CANDENTE RESOURCE CORP.

El Oro Property, Mexico

Executive Summary

The El Oro Project:

The El Oro project in Mexico, under option from Luismin (Goldcorp), has produced an estimated 20 million gold equivalent ounces over 50 plus years of operation from extremely rich veins. Drilling by Candente/Canaco in 2007 intersected mineralized structures below the historical workings at El Oro demonstrating that precious metal mineralization continues at depth. Recent petrographic work on the vein intersections indicates positions high in an epithermal gold-silver system and excellent potential for additional gold-silver ore shoots below past production levels.

Luisman (1992) estimated that the El Oro Mining Company portion of the San Rafael vein hosts an in situ mineral resource of 6.89 million tonnes grading 3.44 gpt gold and 44 gpt silver containing approximately 760,000 ounces of gold and 9,750,000 ounces of silver adjacent to and within the old workings. This is an historical resource and is not compliant with NI 43-101 Standards for Disclosure. According to Luisman documentation, the El Oro Mining portion represents only 40% of the historic San Rafael vein workings. Taking into consideration all of the old workings, Luisman estimated a total remaining in situ resource of 17 million tonnes of 3-4 g/t gold and 40-60 g/t silver (non NI 43-101 compliant) within the old workings of the San Rafael Vein.

Candente management believes an excellent potential also exists for discovery of parallel vein systems in a previously undrilled area at El Oro.

Three Types of Targets:

1- Re-assess existing historical resource for production potential
2- Extension of known vein systems along strike and at depth
3- Discovery of new parallel vein systems in previously undrilled area

Location:

El Oro town, Mexico, 120 kms northwest of Mexico City. Road accessible by paved highway.

Ownership:

The property is under option from Luismin, a subsidiary of Goldcorp Inc., by Minera CCM S.A., (CCM) which is held by Candente Resource Corp. and Canaco Resources Inc. (50%/50%). The option agreement gives CCM the right

to earn up to a seventy percent (70%) interest in all of the 24 El Oro mining concessions by spending US$10M over 5 years. Goldcorp has a one time option to stay at 30%, dilute to a 6.5% NPI or earn-back 40% to 70% by spending US$25M on exploration and development within 4 years.

Background:

The El Oro mine is one of the most significant old gold and silver mines in Mexico. The project offers potential for the development of the existing resource, and offers excellent potential for both the extension to depth and along strike of the four previously mined gold-silver vein systems and discovery of new parallel gold-silver vein systems in a previously undrilled area.

The property is located 120 km northwest of Mexico City in the States of Mexico and Michoacan at elevations from 2200 m to 3,000 m and is easily accessible by paved roadway. The property is comprised of 24 mining claims covering 14,950ha.

Most of the historic gold and silver production in the El Oro camp was derived from four main vein systems:

- San Rafael
- Verde
- Coronas and
- Borda.

These veins strike north-northwesterly ("NNW") and are steeply dipping. The larger San Rafael and Verde vein systems are completely covered by the Tertiary volcanics and were discovered by cross-cutting exploration drifts starting from the outcropping Descubridora vein. The smaller Borda and Coronas vein systems crop out only in a few locations.

San Rafael System

San Rafael produced *over 5M gold equivalent oz at an average grade of 10 gpt gold and 120 gpt silver.* The San Rafael vein was the largest vein in the district with an average thickness of 10 m and maximum thickness of 70 m. San Rafael was mined over a 3 km strike length and to a maximum depth of 330 m below surface.

Verde System

The Verde vein system was mined over a 2.5 km strike length, had average vein thicknesses of 5-10 m and produced over *3M gold equivalent oz with an average*

production grade of 12 gpt Au and 160 gpt Ag. The main vein was mined to a maximum depth of 250 m from surface.

Borda and Coronas System

The Borda and Coronas vein systems average 1.0-2.0 m in thicknesses and were estimated to have *produced 10 M gold equivalent oz*. The Borda vein was mined to a maximum depth of 150 m from surface and the Coronas vein to a maximum depth of 190 m from surface. The Borda-Corona veins had a higher Ag:Au ratio than the Verde and San Rafael veins.

