

# **Corriente Resources Inc.**

(A Development Stage Enterprise)

Interim Consolidated Financial Statements

**March 31, 2006**

(Unaudited)



May 11, 2006

## Message to Shareholders

The first quarter of 2006 was focused on development of the key aspects of the Mirador project which are required to allow a construction decision to take place in the second half of 2006. These aspects include approval of the Environmental Impact Assessment (EIA) which was submitted in December, 2005, a decision on the energy supply, and the engineering studies being carried out by SNC Lavalin regarding the potential expansion of the starter project's capacity to 50,000 tonnes/day in the fifth year following startup.

As announced earlier, the Company has received approval of the Mirador EIA and on March 22, 2006 a Letter of Intent was signed which outlined a plan to supply 28.5 MW of energy to Mirador from the nearby Abanico run-of-river hydro project. Preliminary engineering studies are underway on the transmission line right of way.

The SNC Lavalin engineering team has been working on the 25,000 to 50,000 tonne/day expansion scenario for several months and this work will lead to the completion of a definitive feasibility study for the Mirador project. Although the 25,000 tonnes per day starter project will not change in scope significantly, the Company wants to be able to utilize this phase of engineering work to maximize the return to shareholders by pre-planning for a potential expansion.

On April 6, 2006 the Company's shares commenced trading on the American Stock Exchange as part of our continuing effort to expand our investor base. Early indications are that the listing has been well received among U.S. institutions. As a result of the AMEX listing, the Company's investors and shareholders in Canada, U.S. and Germany now have access to local stock exchanges on which to trade Corriente's shares.

Exploration efforts continued during the first quarter with a significant drilling program at Mirador Norte, which is located only 3 km to the northwest of the Company's Mirador project. Drilling was completed on 39 holes totaling 6800 metres of core for this phase of exploration work, and the related assay results should be available in the second quarter. An in-house resource estimate for Mirador Norte is expected to be completed in the second half of this year, which will add to the overall Mirador area resource estimate.

On May 8, 2006, the Company announced its largest equity financing ever, raising \$125 million through an offering of 19,231,000 common shares at a price of \$6.50 per share. Management believes that this equity financing, together with the December 2005 financing, will provide sufficient equity capital to realize our 50:50 debt to equity financing goal for the Mirador project. The debt financing is expected to come from traditional resource banking and concentrate off-taker sources.

On behalf of the Board,

Kenneth R. Shannon  
Chief Executive Officer

# Corriente Resources Inc.

(a development stage enterprise)

## Consolidated Balance Sheets

(expressed in Canadian dollars)

	March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 29,842,987	\$ 32,440,690
Accounts receivable and prepaid expenses	223,656	187,746
	30,066,643	32,628,436
<b>Mineral properties</b> (note 3)	37,066,399	34,205,955
<b>Property, plant and equipment</b> (note 4)	330,923	265,617
	\$ 67,463,965	\$ 67,100,008
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 6)	\$ 686,293	\$ 976,244
<b>Shareholders' Equity</b>		
<b>Share capital</b> (note 5 (b))	113,547,034	112,367,655
<b>Options</b> (note 5 (c))	2,284,451	2,622,248
<b>Contributed surplus</b>	930,660	930,660
<b>Deficit accumulated during the exploration stage</b>	(49,984,473)	(49,796,799)
	66,777,672	66,123,764
	\$ 67,463,965	\$ 67,100,008

Approved by the Board of Directors

"David G. Unruh" Director

"Richard P. Clark" 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 three months ended March 31, 2006 (Unaudited)

(expressed in Canadian dollars)

