



CANDENTE COPPER CORP

Candente Copper Corp.
Interim Condensed Consolidated Financial Statements
For the three months ended March 31, 2019 and 2018 (unaudited)
(Expressed in United States dollars, unless otherwise noted)

NOTICE

The accompanying unaudited interim condensed consolidated financial statements of Candente Copper Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Candente Copper Corp.
Interim condensed consolidated statements of financial position
As at March 31, 2019 and December 31, 2018 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Notes	March 31, 2019	December 31, 2018
Assets			
Current assets			
Cash		\$ 169,829	\$ 7,882
Receivable for sale of a subsidiary	4	222,858	260,003
Prepaid expenses and deposits		24,478	13,843
Total current assets		417,165	281,728
Non-current assets			
Trade and other receivables	11	572,123	558,358
Investments	5	82,861	81,107
Unproven mineral right interests	6	63,314,072	63,226,793
Equipment	7	105,880	111,003
Total non-current assets		64,074,936	63,977,261
Total assets		\$ 64,492,101	\$ 64,258,989
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	8,11	\$ 1,182,957	\$ 1,465,799
Total current liabilities		1,182,957	1,465,799
Equity			
Share capital	9	84,706,483	84,161,013
Reserves	9	12,866,758	12,880,403
Accumulated deficit		(34,264,097)	(34,248,226)
Total equity		63,309,144	62,793,190
Total liabilities and equity		\$ 64,492,101	\$ 64,258,989

General information and going concern (Note 1)

Commitments (Note 10)

Approved on behalf of the Board of Directors on May xx, 2019

(signed) Andres Milla

Director

(signed) George Elliott

Director

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

Candente Copper Corp.
Interim condensed consolidated statements of comprehensive loss
For the three months ended March 31, 2019 and 2018 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Notes	Three months ended March 31,	
		2019	2018
Expenses			
General and administrative expenses	12	\$ 136,684	\$ 109,571
Other expenses			
Gain on settlement of payables	9	(90,850)	(74,348)
Gain on forgiveness of payable		-	(14,232)
Revaluation gain on discounted receivable		-	(8,684)
Gain on foreign exchange		(17,108)	(277)
Interest income	4	(12,855)	(27,796)
Net loss (income)		15,871	(15,766)
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Change in fair value of investment	5	(60)	25,052
Exchange difference on translation of parent		31,465	32,748
		31,405	57,800
Comprehensive loss		\$ 47,276	\$ 42,034
Loss per share attributable to shareholders:			
basic and diluted		\$ 0.00	\$ (0.00)
Weighted average number of common shares			
outstanding: basic and diluted		187,573,963	178,450,663

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

Candente Copper Corp.

Interim condensed consolidated statements of changes in equity

For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

	Notes	Share Capital		Reserves					
		Total common shares	Share capital	Equity settled employee compensation and warrants	Foreign currency	Available for sale assets	Total reserves	Deficit	Total
Balance at January 1, 2018		178,201,529	\$ 83,941,785	\$ 13,339,380	\$ (409,945)	\$ 42,467	\$ 12,971,902	\$ (33,911,273)	\$ 63,002,414
Common shares issued for debt		723,290	61,911	-	-	-	-	-	61,911
Net income		-	-	-	-	-	-	15,766	15,766
Change in fair value of investment		-	-	-	-	(25,052)	(25,052)	-	(25,052)
Cumulative translation adjustment		-	-	-	(32,748)	-	(32,748)	-	(32,748)
Balance at March 31, 2018		178,924,819	\$ 84,003,696	\$ 13,339,380	\$ (442,693)	\$ 17,415	\$ 12,914,102	\$ (33,895,507)	\$ 63,022,291
Balance at January 1, 2019		180,635,805	\$ 84,161,013	\$ 13,351,087	\$ (468,954)	\$ (1,730)	\$ 12,880,403	\$ (34,248,226)	\$ 62,793,190
Common shares issued for debt	9	4,476,463	152,908	-	-	-	-	-	152,908
Common shares issued for financing	9	9,550,000	361,184	21,035	-	-	21,035	-	382,219
Share issuance costs	9	-	(19,031)	-	-	-	-	-	(19,031)
Finders shares issued	9	168,000	6,335	-	-	-	-	-	6,335
Finders warrants issued	9	-	(1,609)	1,609	-	-	1,609	-	-
Share-based payments	9	-	-	35,452	-	-	35,452	-	35,452
Expiry of warrants	9	-	45,683	(45,683)	-	-	(45,683)	-	-
Net loss		-	-	-	-	-	-	(15,871)	(15,871)
Change in fair value of investment		-	-	-	-	60	60	-	60
Cumulative translation adjustment		-	-	-	(26,118)	-	(26,118)	-	(26,118)
Balance at March 31, 2019		194,830,268	\$ 84,706,483	\$ 13,363,500	\$ (495,072)	\$ (1,670)	\$ 12,866,758	\$ (34,264,097)	\$ 63,309,144