Oriente Zone

The Oriente zone has significant potential to host parallel vein systems to the east of existing El Oro vein systems. It has had no mining, is under explored and is largely covered by younger Tertiary volcanic rocks, which mask favorable Cretaceous meta-sedimentary host rocks and potential vein systems. Exposures of Cretaceous meta-volcanic rocks, which typically overlie the favourable Cretaceaous meta-sediments have been found. Geophysical surveys have generated strong linear signatures that parallel the existing El Oro vein structures. These geophysical signatures are believed to represent structures which could host another set of veins parallel to the known mineralized systems.

Historical Mining Operations

Mining in the El Oro camp began in 1904 and was stopped in 1938 due to water problems and a tailings dam collapse. At that time the mines were sold to a consortium managed by the miners, unions and government, and smaller scale mining operations restricted to recovering pillars and remaining known ore shoots continued until 1958. The combined production from the four main El Oro vein systems was approximately 20 million gold equivalent ounces.

Historical Resource Estimate – San Rafael Vein

In 1992 Mexican mining company Minera Mexico Michoacan, S.A. de C.V. SANLUIS (Luisman) completed an extensive assessment of historical El Oro Mining Company mine records including a review of 2 metre mine level plans with gold and silver grades, sections and production documentation. Based on this work Luisman estimated that the El Oro Mining portion of the San Rafael vein hosts an in situ mineral resource of 6.89 million tonnes grading 3.44 gpt gold and 44 gpt silver containing approximately 760,000 ounces of gold and 9,750,000 ounces of silver adjacent to and within the old workings. In 1993 Luisman-Hillsborough re-evaluated the resource and completed eight diamond drill holes over a strike length of 1 kilometre to assess the reliability of the resource estimate. Gold and silver grades obtained from this drilling

confirmed the grade estimates for the in situ vein material presented in the 1992 Luisman resource estimate.

The Luisman estimate for the EL Oro Mining portion of the San Rafael vein is presented below:

Category	Tonnes	Gold g/t	Silver g/t
Positive	2,625,218	3.44	44
Probable	1,763,402	3.44	44
Potential	2,500,000	3.44	44
TOTAL	**6,888,620**	**3.44**	**44**

According to Luisman documentation, the El Oro Mining company workings assessed in the development of the historic resource estimate represents only 40% of the entire San Rafael vein workings. Other portions of the San Rafael vein were worked by two other mining companies. Based on its assessment of El Oro workings, and taking into consideration the old workings of all three of the mining companies, Luisman's total historic estimate of remaining in situ resource is 17 million tonnes with grades of 3-4 g/t gold and 40-60 g/t silver (non NI 43-101 compliant) adjacent to and within the old workings of the San Rafael Vein.

Candente has not verified the Luismin historic resource estimation and cautions readers that the positive, probable and potential categories presented in the 1992 historic mineral resource estimate by Luisman are not compliant with NI 43-101 Standards for Disclosure of mineral resource estimates as they differ from the measured, indicated and inferred categories set out in NI 43-101. This historic resource estimate does not represent a current mineral resource. A qualified person, as defined by NI 43-101, has not done sufficient work to classify the historic mineral resource estimate as current and the historic estimate should not be relied upon.

Geology

The El Oro property is located in the east-west trending Trans-Mexican volcanic belt in the central part of Mexico. The property is underlain by Cretaceous meta-andesite volcanics and metasedimentary rocks overlain by Tertiary and Quaternary andesitic flows and tuffs. Gold-silver mineralization in the El Oro property is in quartz-carbonate veins controlled by strong NNW-trending structures that dip steeply at 65 and 80 degrees to the east in the west half of the El Oro camp and to the west in the east side half of the camp. The productive parts of the San Rafael and Verde vein systems are hosted in intercalated Cretaceous meta-sedimentary-and meta-volcanic rocks. The Cretaceous host rocks and contained vein systems are capped by slightly younger, generally barren Cretaceous meta-andesite volcanics which appear to thicken to the east.

