MANAGEMENT'S DISCUSSION & ANALYSIS

(Expressed in Canadian dollars unless otherwise noted)

March 29, 2007

Management's Discussion and Analysis supplements, but does not form part of, the audited consolidated financial statements of Corriente Resources Inc. ("Corriente" or "the company") and the notes thereto for the fiscal year ended December 31, 2006. Consequently, the following discussion and analysis of the financial condition and results of operations for Corriente should be read in conjunction with the audited consolidated financial statements for the years ended December 31, 2006, 2005 and 2004 and related notes thereto, which have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), consistently applied. All dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars.

Additional information regarding the company, including its Annual Information Form, can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

Certain statements included in this Management's Discussion and Analysis ("MD&A") are forward-looking statements. They include estimates and statements that describe the company's future plans, objectives, goals and expectations, including words to the effect that the company or management expects a stated condition or result to occur. Wherever possible, words such as "anticipate", "may", "will", "expect", "believe", "plan" and other similar expressions have been used to identify these forward-looking statements. These statements reflect management's beliefs and are based on information currently available to the company's management. Forward-looking statements involve significant risks, uncertainties and assumptions. Although the company believes that these statements are based on reasonable assumptions, a number of factors could cause the actual results, performance or achievements of the company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. For a comprehensive review of risk factors, please refer to the section entitled "Risk Factors" in both the company's Annual Information Form and this MD&A, each as filed on SEDAR. The company disclaims any obligation to update or revise any forward-looking statements to reflect new events or circumstances. Readers are cautioned not to put undue reliance on these forward-looking statements.

Cautionary Note to U.S. Investors

All references to mineral reserves and resources contained in this MD&A are determined in accordance with National Instrument 43-101 ("NI 43-101"), Standards of Disclosure for Mineral Projects, an instrument made under Canadian securities regulations. While the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are recognized and required by Canadian regulations, they are not defined or recognized by the U.S. Securities and Exchange Commission ("SEC"). As such, information contained in this MD&A concerning descriptions of mineralization and resources, as determined in accordance with Canadian standards, may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. "Indicated mineral resource" and "inferred mineral resource" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of the mineral resources in these categories will ever be upgraded to a higher category of resource.

Corporate Governance

Management of the company is responsible for the preparation and presentation of the audited annual consolidated financial statements and notes thereto and the accompanying MD&A and other information contained therein. Additionally, it is management's responsibility to ensure the company complies with the laws and regulations applicable to its activities.

The company's management is accountable to the Board of Directors ("Directors"), each member of which is elected annually by the shareholders of the company. The Directors are responsible for reviewing and approving the audited annual consolidated financial statements and the MD&A. Responsibility for the review and approval of the company's quarterly unaudited interim consolidated financial statements and MD&A is delegated by the Directors to the Audit Committee, which is composed of three directors, all of whom are independent of management. Additionally, the Audit Committee pre-approves all audit and non-audit services provided by the company's auditors.

The auditors are appointed annually by the shareholders to conduct an audit of the company's annual consolidated financial statements in accordance with generally accepted auditing standards in Canada. The auditors have complete access to the Audit Committee to discuss audit, financial reporting and other related matters resulting from the annual audit as well as to assist the members of the Audit Committee in discharging their corporate governance responsibilities.

Corriente's corporate governance policies are described on the company's website (www.corriente.com) and in its Information Circular prepared for the May 2006 Annual General Meeting of shareholders, which is available for review on SEDAR. The disclosure statement included therein was prepared by the company's Corporate Governance Committee and approved by the Directors. An updated version of that material will be included in the Information Circular for the company's May 2007 Annual General Meeting and be available for review on SEDAR in April 2007.

Disclosure Controls

Management is responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting for the company. Corriente has daily, weekly, monthly and annually-applied procedures that, when considered in the aggregate and in conjunction with current internal controls, are considered to be effective disclosure controls. In addition, Corriente has created a Corporate Disclosure Committee, comprised of the Chief Executive Officer, Senior Vice-President and Chief Financial Officer. This Committee supplements these periodic processes.

Disclosure controls and procedures have been developed to ensure that material information relating to Corriente and its subsidiaries is made known to management by others within those entities, particularly within a period in which a disclosure report is being prepared. These involve:

- identification of continuous disclosure requirements under securities laws, rules and policies applicable to Corriente.
- identification of the individuals responsible for preparing reportable information and individuals, whether internal or external, responsible for reviewing reports or portions of reports to verify disclosure made with respect to their areas of responsibility or expertise.
- establishment of timetables for the preparation and adequate review of reportable information.

- procedures for obtaining "sign-off" on disclosure of reportable information and receipt of written consents from experts whose reports are included or referred to in any disclosure.
- procedures for the identification and timely reporting to the Committee of information which may constitute material information or which may constitute a material change to previously disclosed material information, including the identification of individuals who are likely to learn first about events outside the control of Corriente that may give rise to material information.
- procedures for the identification and reporting to the Audit Committee of any fraud, whether or not material, that involves management or other employees who have a significant role in Corriente's internal controls.
- ensuring the procedures are followed with respect to the release of each disclosure made in writing and for the review of any disclosure made orally.
- ongoing evaluation of Corriente's disclosure controls and procedures.

Corriente and its subsidiaries are relatively small in size and operate in a very integrated management environment. That is, senior management is in constant contact with many of Corriente's staff, suppliers, regulators and the like on an ongoing and detailed basis. This allows one or more of senior management to be in a position where they will be aware of material events or information. While senior management may not be aware of all things at all times, it believes that the probability of a material event or material information being missed or not disclosed on a timely basis is very small.

