MANAGEMENT'S DISCUSSION & ANALYSIS

(Expressed in Canadian dollars unless otherwise noted)

November 7, 2005

Management's Discussion and Analysis supplements, but does not form part of, the unaudited consolidated interim financial statements of the company and the notes thereto for the period ended September 30, 2005. Consequently, the following discussion and analysis of the financial condition and results of operations for Corriente Resources Inc. should be read in conjunction with the unaudited consolidated interim financial statements for the periods ended September 30, 2005 and 2004 and related notes therein, which have been prepared in accordance with Canadian generally accepted accounting principles, consistently applied.

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

Forward-Looking Statements

Certain statements contained in the following Management's Discussion and Analysis (MD&A) and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to materially differ from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth below.

Corporate Governance

Management of the company is responsible for the preparation and presentation of the annual consolidated financial statements and notes thereto, MD&A and other information contained in this annual report. 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 held 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 annual audited 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 comprised of three directors, all of whom are independent of Management. Additionally, the Audit Committee pre-approves 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 consolidated financial statements in accordance with generally accepted auditing standards. The external auditors have complete access to the Audit Committee to discuss audit, financial reporting and related matters resulting from the annual audit as well as assist the members of the Audit Committee in discharging their corporate governance responsibilities.

The disclosure of Corriente's corporate governance policies is contained in the company's Information Circular prepared for the May 2005 Annual General Meeting and which is available for review at www.sedar.com. The disclosure statement has been prepared by the company's Corporate Governance Committee and approved by the Board of Directors.

General

Corriente is a Canadian-based junior resource exploration company engaged in the exploration and development of copper-gold resource properties located primarily in the Corriente Copper Belt in 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 concessions are subject to a 2% Net Smelter Royalty ("NSR") payable to BHP Billiton, though the company has the option to reduce the NSR to 1% for the Mirador, Panantza and San Carlos resource properties upon the payment of US$2 million to BHP Billiton.

As a result, Corriente controls a 100% interest in over 50,000 hectares located within the Corriente Copper Belt. The Belt extends over a 20 x 80 kilometre area in southeast Ecuador. The Belt currently contains three copper and copper-gold porphyry deposits, Mirador, Panantza and San Carlos. Six additional copper and copper-gold exploration targets have been identified in the Corriente Copper Belt to date.

Mirador Project

Feasibility Study

On April 14, 2005, the company announced the completion of its feasibility study at the Mirador project which confirms the economics of a 25,000 tonne/day open pit milling operation. The prime consultant for the study is AMEC Americas Limited, who completed the resource estimation, the metallurgical studies and the mine model. The tailings facility was designed by Knight Piesold Ltd. and Merit Consultants International Inc. prepared the final capital cost. The Indicated Mineral Resources internal to the pit are estimated to be 111 Million tonnes at an average grade of 0.67% copper and 0.22 g/t gold (with an average cut-off of 0.4% Cu).

- The project is forecast to annually produce approximately 128 Million pounds of copper, 32,000 ounces of gold and 395,000 ounces of silver during the first five years of production
- The mine model indicates a 12 year mine life
- At a long term copper price of US$1.00/lb, the study indicates a Pre-Tax Internal Rate of Return for the project of 15.5% and a Net Present Value of US$78 Million
- At US$1.45/lb, which is near the current price of copper, the study indicates a Pre-Tax Internal Rate of Return for the project of 40% and a Net Present Value of US$419 Million
- The capital cost for the project is US$204 Million

The initial 25,000 tonnes/day development phase for the Mirador project is able to support the infrastructure requirements of a large copper operation and includes allowances for expansion in the future. For example, the tailings site has up to three times the required storage capacity, meaning the operation can expand significantly in size without needing to locate new tailings facilities.

The feasibility study was made available in final report form on May 13, 2005 and is posted on www.sedar.com, as well as www.corriente.com.

As copper prices are currently significantly higher than the modelled US$1.00/lb, the following table shows the pre-tax IRR and NPV of the project at higher copper prices (including gold and silver credits). Most of the project's capital costs and operating costs have been set at current price levels except for shipping, smelting and refining which were projected as long term averages in an independent marketing study carried out by Butterfield Mineral Consultants.

