Candente Copper Corp.
Interim Condensed Consolidated Financial Statements
For the six months ended June 30, 2018 and 2017
(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 June 30, 2018 and December 31, 2017 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Notes		June 30, 2018		December 31, 2017
Assets					
Current assets					
Cash		$	**12,702**	$	392,453
Receivable for sale of a subsidiary	**4**		**407,926**		406,478
Prepaid expenses and deposits			**16,595**		5,224
Total current assets			**437,223**		804,155
Non-current assets					
Trade and other receivables	**11**		**602,053**		617,773
Receivable for sale of a subsidiary			**-**		165,976
Investments	**5**		**147,155**		132,396
Unproven mineral right interests	**6**		**63,082,213**		62,790,239
Equipment	**7**		**123,679**		137,651
Total non-current assets			**63,955,100**		63,844,035
Total assets		$	**64,392,323**	$	64,648,190
Liabilities					
Current liabilities					
Trade payables and accrued liabilities	**8,11**	$	**1,402,494**	$	1,645,776
Total current liabilities			**1,402,494**		1,645,776
Equity					
Share capital	**9**		**83,999,029**		83,941,785
Obligation to issue shares	**9**		**66,506**		-
Reserves	**9**		**12,906,283**		12,971,902
Accumulated deficit			**(33,981,989)**		(33,911,273)
Total equity			**62,989,829**		63,002,414
Total liabilities and equity		$	**64,392,323**	$	64,648,190

General information and going concern (Note 1)

Commitments (Note 10)

Approved on behalf of the Board of Directors on August 14, 2018

(signed) Andres Milla | **(signed) George Elliott**

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 six months ended June 30, 2018 and 2017 (unaudited)
(Expressed in United States dollars unless otherwise noted)

		Three months ended June 30,		Six months ended June 30,	
	Notes	**2018**	2017	**2018**	2017
Expenses					
General and administrative expenses	**12**	**$ 103,002**	$ 112,401	**$ 212,573**	$ 213,667
Other expenses					
Gain on settlement of payable	**9**	**780**	-	**(73,568)**	-
Gain on forgiveness of payable	**11**	**149**	-	**(14,083)**	-
Revaluation gain on discounted receivable	**4**	**91**	-	**(8,593)**	-
(Gain) loss on foreign exchange		**4,048**	(387)	**3,771**	(121,824)
Interest income	**4**	**(21,588)**	-	**(49,384)**	-
Net loss		**86,482**	112,014	**70,716**	91,843
Other comprehensive (income) loss					
Items that will not be reclassified to profit or loss:					
Change in fair value of investment		**(39,811)**	-	**(14,759)**	-
Exchange difference on translation of parent		**47,630**	(14,274)	**80,378**	13,197
		7,819	(14,274)	**65,619**	13,197
Comprehensive loss		**$ 94,301**	$ 97,740	**$ 136,335**	$ 105,040
Earnings per share attributable to shareholders: basic and diluted		**$ (0.00)**	$ (0.00)	**$ (0.00)**	$ (0.00)
Weighted average number of common shares outstanding: basic and diluted		**178,924,820**	166,119,750	**178,689,051**	165,760,634

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 six months ended June 30, 2018 and 2017 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Share Capital			Reserves					
	Total common shares	Share capital	Obligation to Issue Shares	Equity settled employee compensation and warrants	Foreign currency	Available for sale assets	Total reserves	Deficit	Total
Balance at January 1, 2018	**178,201,530**	**$ 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**
Funds received in advance of share issuance	**-**	**-**	**66,506**	**-**	**-**	**-**	**-**	**-**	**66,506**
Share issuance costs	**-**	**(4,667)**	**-**	**-**	**-**	**-**	**-**	**-**	**(4,667)**
Net loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(70,716)**	**(70,716)**
Change in fair value of investment	**-**	**-**	**-**	**-**	**-**	**14,759**	**14,759**	**-**	**14,759**
Cumulative translation adjustment	**-**	**-**	**-**	**-**	**(80,378)**	**-**	**(80,378)**	**-**	**(80,378)**
Balance at June 30, 2018	**178,924,820**	**$ 83,999,029**	**$ 66,506**	**$ 13,339,380**	**$ (490,323)**	**$ 57,226**	**$ 12,906,283**	**$ (33,981,989)**	**$ 62,989,829**
Balance at January 1, 2017	164,869,750	$ 82,951,197	$ -	$ 13,325,544	$ (450,182)	$ 84,935	$ 12,960,297	$ (31,583,740)	$ 64,327,754
Common shares issued for debt	1,250,000	104,317	-	45,683	-	-	45,683	-	150,000
Share issuance costs	-	(4,868)	-	-	-	-	-	-	(4,868)
Net loss	-	-	-	-	-	-	-	(91,843)	(91,843)
Cumulative translation adjustment	-	-	-	-	(13,197)	-	(13,197)	-	(13,197)
Balance at June 30, 2017	166,119,750	$ 83,050,646	$ -	$ 13,371,227	$ (463,379)	$ 84,935	$ 12,992,783	$ (31,675,583)	$ 64,367,846