The notes to Corriente's annual consolidated financial statements include a reconciliation to United States generally accepted accounting principles ("US GAAP"). During the preparation of the 2006 Canadian to US GAAP reconciliation for mineral exploration costs, the company determined that an error occurred in the 2005 reconciliation. Consequently, the company restated its 2005 US GAAP financial results to correct this error, with the result that 2005 mineral exploration costs expensed under U.S. GAAP totalling $2,741,988 should have been shown as $8,598,789. This restatement resulted in a basic and diluted loss per share for U.S. GAAP purposes of $0.26 for 2005 and not $0.13 as disclosed in the 2005 financial statements. As a result of this restatement, management has determined that its disclosure controls and procedures were not fully operating effectively in the prior year.

Based upon its evaluation, management has determined that as at December 31, 2006, the company's disclosure controls and procedures were effective and provided reasonable assurance regarding the reliability of financial reporting and the preparation of its annual filings for external purposes in accordance with Canadian and US GAAP.

Internal Controls Over Financial Reporting

Management has designed, established and is maintaining a system of internal controls over financial reporting to provide reasonable assurance that the financial information prepared by the company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with Canadian generally accepted accounting principles.

No change in the company's internal control over financial reporting has occurred during the company's most recent interim period that has materially affected, or is reasonably likely to materially affect, the company's internal controls over financial reporting.

General Corporate

Corriente is a Canadian-based junior resource company engaged in the exploration and development of copper-gold mineral properties located primarily in the Rio Zamora copper porphyry district (known as the “Corriente Copper Belt”), in Ecuador. Under various agreements signed with certain subsidiaries of BHP Billiton Plc ("BHP Billiton"), the company has earned a 100% interest in certain mineral property concessions in the Corriente Copper Belt, the most advanced of which is the Mirador Project. This required the issue of shares to BHP Billiton and the expenditure of exploration funds under the terms of these agreements. Additionally, these concessions are subject to a 2% Net Smelter Royalty (“NSR”) payable to BHP Billiton, although the company has the right to reduce the NSR to 1% for the Mirador, Panantza and San Carlos mineral properties upon the payment of US$2 million to BHP Billiton for each such property.

Corriente controls a 100% interest in over 60,000 hectares located within the Corriente Copper Belt (the “Belt”). The company has identified four copper and copper-gold porphyry deposits in the Belt: Mirador; Mirador Norte; Panantza; and San Carlos. Corriente is currently moving towards construction of a starter project at its Mirador/Mirador Norte copper-gold project (the “Mirador Project”). Management believes that the Mirador Project is one of the few new, sizeable copper projects in the world available for production by 2010. Exploration activities are planned or ongoing for Panantza and San Carlos and six additional copper and copper-gold exploration targets that have been identified in the Belt to date.

The company’s executive head office is located in Vancouver, Canada while its Ecuador operations are run from its Ecuador operations’ office located in Quito, Ecuador. The company has camp locations at the company’s major projects. With the exception of short-term operational requirements for its Ecuador operations, funds have been maintained and controlled in Vancouver, both in Canadian and U.S. dollars. In addition to its core staff located in Vancouver and Quito, the company engages consultants as necessary, to provide geological, mine development and construction consulting, design, engineering and other services. Overhead costs and efficiencies in Ecuador continue to compare favourably with other South American exploration areas.

The company’s shares began trading on the American Stock Exchange on April 6, 2006. As a result, the company now trades on the Toronto Stock Exchange (under the symbol CTQ) and the American Stock Exchange (under the symbol ETQ).

Board of Directors

Leonard Harris retired from the company’s Board of Directors on June 21, 2006.

In September 2006, the company appointed Dale C. Peniuk, C.A. to its Board of Directors. Until early 2006, Mr. Peniuk was an assurance partner with KPMG LLP Chartered Accountants in their Vancouver office, specializing in the mining area, and was the leader of KPMG Vancouver office’s mining industry group. He was the lead audit engagement partner for a number of KPMG Vancouver’s mining company clients, including several companies with advanced development projects, producing mines and smelter/refinery operations in North and South America.

Mr. Peniuk has been a member of the Institute of Chartered Accountants of British Columbia’s Public Company Technical Forum since 2000 and is currently the Chair of that committee. Mr. Peniuk currently provides financial consulting services to the mining industry and serves as a director of one other public company.

With the addition of Mr. Peniuk, the company’s Board of Directors is composed of five non-management directors and one management director. Mr. Peniuk chairs the company’s Audit Committee.

Corporate Structure

During 2006, the company incorporated four new subsidiaries for the purposes of facilitating the Mirador Project's infrastructure. Additionally, the company has identified certain gold concession targets, which are being evaluated towards a spin-off of these concessions to the company's shareholders – see Tundayme/Piedra Liza Gold Exploration Targets – Proposed Spin-off (below).

Incentive Stock Option Plan

At its May 25, 2006 Annual General Meeting, the company sought and obtained approval to amend the company's Incentive Stock Option Plan (the "Plan") to change the number of shares that may be reserved for grant under the Plan to a rolling maximum of 10% of the number of common shares actually outstanding immediately prior to the grant of any particular option. This amendment was also approved by the Toronto Stock Exchange.

The following summarizes the stock options granted in 2006:

Date of grant	Date of expiry	Exercise Price	Recipients	Granted
January 23, 2006	January 23, 2009	$ 4.50	Director	25,000
February 6, 2006	February 6, 2011	5.25	Head office personnel	400,000
May 22, 2006	May 22, 2011	5.50	Subsidiary personnel	60,000
June 1, 2006	June 1, 2011	5.35	Directors	125,000
June 1, 2006	June 1, 2011	5.35	Subsidiary personnel	85,000
August 31, 2006	August 31, 2011	5.37	Head office personnel	100,000
September 13, 2006	September 13, 2011	5.10	Directors	75,000
September 29, 2006	September 29, 2011	4.70	Subsidiary personnel	345,000
December 18, 2006	December 18, 2011	4.59	Subsidiary personnel	150,000
December 18, 2006	December 18, 2011	4.59	Head office personnel	10,000
			Granted in 2006	1,375,000

The following is a summary of stock option transactions during 2006:

	Number of shares	Weighted average exercise price
Balance at December 31, 2005	2,855,000	$1.89
Granted in 2006	1,375,000	5.05
Exercised in 2006	(1,770,000)	1.33
Terminated in 2006	(25,000)	5.35
Balance at December 31, 2006	2,435,000	$4.05

Effective February 1, 2006 the company's Board of Directors revised certain stock option policies to include expiry dates five years from the date of grant and 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 Board of Directors.
- Options granted to Corriente 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 Board of Directors.