Copper Price	Pre-Tax IRR	After-Tax IRR	Pre-Tax NPV	Pre-Tax IRR- no silver
US$1.00	15.5%	13.4%	US$ 78,000,000	14.3%
US$1.15	24.6%	21.4%	US$191,000,000	23.6%
US$1.30	32.6%	28.2%	US$305,000,000	31.8%
US$1.45	40.0%	34.4%	US$419,000,000	39.2%

Cautionary Note: Silver grade estimates based on feasibility metallurgical studies have been used for this cash flow, as silver is not included in the current resource model. The silver distribution database is from 42 drill holes and 561 audit samples and fill-in assays are underway for the entire 98 hole data-set to provide confirmation for the silver distribution at Mirador. A column without silver credits is included for comparison purposes.

Assumptions for the financial conclusions of the feasibility study include: pricing of US$1.00/lb for copper, US$400/oz for gold, US$6.50/oz for silver, and a discount rate of 8%. The estimated Indicated Mineral Resources included in the mine plan total approximately 111 Million tonnes grading 0.67% Cu and 0.22 g/t Au (with an average cut-off of 0.4% Cu). Approximately 91 Million tonnes of waste rock will be removed over the mine life, resulting in an average strip ratio of about 0.8:1. The mine plan is based on a contract mining company providing ore to a conventional copper concentrator at a rate of 25,000 tonnes/day (9.125 Million tonnes/a). All facilities are designed for this throughput and operate on a continuous basis, 24 hours/day, 365 days/annum, subject to maintenance downtime. Average production is estimated to be about 174,000 t/annum of copper concentrate over the mine life of 12 plus years.

Optimization Study

Following completion of the feasibility study for the starter project at Mirador, the company initiated an optimization study to validate some of the opportunities that were identified during the feasibility work. This optimization study is focusing on the following ideas:

- steeper pit walls. Current slopes average 39 degrees and options up to 45 degrees are being reviewed. The purpose of this program is to allow steeper pit walls which will ultimately reduce the stripping ratio for the mine model, thereby lowering mining costs. Geotechnical work completed to date has been reviewed with success being achieved on the northern portion of the planned pit where new oriented drill core, geotechnical core logging and surface mapping has led to a structural model which allows for increased pit slopes. Additional surface mapping is being carried out to collect more geotechnical information which is needed to prepare a similar structural model for the south pit wall area.

- conversion of inferred tonnes within the pit to ore as it is currently characterized as waste. Recent Mirador drilling results indicate the presence of significant high-grade secondary copper mineralization within the area of the first phase pit shell that was modelled in the feasibility study completed in April of this year. The best results were from hole M-116 which intersected 58 metres of 1.94% enriched copper and 0.33 g/t gold starting at 58 metres depth below a leached cap. The hole then continued in primary copper mineralization for an additional 269 metres assaying 0.66% Cu and 0.17 g/t gold. To date, this is the best zone of high-grade copper mineralization that has been encountered in the drilling at Mirador and these results will be incorporated to refine the recently completed feasibility study. These drilling results include 13 new drill holes totalling 2,936 metres (detailed assays and a plan map showing the location of the drill holes is available at www.corriente.com).

- silver revenue in the mine model. Silver and gold were not used in the feasibility pit design and now can be incorporated into the model. Re-assaying of previous core samples for silver is complete and the data is now compiled and available for block modelling purposes so that silver revenue can be fully incorporated into the Mirador project cash flow.

- optimization of the Mirador project's geological modelling. This work is proceeding better than planned, where the new information gathered from the current round of drilling is being used to prepare a more accurate geological model for Mirador. The revised model will indicate the boundaries of units with increased accuracy and will be helpful in making a clear distinction between mineralized and un-mineralized geological units. Such work has the potential to increase the copper grade at Mirador. Following completion of the geological model, the next step will be to complete a new resource calculation and mine model.

- other enhancements such as extending the pit below 1,050 metres elevation that can materially improve the starter project economics.

This optimization work should significantly improve the Mirador economic model and will lead to the establishment of a Development Plan at Mirador that will guide this project through the financing and construction phases over the next two years. Results of the optimization work will be released during the next quarter as they become available.

The Environmental Impact Assessment and Community Consultation processes are continuing at Mirador and documents are planned for submission to the government once the results of the optimization study are known and are incorporated into the related applications.

Corriente also plans to complete an amendment to the current feasibility study which will look at an expansion of the starter project to a throughput of up to 75,000 tonnes/day, to optimize the large Mirador resource base, as a preliminary optimization study completed last October showed steadily improving economics as the ore throughput was increased.

