra Liza**	**Other** (1)	**Total**
Balance December 31, 2006	$ 51,415,646	$ 6,242,751	$ 220,325	$ 3,370,338	$ 61,249,060
Deferred exploration and development costs - net	6,728,406	621,171	39,444	366,790	7,755,811
Plan of Arrangement – spin-off of gold exploration targets	–	–	(259,769)	–	(259,769)
Balance June 30, 2007	$ 58,144,052	$ 6,863,922	$ –	$ 3,737,128	$ 68,745,102

(1) – comprised of the La Florida, San Luis, San Marcos, San Miguel, Sutzu and Dolorosa copper exploration targets in the Corriente Copper Belt.

On January 25, 2007, the company announced that it was extending the Mirador/Mirador Norte project development timeline as key permits and government agreements had not been received consistent with the accelerated project plan. This decision also resulted in the termination clauses of certain agreements with suppliers of key long lead-time components to the Mirador project to be invoked, for which charges for work incurred of $2,951,000 ($US2,532,000) were accrued at December 31, 2006. The company was able to sell the related partially completed assets to third parties in the first quarter of 2007 for net proceeds of $2,750,257 ($US2,382,000), which was received on April 13, 2007 and reflected as a recovery in mineral properties.

Mineral property titles

Although the company has taken steps to verify the title to mineral properties it has acquired, these procedures do not guarantee that the titles are without defects. Property title may be subject to unregistered prior agreements, transfers or claims of ownership by third parties.

Plan of arrangement – spin-off of Caya 36/Piedra Liza gold exploration targets

On April 3, 2007, the company announced that its Board of Directors had approved the spin-off of the company's Caya 36 (Tundayme) and Piedra Liza gold assets into a new company, by means of a Plan of Arrangement (the "Arrangement").

The Arrangement was approved by shareholders at the company's May 24, 2007 Annual and Special General Meeting and closed on June 18, 2007. Under the Arrangement, which was also approved by the British Columbia Supreme Court, the company's shareholders received shares of a new private company, Q2 Gold Resources Inc. ("Q2 Gold") which holds the gold assets, on the basis of one (1) Q2 Gold share for every three (3) common shares of Corriente held by them at the close of business on June 15, 2007. The company believes the Arrangement and spin-off is not material to the company, therefore note disclosure on discontinued operations is not being presented.

Advances to Q2 Gold

In connection with the Arrangement and to assist Q2 Gold with its business objectives, Corriente and Q2 Gold entered into a secured, interest-bearing convertible loan agreement dated April 23, 2007 pursuant to which Corriente agreed to lend Q2 Gold up to $750,000 to be advanced in instalments (the "Loan"). As at June 30, 2007, $402,154 was owed by Q2 Gold to the company. The Loan principal and unpaid interest are due on the earlier of December 31, 2008 and the first date on which Q2 Gold obtains a prospectus filing receipt with respect to any of its securities in any province of Canada. At any time prior to maturity, Corriente can require Q2 Gold to convert, in whole or in part, the principal amount outstanding and accrued interest of the Loan into Q2 Gold Shares at a conversion price equal to $0.10 per share. Q2 Gold can repay any or all of the outstanding Loan at any time prior to maturity or conversion.

Recovery of mineral property expenditures

During the first quarter of 2007, an independent valuation of the Caya 36 and Piedra Liza properties was received that determined the carrying value of those mineral properties at December 31, 2006 to be approximately $96,000. Management determined that there were no material changes during the first three months of 2007 regarding these properties and as a result recorded an impairment in carrying value of $178,324 at March 31, 2007. As a result of the closing of the Arrangement in June 2007, the company recorded a recovery of mineral property expenditures of $178,324 related to the Caya 36 and Piedra Liza gold exploration targets.