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 six months ended June 30, 2018 and 2017 (unaudited)
(Expressed in United States dollars unless otherwise noted)

		Six months ended		
		June 30, 2018		June 30, 2017
Cash provided by (used in):				
Loss for the period	**$**	**(70,716)**	$	(91,843)
Items not affecting cash:				
Amortization		**13,972**		21,748
Revaluation gain on discounted receivable		**(8,593)**		-
Gain on settlement of payables		**(73,568)**		-
Gain on forgiveness of debt		**(14,083)**		-
Interest income		**(49,384)**		-
Foreign exchange		**(31,162)**		(20,004)
Changes in non-cash working capital items:				
Decrease (increase) in amounts receivable		**(9,722)**		-
Decrease (increase) in prepaid expenses and deposits		**(11,371)**		(5,549)
Increase (decrease) in accounts payable and accrued liabilities		**(132,989)**		111,279
Net cash provided by (used in) operating activities		**(387,616)**		15,631
Investing				
Addition to unproven mineral rights interests		**(278,760)**		(191,749)
Payments received for sale of subsidiary		**220,000**		-
Changes in value added taxes paid		**4,786**		(132,538)
Net cash (used in) investing activities		**(53,974)**		(324,287)
Financing				
Share issuance costs		**(4,667)**		(4,868)
Funds received in advance of share issuance		**66,506**		-
Net cash provided by (used in) financing activities		**61,839**		(4,868)
Net change in cash		**(379,751)**		(313,524)
Cash at beginning of period		**392,453**		335,781
Cash at end of period	**$**	**12,702**	$	22,257

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 June 30, 2018 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 August 14, 2018.

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. As at June 30, 2018, the Company has $34 million in cumulative losses since inception and current liabilities exceed current assets by $1.0 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.

2. Statement of Compliance and Basis of Presentation

These interim condensed consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) in effect as of June 30, 2018.

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 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, 2017. 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

2. Statement of Compliance and Basis of Presentation (continued)

statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2017.

3. New Accounting Standards and Interpretations

Financial Instruments
The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of reserves on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

3. Changes in Accounting Policies (continued)

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Accounting Standards Issued But Not Yet Applied

Leases
On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating 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 new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company continues to assess the impact of adopting this standard on its 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 are 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.

Subsequent to the sale, the Company granted the purchaser two payment-free months, thereby extending the payment period by two months.

(Expressed in United States dollars unless otherwise noted)

4. Receivable for Sale of a Subsidiary (continued)

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 during the six months ended June 30, 2018 due to the Company rescinding one of the payment-free months and thereby reducing the payment period. The revaluation resulted in a gain of $8,593.

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 June 30, 2018, the discount was amortized by $49,384 which was included in interest income.

Transactions for the period ended June 30, 2018 are as follows:

Balance December 31, 2017	**$**	**572,454**
Payments received		**(220,000)**
Revaluation gain		**8,593**
Interest		**49,384**
Foreign exchange adjustment		**(2,505)**
Balance June 30, 2018	**$**	**407,926**

		June 30, 2018		December 31, 2017
Current portion	**$**	**407,926**	$	406,478
Long term portion		**-**		165,976
	$	**407,926**	$	572,454

See Note 15e for subsequent changes to the payment terms.

5. Investments

		Cost		**Fair Value June 30, 2018**		Fair Value December 31, 2017
Candente Gold Corp.	**$**	**1,909,094**	**$**	**147,155**	$	132,396

At June 30, 2018, the Company held 5,536,373 (2017 – 5,536,373) shares of Candente Gold Corp. ("Candente Gold"), a company with common officers and directors. The closing share price was CDN$0.035 (2017 – CDN$0.03) and the fair value of the Company's investment in Candente Gold was $147,155 (2017 - $132,396). During the period ended June 30, 2018, the Company recognized an unrealized gain of $14,759 (period ended June 30, 2017: $Nil) in other comprehensive loss.