Personnel
Following on from the February 2005 appointment of Joseph Rokosh (P.Eng.) of Merit Consultants as Project Manager to prepare Mirador for construction, Corriente continues to build its mine development and management team with the September appointment of Tom Milner as President of Corriente.

Mr. Rokosh has an extensive background in project management, including 10 years in Peru with Southern Peru Copper and most recently as contract manager for a $300 Million chemical plant in China for Bechtel Corporation.

Mr. Milner will be responsible for the execution of the Mirador Development Plan utilizing his background experience as a mine developer and operator. Most recently, Mr. Milner was Chief Operating Officer for Taseko Mines Ltd., with responsibility for the successful 2004 restart of the open pit copper-molybdenum Gibraltar Mine located in south central B.C. The Gibraltar Mine mills 35,000 tonnes of ore per day with an overall mining rate of 115,000 tonnes per day. In addition to extensive operations experience at Gibraltar, Mr. Milner was President of Brinco Coal Corporation, with responsibility for developing the Quinsam Coal Mine on Vancouver Island from the feasibility study stage through environmental approvals, permitting, construction and operations.

Ken Shannon will continue on as the company's Chairman and Chief Executive Officer while Ron Simkus will assist Mr. Milner in the overall development of the Mirador project.

Other
In June 2004, J. David Lowell exercised his option to obtain the company's interest in the Warintza resource concession in exchange for his 10% interest in Corriente's interests in the remaining concessions in the Corriente Copper Belt (including Mirador, Panantza and San Carlos). The Warintza resource includes four concessions totalling 20,000 hectares. As a result of this transaction, the company has complete ownership of its Corriente Copper Belt resource properties, comprised of concessions covering 50,000 hectares within the Corriente Copper Belt, subject only to a 2% Net Smelter Royalty obligation to BHP Billiton.

In March 2004, the company entered into a joint venture (JV) with Hidrelgen, S.A. (Hidrelgen), an associated company of Caminosca Caminos y Canales C. Limitada (collectively referred to as Caminosca), to develop, construct, and operate a 30 megawatt run-of-river hydroelectric generation facility with the associated switchgear and transmission lines on the Sabanilla River (Sabanilla Power Project, or SPP), to supply power to Corriente's planned Mirador copper mine.

Under the terms of the JV Agreement:, Caminosca would contribute the results of all of its engineering design, environmental and other studies as well as any assets and rights obtained by Caminosca with respect to the SPP. Pursuant to the JV Agreement, Corriente was responsible for arranging for the equity and/or debt financing for the then construction and completion costs for the SPP and required completion guarantees by June 30, 2005 (as amended) or the company would lose all interest in the JV and be obligated to pay a US$122,500 withdrawal fee to Caminosca. .

However, as a result of unfavourable Ecuador power project financing market conditions, Corriente was unable to meet the June 30, 2005 deadline. The company is in negotiations with Caminosca on a new agreement to better meet the parties' objectives. Corriente is a 5% shareholder of Hidrelgen. Upon the conclusion or substantial completion of these negotiations, Management will determine whether the value of the company's contributions to the SPP, totalling $2,748,689 (US$2,245,000) to September 30, 2005, has been impaired, and the appropriateness of any recognition of the withdrawal fee or a writedown.

Corriente continues to maintain its 2001 Global Exploration Alliance Agreement (Exploration Alliance) in good standing with BHP Billiton. To date under this agreement, the company has only engaged in an initial field review of the Mumbwa copper-gold prospect in Zambia, which was done in 2002. Management determined that the review results did not meet the desired parameters for continued exploration interest by Corriente, and the project was subsequently returned to BHP Billiton. Further, no Exploration Alliance-related exploration was done in 2005 or 2004. To keep the Exploration Alliance agreement in good standing, Corriente has agreed to allocate US$ 500,000 in exploration funds for future Exploration Alliance joint venture opportunities.

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

Financial Results of Operations

All of the financial information referenced below has been prepared in accordance with Canadian generally accepted accounting principles, applied on a consistent basis.