Of the 1,375,000 options granted during 2006, 123,436 had vested, 1,226,564 had not yet vested and 25,000 were terminated as of December 31, 2006. As at December 31, 2006, 1,208,436 of the company's 2,435,000 outstanding stock options had vested in accordance with the above-referenced vesting provisions.

Outstanding Share Data
The company's authorized capital consists of 100,000,000 common shares without par value. As at March 28, 2007, there are issued and outstanding 74,752,393 common shares, and options to purchase an aggregate of 2,550,000 common shares, of which 1,219,997 had vested in accordance with the above-referenced vesting provisions.

Mirador Project
Exploration at Mirador in 2006 focused on delimiting the mineralization of the Mirador Norte deposit to 100m drill spacing, with a total of 6780 metres in 39 core holes. A total of 2,149 samples from this drilling were assayed and accrued to the database with geological, geotechnical and geomechanical logging following the company's standard quality assurance / quality control procedures and logging protocols. The program was designed to provide geological and grade information to support a resource estimate.

Corriente engaged Mine Development Associates ("MDA") of Reno, Nevada in August 2006 to generate a block model and provide a mineral resource estimate for the Mirador Norte deposit, in compliance with the CIM Mineral Resource and Mineral Reserve definitions referred to in NI 43-101. MDA's Technical Report, issued in November 2006, reported new resources for the Mirador Norte deposit to include Indicated resources of 171Mt of 0.51% copper and 0.09 g/t gold (containing 1.9 billion pounds of copper and 490,000 oz gold) and Inferred resources of 45Mt at a grade of 0.51% copper and 0.07 g/t gold (containing 500 million pounds of copper and 100,000 oz gold). Both Indicated and Inferred resources were estimated at a 0.4% copper cut-off. These results were estimated from 68 diamond drill holes totalling over 13,000 metres of coring. This deposit is exposed at surface, but open at depth and to the south. The Qualified Person for the disclosure on Mirador and Mirador Norte resources is Steven Ristorcelli of MDA.

With the copper and gold mineral resources identified at Mirador Norte, the estimated resources available for processing by the planned Mirador Project concentrator increased by 28% to 11 billion pounds of copper.

Mirador Norte is located less than 1,000 metres from the planned Mirador Project milling facility. Confirmation of resources at Mirador Norte provides additional options for Mirador development that includes access to higher-grade enriched material from the shallow parts of Mirador Norte and the flexibility of being able to shift production from one pit to another.

Going forward, various combined mine planning options are being evaluated to maximize the economic returns using a common milling facility from resources that have been identified at Mirador and Mirador Norte. A program of metallurgical testing is already underway to confirm the company's expectation that the Mirador Norte mineralization will behave in a similar fashion to Mirador and can be processed using the same mill circuit.

<u>Environmental sampling and monitoring work at Mirador and at Mirador Norte</u>
The hydrological monitoring program at Mirador commenced in 2004 and currently includes 28 surface sampling points from the local drainages, 12 subsurface sampling points and the main discharge river of Tundayme. The Mirador Norte water sampling program began in 2005 and shares several of the same drainages as Mirador such as the Quimi and Wawayme River. An expanded surface and subsurface water monitoring program for Mirador Norte is currently under design.

On-site engineering and construction

The permanent camp engineering is continuing to identify the final camp configuration and layout. Due to the remoteness of the mine, it is expected to house the majority of the work force in a permanent camp. The camp is currently being sized for 220 bedrooms, eating facilities for 300 people per meal plus recreational and medical areas.

Power Alternatives

The company is currently evaluating several viable alternatives for the Mirador Project power supply. The estimated demand for the Mirador Project is 30 MW. The options under consideration include the following:

1. Connect to an existing hydroelectric plant that is located near the Mirador Project site. With planned expansions, this hydroelectric plant complex will have a capacity of 59 MW.
2. Develop a potential 56 MW (preliminary evaluation) hydroelectric project located approximately 15 km from the Mirador Project site.
3. Develop potential 30 MW hydroelectric projects located 70 km from the Mirador Project site.

~~4.~~ Connect directly to the Ecuador electrical grid. The company is considering two options for the connection.

5. Install an onsite thermal power generation plant.

The above options are being evaluated for economic feasibility, stability, reliability, constructability, and maintainability. The company is confident that it can secure a reliable power supply for the Mirador Project's phase one needs and also for future expansion with several additional hydroelectric options near the Mirador site.

Engineering and Procurement

In March 2006, the company's wholly owned subsidiary, Ecuacorriente S.A. signed a Letter of Award with SNC-Lavalin Chile S.A. ("SNC-Chile"), a member of the SNC-Lavalin Group of Companies of Canada ("SNC-Lavalin"), for full Engineering and Procurement Services for the start-up and expansion of the Mirador Project. SNC-Chile's experienced engineering group has extensive mine design and construction experience in South America, while overall, SNC-Lavalin is one of the leading groups of engineering and construction companies in the world.

Additionally, Ecuacorriente S.A. engaged SNC-Lavalin Engineers & Constructors, Inc. ("SNC-Canada") to prepare detailed engineering for the Mirador Project, which will incorporate the results of work done by SNC-Chile, the company and/or its consultants.

Environment Impact Assessment ("EIA")

On May 4, 2006, Corriente announced that the Mirador Project's EIA was approved by the Ministry of Energy and Mining ("MEM") of Ecuador.