	Common Shares		Estimated Fair Value			Contributed Surplus	Deficit accumulated during the exploration stage	Total Shareholders' Equity
	Number	Share Capital	Options	Share Purchase Warrants				
Since inception:								
Common shares issued for cash, net of issue costs	24,169,872	\$ 52,994,066	\$ -	\$ -	\$ -	\$ -	\$ -	52,994,066
Common shares issued for mineral properties and settlement of debt	6,621,477	6,554,554	-	-	-	-	-	6,554,554
Net fair value of warrants issued	-	-	-	501,051	676,407	-	-	1,177,458
Stock based compensation expense on unexercised vested options	-	-	644,665	-	-	-	-	644,665
Net losses since inception	-	-	-	-	-	(45,056,506)	-	(45,056,506)
Balance at December 31, 2002	30,791,349	59,548,620	644,665	501,051	676,407	(45,056,506)	-	16,314,237
Common shares issued for cash pursuant to private placements, net of issue costs	7,750,000	15,959,370	-	-	-	-	-	15,959,370
Common shares issued for cash pursuant to exercise of warrants	2,239,946	2,380,513	-	-	-	-	-	2,380,513
Common shares issued for cash pursuant to exercise of options	575,000	463,250	-	-	-	-	-	463,250
Common shares issued for mineral property interests	250,000	232,500	-	-	-	-	-	232,500
Fair value of warrants issued (note 5 (d))	-	-	-	96,455	-	-	-	96,455
Fair value of options exercised (note 5 (c))	-	286,608	(286,608)	-	-	-	-	-
Fair value of warrants exercised (note 5 (d))	-	170,326	-	(170,326)	-	-	-	-
Fair value of warrants expired (note 5 (d))	-	-	-	(254,253)	254,253	-	-	-
Stock based compensation expense on unexercised vested options	-	-	762,558	-	-	-	-	762,558
Net loss for the year ended December 31, 2003	-	-	-	-	-	(682,092)	-	(682,092)
Balance at December 31, 2003	41,606,295	79,041,187	1,120,614	172,927	930,660	(45,738,598)	-	35,526,790
Common shares issued for cash pursuant to exercise of warrants	3,500,098	3,928,512	-	-	-	-	-	3,928,512
Common shares issued for cash pursuant to exercise of options	315,000	304,350	-	-	-	-	-	304,350
Fair value of options exercised (note 5 (c))	-	174,876	(174,876)	-	-	-	-	-
Fair value of warrants exercised (note 5 (d))	-	76,472	-	(76,472)	-	-	-	-
Stock based compensation expense on unexercised vested options	-	-	709,424	-	-	-	-	709,424
Net loss for the year ended December 31, 2004	-	-	-	-	-	(714,062)	-	(714,062)
Balance at December 31, 2004	45,421,393	83,525,397	1,655,163	96,455	930,660	(46,452,660)	-	39,755,015

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 three months ended March 31, 2006 (Unaudited)

(expressed in Canadian dollars)

	Common Shares		Estimated Fair Value			Contributed Surplus	Deficit accumulated during the exploration stage	Total Shareholders' Equity
	Number	Share Capital	Options	Share Purchase Warrants				
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 (note 5 (c))	—	257,189	(257,189)	—	—	—	—	
Fair value of warrants exercised (note 5 (d))	—	96,455	—	(96,455)	—	—	—	
Stock based compensation expense on unexercised vested options (note 5 (c))	—	—	1,224,274	—	—	—	1,224,274	
Net 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 exercise of options	690,000	789,000	—	—	—	—	789,000	
Fair value of options exercised (note 5 (c))	—	390,379	(390,379)	—	—	—	—	
Stock based compensation expense on unexercised vested options (note 5 (c))	—	—	52,582	—	—	—	52,582	
Net loss for the period ended March 31, 2006	—	—	—	—	—	(187,674)	(187,674)	
Balance at March 31, 2006	54,441,393	\$ 113,547,034	\$ 2,284,451	\$ —	\$ 930,660	\$ (49,984,473)	\$ 66,777,672	

# Corriente Resources Inc.

(a development stage enterprise)

Consolidated Statements of Loss and Deficit

For the three months ended March 31, 2006 (Unaudited)

(expressed in Canadian dollars)

