Candente Copper Corp.
Interim Condensed Consolidated Financial Statements
For the nine months ended September 30, 2016 and 2015
(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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Candente Copper Corp.
Interim condensed consolidated statements of financial position
As at September 30, 2016 and December 31, 2015 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Notes		September 30, 2016	December 31, 2015
Assets				
Current assets				
Cash		$	**606,701**	115,257
Prepaid expenses and deposits			**6,204**	7,301
Total current assets			**612,905**	122,558
Non-current assets				
Trade and other receivables	10		**637,325**	611,092
Investments	4		**78,743**	80,005
Unproven mineral right interests	5		**65,096,095**	64,947,013
Equipment	6		**201,802**	239,434
Total non-current assets			**66,013,965**	65,877,544
Total assets		$	**66,626,870**	66,000,102
Liabilities				
Current liabilities				
Trade payables and accrued liabilities	7, 10	$	**1,904,947**	2,453,475
Total current liabilities			**1,904,947**	2,453,475
Equity				
Share capital	8		**82,880,385**	82,105,922
Reserves	8		**13,046,293**	12,594,310
Accumulated deficit			**(31,204,755)**	(31,153,605)
Total equity			**64,721,923**	63,546,627
Total liabilities and equity		$	**66,626,870**	66,000,102

General information and going concern (Note 1)

Commitment (Note 9)

Subsequent event (Note 15)

Approved on behalf of the Board of Directors on November 13, 2016

(signed) Andres Milla — **(signed) Paul Barry**

Director — **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 and nine months ended September 30, 2016 and 2015 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Notes	Three month ended		Nine month ended	
		September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Expenses					
General and administrative expenses	**11**	**169,829**	106,805	**$ 640,934**	$ 597,023
Other expenses					
Realized loss on investment	**4**	**-**	-	**7,882**	-
Gain on forgiveness payable	**7**	**(2,672)**	-	**(430,158)**	-
Loss (gain) on foreign exchange		**95,991**	95,258	**(165,029)**	342,487
Interest and other income		**(2,479)**	-	**(2,479)**	(18,655)
Net loss		**260,669**	202,063	**51,150**	920,855
Other comprehensive loss					
Item that will not be reclassified to profit or loss:					
Change in available for sale assets		**-**	6,669	**-**	90,480
		-	6,669	**-**	90,480
Comprehensive loss		**$ 260,669**	$ 208,732	**$ 51,150**	$ 1,011,335
Loss per share attributable to shareholders					
Basic and diluted		**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.01)
Weighted average number of common shares outstanding: basic and diluted		**160,422,076**	151,718,310	**154,640,742**	147,631,554

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 nine months ended September 30, 2016 and 2015 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Share Capital		Reserves				
	Total common shares	Share capital	Equity settled employee compensation and warrants	Foreign currency	Total reserves	Deficit	Total
Balance at January 1, 2016	**151,718,310**	**$ 82,105,922**	**$ 13,023,531**	**$ (429,221)**	**$ 12,594,310**	**$ (31,153,605)**	**$ 63,546,627**
Common shares issued for financing net of issue costs, (Note 8)	**11,926,440**	**773,515**	**-**	**-**	**-**	**-**	**773,515**
Stock options exercised for cash	**25,000**	**948**	**-**	**-**	**-**	**-**	**948**
Share-based payment, (Note 8)	**-**	**-**	**309,732**	**-**	**309,732**	**-**	**309,732**
Net loss	**-**	**-**	**-**	**-**	**-**	**(51,150)**	**(51,150)**
Cumulative translation adjustment	**-**	**-**	**-**	**142,251**	**142,251**	**-**	**142,251**
Balance as at September 30, 2016	**163,669,750**	**$ 82,880,385**	**$ 13,333,263**	**$ (286,970)**	**$ 13,046,293**	**$ (31,204,755)**	**$ 64,721,923**