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

Candente Copper Corp.
Interim condensed consolidated statements of cash flows
For the three months ended March 31, 2019 and 2018 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Three months ended March 31,	
	2019	2018
Cash provided by (used in):		
Income (loss) for the period	\$ (15,871)	\$ 15,766
Items not affecting cash:		
Amortization	5,123	6,396
Share-based payments	35,452	-
Revaluation gain on discounted receivable	-	(8,684)
Gain on settlement of payables	(90,850)	(74,348)
Gain on forgiveness of payables	-	(14,232)
Interest income	(12,855)	(27,796)
Foreign exchange	(26,796)	(4,924)
Changes in non-cash working capital items:		
Decrease (increase) in amounts receivable	(3,464)	4,675
Increase in prepaid expenses and deposits	(10,635)	(11,559)
Increase (decrease) in accounts payable and accrued liabilities	26,798	(41,729)
Net cash used in operating activities	(93,098)	(156,435)
Investing		
Addition to unproven mineral rights interests	(160,372)	(98,942)
Payments received for sale of subsidiary	50,000	132,000
Changes in value added taxes paid	(20,733)	(10,437)
Net cash used in investing activities	(131,105)	22,621
Financing		
Issuance of common shares for cash, net of issuance costs	286,150	-
Advances from related parties	100,000	-
Net cash provided by financing activities	386,150	-
Net change in cash	161,947	(133,814)
Cash at beginning of period	7,882	392,453
Cash at end of period	\$ 169,829	\$ 258,639

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

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

1. General Information and Going Concern

Candente Copper Corp. and its subsidiaries (the "Company") are engaged in the exploration of its mining properties located in Peru. Its principal property is the Cañariaco Copper Project in the District of Lambayeque. The Company was incorporated on May 1, 1997 under the Business Corporation Act of British Columbia and its principal office is located at Suite 1100-1111 Melville Street, Vancouver British Columbia, V6E 3V6.

The principal subsidiaries of the Company as at March 31, 2019 are as follows:

Subsidiary	Interest	Functional currency
Canariaco Copper Peru S.A.	100%	US Dollars
Canariaco Copper (BVI) Corp.	100%	US Dollars
Inversiones Mineras Las Palmas S.A.	100%	US Dollars
Cobriza Metals Corp.	100%	CDN Dollars
Candente Resource (BVI) Corp.	100%	US Dollars
Cobriza Metals Peru S.A.	100%	US Dollars

The Company's common shares are listed on the Toronto Stock Exchange ("TSX") and the Lima Stock Exchange under the trading symbol "DNT". The Company's share options and warrants are not listed.

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on May xx, 2019.

These interim condensed consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the three months ended March 31, 2019, the Company incurred an operating loss of approximately \$0.02 million. As at March 31, 2019, the Company has \$34.3 million in cumulative losses since inception and current liabilities exceed current assets by \$0.8 million. The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. The Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation. These factors are material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

2. Statement of Compliance and Basis of Presentation

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

These interim condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS issued by the IASB.

3. New Accounting Standards

Leases

The Company adopted all of the requirements of IFRS 16 Leases (“IFRS 16”) as of January 1, 2019. IFRS 16 eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The adoption of IFRS 16 had no effect on the Company’s interim condensed consolidated financial statements.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company’s consolidated financial statements.

4. Receivable for Sale of a Subsidiary

On November 16, 2017, the Company sold one of its subsidiaries, Compania Minera Candente S.A. (“Minera Candente”) for proceeds of \$756,922. The proceeds were due as follows:

- \$100,000 due immediately (received);
- Fourteen monthly payments of \$44,000 commencing December 2017; and
- One payment of \$40,922 due in fifteen months from date of sale.