	March 31, 2006	March 31, 2005	For the period from inception (February 16, 1983 to March 31, 2006)
<b>Administration</b>			
Management fees, wages and benefits	\$ 216,195	\$ 103,191	\$ 4,057,751
Regulatory fees	59,665	34,245	422,215
Stock-based compensation (note 5 (c))	52,582	67,054	3,393,503
Investor relations and promotion	30,408	38,570	1,452,453
Rent and utilities	19,479	17,521	1,180,582
Insurance	17,047	16,839	375,846
Travel	16,849	20,235	763,244
Legal and accounting	16,409	22,662	1,832,528
Printing and shareholder information	12,747	3,977	583,602
Office and miscellaneous	9,363	6,447	964,572
Transfer agent fees	3,672	1,128	177,732
Depreciation	3,447	3,195	244,222
Loss on disposal of capital assets	–	–	52,968
	<b>457,863</b>	<b>335,064</b>	<b>15,501,218</b>
<b>Other</b>			
Interest income	(267,280)	(71,080)	(3,664,446)
Foreign exchange (gain)	(22,131)	(2,451)	13,246
General exploration	19,222	109	4,204,521
Gain on sale of assets	–	(1,882,000)	(4,081,031)
Gain on sale of marketable securities (note 9)	–	(265,318)	(1,125,312)
Write-down of marketable securities	–	176,000	374,838
Write-down of mineral properties	–	–	33,387,725
Write-down of capital assets	–	–	3,080,392
Write-down of deferred power project costs	–	–	2,739,111
Gain on sale of subsidiary	–	–	(335,900)
Rental income	–	–	(71,546)
Gain on settlement of debt	–	–	(26,792)
Gain on disposal of assets	–	–	(11,551)
	<b>(270,189)</b>	<b>(2,044,740)</b>	<b>34,483,255</b>
<b>Loss (earnings) for the period</b>	<b>187,674</b>	<b>(1,709,676)</b>	<b>49,984,473</b>
<b>Deficit – beginning of period</b>	<b>49,796,799</b>	<b>46,452,660</b>	<b>–</b>
<b>Deficit – end of period</b>	<b>\$ 49,984,473</b>	<b>\$ 44,742,984</b>	<b>\$ 49,984,473</b>
<b>Basic and diluted loss (earnings) per share</b>	<b>\$ 0.00</b>	<b>\$ (0.04)</b>	
<b>Weighted average number of shares outstanding</b>	<b>53,923,337</b>	<b>45,421,393</b>	

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

# Corriente Resources Inc.

(an development stage enterprise)

Consolidated Statements of Cash Flows

For the three months ended March 31, 2006 (unaudited)

(expressed in Canadian dollars)

	March 31, 2006	March 31, 2005	For the period from inception (February 16, 1983 to March 31, 2006)
Earnings (loss) for the period	\$ (187,674)	\$ 1,709,676	\$ (49,984,473)
Items not affecting cash			
Stock-based compensation	52,582	67,054	3,393,503
Depreciation	3,447	3,195	244,221
Shares received on sale of assets	–	(1,882,000)	(3,254,486)
Loss (gain) on sale of marketable securities	–	(265,318)	(1,125,312)
Write-down of marketable securities	–	176,000	374,838
Write-down of mineral properties	–	–	33,387,725
Write-down of capital assets	–	–	3,080,392
Write-down of deferred power project	–	–	2,739,111
Gain on sale of subsidiary	–	–	(65,000)
Foreign exchange loss on deposit	–	–	50,528
Loss on disposal of capital assets	–	–	41,417
General exploration	–	–	40,550
Changes in non-cash working capital			
Accounts receivable and advances	(35,910)	(123,400)	(151,855)
Accounts payable and accrued liabilities	(289,951)	(101,920)	(904,248)
	<b>(457,506)</b>	<b>(416,713)</b>	<b>(12,133,089)</b>
<b>Investing activities</b>			
Mineral property costs	(2,842,303)	(2,323,136)	(62,152,338)
Payments to acquire property, plant and equipment	(86,894)	(8,583)	(2,129,247)
Proceeds from sale of marketable securities	–	819,318	4,242,198
Deferred power project costs	–	(475,936)	(2,739,111)
Refund of deposit	–	–	222,634
	<b>(2,929,197)</b>	<b>(1,988,337)</b>	<b>(62,555,864)</b>
<b>Financing activities</b>			
Proceeds from issuance of share capital, net of issue costs	789,000	–	106,489,688
Repayment of long-term debt	–	–	(1,684,586)
Deposit	–	–	(273,162)
	<b>789,000</b>	<b>–</b>	<b>104,531,940</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(2,597,703)</b>	<b>(2,405,050)</b>	<b>29,842,987</b>
<b>Cash and cash equivalents – beginning of period</b>	<b>32,440,690</b>	<b>12,602,827</b>	<b>–</b>
<b>Cash and cash equivalents – end of period</b>	<b>\$29,842,987</b>	<b>\$10,197,777</b>	<b>\$ 29,842,987</b>

## Supplemental cash flow information (note 8)

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

# **Corriente Resources Inc.**

(a development stage enterprise)

Notes to Consolidated Financial Statements

**March 31, 2006 (Unaudited)**

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(expressed in Canadian dollars)

## **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 primarily in Ecuador, South America. The company considers itself to be an exploration and development stage company.