Financial Data for Last Eight Quarters								
Three months ended	**Sep-05**	**Jun-05**	**Mar-05**	**Dec-04**	**Sep-04**	**Jun-04**	**Mar-04**	**Dec-03**
Total revenues (000's)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
(Earnings) loss before extraordinary items (000's)	$ 1,404	$ 378	$ (1,710)	$ (429)	$ 425	$ 343	$ 369	$ 64
Net (earnings) loss (000's)	$ 1,404	$ 378	$ (1,710)	$ (429)	$ 425	$ 343	$ 369	$ 64
(Earnings) loss per share	$ 0.03	$ 0.01	$ (0.04)	$ (0.01)	$ 0.01	$ 0.01	$ 0.01	$ 0.00

As the company has not owned any revenue-producing resource properties, no mining revenues have been recorded to date. The company's operations during the nine-month period ended September 30, 2005 produced a net loss of $72,301 or $0.00 per share compared to a net loss of $1,136,657 or $0.03 per share for the same period in 2004. During the three-month period ended September 30, 2005, the company's operations produced a net loss of $1,404,206 or $0.03 per share compared to a net loss of $424,774 or $0.01 per share for the same period in 2004. The net loss for 2005 was greatly reduced due to the receipt and sale of marketable securities received on the sale of a subsidiary company and cash received for a non-core capital asset that were both previously written off.

Deferred mineral property development expenditures made during the period on the company's target projects within the Corriente Copper Belt totalled $6,937,288 versus $6,587,925 during the first nine months of 2004, reflecting the company's significant activities in furthering development and completion of the feasibility study of the Mirador starter mine. Expenditures in the three months ended September 30, 2005 were $1,871,821, compared to $2,382,357 in the same period in 2004. Development spending was significantly focused on furthering the development of the Mirador mine project, including the completion of the feasibility study and initiation of the optimization study as well as continuation of the development of Mirador project infrastructure. Drilling of 59 holes for 2005 to date (2004 - 59 holes) has been done in order to achieve 2 goals, the first being to drill holes around the low-grade margin of the proposed open pit to test the geotechnical characteristics of the pit margins using oriented drill core. This drilling has provided a good data base of new structural information which will be used as part of an effort to redesign pit shells with steeper slopes.

This means more mineable material in the pit and less waste tonnes, which ultimately leads to a lower mining cost. The second goal of this drill program was to provide in-fill assays so that resources that had been classified as inferred in the starter project block model could be upgraded to indicated status and be included in the economic analysis of the project. As in recent years, all drilling was contained to the company's Corriente Copper Belt resource properties.

Deferred power project expenditures made by the company pursuant to its JV contributions for development of the Sabanilla Power Project totalled $1,044,027 for the first nine months of 2005 (2004 – $889,050). Deferred power project expenditures on the Sabanilla Power Project totalled $85,924 for the third quarter of 2005 (2004 – $655,730), the reduced level reflecting the hold on this project during the third quarter while re-negotiation of the JV Agreement takes place.

Administration expenses increased for the first nine months of 2005 to $851,532 from $749,157 for 2004. The increase was primarily due to an increase in investor relations and promotion to $184,111 (2004 – $69,137), regulatory fees to $39,320 (2004 – $26,735), and insurance to $50,635 (2004 – $36,634). Increased administrative costs reflected increased investor relations activities, higher Toronto Stock Exchange sustaining fees due to the company's increased market capitalization, and higher insurance costs. Partially offsetting the higher administration costs were lower travel costs of $42,379 (2004 – $57,028) and lower legal and accounting fees of $42,484 (2004 – $ 50,725). Administration expenses increased for the third quarter of 2005 to $301,226 from $216,67 in the same period in 2004, mostly due to the higher investor relations costs of $118,520 (2004 – $23,891).

Included in management fees, wages and benefits and in mineral properties and investor relations are expenditures of $155,800 (2004 - $166,395), $322,695 (2004 - $252,570) and $75,000 (2004 - $75,000), respectively, for the nine months ended September 30, 2005 in respect of administrative and technical services provided by an officer and his affiliated company. At September 30, 2005, $10,000 (2004 - $6,142) was due to this company. All amounts due are non-interest bearing.

During the nine months ended September 30, 2005, the company incurred independent directors' fees of $39,000 (2004 - $38,600) of which $12,600 was due to directors at September 30, 2005 (2004 - $12,600). All amounts due are non-interest bearing.

Stock-compensation expenses for the nine months totalled $1,224,274 for 2005 versus $830,809 for 2004, reflecting the fair value of stock options granted and vested as calculated using the Black-Scholes Option Pricing Model. Stock-compensation expenses for the third quarter were $1,008,918 for 2005 versus $239,711 for 2004, as such expenses increased relative to the corresponding increase in the company's share price.