The receivable was initially recorded at face value of \$656,922 less a discount of \$98,592 for a net amount of \$558,330. The receivable was revalued twice during the year ended December 31, 2018 due to changes in the payment terms. The revaluations resulted in a net gain of \$5,255.

Payment terms, established in August 2018, included 12 monthly payments of \$20,000 starting in August 2018, three additional quarterly payments of \$48,000, and a final payment of \$88,922 on March 24, 2019. A new agreement was reached during March 2019 and a revised payment schedule extends to January 2020. The balance outstanding at March 31, 2019 is \$222,858.

The receivable is discounted using a rate of 20%, which is the estimated market rate of interest on equivalent third-party financing. During the period ended March 31, 2019, the discount was amortized by \$12,856 which was included in interest income.

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

4. Receivable for Sale of a Subsidiary (continued)

Transactions for the three months ended March 31, 2019 and the year ended December 31, 2018 are as follows:

	2019		2018
Opening Balance	\$ 260,003	\$	572,454
Receivable on sale of subsidiary	-		-
Payments received	(50,000)		(392,000)
Revaluation gain	-		5,255
Interest	12,855		79,715
Foreign exchange adjustment	-		(5,421)
Closing Balance	\$ 222,858	\$	260,003

5. Investments

At March 31, 2019, the Company held 5,536,373 (December 31, 2018 - 5,536,373) shares of Candente Gold Corp. ("Candente Gold"), a company with common officers and directors. The closing share price was CDN\$0.02 (December 31, 2018 - CDN\$0.02) and the fair value of the Company's investment in Candente Gold was \$82,861 (December 31, 2018 - \$81,107). During the period ended March 31, 2019 the Company recognized an unrealized gain of \$60 (Period ended March 31, 2018 – loss of \$25,052) in other comprehensive income.

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements

For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

6. Unproven Mineral Right Interests

As of March 31, 2019, the Company mineral properties consist of the following:

	Balance as at January 1, 2019	Mining property expenditures	Balance as at March 31, 2019
Cañariaco Property, located in Lambayeque, Peru			
Mineral rights acquisition and surface access	\$ 1,904,301	\$ -	\$ 1,904,301
Community initiatives	4,701,513	25,555	4,727,068
Drilling	9,770,307	-	9,770,307
Environmental health and safety	1,319,205	236	1,319,441
Exploration	9,836,973	-	9,836,973
Feasibility study	10,884,797	-	10,884,797
Project field support and administration	22,898,480	40,755	22,939,235
Cost recoveries	(50,143)	-	(50,143)
Royalty payments received	(505,921)	-	(505,921)
	\$ 60,759,512	\$ 66,546	\$ 60,826,058
Cobrizo Metals Peruvian properties			
Mineral rights acquisition and surface access	\$ 1,188,160	\$ -	\$ 1,188,160
Concession and surface right acquisition costs	157,912	-	157,912
Community initiatives	18,242	-	18,242
Environmental health and safety	15,785	-	15,785
Exploration	97,025	-	97,025
Project management and field support	45,993	-	45,993
Option payments received	(350,000)	-	(350,000)
Impairment of unproven mineral rights interest	(466,359)	-	(466,359)
	\$ 706,758	\$ -	\$ 706,758
Total mineral properties before value-added tax credit	\$ 61,466,270	\$ 66,546	\$ 61,532,816
Value-added tax credit **	\$ 1,760,523	\$ 20,733	\$ 1,781,256
Total mineral properties	\$ 63,226,793	\$ 87,279	\$ 63,314,072

**Expenses incurred by the Company in Peru, including exploration expenses, are subject to Peruvian Value Added Tax ("VAT"). Given that the Company is in the exploration stage and has no sources of revenue, the VAT is not currently refundable to the Company, but can be used in the future to offset amounts due to the Peruvian taxation authorities by the company resulting from VAT charged to clients on future sales. The VAT has been included as part of mining properties.

On June 26, 2017, the Company entered into an option agreement to option its Don Gregorio copper-gold porphyry project, located in Jaen Province, Peru, with Plan B Minerals Corp. ("Plan B"). The Don Gregorio property is one of the projects held by Cobrizo Metals Peru S.A. ("Cobrizo").