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, the ability of the company to obtain financing to complete their development and future profitable operations or sale of the properties.

## **2 Significant accounting policies**

### **Basis of presentation**

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada which as described in note 10, differ in certain respects from accounting principles generally accepted in the United States of America. They do not include all of the information and disclosures required by Canadian GAAP for annual audited 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, 2005.

## **3 Mineral properties**

### **Corriente Copper Belt, Ecuador**

Under various agreements signed with certain Ecuadorian subsidiaries of BHP Billiton LLC ("BHP Billiton"), the company has earned a 100% interest in BHP Billiton's resource 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 resource 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 resource properties upon the payment of US\$2 million for each option exercised to BHP Billiton.

# Corriente Resources Inc.

(a development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2006 (Unaudited)

(expressed in Canadian dollars)

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

Corriente Copper Belt	Mirador/ Mirador Norte	Panantza / San Carlos	Other (1)	Total
Balance December 31, 2005	\$28,683,887	\$ 3,704,723	\$ 1,817,345	\$ 34,205,955
Option / acquisition payments	687,505	–	–	687,505
Deferred exploration and development costs	2,044,726	117,485	10,728	2,172,939
Balance March 31, 2006	\$ 31,416,118	\$ 3,822,208	\$ 1,828,073	\$ 37,066,399

(1) – comprised of the La Florida, San Luis, San Marcos, San Miguel, Sutzú and Trinidad copper and copper-gold exploration targets in the Corriente Copper Belt

## 4 Property, plant and equipment

	Cost	Accumulated Depreciation	Net
Computer equipment	\$ 247,384	\$ 165,492	\$ 81,892
Vehicles	201,965	61,282	140,683
Office furniture and equipment	127,174	59,244	67,930
Field equipment	57,326	25,164	32,162
Communications equipment	18,284	10,028	8,256
	\$ 652,133	\$ 321,210	\$ 330,923

## 5 Share capital

### a) Authorized

100,000,000 common shares without par value

### b) Issued

See Consolidated Statement of Changes in Shareholders' Equity. On May 8, 2006, the company announced that it entered into an underwriting agreement with a syndicate of underwriters to sell 19,231,000 common shares at a price of \$6.50 per share to raise gross proceeds of \$125,001,500 pursuant to a short form prospectus. This financing is expected to close on or about May 26, 2006.

# Corriente Resources Inc.

(a development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2006 (Unaudited)

(expressed in Canadian dollars)

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## c) Stock options

The Company has in place an incentive stock option plan dated November 1996, as amended (the “Option Plan”) for directors, officers, employees, and consultants to the Company and its subsidiaries. The Option Plan provides that the directors of the Company may resolve to grant options to purchase common shares on terms that the directors may determine, within the limitations of the Option Plan. The maximum aggregate number of common shares available for the grant of options under the Option Plan and all other share compensation arrangements of the Company is set at 6,524,830, which is approximately 12% of the Company’s current outstanding share capital. As at March 31, 2006, taking into account outstanding options to purchase a total of 2,190,000 shares and prior exercises of options to purchase a total of 4,236,000 shares since the Option Plan’s inception in 1996, the Company had 98,830 shares available for the grant of options.

On January 23, 2006 the Company granted options to purchase 25,000 shares at a price of \$4.50 per share, expiring January 23, 2009, to a new director who joined the Board in January 2006. On February 3, 2006 the company granted options to purchase a total of 400,000 shares (pending shareholder approval of an amendment to the Option Plan) to senior management. These options expire on February 3, 2011 and vest on the basis of 1/20th of the total each month (from grant date), with such vesting being accelerated based on the attainment of clearly identified milestones.

