



**CANDENTE
COPPER CORP**

**Candente Copper Corp.
Management's Discussion and Analysis
For the three months ended March 31, 2020**

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The following Management's Discussion and Analysis ("MD&A") focuses on significant factors that affected Candente Copper Corp. ("Candente Copper") and its subsidiaries (collectively, the "Company") during the relevant reporting period and to the date of this report. This MD&A contains a review and analysis of financial results for the three months ended March 31, 2020 and identifies business risks that the Company faces and comments on financial resources required for development of the business.

This MD&A supplements but does not form part of the interim condensed consolidated financial statements of the Company and notes thereto for the three months ended March 31, 2020, and consequently, should be read in conjunction with the afore-mentioned financial statements and notes thereto, and with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2019. Information in this MD&A is current as of May 13, 2020.

All amounts, unless specifically identified as otherwise, both in the Company's condensed consolidated financial statements and this MD&A are expressed in US dollars.

FORWARD-LOOKING STATEMENTS

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of copper and precious metals, business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable copper and precious metals are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the copper and precious metals can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; changes in project parameters as plans continue to be refined; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals and permits or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risks Factors" in this MD&A. These factors should be carefully considered, and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, Candente Copper assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.



USE OF NON-GAAP MEASURES

In this document, we refer to terms that do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Our usage of these terms may vary from the usage adapted by other companies and they cannot be reconciled to comparable terms in the condensed consolidated interim financial statements for the three months ended March 31, 2020.

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

BUSINESS OVERVIEW

Candente Copper is a Vancouver, Canada based mineral exploration company engaged in the acquisition, exploration and development of mineral rights interests. The Company is currently focused on the exploration and development of its Cañariaco porphyry copper project (the "Cañariaco Project"), which comprises the Cañariaco Norte and Cañariaco Sur deposits, as well as the Quebrada Verde prospect (collectively, the "Cañariaco Copper Project") located in Northern Peru. The Company also holds other early stage base metal properties located in Peru.

Cañariaco Norte is at the Feasibility Study stage of development. At Cañariaco Sur, a deposit has been identified but further drilling is required to delineate the size and grade of the deposit. The Quebrada Verde prospect has geochemical and geophysical anomalies as well as mineralization and alteration in favourable rock types typical of a porphyry copper-gold system which are currently untested by drilling.

In January 2020, the Company closed a private placement financing, issuing 21,000,000 common shares at CDN\$0.05 per share for gross cash proceeds of CDN\$1,050,000.

PROJECT SUMMARIES

The forward-looking information contained in this section is subject to the risk factors and assumptions contained in the section "Forward-Looking Statements" included with this MD&A. These factors are described under the heading "Risk Factors" and are Non-GAAP measures.

Cañariaco Copper Project

The Cañariaco Copper Project is an advanced stage porphyry copper exploration and development project located in Northern Peru. The Company is reviewing opportunities for further optimization of economics with a specific focus of identifying the potential for a higher grade and lower throughput which would reduce the required project capital for Cañariaco Norte. Additionally, the Company intends to further explore opportunities to identify additional mineral deposits within the Cañariaco Copper Project. At Cañariaco Norte both Pre-Feasibility and Feasibility level (50% completed) studies currently indicate a robust large-scale project using a copper price of \$2.50 per pound.

The Company has a 100% interest in the mineral rights of the Cañariaco Copper Project.

Due to increasing costs (over time) for holding mineral rights, the Company allowed certain claims to lapse at the end of June 2019 such that the area covered by the Cañariaco property has been reduced from 5,229.50 hectares to 4,289.50 hectares. This will not have any material impact on the project as no claims covering known mineralization were surrendered. The claims allowed to lapse had only covered ground which was considered exploration-worthy during initial exploration at Cañariaco Norte. Common industry



practice for exploration companies is to rationalize property size to minimize holding costs by dropping non-core claims.

Mineral Resource Estimate for the Cañariaco Norte Project

Mineral resource estimate for the Cañariaco Norte Project, as provided below, was prepared by AMEC Americas Ltd. ("AMEC"). A NI 43-101 technical report with effective date of November 8, 2010, and titled "Cañariaco Project, Lambayeque Department, Peru", was filed on December 15, 2010, with Canadian securities regulators in support of the resource statement.