In accordance with the option agreement, Plan B has the right to earn a 60% interest in the Don Gregorio property from the Company by making staged payments totaling \$500,000 to the Company, making a payment of \$8,500 (paid) and drilling 10,000 metres within 3 years of receiving drilling permits. To date, the Company has received \$100,000 with respect to this transaction. One-half of the aforementioned payments are to be used to fund the Company's work in community engagement and agreements. The Company is to receive \$100,000 on or before 30 days of receipt of drill permits for the first phase drill program, \$100,000 within 30 days of completing the first phase drill program (5,000 metres) and the final \$200,000 within 60 days of completing the second phase drill program (an additional 5,000 metres).

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

6. Unproven Mineral Right Interests (continued)

As of December 31, 2018, the Company's mineral properties consist of the following:

	Balance as at January 1, 2018	Mining property expenditures	Balance as at December 31, 2018
Cañariaco Property, located in Lambayeque, Peru			
Mineral rights acquisition and surface access	\$ 1,782,746	\$ 121,555	\$ 1,904,301
Community initiatives	4,557,460	144,053	4,701,513
Drilling	9,770,307	-	9,770,307
Environmental health and safety	1,314,537	4,668	1,319,205
Exploration	9,836,224	749	9,836,973
Feasibility study	10,884,797	-	10,884,797
Project field support and administration	22,699,255	199,225	22,898,480
Cost recoveries	(8,500)	(41,643)	(50,143)
Royalty payments received	(505,921)	-	(505,921)
	\$ 60,330,905	\$ 428,607	\$ 60,759,512
Cobriza Metals Peruvian properties			
Mineral rights acquisition and surface access	\$ 1,167,460	\$ 20,700	\$ 1,188,160
Concession and surface right acquisition costs	157,912	-	157,912
Community initiatives	4,759	13,483	18,242
Environmental health and safety	15,785	-	15,785
Exploration	93,972	3,053	97,025
Project management and field support	42,038	3,955	45,993
Option payments received	(350,000)	-	(350,000)
Impairment of unproven mineral rights interest	(453,159)	(13,200)	(466,359)
	\$ 678,767	\$ 27,991	\$ 706,758
Total mineral properties before value-added tax credit	\$ 61,009,672	\$ 456,598	\$ 61,466,270
Value-added tax credit **	\$ 1,780,567	\$ (20,044)	\$ 1,760,523
Total mineral properties	\$ 62,790,239	\$ 436,554	\$ 63,226,793

7. Equipment

	Equipment	Vehicles	Total
As at January 1, 2019	\$ 108,082	\$ 2,921	\$ 111,003
Depreciation	(4,810)	(313)	(5,123)
As at March 31, 2019	\$ 103,272	\$ 2,608	\$ 105,880

8. Trade Payables and Accrued Liabilities

	March 31, 2019	December 31, 2018
Trade payables	\$ 199,020	\$ 388,226
Due to related parties (Note 11)	395,085	357,347
Accrued liabilities	588,852	720,226
	\$ 1,182,957	\$ 1,465,799

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

8. Trade Payables and Accrued Liabilities (continued)

During the year ended December 31, 2018, the Company entered into an agreement with AMEC for the settlement of the trade liability for \$839,954 included in the accounts payable of the Company's subsidiary, Canariaco.

Pursuant to the agreement, the Company is required to issue 2,638,771 common shares of the Company (issued) and to make a series of payments to AMEC as follows:

	or	
ii)	Immediately upon signing	\$ 50,000
	December 15, 2018	100,000
	June 30, 2019	<u>375,000</u>
		<u>\$525,000</u>

As at March 31, 2019, the Company had paid \$150,000 and issued the 2,638,771 shares for a credit of \$141,750.

9. Share Capital

a. Shares authorized

The Company has an unlimited number of common shares with no par value.

b. Common shares issued

As at March 31, 2019, the Company had 194,830,268 (December 31, 2018 – 180,635,805) common shares issued and outstanding.

In March 2019, the Company completed a private placement financing, issuing 9,550,000 units at CDN\$0.05 per unit for gross proceeds of CDN\$477,500. Each unit consisted of one common share and one half of one common share purchase warrant whereby each whole warrant entitles the holder to purchase an additional common share of the Company at a price of CDN\$0.09 for a period of two years from the date of issuance. Finders' fees of \$2,274 (CDN\$3,000), 168,000 shares with a fair value of \$6,335 (CDN\$8,400) and 84,000 warrants with a fair value of \$1,609 (CDN\$2,134) were issued in connection with the private placement.