The EIA covered both the environmental aspects of proposed mining operations in Mirador and community and social plans associated with the same project. During the lengthy preparation of the EIA, the company worked closely with the MEM to ensure that the report met all required government guidelines and regulations. The Mirador EIA is one of the most comprehensive documents on social and environmental issues ever submitted to the MEM in Ecuador for a mining project. The submission of the EIA and subsequent approval followed an extensive consultation process with local communities, which was carried out in late November and early December 2005.

As a requirement of the MEM's approval of the EIA, the company was required to post US $3,019,539 ($3,518,971) in favour of the MEM as a security deposit against the company's obligations under the EIA. The required security deposit amount will be reviewed on an annual basis by the MEM and will be adjusted as the project progresses to completion.

In September 2006, the company filed an amendment to the EIA to allow for mill, tailings and dump location changes to the original mine plan. Public consultations were successful and the company expects to receive approval of the amended EIA in the first half of 2007.

For the company to receive a mine operating permit for the Mirador Project, approvals for the amended EIA and construction and operating-related permit applications must be received from the MEM and other Ecuador governmental authorities during the course of development of the Mirador mine, prior to the beginning of mine operations.

Suspension of Work

In September 2006, Corriente's Board of Directors reviewed the development status of the Mirador Project and approved the placement of orders for long lead-time equipment for the project. This equipment included the main components of the grinding circuit such as the SAG and ball mills. The company was working on a timeline that had an estimated completion date of the Mirador Project and start of production during the fourth quarter of 2008. These items were on the critical path to meet that deadline.

In November 2006, a series of protests began that were held in the Morona-Santiago and Zamora-Chinchipe provinces against resource development in general. After a number of ineffective negotiating sessions were held with the protesters, the federal government asked the company to temporarily suspend its Mirador Project activities to aid in the negotiating process. In order to secure the safety and security of local communities and supporters, Corriente agreed to temporarily halt its field project work.

On January 25, 2007, the company announced that there would be a delay in the start of production at Mirador from late 2008 to approximately mid-2009. This delay is largely due to adjustments to long lead-time equipment deliveries as a result of the decision to move off of the previous accelerated Mirador Project development plan. This plan was based on having key permits and government agreements completed by January 2007. Since these agreements are still being processed and the company is restricted from resuming planned development activities at Mirador, the Board of Directors elected to minimize the company's Mirador Project obligations.

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) have been accrued at December 31, 2006. Subsequently, the company was able to sell these partially completed assets to third parties in 2007 for net proceeds of $2,776,000 ($US2,382,000), for which it is awaiting receipt..

Engineering, project planning and procurement timelines for the Mirador Project are currently being adjusted, pending resolution of the protests and other factors including acceptance of the company's amended EIA, receipt of the mine development permit and completion of an investment contract.

Community Relations

The company has designed and implemented its community relations ("CR") plans after identifying the local communities most impacted by the company's future mining activities and their respective needs. The company's CR plans focus on the critical needs of the communities and are regularly reviewed to ensure appropriateness and effectiveness.

The company continues to be committed to local communities in all aspects of its mining and economic development activities. In 2006, the company had active initiatives and provided financial resources in the areas of education, employment, health, building assistance, environmental preservation, and cultural and economic development programs.

Personnel

Beginning in the second quarter of 2006, the company began hiring key management and technical staff for its Ecuador operating group, focused on the development and operations of the company's Mirador copper-gold project. Management is very pleased with the high level of experienced technical and management expertise that have been attracted to the Mirador Project.

In connection with the Mirador Project timeline extension referenced above, on February 23, 2007, the company implemented a restructuring of its Ecuador operations to reduce the number of its employees while still maintaining a core group of technical and professional staff. The company expects to record a severance expense of approximately $743,000 ($US 631,000) for the quarter ended March 31, 2007 as a result of this restructuring.

Exploration

Panantza-San Carlos

Corriente is currently about halfway through the first phase of 16000 metres of drilling on the Panantza project. This is the start of a planned two-year program to complete a feasibility study at Panantza and San Carlos, which is designed to incorporate the Panantza and San Carlos concessions into a single large copper development opportunity with aggregate inferred resources of 1.05 billion tonnes at a grade of 0.63% copper. As the two mineralized centres are only four kilometres apart, the plan will be to provide a single processing facility for both open pits with concentrator mill throughputs of up to 150,000 tonnes/day.

Previous inferred resources at Panantza, using a 0.4% copper cut-off, total approximately 395 million tonnes grading 0.67% copper containing 5.8 billion pounds of copper. Inferred resources at San Carlos total approximately 657 million tonnes grading 0.61% copper and containing 8.8 billion pounds of copper. The new drilling will attempt to expand the resources and convert inferred resources to the indicated category.

Panantza, which is located in southeast Ecuador approximately 40 km north of our Mirador Project, was last drilled in 2001. Results from the previous drilling at Panantza included holes PA013 with 299 metres of 0.76% copper, hole PA012 with 269 metres of 0.97% copper, and PA017 with 64 metres of 1.29% secondary copper at the surface followed by 383m of 0.75% copper.

In 2006, an additional 25 holes totalling 8400 metres were completed. Results include hole PA039 with 17 metres of 1.31% copper in a secondary copper horizon overlying 399 metres of 0.66% copper, hole PA041 with 443 metres of 0.60% copper, and hole PA052 with 276 metres of 0.77% copper.

One purpose of this drilling was to define the southern edge of Panantza's mineralization. However, rather than delineate the edge of the Panantza deposit, the most recent results indicate the Panantza mineralization extends farther south than previously recognized. The southernmost holes drilled, PA033 and PA034, were both terminated in copper mineralization averaging over 0.8% Cu at the hole bottoms, at approximately 330 metres and 342 metres deep respectively. The Panantza drill plan has now been expanded to complete additional holes to follow this mineralization to the south.

In addition, the deepest holes from this round of drilling (such as PA051) indicate mineralization extends more than 200 metres deeper than previous drilling in the southwest portion of the deposit and mineralization remains open for further extension at depth. The deposit is also still open to the south and west.