	Share Capital		Reserves				
	Total common shares	Share capital	Equity settled employee compensation and warrants	Foreign currency reserve	Total reserves	Deficit	Total
Balance at January 1, 2015	143,384,980	$ 81,532,520	$ 12,816,453	$ (444,315)	$ 12,372,138	$ (29,584,990)	$ 64,319,668
Common shares issued for financing net of issue costs	8,333,330	573,402	6,596	-	6,596	-	579,998
Share-based payment	-	-	152,085	-	152,085	-	152,085
Net loss	-	-	-	-	-	(1,011,335)	(1,011,335)
Cumulative translation adjustment	-	-	-	(27,722)	(27,722)	-	(27,722)
Balance as at September 30, 2015	151,718,310	$ 82,105,922	$ 12,975,134	$ (472,037)	$ 12,503,097	$ (30,596,325)	$ 64,012,694

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 nine months ended September 30, 2016 and 2015 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Notes		Nine months ended September 30, 2016		September 30, 2015
Cash provided by (used in):					
Loss for the period		$	(51,150)	$	(1,011,335)
Items not affecting cash:					
Amortization			36,931		37,824
Share-based payment			309,732		152,085
Gain on currency exchange			-		632,865
Gain on forgiveness of debt	10		(430,158)		-
Impairment of investment			-		90,480
Changes in non-cash working capital items:					-
Decrease (increase) in amounts receivable			(7,078)		130,605
Decrease (increase) in prepaid expenses and deposits			1,097		53,044
Increase in accounts payable and accrued liabilities			21,022		31,012
Net cash provided by (used in) operating activities			(119,604)		116,580
Investing					
Addition to unproven mineral rights interests			(280,130)		(579,111)
Proceeds from option payment			200,000		-
Changes in value added taxes paid			(27,933)		-
Net cash in investing activities			(108,063)		(579,111)
Financing					
Issuance of common shares for cash			774,463		579,998
Loan payable			-		38,256
Net cash provided by financing activities			774,463		618,254
Effect of exchange rate changes on cash			(55,352)		164,762
Net change in cash			491,444		320,485
Cash at beginning of period			115,257		30,126
Cash at end of period		$	606,701	$	350,611

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

(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 September 30, 2016 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
Minera Candente Peru 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 November 13, 2016**.**

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 nine months ended September 30, 2016, and 2015, the Company incurred operating loss of $51,150 and a loss of $920,855 respectively, and as at September 30, 2016, the Company had $31.20 million in cumulative losses since inception and current liabilities exceed current assets by $1.3 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 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.

(Expressed in United States dollars unless otherwise noted)

2. Statement of Compliance and Basis of Presentation

These condensed consolidated interim 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 condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2015, which have been prepared in accordance with IFRS issued by the IASB.

3. Significant Accounting Policies

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended December 31, 2015. The disclosure contained in these interim condensed consolidated financial statements does not include all the requirements in IAS 1 Presentation of Financial Statements ("IAS 1"). Accordingly these interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2015.

The accounting policies below have been applied consistently to all periods presented in these interim condensed consolidated financial statements.

4. Investments

Investments include the following as at September 30, 2016:

	Cost	**As at September 30, 2016**	As at December 31, 2015
		Fair Values	
Candente Gold Corp.	**$ 1,909,094**	**$ 78,743**	$ 80,005

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests

As of September 30, 2016, the Company's mineral properties consist of the following:

Cañariaco Property, located in Lambayeque, Peru	Balance as at January 1, 2016	Mining property expenditures	**Balance as at September 30, 2016**
Mineral rights acquisition and surface access	$ 1,547,161	$ 112,266	$ **1,659,427**
Community engagement and initiatives	4,364,604	19,969	**4,384,573**
Drilling	9,759,018	8,142	**9,767,160**
Environmental health and safety	1,313,559	-	**1,313,559**
Exploration	9,781,303	37,264	**9,818,567**
Feasibility study	10,884,797	-	**10,884,797**
Project field support and administration	22,318,322	134,910	**22,453,232**
Royalty payment received	(500,000)	-	**(500,000)**
Option payments received	-	(200,000)	**(200,000)**
	59,468,764	112,551	**59,581,315**
Cobriza Metals Peruvian properties			
Mineral rights acquisition and surface access	1,152,160	-	**1,152,160**
Concession and surface right acquisition costs	157,912	-	**157,912**
Option payments received	(50,000)	-	**(50,000)**
Community engagement and initiatives	977	-	**977**
Environmental health and safety	15,785	-	**15,785**
Exploration	93,972	-	**93,972**
Project management and field support	29,108	8,598	**37,706**
	1,399,914	8,598	**1,408,512**
Total mineral properties before value-added tax credit	60,868,678	121,149	**60,989,827**
Value-added tax credit *	4,078,335	27,933	**4,106,268**
Total mineral properties	$ 64,947,013	$ 149,082	$ **65,096,095**

In March 2016, Compañia Minera Zahena S.A.C. ("Zahena") completed an option payment of $200,000 as required by the terms of the Joint Venture agreement dated November 28, 2013, to Cobriza Metals Inc., a wholly owned subsidiary of the Company. In addition, the Company granted Zahena a one-year extension of the period to complete the minimum drilling requirement under the Joint Venture agreement.

*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.

(Expressed in United States dollars unless otherwise noted)

6. Equipment

		Equipment		Vehicles		Leaseholds		Total
As at January 1, 2016	**$**	**233,425**	**$**	**4,416**	**$**	**1,563**	**$**	**239,434**
Additions		(33,321)		(2,748)		(1,563)		(37,632)
As at September 30, 2016	**$**	**200,104**	**$**	**1,668**	**$**	**-**	**$**	**201,802**

7. Trade Payables and Accrued Liabilities

		September 30, 2016		December 31, 2015
Trade payables	$	780,617	$	1,104,672
Due to related parties (Note 10)		386,863		656,623
Accrued liabilities		689,588		667,180
Loan payable * (Note 10)		47,879		25,000
	$	1,904,947	$	2,453,475

*During the nine month period ended September 30, 2016, three directors made an additional $75,000 loan to the Company, a total of which $50,000 were converted in the private placement (see note 8).

8. Share Capital

a. Shares authorized

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

b. Common share issues

As at September 30, 2016, the Company had 163,669,750 (December 31, 2015 – 151,713,310) common shares issued and outstanding.

On July 29, 2016, the Company closed an oversubscribed non-brokered private placement. The Company raised CDN$1,073,380 through the issuance of 11,926,440 units ("Units") at a price of CDN$0.09 per Unit. Each Unit comprises one common share of the Company and one-half of a share purchase warrant, with each whole share purchase warrant being exercisable for 2 years to purchase an additional common share at a price of CDN$0.15 per share, subject to an acceleration provision. If at any time after November 30th, 2016, the Company's common shares have a closing price on the TSX Exchange at or above a price of CDN$0.30 per share for a period of 10 consecutive trading days, the Company may give notice by News Release that expiration of the warrants will be accelerated to 40 days from the date of providing such notice. All shares will be subject to a four month hold period. Director loans in the amount of CDN$100,000 were used towards this non-brokered private placement (see Note 10.b Related Party Disclosures).

In addition, 25,000 stock options were exercised for cash proceeds of CDN$1,250.

(Expressed in United States dollars unless otherwise noted)

8. Share Capital

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, is fixed by the Board of Directors at the time of grant. Share option awards have a maximum term of five years.

On May 20, 2016, the Company issued 4,220,000 incentive stock options to key members of the Company at an exercise price of CDN$0.11 per share and exercisable for ten years.