On February 25, 2019, the Company issued 2,638,771 common shares to settle debt of \$141,750 in accordance with the debt settlement agreement to settle liabilities owed by the Company's subsidiary, Cañariaco (Note 8). A gain on settlement of payables of \$53,553 was recorded in connection with the issue of the shares.

On February 25, 2019, the Company issued 1,837,692 common shares to Energold Drilling Peru S.A.C. to settle debt of \$98,718 in accordance with a debt settlement agreement entered into on January 11, 2019 to settle trade liabilities owed by the Company's subsidiary, Cañariaco. A gain on settlement of payables of \$37,297 was recorded in connection with the issue of shares.

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

c. Share options

The Company has an incentive share option plan (the "Plan"). Under the Plan, a total of 10% of the Company's outstanding common shares are reserved for the issuance of shares at the discretion of the Board of Directors. The terms of each option award are fixed by the Board of Directors at the time of grant. Share option awards have a maximum term of five years.

The changes in stock options during the period ended March 31, 2019 were as follows:

	Number	Exercise Price (CDN\$)
Balance, December 31, 2018	10,969,500	0.13
Expired	(1,415,000)	0.30
Balance, March 31, 2019	9,554,500	0.11

Total stock-based compensation for the period ended March 31, 2019 was \$35,452 (Period ended March 31, 2018 – \$Nil) relating to the vesting of options.

Stock options outstanding at March 31, 2019 were as follows:

Grant Date	Exercisable		Outstanding		Expiry Date
	Exercise Price (CDN\$)	Number of Options	Exercise Price (CDN\$)	Number of Options	
August 20, 2014	\$0.30	1,219,500	\$0.30	1,219,500	August 20, 2019
November 16, 2015	\$0.05	1,865,000	\$0.05	1,865,000	November 16, 2020
May 20, 2016	\$0.11	3,120,000	\$0.11	3,120,000	May 20, 2026
April 2, 2018	\$0.09	100,000	\$0.09	100,000	April 2, 2023
August 1, 2018	\$0.09	150,000	\$0.09	200,000	August 1, 2023
October 1, 2018	\$0.07	150,000	\$0.07	300,000	October 1, 2023
October 12, 2018	\$0.07	150,000	\$0.07	300,000	October 12, 2023
November 19, 2018	\$0.07	1,225,000	\$0.07	2,450,000	November 19, 2023
Weighted Average	\$0.12	7,979,500	\$0.11	9,554,500	

d. Warrants

The changes in warrants during the period ended March 31, 2019 were as follows:

	Number	Exercise Price (CDN\$)
Balance, December 31, 2018	11,823,552	0.15
Issued	4,859,000	0.09
Expired	(625,000)	0.15
Balance, March 31, 2019	16,057,552	0.14

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

d. Warrants (continued)

Warrants outstanding at March 31, 2019 were as follows:

Expiry Date	Exercise Price	Number of Warrants Outstanding
September 14, 2019	\$0.15	5,790,889
July 29, 2020	\$0.15	5,407,663
January 30, 2021	\$0.09	2,775,000
March 1, 2021	\$0.09	2,084,000
Weighted Average	\$0.14	16,057,552

e. Reserves

Equity settled employee compensation and warrants reserve:

The equity settled employee compensation and warrants reserve comprises stock-based compensation expense and other warrant payments. When stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

Available for sale reserve:

The available for sale reserve records unrealized gains and losses arising on available for sale financial assets except for impairment losses and foreign exchange gains and losses.

Foreign currency reserve:

The foreign currency reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company's reporting currency.

10. Commitments

Community engagement and initiatives

In July 8, 2012, the Company signed a land use agreement with the community of San Juan de Cañaris, by which the community authorized the Company to use the land for exploration purposes for three years. The Company had committed 1,500,000 soles (\$550,000) to fund sustainable development programs subject to specific project approval by a committee formed by the parties. The Company did incur in excess of 1,500,000 soles on community initiatives since July 2012 (more than 6,000,000 soles since 2010) however the committee was not formed in time to approve all of these expenditures. The Company also committed to issue 1,000,000 shares of the Company to the community upon the earlier of the commencement of the construction phase of the Cañariaco Copper Project or the transfer of at least 51% of the Cañariaco Copper Project to a third-party.

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

11. Related Party Disclosure

Key management compensation:

Key management consists of the Company's directors, executive officers and senior management. Compensation includes amounts paid to these individuals and companies they control.