The productive parts of the main vein systems extend locally vertically into these slightly younger capping Cretaceous volcanics, but generally become uneconomic within tens of meters of the contact. Alteration and thin barren quartz-calcite veinlets or stockworks of veinlets may extend as leakage zones for some distance upwards into the capping slightly younger Cretaceous andesite rocks.

Previous Exploration

Previous exploration on the El Oro property prior to Minera CCM's option included mapping, drilling, Induced Polarization (IP) and Controlled Source Audio Magnetic Telluric (CSAMT) geophysical surveys and very limited soil and rock geochemical sampling.

Work by Minera CCM in 2007 and 2008 included eleven diamond drill holes, approximately 40 km of Natural Source Audio-Frequency Magneto Telluric geophysical surveys (NSAMT) and surface geochemical sampling and mapping.

The Minera CCM drilling focused on extending the four main gold-silver-bearing veins at depth below historical workings. Of the eleven holes drilled three were lost and eight intersected the down-dip extensions of the San Rafael, Verde, Borda, and Coronas vein below levels previously mined or drilled. Drill intersections graded up to 13.65g/t gold over a length of 0.35m and 1330g/t silver over a length of 3.05m plus several thick zones of mineralization including 21.28m @ 47.51g/t silver.

Drill Intersection highlights from Candente's 2007 program include:

From (m)	To (m)	Length (m)	True Width (m)	Au gpt	Ag gpt
Nolan Vein – Drill Hole VSR-07-02					
386.85	392.45	5.6	3.98	0.09	726
including		3.05	2.17	0.06	1330
San Rafael Vein – Drill Hole VSR-07-02					
666.35	673.55	7.2	5.12	4.05	4.90
including		2.90	2.06	9.27	8.13
Verde Vein System– Drill Hole VV-07-01					
288.20	322.15	33.95	21.28	0.20	45.4
387.80	420.40	32.6	20.43	0.08	12.1
Borda Vein– Drill Hole VB-07-01					
57.65	58.95	1.3	0.92	0.07	80.9
Coronas Vein System– VCR-07-01					

49.05	51.00	1.95	1.40	0.75	277
223.20	228.15	4.95	3.52	0.45	42.1
268.80	270.85	2.05	1.50	3.67	60.3

The NSAMT survey focused on identification of new parallel structures within the Orient zone. Five test lines of NSAMT were initially run over the San Rafael and Borda-Corona veins. These two vein structures were successfully detected confirming that NSAMT was the appropriate type of survey to detect sub-vertical structures that may host vein systems.

Mineralogy and Petrography

Au-Ag mineralization is associated with low-sulphidation epithermal textures including drusy, crustiform-colloform, lattice bladed, bladed and vuggy quartz and carbonate in quartz, crystalline quartz and chalcedonic quartz with lattice bladed, bladed and crystalline calcite vein material. Locally amethyst, minor arsenopyrite, trace base metals (galena, sphalerite, chalcopyrite, covellite, chalcocite and acanthite) and trace to minor pyrite were observed. The important implication of the mineral assemblage that includes bladed calcite-quartz textures, local amethyst minerals and a lack of base metals, is that the 2007 drilling intercepts are vertically high in a large epithermal system and above expected gold and silver zones.

This concept is supported by the findings of an independent petrographic study and fluid inclusion work by Kathryn Dunn. Her study on 16 samples of vein material intersected from our drilling indicated 12 of the 16 vein samples are situated at or above the boiling level and only 4 samples are situated at or below it. This conclusion was derived by comparing textures and minerology in the 16 samples from down dip extension of the main veins with models for zoning of textures, alteration, ore and gangue mineralogy in typical boiling zone epithermal veins.

Large epithermal systems are multi-stage and multi-zone systems. Known models for these systems include mineralized zones above and below the boiling point therefore having an indication of the level at which exploration drilling intercepts are within the epithermal system is very important in developing targets for drilling. The fluid inclusion data support the possibility of deeper mineralized zones.