(expressed in Canadian dollars)

4 Plant and equipment

	June 30, 2007			December 31, 2006		
Description	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Construction barge	$ 1,401,772	$ 35,489	$ 1,366,283	$ 1,401,529	$ –	$ 1,401,529
Computer equipment	906,112	328,546	577,566	792,580	262,782	529,798
Office furniture and equipment	328,638	89,272	239,366	253,473	74,519	178,954
Communications equipment	268,584	34,844	233,740	117,471	18,853	98,618
Vehicles	290,950	106,362	184,588	290,950	69,634	221,316
Software fees and licences	343,214	167,075	176,139	–	–	–
Mobile equipment	107,466	39,495	67,971	88,041	27,799	60,242
	$ 3,646,736	$ 801,083	$ 2,845,653	$ 2,944,044	$ 453,587	$ 2,490,457

5 Other assets

The following table summarizes information about other assets as at June 30, 2007:

	June 30, 2007	December 31, 2006
EIA security deposit	$ 3,217,017	$ 3,518,971
Advances to Q2 Gold (note 3)	402,154	–
Advances on mineral property expenditures	189,666	1,414,413
	$ 3,808,837	$ 4,933,384

As a requirement of the Ministry of Energy and Mining ("MEM") of Ecuador to approve the Mirador project's Environmental Impact Assessment ("EIA"), the company was required to post US$3,019,539 (Cdn.$ equivalent at June 30, 2007 – $3,217,017; December 31, 2006 – $3,518,971) in favour of the MEM as a security deposit against the company's obligations under the EIA.

Advances on mineral property expenditures and advances on plant and equipment include payments to contractors and suppliers made pursuant to supply agreements prior to the contracted goods and services being provided. Once the goods or services are received, the amount is transferred to mineral properties or plant and equipment, as appropriate.

(expressed in Canadian dollars)

6 Share capital

a) Authorized

Unlimited (2006 – 100,000,000) common shares without par value

b) Issued

See Consolidated Statements of Changes in Shareholders' Equity.

c) Stock options

As at June 30, 2007, options to purchase a total of 2,510,000 shares were outstanding, 1,134,686 of which were fully vested.

Effective February 1, 2006, stock options granted have the following vesting provisions:

- Options granted to executive officers, directors and other head office personnel vest on the basis of 1/16th of the total each quarter (from grant date), with such vesting being accelerated based on a change in control of Corriente and/or the attainment of clearly identified milestones, as determined by the company's Directors.
- Options granted to subsidiary personnel vest on a cumulative basis of 50% of the total granted after 12 months from the grant date, 75% of the total granted after 18 months from the grant date and 100% of the total granted after 24 months from grant date, with such vesting being accelerated based on a change in control of Corriente, as determined by the company's directors.

For the six-month period ended June 30, 2007, the estimated fair value of the granted options to be expensed or capitalized totalled $1,026,996 (2006 - $114,391), of which $366,974 (2006 – $114,391) is included in management fees, wages, benefits & stock-based compensation and $660,022 (2006 – $Nil) is included in mineral properties.

Non-cash stock-based compensation expense for options is determined based on estimated fair values of the options at the time of grant, the cost of which is recognized on a straight-line basis over the vesting period, which ranges from two years to four years, of the respective options and grants. The fair value of the stock options granted is estimated using the Black-Scholes Option Pricing Model with the following assumptions:

	For the six month period ended June 30, 2007	For the six month period ended June 30,2006
Risk-free interest rate	3.95 – 4.62%	3.87–4.16%
Expected dividend yield	–	–
Expected stock price volatility	60 – 62%	66–67%
Expected option life in years	3	3

Option pricing models require the input of highly subjective assumptions including expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the company's stock options.

(expressed in Canadian dollars)

The estimated fair value assigned to the stock options exercised during the six-month period ended June 30, 2007 was credited to share capital and the estimated fair value assigned to the stock options that expired during the six-month period ended June 30, 2007 was credited to contributed surplus.

The following table summarizes information about options granted during the six months ended June 30, 2007:

Expiry dates	Optionees	Number of options	Exercise Price $
January 1, 2012	Executive officers	290,000	4.10
June 1, 2012	Directors	125,000	3.66
Total granted		415,000	

A summary of changes to stock options outstanding and exercisable is as follows:

	For the six month period ended June 30, 2007			For the year ended December 31, 2006		
	Number of Shares		Weighted average exercise price	Number of shares		Weighted average exercise price
Options outstanding – beginning of period	2,435,000	$	4.05	2,855,000	$	1.89
Granted	415,000		3.97	1,375,000		5.05
Exercised	(75,000)		3.16	(1,770,000)		1.33
Expired or terminated	(265,000)		3.78	(25,000)		5.35
Options outstanding – end of period	2,510,000	$	4.09	2,435,000	$	4.05
Options outstanding and vested – end of period	1,134,686	$	3.33	1,208,436	$	3.05

The following table summarizes information about stock options outstanding and exercisable at June 30, 2007:

		Outstanding				Exercisable			
Year of Grant	Range of exercise prices	Number of options outstanding at June 30, 2007		Weighted average exercise price	Weighted average remaining contractual life (years)	Number of options exercisable at June 30, 2007		Weighted average exercise price	Weighted average remaining contractual life (years)
2004	$ 3.55	100,000	$	3.55	0.1	100,000	$	3.55	0.1
2005	2.15 – 2.99	735,000		2.55	1.1	735,000		2.55	1.1
2006	4.50 – 5.50	1,260,000		5.07	3.9	281,561		5.23	3.6
2007	3.66 – 4.10	415,000		3.97	4.6	18,125		4.10	4.5
		2,510,000	$	4.09	3.1	1,134,686	$	3.33	1.7

(expressed in Canadian dollars)

The following summarizes the stock options granted after June 30, 2007:

Date of grant	Date of expiry	Exercise Price	Recipients	Granted
July 12, 2007	July 12, 2012	$4.90	Subsidiary personnel	380,000
July 12, 2007	July 12, 2012	$4.90	Head office personnel	67,500
			Total	447,500

7 Segmented information

The company operates within a single operating segment, which is the exploration and development of copper-gold mineral properties. The company's mineral property interests are in Ecuador, South America, as set out in note 3. Geographic segmentation of the company's assets is as follows:

	June 30, 2007			December 31, 2006		
	Canada	Ecuador	Total	Canada	Ecuador	Total
Cash and cash equivalents	$ 106,397,830	$ 541,695	$ 106,939,525	$ 126,295,568	$ 815,111	$ 127,110,679
Amounts receivable and prepayments	174,250	–	174,250	213,856	–	213,856
Mineral properties	–	68,745,102	68,745,102	–	61,249,060	61,249,060
Plant and equipment	94,204	2,751,449	2,845,653	73,142	2,417,315	2,490,457
Other assets	–	3,808,837	3,808,837	–	4,933,384	4,933,384
	$ 106,666,284	$ 75,848,083	$ 182,513,367	$ 126,582,566	$ 69,414,870	$ 195,997,436

With the exception of severance costs of $830,880 (2006 – $Nil) incurred by the company's Ecuador operations, the consolidated statements of loss for the six months ended June 30, 2007 and June 30, 2006 reflect the Canadian operations.

8 Supplemental cash flow information

Cash and cash equivalents comprise the following:

	June 30, 2007	December 31, 2006
Cash on hand and balances with banks	$ 1,661,253	$ 1,778,235
Short-term investments, with maturity dates less than 90 days at acquisition	105,278,272	125,332,444
	$ 106,939,525	$ 127,110,679

During the six-month period ended June 30, 2007, the company conducted non-cash operating, investing and financing activities as follows:

	June 30, 2007	June 30, 2006
Depreciation capitalized into mineral properties	$ 378,680	$ 16,611
Stock-based compensation included in mineral properties	$ 660,022	$ –
Change in other assets and accounts payable and accrued liabilities relating to mineral properties	$ (3,717,525)	$ –
Change in other assets and accounts payable and accrued liabilities relating to plant and equipment	$ (469,342)	$ –

9 Financial instruments

(a) Fair values

The carrying amounts for cash and cash equivalents, amounts receivable, the EIA security deposit, accounts payable related to mineral properties, accounts payable relating to plant and equipment and other accounts payable and accrued liabilities on the balance sheet approximate fair value because of the short-term nature of these instruments.

The company does not have any material derivative financial instruments at June 30, 2007.

(b) Currency risk

The company's expenditures are predominantly in U.S. dollars and any future equity raised is expected to be predominantly in Canadian dollars. The company conducts the majority of its business in Ecuador, which uses the U.S. dollar as its primary economic currency. As such, the company is subject to risk due to fluctuations in the exchange rates for the U.S. and Canadian dollar. The company has a policy of not entering into foreign currency hedging, although the company keeps a portion of its cash and cash equivalents in U.S. dollars to mitigate the effects of currency exchange fluctuations on future mineral property and plant and equipment expenditures. A breakdown by currency of the company's cash and cash equivalents at June 30, 2007 is as follows:

	June 30, 2007	December 31, 2006
Canadian dollar	$ 16,069,036	$ 125,063,312
U.S. dollar	US$ 85,292,368	US$ 1,756,794
Closing exchange rate (Cdn$ to US$)	1.0654	1.1654