	Three months ended March 31,	
	2019	2018
Salaries and fees	\$ 20,282	\$ 25,223
Share-based payments	29,198	-
	\$ 49,480	\$ 25,223

The Company does not remunerate the directors of the Company unless its market capitalization is greater than \$75 million. During the period ended March 31, 2019, the Company paid \$Nil in directors' fees (Period ended March 31, 2018 - \$Nil).

Included in salaries and fees is \$8,980 (Period ended March 31, 2018 - \$12,176) which was capitalized to unproven mineral right interests.

During the period ended March 31, 2019, a director advanced an additional \$100,000 to the Company for a total owing at March 31, 2019 of \$117,500. The advances are unsecured, non-interest bearing and are due on demand. Advances are included in trade payables and accrued liabilities (Note 8).

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Trade payables and accrued liabilities at March 31, 2019, included \$395,085 due to related parties (December 31, 2018 - \$357,347) (Note 8). Trade and other receivables at March 31, 2019, included \$553,948 (December 31, 2018 - \$549,935) due from Candente Gold Corp., a company with common officers and directors.

12. General and Administrative Expenses

	Three months ended March 31,	
	2019	2018
GENERAL AND ADMINISTRATIVE		
Amortization (Note 7)	\$ 5,123	\$ 6,396
Accounting, audit and tax advisory fees	13,175	17,484
Bank charges and interest	527	914
Legal	15,465	6,441
Management fees, office salaries and benefits (Note 11)	40,381	39,292
Office, rent and miscellaneous	12,625	13,425
Travel and accommodations	38	142
Regulatory and filing fees	9,345	9,048
Share-based payments	35,452	-
Shareholder communications	4,553	16,429
Total general and administrative expenses	\$ 136,684	\$ 109,571

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements

For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

13. Segmented Information

The Company operates in one segment being the exploration of mineral properties in Peru. The Company operates in two geographical areas, being Peru and Canada. All of the Company's non-current assets are located in Peru.

14. Financial risk and capital management

The Company is exposed to certain financial risks in the normal course of its operations:

a. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner. The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecasted liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables, which are either past due or due within the next 12 months and commitments from its current working capital and future sources of equity financing. Liquidity risk is considered to be high.

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. The Company operates internationally and is exposed to risks from foreign currency rates. The functional currencies of the Company's subsidiaries are the United States and Canadian dollars and certain of the subsidiaries' transactions are denominated in Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies. Therefore, the risk is considered minimal.

c. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations.

Cash is deposited in highly rated corporations and the credit risk associated with these deposits is low.

As mentioned in Note 11, \$553,948 of the trade and other receivables balance as at March 31, 2019, is due from Candente Gold Corp, a related party. At March 31, 2019, Candente Gold Corp's assets are in the exploration stage and the Company does not have sufficient cash or cash flows to pay the amount due. Management considers that this receivable is recoverable. However, credit risk associated with this receivable is considered moderate.

The Company also has a receivable of \$222,858 associated with the sale of Minera Candente which is payable over a period of 17 months. Management considers that this receivable is recoverable, and that credit risk associated with this receivable is moderate.

As at March 31, 2019, the Company's maximum exposure to credit risk is the carrying value of its cash and receivables.

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements

For the three months ended March 31, 2019 and 2018 (unaudited)

(Expressed in United States dollars unless otherwise noted)

15. Financial risk and capital management (continued)

d. Capital management

The Company's capital structure is comprised of working capital (current assets minus current liabilities) and equity. The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets.

Capital management is undertaken to safeguard a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met. The total capital being managed by the Company as of the balance sheet dates, March 31, 2019, and December 31, 2018 is as follows:

	As at March 31, 2019	As at December 31, 2018
Total working capital deficiency	\$ (765,792)	\$ (1,184,071)
Total equity	63,309,144	62,793,190
Total capital	\$ 62,543,352	\$ 61,609,119

There were no changes in the Company's approach to capital management during the period and the Company is not subject to any restrictions on its capital.

Fair value hierarchy

The interim condensed consolidated statements of financial position carrying amounts for cash, trade and other receivables and trade payables, approximate fair value due to their short-term nature. The receivable for sale of subsidiary is measured at amortized cost using the effective interest method and approximates fair value.

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and investments fall under Level 1.

There were no transfers between levels during the period.