During the period ended September 30, 2005, the company received a total of $2,304,131 in proceeds from the sale of a subsidiary company previously written off, compared to a total of $529,323 in 2004. These proceeds were primarily related to the sale of the company's shares of its wholly-owned subsidiaries, Corriente Argentina Inc. (Cayman) and Corriente Argentina S.A. (Argentina), including its 100% interest in the Taca-Taca property in Argentina during the first quarter of 2003. Over five years from the date of the sale agreement, the company was originally scheduled to receive a total of US$1,150,000 and 300,000 shares of the purchaser. On March 22, 2005, the company and the purchaser executed an amending agreement whereby the purchase price of the Taca-Taca property was changed to US$ 50,000 and 400,000 shares of the purchaser. Coincident with this amendment, the company received 100,000 shares of the purchaser, which represents the balance of any purchase consideration owing to the company by the purchaser. These shares together with another 100,000 shares of the purchaser received earlier in March 2005 were subject to a regulatory hold period which expired in July 2005 (note 10). Additionally, the purchaser is obligated to pay the company

US$1,000,000 upon the Taca-Taca property achieving commercial production. As the collectibility of the remaining consideration is uncertain, the foregoing payment obligation will be recorded when received. $16,221 was also received in the period from the sale of a marketable security previously received from a prior debt settlement in 2000. During the third quarter of 2005, the company also received $88,320 relating to the sale of a non-core capital asset that was previously written off.

Due to the company's reduced average cash balance on hand during the first half of 2005, interest income decreased to $164,183 from $301,234 for the same period in 2004. For the same reason, interest income decreased in the third quarter of 2005 to $39,836 from $85,360 for the same period in 2004.

As the company has not had any revenue-producing resource properties, no mining revenues have been recorded to date. The net losses for the September 2005 and 2004 periods were reduced due to the shares received and subsequent sale proceeds received in 2005 and 2004 from the sale of the company's Argentinian subsidiary, which had been written off in prior years. Excluding such proceeds, the company's net losses for the last 8 quarters generally reflect the impact and timing of the recording of stock-compensation expenses attributable to the Black Scholes Option Pricing Model calculation of the fair value of stock options granted within the period, offset by interest income earned from cash on hand.

Financial Data for Last Three Fiscal Years			
Fiscal year ended	**Dec 31-04**	**Dec 31-03**	**Dec 31-02**
Total revenues (000's)	$ 0	$ 0	$ 0
(Earnings) loss before extraordinary items (000's)	$ 714	$ 682	$ 1,245
Net (earnings) loss (000's)	$ 714	$ 682	$ 1,245
(Earnings) loss per share	$ 0.02	$ 0.02	$ 0.04
Cash and cash equivalents (000's)	$ 12,603	$ 18,688	$ 1,601
Total assets (000's)	$ 40,502	$ 35,948	$ 16,449
Total long-term financial liabilities (000's)	$ 0	$ 0	$ 0
Total shareholders' equity (000's)	$ 39,755	$ 35,527	$ 16,314
Cash dividends declared per share	$ 0.00	$ 0.00	$ 0.00

Critical Accounting Policies

The details of the company's accounting policies are presented in note 2 of the company's audited annual consolidated financial statements which can be found at www.sedar.com . 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:

Resource 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, and exploration expenditures including interest on the required guarantee, if any. Costs are deferred until such time as the extent of mineralization has been determined and mineral property interests are either developed, the property sold or the company's mineral rights allowed to lapse.

All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve or the company's assessment of its ability to sell the property for an amount less than the deferred costs, provision is made for the impairment in value.

The ability to achieve estimated quantities of recoverable minerals from undeveloped mineral interests involves various risks and uncertainties regarding future cash flows from future production, commodity prices, operating costs, capital costs and reclamation costs. It is possible that changes in estimates could occur which may affect the expected recoverability of the company's investments in exploration properties.

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 off if the properties are abandoned or the claims allowed to lapse.

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 will 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 immediately prior to 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 unaudited interim consolidated financial statements for the period ended September 30, 2005.

Liquidity and Capital Resources

Working capital as at September 30, 2005 was $6,173,567, compared to $12,563,393 at December 31, 2004 and $14,944,202 at September 30, 2004. The decrease for 2005 is primarily due to expenditures associated with the completion of the feasibility study of and development of the planned Mirador mine and the Sabanilla Power Project, as well as the fact that there were no proceeds from private placements in the past twelve months. Sales and receipts of marketable securities received on a subsidiary company previously written off contributed positively to the company's working capital.