Table 1 - Mineral Resources at Various Copper Cut-off Grades:

Measured and Indicated Resource Summary									
Cu cut-off	tonnes (M)	Cu Eq*	Cu Eq**	Cu	Au (g/t)	Ag (g/t)	Contained Metal		
							Copper (B lbs)	Gold (M Ozs)	Silver (M Ozs)
0.30%	752.4	0.52%	0.49%	0.45%	0.07	1.9	7.533	1.669	45.237
0.20%	1003.0	0.46%	0.44%	0.40%	0.06	1.7	8.941	2.065	56.102
0.14%	1106.2	0.44%	0.41%	0.38%	0.06	1.7	9.332	2.052	61.665
Inferred Resource Summary									
0.30%	157.7	0.47%	0.44%	0.41%	0.06	1.8	1.434	0.304	8.932
0.20%	293.3	0.38%	0.36%	0.33%	0.05	1.5	2.165	0.472	14.216
0.14%	419.4	0.32%	0.31%	0.28%	0.04	1.3	2.634	0.539	17.969

*Copper equivalent grade including gold and silver values and based on 100% metal recoveries. Copper grade equivalent calculation. $Cu Eq\% = (Cu\% + ((Au\ grade \times Au\ price) + (Ag\ grade \times Ag\ price)) / (22.0462 \times Cu\ price \times 31.0135\ g/t))$

**Copper equivalent grade including gold and silver, metal recoveries (gold 55%; silver 50%) and smelter returns (copper 96.5%; gold 93%; silver 90%) applied. Copper grade equivalent calculation: $Cu Eq\% = (Cu\% + ((Au\ grade \times Au\ price \times Au\ recovery \times Au\ smelter\ return\%) + (Ag\ grade \times Ag\ price \times Ag\ recovery \times Ag\ smelter\ return\%)) / (22.0462 \times Cu\ price \times 31.0135\ g/t \times Cu\ recovery \times Cu\ smelter\ return\%))$

This mineral resource estimate is based on 230 drill holes. Metal prices used by AMEC for the resource estimate were: copper \$2.50/lb, gold \$1,035/oz and silver \$17.25/oz.

In January 2011, AMEC completed a positive pre-feasibility study progress report for the Cañariaco Norte Project entitled "Cañariaco Norte Project, Prefeasibility Study Progress Report" (the "January 2011 Pre-Feasibility Study Progress Report"). In March 2011, AMEC completed a NI 43-101 technical report entitled "Cañariaco Project, Lambayeque Department, Peru, NI 43-101 Technical Report on Pre-Feasibility Study Progress Report", details of which are disclosed in the Company's Annual Information Form for the year ended December 31, 2011.

In November 2011, the Company completed a re-assessment of the Cañariaco Norte Project economics using the new Peruvian mining tax rates that became effective at that time. The after-tax NPV, IRR and payback period for the Cañariaco Norte Project were estimated to be \$912 million, 17.2% and 4.4 years respectively, using an averaged long-term copper price of \$2.25 per pound and a discount rate of 8%.

Management now considers these long-term calculations on copper price to be inconsistent with current industry consensus. Furthermore, the Peruvian corporate tax rate was revised to 29.5% as of January 1, 2017. Given both factors mentioned, the Company has revised the November 2011 financial model to



reflect the sensitivity of the project economics to an updated range of metal prices and the updated Peruvian corporate tax rate. The following sensitivity table shows that using copper prices ranging from \$2.25 to \$2.90 per pound, gold prices ranging from \$1,235.00 to \$1,500.00 per ounce, and a fixed silver price of \$18.00 per ounce, the after-tax NPV, IRR and payback periods are now estimated to range from: \$672 million to \$1,505 million; 14.3% to 21.1%; and 5.5 to 3.9 years respectively.