The changes in stock options were as follows:

	Number of options	Weighted average exercise price (CDN$)
Options outstanding, January 1, 2015	11,795,875	$0.54
Options granted	3,700,000	$0.05
Options forfeited	(480,000)	$0.57
Options expired	(2,559,700)	$0.52
Options outstanding, December 31, 2015	12,456,175	$0.40
Options granted	4,220,000	$0.11
Options exercised	(25,000)	$0.05
Options forfeited	(832,500)	$0.39
Options expired	(962,500)	$1.64
September 30, 2016	**14,856,175**	**$0.20**

	Exercisable		Outstanding		
Grant Date	**Exercise Price (CDN$)**	**Number of Options**	**Exercise Price (CDN$)**	**Number of Options**	**Expiry Date**
September 11, 2013	$0.50	431,675	$0.50	431,675	February 27, 2017
June 25, 2012	$0.60	100,000	$0.60	100,000	June 25, 2017
January 7, 2013	$0.60	675,000	$0.60	675,000	January 7, 2018
September 5, 2013	$0.30	2,570,000	$0.30	2,570,000	September 5, 2018
January 21, 2014	$0.30	200,000	$0.30	200,000	January 21, 2019
January 23, 2014	$0.30	1,615,000	$0.30	1,615,000	January 23, 2019
August 20, 2014	$0.30	1,369,500	$0.30	1,369,500	August 20, 2019
November 16, 2015	$0.05	3,675,000	$0.05	3,675,000	November 16, 2020
May 20, 2016	$0.11	4,220,000	$0.11	4,220,000	May 20, 2026
Weighted Average	$0.20	14,856,175	$0.20	14,856,175	

(Expressed in United States dollars unless otherwise noted)

8. Share capital (continued)

The Company used the Black-Scholes option-pricing model under the following weighted average assumptions and recorded total stock based compensation for the nine month period ended September 30, 2016, and 2015, of $309,732 and $152,085 respectively:

	Nine months ended	
	September 30, 2016	September 30, 2015
Dividend yield	0%	0%
Risk-free interest rate	1.35%	1.32%
Volatility range	84.22%	78.82%
Expected life	10 years	2.55 years
Forfeiture rate	0%	2.28%

d. Warrants

	Number of Warrants	**Weighted Average Exercise Price**
Warrants Outstanding, January 1, 2014	4,968,944	CDN$0.25
Issued	4,441,622	CDN$0.15
Warrants Outstanding, December 31, 2015	9,410,566	CDN$0.20
Issued	5,963,220	CDN$0.15
Warrants expired	(4,968,944)	CDN$0.25
Warrants Outstanding, September 30, 2016	10,404,842	CDN$0.15

c. Reserves

Equity settled employee compensation and warrants reserve:

The equity settled employee compensation and warrants reserve recognized as stock-based compensation expense and other warrant payments. At the time that the 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 on monetary items.

Foreign currency reserve:

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

(Expressed in United States dollars unless otherwise noted)

9. 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. The Company had committed $550,000 (approximately $400,000 is to be negotiated against other community expenditures) to fund sustainable development programs subject to specific project approval by the parties. 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.

10. Related Party Disclosures

The Company's related parties consist of companies owned by executive officers and directors and Companies with common officers and directors. The following is a list of the related parties that the Company enters into trading transactions with:

- Ridley Rocks Inc. – Management and exploration fees;
- SW Project Management – President, project management and engineering fees;
- Michael Thicke Geological Consulting Inc. – Exploration fees; and
- Candente Gold Corp. – Shared expenses with a Company related by common directors and management.

a. Related party transactions

The Company incurred the following fees and expenses and mineral property costs in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount that is determined on a cost recovery basis.

	Nine months ended	
	September 30, 2016	September 30, 2015
Salaries and fees and project management	**$ 123,740**	$ 254,130
Share-based payments	**304,924**	80,587
	$ 428,664	$ 334,717

Share-based payments are the fair value of options expensed to directors and key management personnel during the year.

The Company does not remunerate the directors of the Company unless its market capitalization is greater than $75 million. In 2016, the Company paid $nil in directors' fees (2015 - $nil).