As the February 3, 2006 option grants exceed the option room available under the Option Plan, they are subject to shareholder approval in accordance with the policies of the Toronto Stock Exchange. The Company is seeking approval at its May 25, 2006 Annual General Meeting to amend the Option Plan to increase the number of shares that may be reserved for issue under it from 6,524,830 to a rolling maximum of 10% of the number of common shares actually outstanding immediately prior to the grant of any particular option.

During the period ended March 31, 2006, the company recorded the estimated fair value of the 25,000 (2005 – Nil) options granted and vested as stock-based compensation expense of \$52,582 (2005 - \$67,054). This fair value is estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Risk-free interest rate	3.87%
Expected dividend yield	–
Expected stock price volatility	66%
Expected option life in years	3

Option pricing models require the input of highly subjective assumptions including the 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. The fair value assigned to the stock options exercised is credited to share capital.

Subsequent to March 31, 2006, 865,000 stock options were exercised, raising proceeds of \$1,202,300.

# Corriente Resources Inc.

(a development stage enterprise)

Notes to Consolidated Financial Statements

**March 31, 2006 (Unaudited)**

(expressed in Canadian dollars)

	Number of options	Exercise Price \$	Expiry dates	Assigned Fair Value \$	Weighted Average Price \$
Options outstanding and exercisable – December 31, 2005	2,855,000			2,622,248	1.89
Exercised	(25,000)	1.14	March 5, 2006	(15,903)	
Exercised	(305,000)	0.90	May 28, 2006	(134,039)	
Exercised	(240,000)	0.89	July 28, 2006	(112,401)	
Exercised	(120,000)	2.27	July 25, 2008	(128,036)	
Granted	25,000	4.50	January 23, 2009	52,582	
	<u>(665,000)</u>			<u>(337,797)</u>	
Options outstanding and exercisable – March 31, 2006	2,190,000			2,284,451	2.16
Granted but unexercisable	400,000	5.25	February 3, 2011	988,846	5.25
Options outstanding – March 31, 2006	2,590,000			3,273,397	2.64

The following table summarizes information about stock options outstanding and exercisable at March 31, 2006:

Exercise prices	Options outstanding and exercisable at March 31, 2006	Remaining contractual life (years)	Options outstanding at March 31, 2006	Remaining contractual life (years)
\$ 5.25	–	–	400,000	4.9
4.50	25,000	2.8	25,000	2.8
3.55	100,000	1.3	100,000	1.3
3.32	275,000	0.9	275,000	0.9
3.25	40,000	1.5	40,000	1.5
3.16	100,000	1.2	100,000	1.2
2.99	300,000	2.4	300,000	2.4
2.27	400,000	2.3	400,000	2.3
2.15	100,000	2.2	100,000	2.2
1.28	310,000	0.5	310,000	0.5
0.90	300,000	0.2	300,000	0.3
0.89	240,000	0.3	240,000	4.8
	<u>2,190,000</u>	<u>1.3</u>	<u>2,590,000</u>	<u>1.8</u>

# Corriente Resources Inc.

(a development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2006 (Unaudited)

(expressed in Canadian dollars)

## 6 Related party transactions and balances

Included in management fees, wages and benefits are expenditures of \$Nil (2005 – \$19,863) for the period ended March 31, 2006 in respect of administrative and technical services provided by a company affiliated with an employed officer. At March 31, 2006 \$Nil (2005 – \$9,339) was due to this company affiliated with an employed officer.

## 7 Segmented information

The company operates within a single operating segment, which is mineral exploration and development. The company's mineral property interests are in South America, as set out in note 3. Geographic segmentation of mineral properties, property, plant and equipment as at March 31, 2006 is as follows:

	2006		2005		
	Mineral properties	Property, plant and equipment	Mineral properties	Property, plant and equipment	Deferred power project costs
Canada	\$ –	\$ 45,901	\$ –	\$ 42,145	\$ –
Ecuador	37,066,399	285,022	27,553,713	219,627	2,180,598
	<u>\$ 37,066,399</u>	<u>\$ 330,923</u>	<u>\$ 27,553,713</u>	<u>\$ 261,772</u>	<u>\$ 2,180,598</u>

## 8 Supplemental cash flow information

Cash and cash equivalents at March 31, 2006 comprise the following:

	2006	2005
Cash on hand and balances with banks	\$ 1,171,839	\$ (219,579)
Short-term investments	28,671,148	10,417,356
	<u>\$ 29,842,987</u>	<u>\$ 10,197,777</u>

During the periods ended March 31, 2006 and 2005, the company conducted non-cash operating, investing and financing activities as follows:

	2006	2005
Mineral properties – non-cash deferred exploration	\$ (16,611)	\$ (35,630)
Marketable securities received from sale of subsidiary company	\$ –	\$ 1,882,000

# Corriente Resources Inc.

(a development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2006 (Unaudited)

(expressed in Canadian dollars)

## 9 Financial instruments

The company does not use any derivative financial instruments.

At March 31, 2006 the carrying value of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and accrued liabilities approximate their fair values based on the short-term nature of the instruments.

As at March 31, 2006, the company held no marketable securities (2005 – \$1,706,000).

## 10 Reconciliation to United States Generally Accepted Accounting Principles (“GAAP”)

The consolidated financial statements have been prepared in accordance with Canadian GAAP which differs in certain respects from those principles that the Company would have followed had its consolidated financial statements been prepared in accordance with United States GAAP. Significant measurement differences that materially affect these consolidated financial statements are as follows:

- As described in Note 2 of the company’s December 31, 2005 audited financial statements, Canadian GAAP allows for the deferral of exploration expenditures. Under United States GAAP, the Company expenses, as incurred, exploration costs relating to unproven mineral properties. When proven and probable reserves are determined for a property and a feasibility study has been prepared, subsequent development costs of the property would be capitalized.
- Under U.S. GAAP, marketable securities are classified as trading or available-for-sale. Gains and losses on trading securities are recognized currently, whether or not realized. Securities are carried on the balance sheet at their fair value and unrealized gains and losses on available-for-sale securities are excluded from earnings and recorded as a separate component of shareholders’ equity. Carrying values of available-for-sale securities which are considered impaired are written down and the charge is recognized currently.

Had the Company followed United States GAAP, certain items in the financial statements would have been reported as follows:

### Statements of Loss and Deficit

	Period Ended March 31,	
	2006	2005
Net loss (earnings) under Canadian GAAP	\$ 187,674	\$ (1,709,676)
Mineral exploration costs expensed under U.S. GAAP	2,172,939	2,270,191
Net loss under U.S. GAAP	2,360,613	560,515
Change in unrealized gain on available-for-sale securities	–	41,000
Comprehensive loss under U.S. GAAP	\$ 2,360,613	\$ 601,515
Basic and diluted loss per share, per U.S. GAAP	\$ 0.04	\$ 0.01
Weighted average number of shares outstanding	53,923,337	45,421,393

# Corriente Resources Inc.

(a development stage enterprise)

Notes to Consolidated Financial Statements

**March 31, 2006 (Unaudited)**

(expressed in Canadian dollars)

## Balance Sheets

	March 31, 2006	December 31, 2005
Total assets under Canadian GAAP	\$ 67,463,965	\$ 67,100,008
Adjustment to reconcile U.S. GAAP		
Mineral exploration costs expensed under U.S. GAAP	(24,470,381)	(22,297,442)
Total assets under U.S. GAAP	\$ 42,993,584	\$ 44,802,566
Shareholders' equity under Canadian GAAP	\$ 66,777,672	\$ 66,123,764
Adjustment to reconcile U.S. GAAP		
Mineral exploration costs expensed under U.S. GAAP	(24,470,381)	(22,297,442)
Total shareholders' equity under U.S. GAAP	\$ 42,307,291	\$ 43,826,322

## Statements of Cash Flows

	Period Ended March 31,	
	2006	2005
Cash applied to operating activities under Canadian GAAP	\$ (457,506)	\$ (416,713)
Mineral exploration costs incurred in the year	(2,172,939)	(2,270,191)
Cash applied to operating activities under U.S. GAAP	\$ (2,630,445)	\$ (2,686,904)
Cash applied to investing activities under Canadian GAAP	\$ (2,929,197)	\$ (1,988,337)
Mineral exploration costs incurred in the year	2,172,939	2,270,191
Cash applied to investing activities under U.S. GAAP	\$ (756,258)	\$ 281,854