Table 2 - Sensitivities (8% discount, after tax)

Gold Price \$/oz	NPV / IRR	Copper Price \$/lb			
		\$2.25	\$2.50	\$2.75	\$2.90
\$1,235.00	NPV \$M	672	980	1,285	1,459
\$1,235.00	IRR %	14.3	16.9	19.4	20.8
\$1,500.00	NPV \$M	719	1,025	1,332	1,505
\$1,500.00	IRR %	14.7	17.3	19.8	21.1

AMEC FW - 4th Qtr 2010 Pre-production Capex - \$1.5 billion

AMEC FW – 2nd Qtr 2016 Long term pricing Cu \$2.90 / Au \$1,235 / Ag \$18

From April 2011 to June 2013, the Company engaged AMEC and Knight Piesold for certain aspects of a definitive feasibility study. During that time, metallurgical drilling was completed; 50% of geotechnical drilling was conducted; site layout, process plant, infrastructure and ancillary facilities design was well advanced; preliminary mine design was completed; and the environmental and social impact study was approximately 80% completed. Since June 2013, all activities other than certain community engagement and initiatives have been minimized in order to reduce corporate expenditures.

In 2019, the Company reviewed recently revised regulations for permitting required to re-commence drilling at Cañariaco and was advised that a recent change in Peruvian government regulations may allow the Company to re-initiate drilling under the permit originally approved in August 2014. This is the result of a new government regulation DL N°1394 (Sept 6, 2018) which has now given Environmental Certificates a validity period of up to 5 years. The company has requested confirmation from the Ministry of Energy and Mines ("MEM") and the Mining Environment Affairs Office ("DGAAM") that this government regulation does apply to the Company's 2014 drilling permit.

This could significantly reduce the timeline for drilling to be re-initiated and the Company is focusing on a new land access agreement with the Cañaris community. This application is currently shown as pending in the government online system.

Exploration activities for the three months ended March 31, 2020

Exploration and evaluation activities in 2020 focused on engineering reviews (both resource work and mine plan studies) to identify the potential for a higher-grade starter operation at Cañariaco Norte. In addition, field activities included geological mapping and sampling at Quebrada Verde, third party reviews, field visits related to permit applications and additional reclamation of drill sites and camp roads.

Don Gregorio

The Don Gregorio property is located in northern Peru 140 km NNE of Chiclayo in the department of Cajamarca and approximately 40 km north of the Cañariaco Norte Project porphyry Cu-Au deposit (M & I



resource at 0.3% Cu cut-off: 752Mt at 0.45% Cu, 0.07 g/t Au and 1.9 g/t Ag). A 100-hectare concession at the south end of the property was sold in February 2015, and the property now consists of one mineral concession totaling 900 hectares.

On June 29th, 2017, the Company announced it had signed a definitive agreement ("DA") to option the Don Gregorio copper-gold ("Cu-Au") porphyry project, located in Jaen Province, Peru, to Plan B Minerals Corp. ("Plan B").

In accordance with the DA, Plan B has the right to earn a 60% interest in the Don Gregorio property from the Company by:

1. Making staged payments of \$500,000 to Candente Copper; and
2. Drilling 10,000 metres ("m") within 3 years of receiving drilling permits.

To date, the Company has received payments of \$100,000 and reimbursements for vigencia fees of \$8,100 for 2018 and 2019 respectively, with respect to this transaction. One-half of the \$100,000 in payments have been used to fund Candente Copper team's work in community engagement and agreements. The Company is to also receive \$100,000 on or before 30 days of receipt of drill permits for the first phase drill program, a further \$100,000 within 30 days of completing the first phase drill program (5,000m) and the final \$200,000 within 60 days of completing the second phase drill program (an additional 5,000m).

Exploration activities for the three months ended March 31, 2020

Plan B Minerals has reported that during 2020 they have been working on drill permit applications.

Arikepay

The Arikepay property is located in southern Peru, in the Department of Arequipa, 58 km south of the city of Arequipa and 45 km south of Freeport-McMoRan's Cerro Verde copper-molybdenum mine. The property consists of six mineral claims totaling 4,000 hectares. Prior to Candente Copper's acquisition of Arikepay, Phelps Dodge had completed 4 closely spaced drill holes, however the Company has never been able to acquire results from that program. In 2012, the Company completed about 800 km of helicopter-borne high-resolution magnetics and drilled 3,630m of reverse circulation (RC) drilling in 14 widely spaced holes and identified a porphyry copper-gold deposit.