As at September 30, 2005, the company had 46,106,393 (fully diluted – 49,001,393) common shares issued and outstanding versus 45,171,393 (fully diluted – 49,055,141) as at September 30, 2004. In the period ended September 30, 2005 435,000 shares (2004 – 315,000) were issued pursuant to the exercise of stock options for a total of $371,850 (2004 – $304,350). In the period ended September 30, 2005 250,000 shares (2004 – 3,250,098) were issued pursuant to the exercise of share purchase warrants for a total of $200,000 (2004 – $3,728,512). In the third quarter of 2005, 200,000 shares (2004 – 30,000) were issued pursuant to the exercise of stock options for a total of $158,000 (2004 – $27,300). No share purchase warrants were exercised during the third quarter of 2005 or 2004.

Historically, the company's capital requirements have been met by equity subscriptions. While the company's current working capital is considered sufficient to meet the company's administrative overhead for the next several years, substantial capital is required to complete the company's mine and power project development plans. 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. Management believes it will be able to raise equity capital as required in the long term but recognizes the risks attached thereto. The company continues to use various strategies to minimize its dependence on equity capital, including the securing of joint venture partner and supplier financing where appropriate.

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 resource 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, and 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. While Management believes that the current political climate in Ecuador is stable, there can be no certainty that this will continue going forward. To alleviate such risk, the company funds its Ecuador operations on an as-needed basis and is pursuing local joint venture partners. The company does not presently maintain political risk insurance for its foreign exploration 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. 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 an exploratory search 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 mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities or having 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.

Financing Risks

The company has limited financial resources, has no source of operating cash 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.

Limited Experience with Development-Stage Mining Operations

The company has no previous experience in placing resource 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 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 resource properties into production.

Estimates of Mineral Resources and Production Risks

The Mineral Resource estimates included herein 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, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. The estimated Mineral Resources described herein should not be interpreted as assurances or evidence of commercial viability or potential or of the profitability of any future operations.

Mineral Prices

The principal activity of the company is the exploration and development of copper-gold resource 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. Mineral 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 resource properties.

Competition

The company competes with many companies that have substantially greater financial and technical resources than the company for the acquisition of mineral properties as well as for the recruitment and retention of qualified employees.

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 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, Canada and the World Bank.

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.

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 and in the future will continue to depend on the efforts of key management. 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 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

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.

Outlook

Corriente controls a 100% interest in over 50,000 hectares located within the Corriente Copper Belt in Ecuador. The Belt extends over a 20 x 80 kilometre area in southeast Ecuador which includes three copper and copper-gold porphyry deposits, called Mirador, Panantza and San Carlos, with over 560 million tonnes of Indicated and Inferred copper-gold resources, at a 0.65% Cu cut-off. Six additional copper and copper-gold exploration targets have been identified in the Corriente Copper Belt to date.

The company continues to pursue its vision of staged development for Mirador and the other copper resource concessions it holds in the Corriente Copper Belt. Realization of this vision is being initiated with the 25,000 tonnes/day starter project at Mirador which then leads to expansion and additional mineral resource development opportunities in the Belt.

The company's optimization study work should significantly improve the Mirador mine economic model and will lead to the establishment of a Development Plan that will guide this project through the financing and construction phases over the next two years. Results of this optimization work will be released during the fourth quarter as they become available.

The Mirador Environmental Impact Assessment is nearing completion, with the company planning to submit the finished EIA to the government authorities following a community consultation process during the fourth quarter. Review and approval of the EIA is targeted for the first quarter of 2006. The company continues to have good relations and support for the project within the local communities around Mirador. This support base has been slowly built up through the company's community relations work over the past ten years.

During the past quarter, Corriente management held discussions with several major mining companies with respect to joint venture development of the company's exploration projects in the northeast portion of the Corriente Copper Belt. These discussions continue, with the objective of having parallel development take place in the Belt, with the construction of our 100% owned Mirador project in the south and advanced engineering studies being carried out in Corriente's Panantza-San Carlos and surrounding exploration concessions in the north.

Management believes that Mirador represents one of the only significant new copper-gold projects in the world which can be ready for construction within the next twelve months. The project is moving into the financing stage and proposals are being considered from both lending institutions and potential mining partners.