(Expressed in United States dollars unless otherwise noted)

6. Unproven Mineral Right Interests

As of June 30, 2018, the Company's mineral properties consist of the following:

Cañariaco Property, located in Lambayeque, Peru		Balance as at January 1, 2018		Mining property expenditures		**Balance as at June 30, 2018**
Mineral rights acquisition and surface access	$	1,782,746	$	121,555	$	**1,904,301**
Community engagement and initiatives		4,557,460		84,079		**4,641,539**
Drilling		9,770,307		-		**9,770,307**
Environmental health and safety		1,314,537		4,293		**1,318,830**
Exploration		9,836,224		1,177		**9,837,401**
Feasibility study		10,884,797		-		**10,884,797**
Project field support and administration		22,699,255		86,041		**22,785,296**
Cost recoveries		(8,500)		(38,643)		**(47,143)**
Royalty payments received		(505,921)		-		**(505,921)**
	$	60,330,905	$	258,502	$	**60,589,407**
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**
Option payments received*		(50,000)		-		**(50,000)**
Community engagement and initiatives		4,759		12,343		**17,102**
Environmental health and safety		15,785		-		**15,785**
Exploration		93,972		3,053		**97,025**
Project management and field support		42,038		2,162		**44,200**
Option payments received		(300,000)		-		**(300,000)**
Impairment of unproven mineral rights interest		(453,159)		-		**(453,159)**
	$	678,767	$	38,258	$	**717,025**
Total mineral properties before value-added tax credit	$	61,009,672	$	296,760	$	**61,306,432**
Value-added tax credit **		1,780,567		(4,786)		**1,775,781**
Total mineral properties	$	62,790,239	$	291,974	$	**63,082,213**

*The optionee discontinued the option agreement dated November 28, 2013, to earn interest in the Arikepay project held by Cobriza
**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, to Plan B Minerals Corp. ("Plan B"). The Don Gregorio property is one of the projects held by Cobriza Metals.

(Expressed in United States dollars unless otherwise noted)

6. Unproven Mineral Right Interests (continued)

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 ("m") 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 m) and the final $200,000 within 60 days of completing the second phase drill program (an additional 5,000 m).

7. Equipment

		Equipment		Vehicles		Leaseholds		Total
As at January 1, 2018	$	132,906	$	4,173	$	572	$	137,651
Depreciation		(13,164)		(313)		(495)		(13,972)
As at June 30, 2018	**$**	**119,742**	**$**	**3,860**	**$**	**77**	**$**	**123,679**

8. Trade Payables and Accrued Liabilities

		June 30, 2018		December 31, 2017
Trade payables	**$**	**384,932**	$	550,887
Due to related parties (Note 11)		**335,246**		425,394
Accrued liabilities		**682,316**		669,495
	$	**1,402,494**	$	1,645,776

See Note 15d.

9. Share Capital

a. Shares authorized

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

b. Common share issue

As at June 30, 2018, the Company had 178,924,820 (December 31, 2017 – 178,201,530) common shares issued and outstanding.

On March 1, 2018, the Company issued 723,290 common shares of the Company with a fair value of $61,911 in settlement of a trade payable of $135,479. The Company recorded a gain on settlement of payables of $73,568.

In May 2018, the Company received $66,506 for the exercise of stock options. The shares were issued subsequent to June 30, 2018.

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

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

c. Share options (continued)

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.

There were no changes in stock options during the period ended June 30, 2018.

Stock options outstanding at June 30, 2018 were as follows:

	Exercisable		Outstanding		
Grant Date	**Exercise Price**	**Number of Options**	**Exercise Price**	**Number of Options**	**Expiry Date**
September 5, 2013	$0.30	2,400,000	$0.30	2,400,000	September 5, 2018
January 21, 2014	$0.30	200,000	$0.30	200,000	January 21, 2019
January 23, 2014	$0.30	1,465,000	$0.30	1,465,000	January 23, 2019
August 20, 2014	$0.30	1,319,500	$0.30	1,319,500	August 20, 2019
November 16, 2015	$0.05	2,475,000	$0.05	2,475,000	November 16, 2020
May 20, 2016	$0.11	3,720,000	$0.11	3,720,000	May 20, 2026
Weighted Average	$0.19	11,579,500	$0.19	11,579,500	

d. Warrants

There were no changes in warrants during the period ended June 30, 2018. (See Note 15).

Warrants outstanding at June 30, 2018 were as follows:

Expiry Date	Exercise Price	Number of Warrants Outstanding
July 29, 2018	$0.15	5,963,220
July 29, 2018	$0.15	3,809,802
February 22, 2019	$0.15	625,000
September 14, 2019	$0.15	5,790,889
Weighted Average	$0.15	16,188,911

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.