(Expressed in United States dollars unless otherwise noted)

10. Related Party Disclosure (continued)

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Trade payables and accrued liabilities at September 30, 2016, included $386,863 due to related parties (December 31, 2015 – $666,412). During the nine month period ended September 30, 2016, the President, CEO, and VP Exploration forgave fees owed to them in the amount of $430,158. Trade and other receivables at September 30, 2016, included $605,466 (December 31, 2015 - $598,040) due from Candente Gold Corp., a company with common officers and directors.

b. Loan payable

During the nine month period Directors loaned an additional amount of $75,000.

Director loans in the amount of CDN$100,000 were converted into shares in the July 29, 2016, non-brokered private placement (See note 8).

11. General and Administrative Expenses

Included in the general and administrative expenses are the following:

	Three months ended		Nine months ended	
	September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
GENERAL AND ADMINISTRATIVE				
Amortization	**$ 12,290**	$ 11,696	**$ 36,931**	$ 37,824
Audit and tax advisory fees	**17,305**	(544)	**56,661**	27,306
Bank charges and interest	**979**	542	**2,387**	3,391
Consulting	**-**	9,370	**-**	43,062
Legal	**2,016**	(60)	**8,020**	4,942
Management fees, office salaries and benefits	**77,086**	34,140	**127,008**	198,456
Office, rent and miscellaneous	**15,705**	15,353	**42,010**	73,321
Travel and accommodations	**1,224**	1,883	**2,743**	11,574
Regulatory and filing fees	**9,706**	1,058	**30,190**	32,242
Shareholder communications	**22,880**	1,174	**25,252**	12,820
Share-based payment	**10,638**	32,193	**309,732**	152,085
Total general and administrative expenses	**169,829**	106,805	**640,934**	597,023

12. 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.

(Expressed in United States dollars unless otherwise noted)

13. 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 forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital and future sources of equity financing. Liquidity risk is considered to be high.

Maturity analysis of financial instruments

Financial liabilities	**Carrying amount**	**2016**	**2017**	**2018**	**2019**
Trade payables and accrued liabilities	$ 1,904,947	$ 1,904,947	$ -	$ -	$ -

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a 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 currency of the Company's subsidiaries is the United States and Canadian dollars and some 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. Credit risk arises from cash and trade and other receivables.

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

Historical levels of receivable defaults are negligible, thus the credit risk associated with trade receivables is considered to be low. As mentioned in Note 10, $605,466 of the trade receivable balance as at September 30, 2016, is due from Candente Gold Corp., a related party.

As at September 30, 2016, the Company's maximum exposure to credit risk is the carrying value of its cash and trade and other receivables.

(Expressed in United States dollars unless otherwise noted)

14. 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 the 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 ensure 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, September 30, 2016, and December 31, 2015, is as follows:

		As at September 30, 2016		As at December 31, 2015
Total working capital deficiency	**$**	**(1,292,042)**	$	(2,330,971)
Total equity		**64,721,923**		63,546,627
Total capital	**$**	**63,429,881**	$	61,215,656

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

Fair value hierarchy

The 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 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).

(Expressed in United States dollars unless otherwise noted)

14. Financial risk and capital management (continued)

Fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
Assets				
Cash	$ 606,701	$ -	$ -	$ 606,701
Investments	78,743	-	-	78,743
Total	$ 685,444	$ -	$ -	$ 685,444

There were no transfers between levels during the period.

15. Subsequent event

Exploration drilling by Zahena has commenced diamond drilling on Candente's Arikepay copper-gold porphyry project, located in southern Peru. As of the date of this MD&A, drilling is in progress and no results have yet been received by the Company. Zahena can earn a 75% interest in Arikepay by making $5 million in exploration expenditures and $4 million in payments to the Company within 4 years ("First Option"), as a result, payments of $750,000, $1,000,000 and $2,000,000 are due on March 13 of 2017, 2018, and 2019, respectively.