Oriente Area

The Oriente area has the potential to host parallel gold and silver bearing vein systems to the east of the El Oro vein systems. It has had no mining, is under explored and is largely covered by younger Tertiary volcanic rocks which mask

favorable Cretaceous meta-sedimentary host rocks and potential vein systems. Several exposures of Cretaceous meta-volcanic rocks which typically overlie the favourable Cretaceaous meta-sediments have been found in windows within the younger Tertiary rock cover and some of these Cretaceous volcanics exhibit chlorite and epidote alteration and areas of 1-3 cm thick quartz-calcite veins and/or stockwork zones. These altered volcanics and veins are interpreted to represent areas of leekage above underlying El Oro type Au-Ag vein systems hosted in the underlying Cretaceous meta-sedimentary rocks. These quartz-calcite veins and stockworks are particularly well developed in the Andreas creek valley near the Andreas vein.

Thirty-six km of NSAMT geophysical surveys in the Oriente area (east of the San Rafael vein) by Candente indentified several resistive linear signatures trending NNW and extending over several kilometers in strike length. These linear signatures are interpreted to represent fault structures that could host El Oro-type vein systems. In addition, the NSAMT results distinquished the generally flat-lying younger Tertiary rocks and the older Cretaceous meta-volcanic and meta-sedimentary stratigraphy in the Oriente area which allows estimations of depth from surface to the targeted favourable Cretaceous meta-sedimentary stratigraphy. The NSAMT survey also identified areas of vertical faulting in the Oriente area where Tertiary and Cretaceous stratigraphy have been moved vertically in several areas by younger faults.

Silt samples collected from creeks draining the central part of the Oriente area returned values up to 90 ppb Au and soil samples obtained near the Andrea vein area returned up to 82 ppb Au.

Recommended Program

The El Oro project offers three very compelling objectives for further assessment and exploration.

1 – Assessment of historical resource for development potential

2 – Extension of existing vein systems (laterally and to depth)

3 – Exploration in new Oriente area for parallel vein systems (Oriente zone)

Existing Veins

The possibility of large gold-silver vein systems at depth is a very compelling exploration target and drilling several hundred meters below the deepest holes to date is strongly recommended.

San Rafael

The San Rafael vein should be further drill tested below old workings both along strike to the north of, and 100-200 m below, the Au-Ag intersection in Minera CCM drill hole VSR-07-03.

Verde

The Verde vein should be drill tested 100-200 m below the significant Au-Ag intersections in Minera CCM drill holes VV-07-01 & VV-07-02 and further along strike to the north.

Coronas

The Coronas vein should be drill tested below old workings both along strike to the south of, and 100-200 m below, the Au-Ag intersection within Minera CCM drill hole VCR-07-01.

Oriente

The Orient area is a particulary exciting target due to the potential for discovery of a completely new vein system. In the Oriente area it is recommended that drilling be conducted to test the defined NSAMT linear resistivity anomalies and several areas of altered Cretaceous meta-volcanics with quartz-calcite veining, particularly along the Andreas valley. Based on the NSAMT data, these drill holes should be aligned to intersect the vertical projection of the targeted linear structures at depths where they are projected to be hosted by favourable Cretaceous meta-sediments.

Underground Development

Underground development would enable sampling and assessment of the historical resources that remain within the old El Oro workings. An evaluation could then be made to assess the potential to resume underground mining of the remaining resources.

Furthermore, underground development may facilitate access to underground drill sites that would permit easier and lower cost drilling of deep targets below the old El Oro workings.

The gold and silver grades in these types of vein systems are often erratic and as such it can be difficult to get accurate tonnes and grade estimates based on drilling alone. If drilling is successful in identifying significant areas of Au-Ag mineralization then an underground development program would be warranted to further evaluate the areas of mineralization and raise the level of confidence in gold and silver grade estimates.

Cost

The initial exploration program for surface based drilling in the El Oro and Oriente areas is estimated to cost between US$2 to US$3 million. This would include drilling of approximately 10,000 meters in 10-15 holes, plus home office and field operations directly related to the exploration program. This program could be carried out in separate phases according to the earn-in schedule which provides for expenditures of US$800,000 by November 30, 2009 and an additional US$2.5 million by November 30, 2010.