(Expressed in United States dollars unless otherwise noted)

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 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. While much of this funding was completed by July 8, 2013, there are still some remaining commitments related to this which will be negotiated as part of the next community agreement.

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.

	Six months ended June 30,	
	2018	2017
Salaries and fees	**$ 49,663**	$ 65,971

The Company does not remunerate the directors of the Company unless its market capitalization is greater than $75 million. No directors' fees were paid during the six months ended June 30, 2018 or 2017.

Included in salaries and fees is $18,758 (2017 - $27,742) which was capitalized to unproven mineral right interests.

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Trade payables and accrued liabilities at June 30, 2018, included $335,246 due to related parties (December 31, 2017 – $425,394). Trade and other receivables at June 30, 2018, included $577,162 (December 31, 2017 - $591,508) due from Candente Gold Corp., a company with common officers and directors.

During the period ended June 30, 2018, the former CFO forgave fees owed to him in the amount of $14,083 (2017 – $Nil).

(Expressed in United States dollars unless otherwise noted)

12. General and Administrative Expenses

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
GENERAL AND ADMINISTRATIVE				
Amortization	**$ 7,576**	$ 10,711	**$ 13,972**	$ 21,748
Accounting, audit and tax advisory fees	**13,247**	12,154	**30,731**	29,053
Bank charges and interest	**546**	919	**1,460**	1,798
Legal	**7,103**	7,936	**13,544**	13,459
Management fees, office salaries and benefits (Note 11)	**43,938**	43,950	**83,230**	78,822
Office, rent and miscellaneous	**10,761**	11,248	**24,186**	22,156
Travel and accommodations	**2,220**	-	**2,362**	-
Regulatory and filing fees	**3,132**	4,505	**12,180**	11,766
Shareholder communications	**14,479**	20,978	**30,908**	34,865
Total general and administrative expenses	**$ 103,002**	$ 112,401	**$ 212,573**	$ 213,667

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.

(Expressed in United States dollars unless otherwise noted)

14. Financial risk and capital management (continued)

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, $577,162 of the trade and other receivables balance as at June 30, 2018, is due from Candente Gold Corp, a related party. At June 30, 2018, 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 high.

The Company also has a receivable of $407,926 associated with the sale of Minera Candente which is payable over a period of 12 months. The purchaser has made all required payments to date. Management considers that this receivable is recoverable, and that credit risk associated with this receivable is moderate.

As at June 30, 2018, the Company's maximum exposure to credit risk is the carrying value of its cash and receivables.

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, June 30, 2018, and December 31, 2017, is as follows:

		As at June 30, 2018		As at December 31, 2017
Total working capital deficiency	**$**	**(965,271)**	$	(841,621)
Total equity		**62,989,829**		63,002,414
Total capital	**$**	**62,024,558**	$	62,160,793

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

14. Financial risk and capital management (continued)

Fair value hierarchy (continued)

nature. The receivable for sale of a subsidiary is measured at fair value using the effective interest method.

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.

15. Subsequent events

Subsequent to June 30, 2018:

a. The Company extended the exercise period of a total of 5,407,663 outstanding share purchase warrants (the “Warrants”) with an exercise price of $0.15 issued pursuant to the private placement completed on July 29, 2016. The original expiry date was July 29, 2018 and the new expiration date is July 29, 2020. The Company did not extend the exercise period of 555,555 warrants held directly or indirectly by related parties and these warrants expired unexercised.

b. The Company issued 1,000,000 common shares pursuant to the exercise of 400,000 options at an exercise price of CDN$0.05 and 600,000 options at an exercise price of CDN$0.11 for gross proceeds of CDN$86,000.

c. 3,809,802 warrants with an exercise price of $0.15 expired unexercised.

d. On August 2, 2018, the Company was advised that Amec Foster Wheeler Peru S.A. (“AMEC”) had filed a request for recognition of debt with the Peruvian authority INDECOPI. AMEC has registered a debt of $883,596 owed to them by Canariaco Copper Peru S.A. (“the Subsidiary”) which exceeds the $839,958 recognized and recorded by the Subsidiary. The Company is working with Peruvian legal counsel in an effort to settle this obligation.

15. Subsequent events (continued)

e. In August 2018, the Company agreed to amend the terms of the payments due under the receivable for sale of a subsidiary as disclosed in Note 4. The new repayment schedule will be $20,000 per month, with an additional $48,000 each fiscal quarter and a final payment of $88,922 on March 24, 2019.