San Carlos is a large copper-molybdenum mineralized porphyry system with dimensions of about 2000 metres x 2500 metres. The mineralization has been tested with 25 diamond drill holes at variable spacing. The current inferred resource estimate based on these drill holes is 657 million tonnes at 0.61% copper, calculated at a 0.4% copper cut-off.

The Qualified Person for this disclosure is John Drobe, P. Geo, Chief Geologist for the company.

The company feels that the Panantza-San Carlos concessions represent a rare opportunity to capitalize on six years of community work, project engineering and management development that has been built around the nearby Mirador Project. This body of knowledge will significantly assist in the project development process and at the same time allow the company to take economic advantage of infrastructure that is being put in place for the Mirador mine.

<u>Tundayme/Piedra Liza Gold Exploration Targets – Proposed Spin-off</u>
Corriente recently engaged an independent consultant to complete a review of its Ecuador gold concession package totalling 6,600 hectares containing encouraging gold targets that are not part of the company's foreseeable copper development programs within the Corriente Copper Belt. Following completion of this review and accompanying 43-101 Technical Report, the company plans to distribute ownership of these concession rights to existing shareholders in the second quarter of 2007.

The gold concessions include the Tundayme prospect, which is immediately adjacent to Corriente's Mirador copper deposit land holdings and is approximately 15 km from Aurelian Resources Inc.'s newly discovered Fruta del Norte gold zone. The Tundayme prospect has approximately 8 km of north-south trending structures that extend along strike to the Mirador Project. This 8 km trend is oriented in the same direction as the Fruta del Norte mineralized trend and parts have had preliminary prospecting and soil sampling performed by Corriente. Further work is required to follow-up anomalous gold soil and rock samples from that initial work. Also included is a second set of concessions approximately 50 km southwest of Mirador called the Piedra Liza prospect. Within the Piedra Liza prospect, four clusters of anomalous gold soil samples occur over a 6 km trend that is on-strike and north of the Nambija area, which has produced over three million ounces of gold by local estimates. Follow-up ground work identified altered rock samples with maximum gold values at 1 - 4 g/t. The Qualified Person for this disclosure is John Drobe, P.Geo, Chief Geologist for the company.

Corriente is a copper development company and remains focused on moving its Mirador copper-gold project into production, along with development of the large Panantza-San Carlos copper complex in the north of the Corriente Copper Belt. The Tundayme and Piedra Liza gold prospects are not considered core to Corriente's copper growth plans and will be transferred to a new corporation that will be financed separately from Corriente.

Financial Results of Operations

All of the financial information referenced below is expressed in Canadian dollars and has been prepared in accordance with Canadian GAAP, applied on a consistent basis.

Financial Data for Last Three Fiscal Years			
Fiscal year ended	**Dec 31-06**	**Dec 31-05**	**Dec 31-04**
Total revenues (000's)	$ 0	$ 0	$ 0
Loss (income) before extraordinary items (000's)	$ (1,403)	$ 3,344	$ 714
Loss (income) (000's)	$ (1,403)	$ 3,344	$ 714
Basic and diluted loss (income) per share	$ (0.02)	$ 0.07	$ 0.02
Cash and cash equivalents (000's)	$ 127,110	$ 32,441	$ 12,603
Total assets (000's)	$ 195,997	$ 67,100	$ 40,502
Total long-term financial liabilities (000's)	$ 0	$ 0	$ 0
Total shareholders' equity (000's)	$ 188,737	$ 66,124	$ 39,755
Cash dividends declared per share	$ 0.00	$ 0.00	$ 0.00

The company's operations during the year ended December 31, 2006 produced income of $1,403,028 or $0.02 per share (basic and diluted) compared to a loss of $3,344,139 or $0.07 per share for 2005 and $714,062 or $0.02 per share for 2004. In years of loss, basic and diluted loss per share are the same because the effect of potential issuances of shares under options and warrants would be anti-dilutive. As the company has not owned any revenue-producing mineral properties, no mining revenues have been recorded to date. The income in 2006 was due to the interest income earned on the company's cash and cash equivalents balances. Interest income increased significantly to $3,994,855 in 2006 from $209,422 in 2005 and $382,237 in 2004, due to much higher cash and cash equivalents balances invested and generally higher interest rates. The company also realized a gain of $336,253 (2005 – loss of $96,877; 2004 – gain of $199,323) on securities sold in 2006, which had been received as proceeds from the sale of previously-written off assets to third parties in prior years.

Deferred mineral property development and acquisition charges on the company's Mirador Project and exploration target projects within the Corriente Copper Belt totalled $27,043,105 for 2006 versus $8,985,744 during 2005 and $8,662,891 for 2004, reflecting the company's significant work in furthering development of the Mirador starter mine. As in recent years, all exploration work in 2006 was contained to the company's Corriente Copper Belt mineral properties.

Total administration expenses increased for 2006 to $2,949,131 from $2,639,979 in 2005 and $1,778,010 in 2004. The increase in 2006 is primarily due to an overall increase in activity. Legal and accounting fees increased to $536,589 (2005 – $149,214; 2004 – $82,459) due to work related to the company's April 2006 successful listing on the American Stock Exchange and preliminary work throughout the year regarding compliance with upcoming regulatory requirements. Management fees, wages and benefits, which includes non-cash stock-based compensation expense, decreased to $1,458,749 (2005 – $1,811,185; 2004 – $1,146,396). Excluding non-cash stock-based compensation expense, management fees, wages and benefits increased to $891,015 (2005 – $586,911; 2004 – $436,972) due to an increase in management salaries and directors fees as a result of an annual review of senior management compensation performed by the Compensation Committee of the Board of Directors, and also a higher number of support staff. Regulatory fees increased significantly to $192,625 (2005 – $56,071; 2004 – $26,735) due to increased stock exchange sustaining fees based on the company's higher market capitalization and also the fact that the company is trading on an additional major stock exchange. Travel increased to $124,156 (2005 – $91,378; 2004 – $74,053) due to increased out-of-town shareholder presentations and more corporate development activities. Office and related expenses increased to $234,463 (2005 – $172,617; 2004 – $157,157) mainly due to the outsourcing of information technology support and higher insurance costs.

Included in management fees, wages and benefits was non-cash stock-based compensation expense of $567,734 for 2006, $1,224,274 for 2005 and $709,424 for 2004, for which an equivalent amount was added to shareholders' equity. These amounts reflected the fair value of stock options vested as calculated using the Black-Scholes Option Pricing Model.

Financial Data for Last Eight Quarters								
Three months ended	**Dec-06**	**Sep-06**	**Jun-06**	**Mar-06**	**Dec-05**	**Sep-05**	**Jun-05**	**Mar-05**
Total revenues (000's)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Loss (earnings) (000's)	$ (886)	$ (478)	$ (227)	$ 188	$ 3,272	$ 1,404	$ 378	$ (1,710)
Loss (earnings) per share	$ (0.01)	$ (0.01)	$ 0.00	$ 0.00	$ 0.07	$ 0.03	$ 0.01	$ (0.04)

As the company has not had any revenue-producing mineral properties, no mining revenues have been recorded to date. The significant income generated in the last seven months of 2006 was due to higher cash and cash equivalents balances (due to receipt of funds pursuant to the public offering financing that closed in May 2006) invested and generally higher interest rates. In the second quarter of 2006, the company realized a gain on the receipt and sale of shares received from prior years' asset sales. In the fourth quarter of 2005, the company's significant loss was mainly due to the write-down of previously deferred power project costs and in the first quarter of 2005, the company's significant income was due to the gain recorded on the receipt of shares on assets previously written off.

In recent years, the company's losses generally reflected the impact and timing of the recording of non-cash stock-based compensation expenses attributable to the Black Scholes Option Pricing Model calculation of the fair value of stock options vested, offset by interest income earned from cash and cash equivalents on hand.

Related Party Transactions

Included in management fees, wages and benefits expense, mineral property expenditures and corporate development and shareholder expenses are expenditures of $Nil (2005 – $48,599; 2004 – $124,194), $Nil (2005 – $60,500; 2004 – $ Nil) and $Nil (2005 – $Nil; 2004 – $66,667), respectively, for the year ended December 31, 2006 in respect of administrative and technical services provided by companies affiliated with employed officers. Included in legal and accounting are fees of $2,600 (2005 – $ 710; 2004 – $ Nil) for the year ended December 31, 2006 in respect of tax services provided by a firm employing a director of the company.

Fourth Quarter

During the fourth quarter of 2006, the company's cash and cash equivalents balance decreased by $7,557,868, predominantly due to development and exploration costs in Ecuador. Additionally, the company recorded income in the fourth quarter of 2006 of $885,340, which was due primarily to the earning of $1,506,888 in interest income. Offsetting this was legal and accounting fees in the fourth quarter totalling $222,518, reflecting preliminary work regarding compliance with upcoming regulatory requirements and an increase in estimated audit fees for the current year. Corporate development and shareholder expenses totalled $153,195 because of increased investor relations activities.

Subsequent Events

Subsequent to December 31, 2006 the company granted 290,000 options to certain employees at a price of $4.10.

On January 25, 2007, the company announced that it was extending the Mirador 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 of $2,951,000 ($US2,532,000) have been accrued at December 31, 2006. Subsequently, the company was able to sell these partially completed assets to third parties in 2007 for net proceeds of $2,776,000 ($US2,382,000), for which it is awaiting receipt..

In connection with this timeline extension, on February 23, 2007, the company implemented a restructuring of its Ecuador operations to reduce the number of its employees while still maintaining a core group of technical and professional staff. The company expects to record a severance expense of approximately $743,000 ($US 631,000) for the quarter ended March 31, 2007 as a result of this restructuring.

Accounting Estimates, Policies and Standards

As a new Canadian accounting standard is released, the Chief Financial Officer undertakes a review and evaluation to determine if it is applicable. If there is any uncertainty in its applicability, Corriente solicits the input of its professional advisors and Audit Committee. If the new standard is applicable to Corriente, it is then analyzed and summarized in a manner that effectively documents and evaluates the impact on Corriente, and to determine the immediate action, if any, Corriente would need to undertake in order to comply with the new standard. Quarterly, the documented standards are reviewed, and updated as required, to ensure that a standard is still applicable, and that Corriente remains in compliance.

The details of the company’s significant accounting policies are presented in note 2 of the company’s audited consolidated financial statements, which can be found on SEDAR. The following policies are considered by management to be essential to understanding the processes and reasoning that go into the preparation of the company’s financial statements and the uncertainties that could have a bearing on its financial results.

Mineral Properties

The company capitalizes all costs related to investments in mineral property interests on a property-by-property basis. Such costs include mineral property acquisition costs, exploration and development expenditures. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property sold, abandoned, the company's mineral rights allowed to lapse or written down to fair value if the properties are impaired.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.

These costs are depleted over the useful lives of the properties upon commencement of commercial production or written down to fair value if the properties are abandoned, become impaired or the claims allowed to lapse.

Asset impairment
When events or changes in circumstances indicate that the carrying amounts of the related mineral properties, plant and equipment may not be recoverable, management of the company reviews and evaluates the carrying value of each mineral property for impairment. If the total estimated future cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is measured and assets are written down to fair value which is normally the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that a mineral property is impaired, it is written down to its estimated fair value in accordance with the CICA Handbook Section 3063 “Impairment of Long-Lived Assets”.

Stock-based Compensation
Management is required to make significant estimates about future volatility and the period in which stock options will be exercised. The selection of the estimated volatility figure, and the estimate of the period in which an option will be exercised can have a significant impact on the costs recognized for stock based compensation. The estimates concerning volatility are made with reference to historical volatility, which is not necessarily an accurate indicator of volatility which will be experienced in the future. Management assumes that stock options will remain unexercised until near their expiry date because historical experience supports this assumption. However, the exercise of options may occur at times different than those estimated, or options may expire unexercised. For options which vest over future periods, management makes an estimate of the percentage of options which are expected to be forfeited prior to vesting based on historical experience, which may not be an accurate indicator of future results. No adjustment is made for actual experience, except for options which vest at specific dates over time, where management updates its estimate of the number of unexercised options which are expected to vest in the future. Such fair value is estimated using the Black-Scholes Option Pricing Model, the assumptions of which can be found in note 6 (c) of the company’s consolidated financial statements for the year ended December 31, 2006.

Environmental protection practices
The company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest.

The company conducts its mineral exploration and development activities in compliance with applicable environmental protection legislation. The company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the company.

Liquidity and Capital Resources

Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash and cash equivalents flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles ("GAAP"). Working capital calculations or changes are not measures of financial performance (nor do they have standardized meanings) under either Canadian GAAP or US GAAP. In evaluating these measures, readers should consider that the methodology applied in calculating such measures may differ among companies and analysts.

Working capital (defined as current assets minus current liabilities) as at December 31, 2006 was $120,064,518, compared to $31,621,262 at December 31, 2005 and $12,505,593 at December 31, 2004. The increases for 2006 and 2005 are primarily due to public offerings completed on May 25, 2006 that raised net proceeds of $117,662,735 and on December 29, 2005 that raised net proceeds of $27,853,364.

The main cash and cash equivalents flows applied to investing activities during the year ended December 31 2006 were for mineral property expenditures mainly associated with the development of the planned Mirador mine of $21,553,066 (2005 - $8,642,746; 2004 - $8,452,935), a security deposit of US$3,019,539 ($3,518,971) with the Ministry of Energy and Mining of Ecuador for the Mirador Project EIA, payments to acquire property, plant and equipment of $1,882,845 (2005 - $154,859; 2004 - $213,820) and expenditures on the Sabanilla Power Project of $Nil (2005 - $1,034,449; 2004 - $1,704,662). Proceeds from sales of marketable securities resulted in additional cash proceeds of $336,253 (2005 - $2,339,123; 2004 - $529,323).

As at December 31, 2006, the company had 74,752,393 (fully diluted – 77,187,393) common shares issued and outstanding versus 53,751,393 (fully diluted – 56,606,393) and 45,421,393 (fully diluted – 49,055,141) for 2005 and 2004, respectively. There was one public offering in 2006 of 19,231,000 common shares that raised $125,001,500 before issue costs of $7,338,765 and one public offering in 2005 of 7,605,000 common shares that raised $30,039,750 before issue costs of $2,186,386. There were no share offerings in 2004.

Also contributing to the increase in working capital was cash and cash equivalents received from the exercise of stock options. In 2006, 1,770,000 (2005 – 475,000; 2004 – 315,000) stock options were exercised, generating proceeds of $2,354,950 (2005 - $435,250; 2004 - $304,350).

There were no share purchase warrants outstanding or exercised in 2006, but in 2005, 250,000 (2004 – 3,500,098) warrants were exercised, for proceeds of $200,000 (2004 - $3,928,512).

Subsequent to December 31, 2006, the company granted 290,000 options to head office personnel at an exercise price of $4.10 per share. To date, no other share or security issues have occurred subsequent to December 31, 2006.

Historically, the company's capital requirements have been met by equity subscriptions. While the company's current working capital is considered sufficient to fund the company's administrative overhead for the next several years, substantial capital is required to complete the company's Mirador Project and other Corriente Copper Belt resource development. Actual funding requirements may vary from those planned due to a number of factors, including the progress of exploration and project development activity and foreign exchange fluctuations.

Risk Factors
Companies operating in the mining industry face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the company strives to manage such risks to the extent possible and practical. Following are the risk factors which the company's management believes are most important in the context of the company's business. It should be noted that this list is not exhaustive and that other risk factors may apply. An investment in the company may not be suitable for all investors.

Foreign Country and Political Risk
The mineral properties on which the company is actively pursuing its exploration and development activities are all located in Ecuador, South America. As a result, the company is subject to certain risks, including currency fluctuations and possible political or economic instability in Ecuador, which may result in the impairment or loss of mineral concessions or other mineral rights. In recent history, Ecuador has undergone numerous political changes at the presidential and congressional levels. Also, mineral exploration and mining activities may be affected in varying degrees by political instability and government regulations relating to the mining industry. Any changes in regulations or shifts in political attitudes are beyond the control of the company and may adversely affect its business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and mine and/or site safety.

In November 2006, Rafael Correa won the Ecuador Presidential run-off election over Alvara Noboa but did not officially take office until January 15, 2007. During this transition period, the administration of President Alfredo Palacio experienced a number of indigenous protests in southeast Ecuador which eventually resulted in the suspension of the company's exploration and development activities (see Mirador Project – Suspension of Work) and a delay in the Mirador Project's development timeline.

Since President Correa's January 15, 2007 inauguration, his administration has focused primarily on exacting electoral and governmental reforms, which would result in the creation of a Constitutional Assembly and eventual re-writing of the Ecuador Constitution. These reforms are being met with substantial opposition from Congress.

While management believes that the current political climate in Ecuador will stabilize, there can be no certainty that this will be the case in the near future. Presently, management believes that the company's Ecuador operations will not be affected in the long-term and that any disruption to its Mirador Project will be resolved.

To mitigate such risk, the company funds its Ecuador operations on an as-needed basis and works closely with federal and territorial governments and community groups. The company does not presently maintain political risk insurance for its foreign exploration and development projects.

Exploration and Mining Risks
The business of exploring for minerals and mining involves a high degree of risk. Due in some cases to factors that cannot be foreseen, only a small proportion of the properties that are explored are ultimately developed into producing mines. There is no assurance that the company's mineral exploration activities will result in any discoveries of new bodies of commercial ore. At present, only the company's Mirador Project property has proven or probable reserves while any planned exploration programs for the company's other properties are exploratory searches for proven or probable reserves. The mining areas presently being assessed by the company may not contain economically recoverable volumes of minerals or metals.

The operations of the company may be disrupted by a variety of risks and hazards which are beyond the control of the company, including labour disruptions, the inability to obtain suitable or adequate machinery, equipment or labour and other risks involved in the conduct of exploration programs. Once economically recoverable volumes of minerals are found, substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities or have sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing copper, gold and other mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Depending on the price of copper or other minerals produced, which have fluctuated widely in the past, the company may determine that it is impractical to commence or continue commercial production.

An additional project risk includes the current high demand for major components and resources utilized in a mine's construction and operation, including equipment, parts and qualified employees. These same conditions may also adversely impact the mine's construction schedule if an inordinate demand on metals causes shortages or cost increases.

Surface Rights and Access

Although the company acquires the rights to some or all of the minerals in the ground subject to the tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. In areas where there are no existing surface rights holders, this does not usually cause a problem, as there are no impediments to surface access. However, in areas where there are local populations or land owners, it is necessary, as a practical matter, to negotiate surface access.

There can be no guarantee that, despite having the legal right to access the surface and carry on mining activities, the company will be able to negotiate a satisfactory agreement with any such existing landowners/occupiers for such access, and therefore it may be unable to carry out mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the company may need to rely on the assistance of local officials or the courts in such jurisdiction.

Estimates of Mineral Resources and Production Risks

The Mineral Resource estimates disclosed by the company are estimates only, and no assurance can be given that any proven or probable reserves will be discovered or that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. In addition, the grade of mineralization which may ultimately be mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, earthquakes, fire, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Consequently, the company's estimated Mineral Resources should not be interpreted as assurances or evidence of commercial viability or potential or of the profitability of any future operations.

Financing Risks

The company has limited financial resources, has no source of operating cash and cash equivalents flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of one or more of the company's properties will be dependent upon the company's ability to obtain financing through joint venturing, equity or debt financing or other means, and although the company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects. Additional funds raised by the company through the issuance of equity or convertible debt securities will cause the company's current stockholders to experience dilution. Such securities may grant rights, preferences or privileges senior to those of the company's common stockholders.

The company does not have any contractual restrictions on its ability to incur debt and expects to incur significant amounts of indebtedness to finance development of its Mirador mine project. Any such indebtedness could contain covenants which would restrict the company's operations.

Limited Experience with Development-Stage Mining Operations

The company has no previous experience in placing mineral properties into production and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies or contractors that can provide such expertise. There can be no assurance that the company will have available to it the necessary expertise when and if it places its mineral properties into production.

Base Metals Prices

The principal activity of the company is the exploration and development of copper-gold mineral properties. The mineral exploration and development industry in general is intensely competitive and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist for the sale of the same. Factors beyond the control of the company may affect the marketability of any substances discovered. Base metals prices have fluctuated widely, particularly in recent years. The feasible development of such properties is highly dependent upon the price of copper and, to a lesser extent, gold. A sustained and substantial decline in commodity copper prices could result in the write-down, termination of exploration and development work or loss of its interests in identified mineral properties.

Competition

The company competes with many companies that have substantially greater financial and technical resources for the acquisition of mineral properties and mining and processing equipment, the securing of engineering services and the recruitment and retention of qualified employees and consultants.

Environmental and other Regulatory Requirements

The activities of the company are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Companies engaged in exploration and development activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the company may require for exploration and development of its properties will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the company may undertake.

The company believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. However, there may be unforeseen environmental liabilities resulting from exploration and/or mining activities and these may be costly to remedy. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration operations may be required to compensate those suffering loss or damage by reason of the exploration activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of exploration companies, or more stringent implementation thereof, could have a material adverse impact on the company and cause increases in expenditures and costs or require abandonment or delays in developing new mining properties.

Corriente’s policy is to abide by the regulations and requirements of Ecuador and the company’s EIA.

Uninsured or Uninsurable Risks

The company may become subject to liability for pollution or hazards against which it cannot insure against or which it may elect not to insure where premium costs are disproportionate to the company’s perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration, development and production activities.

Title Matters

Title to and the area of mining concessions may be disputed. Although the company has taken steps to verify the 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 title may be affected by undetected defects or the rights of indigenous peoples.

Repatriation of Earnings

Currently there are no restrictions on the repatriation from Ecuador of earnings to foreign entities. However, there can be no assurance that restrictions on repatriation of earnings from Ecuador will not be imposed in the future.

Dependence on Key Personnel

The company's development to date has largely depended on, and in the future will continue to depend on, the efforts of key management, project management and operations personnel. Loss of any of these people could have a material adverse effect on the company and its business. The company has not obtained and does not intend to obtain key-person insurance in respect of any directors or other of its employees.

Share Price Fluctuations

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered development-stage companies such as the company, have experienced wide fluctuations in price which have not necessarily been related to the underlying asset values or prospects of such companies. Price fluctuations will continue to occur in the future.

No Dividends

The company has no history of earnings from operations and, due to the nature of its business, there can be no assurance that the company will ever be profitable. Investors cannot expect to receive a dividend on their investment in the company in the foreseeable future, if ever. Investors should not expect to receive any return on their investment in the company's securities other than possible capital gains.

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 does not enter into derivative financial instruments to mitigate its exposure to foreign currency risk. A breakdown by currency of the company's cash and cash equivalents, net of overdrafts at year-end was as follows:

	2006	2005	2004
Canadian dollar	$ 125,063,312	$ 32,349,744	$ 12,366,062
U.S. dollar	US$ 1,756,794	US$ 78,200	US$ 196,976
December 31 closing exchange rate (Cdn$ to US$)	1.1654	1.1630	1.2020