On November 28, 2013, Cobriza Metals Peru, now a wholly owned subsidiary of the Company, entered into an option agreement with Compañía Minera Zahena S.A.C. ("Zahena") allowing them to earn up to a 100% interest in the Arikepay project (the "Option Agreement") for various work commitments, cash payments and an NSR. By March 2016, the Company had received \$250,000 in cash payments. On March 17, 2017, the Company announced that Zahena had elected to discontinue their option as drilling results did not meet their objectives. As a result, no further payments will be received from Zahena.

During the year ended December 31, 2018, the Company decided not to renew two of the five claims for Arikepay and now holds three contiguous claims totaling 1,800 hectares.

Exploration activities for the three months ended March 31, 2020

Field activities on the Arikepay project during this period have been limited to third party reviews of the drill sites and drill core.



CONSOLIDATED OPERATING HIGHLIGHTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

Operating Highlights	March 31, 2020	March 31, 2019	Change
Community initiatives	\$ 15,662	\$ 5,984	\$ 9,678
General exploration	1,411	19,359	(17,948)
Engineering studies	-	4,987	(4,987)
Environmental health and safety	9,624	4,787	4,837
Project management and field support	38,867	31,429	7,438
Total mineral properties	\$ 65,564	\$ 66,546	\$ (982)

- Project management and field support costs include costs related to the maintenance of the operational overhead structure in Peru. These costs include: salaries and wages of personnel in Lima, the Chiclayo and the Cañariaco Copper Project camp facility, communication, transportation, drill core and equipment storehouse facility, the Chiclayo drill core storage facility and communication, transportation, other drill core and equipment storehouse facilities, food, lodging and fuel costs. For the quarter ended March 31, 2020, these costs totaled \$38,867 compared with \$31,429 for the three months ended March 31, 2019.
- Community initiative costs were \$15,662 for the quarter ended March 31, 2020 compared to \$5,984 for the quarter ended March 31, 2019.
- General exploration costs were \$1,411 for the three months ended March 31, 2020 compared to \$19,359 for the quarter ended March 31, 2019.

CONSOLIDATED FINANCIAL HIGHLIGHTS

Consolidated Financial Performance for the three months ended March 31, 2020

For a summary of selected information for each of the last eight quarters please refer to Appendix A.

Consolidated Statements of Loss			
Three months ended March 31			
	2020	2019	Change
Net loss	\$ 173,078	\$ 15,871	\$ 157,207
Loss per share	\$ 0.00	\$ 0.00	\$ 0.00
Interest income	\$ (4,304)	\$ (12,855)	\$ 8,551
Gain on settlement of payables	\$ -	\$ (90,850)	\$ 90,850
Loss (gain) on foreign exchange	\$ 15,456	\$ (17,108)	\$ 32,564
Accounting, audit and tax advisory fees	\$ 13,759	\$ 13,175	\$ 584
Legal	\$ 13,153	\$ 15,465	\$ (2,312)
Management fees, office salaries and benefits	\$ 29,754	\$ 40,381	\$ (10,627)
Office, rent and miscellaneous	\$ 14,314	\$ 12,625	\$ 1,689
Regulatory and filing fees	\$ 5,888	\$ 9,345	\$ (3,457)
Share-based payments	\$ 75,210	\$ 35,452	\$ 39,758
Shareholder communications	\$ 3,988	\$ 4,553	\$ (565)



Net loss for the three months ended March 31, 2020, was \$173,078 compared to a net loss of \$15,871 for the quarter ended March 31, 2019. Significant variances between the two periods are described below:

- Gain on settlement payables was for \$Nil for the quarter ended March 31, 2020, compared to \$90,850 for the quarter ended March 31, 2019. This gain is related to the issue of common shares to settle payables owing to vendors of Canariaco in the first quarter of 2019.
- During the quarter ended March 31, 2020, the Company recorded a loss on foreign exchange of \$15,456 compared to a gain on foreign exchange of \$17,108 during the quarter ended March 31, 2019. The foreign exchange variance is related to the change in the value of the US dollar versus the Peruvian sol during the quarters ended March 31, 2020 and 2019, and the effect on the Company's assets and liabilities denominated in Peruvian soles.
- Share-based payments for the quarter ended March 31, 2020, were \$75,210 compared to \$35,452 for the same period in the prior year. The increase is related to the issue of 7,000,000 stock options in the quarter ended March 31, 2020. No stock options were issued in Q1 2019. Share-based payments are highest in the early vesting periods for stock options.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2020, the Company's capital resources include cash of \$304,308, receivables of \$18,655 and a receivable for sale of a subsidiary of \$78,385. Given the protracted global resource sector slowdown, the Company has significantly reduced expenditures and is focusing primarily on initiatives that benefit the community and maintain the Company's presence in the Cañariaco Copper Project area.

The condensed consolidated interim 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 March 31, 2020, the Company had incurred \$35,215,221 cumulative losses since inception.

In January 2020, the Company closed a private placement financing, issuing 21,000,000 common shares at CDN\$0.05 per share for gross cash proceeds of CDN\$1,050,000.

During the period ended March 31, 2020, the Company made net repayments of \$37,500 for amounts advanced by a director and \$36,434 for amounts advanced by an officer. Amounts advanced by related parties are unsecured, non-interest bearing and are due on demand. Advances are included in trade payables and accrued liabilities.

SHARE CAPITAL

As at the date of this report, the Company had 216,005,268 common shares outstanding.

As at the date of this report, the Company had 17,590,000 outstanding share options and 15,615,885 outstanding warrants.



COMMITMENTS

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. Discussions are underway to reactivate the Committee and come to an agreement as to the amount that would be provided to the Community to satisfy these obligations once a new agreement has been signed. 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.

OFF BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet arrangements.

PROPOSED TRANSACTIONS

The Company continues to review potential transactions, but as of the date of this MD&A, none have been approved by the Board of Directors.

RELATED PARTY TRANSACTIONS

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 entered into trading transactions with:

- Ridley Rocks Inc. – Management and exploration fees.
- SW Project Management – Former president, project management and engineering fees.
- Candente Gold Corp. – Shared expenses with a company related by common directors and management.
- Lotz CPA Inc. – Financial services, fees thereto.

Key management compensation:

	Three months ended March 31,	
	2020	2019
Salaries and fees	\$ 19,612	\$ 20,282
Share-based payments	70,338	29,198
	\$ 89,950	\$ 49,480

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



The Company does not remunerate the directors of the Company unless its market capitalization is greater than \$75 million. During the three months ended March 31, 2020, the Company paid \$Nil in directors' fees (Period ended March 31, 2019 - \$Nil).

Included in salaries and fees is \$8,458 (Period ended March 31, 2019 - \$8,980) which was capitalized to unproven mineral right interests.

During the period ended March 31, 2020, the Company made net repayments of \$37,500 for amounts advanced by a director and \$36,434 for amounts advanced by an officer.

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Trade payables and accrued liabilities at March 31, 2020, included \$366,548 (December 31, 2019 – \$532,877) due to related parties, consisting of officers and directors and companies controlled by them.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's significant accounting policies are summarized in Note 3 of its annual consolidated financial statements for the year ended December 31, 2019. The preparation of consolidated financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgments that may have a significant impact on the consolidated financial statements. The Company regularly reviews its estimates, however; actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations.

(a) Critical accounting estimates

I. Estimated useful lives

Management estimates the useful life of equipment based on the period during which the assets are expected to be available for use. The amounts and timing of recorded expenses for amortization for any period are affected by these estimated useful lives. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear, technical or commercial obsolescence and legal or other limits to use. It is possible that changes in these factors could cause significant changes in the estimated useful lives of the Company's equipment in the future.

ii. Valuation of share-based payments and warrants

When options and warrants are issued, the Company calculates estimated fair value using a Black-Scholes valuation model, which may not reflect the actual fair value on exercise. The Company uses historical Company stock prices and estimated dividend yield rates to arrive at the inputs that are used in the valuation model to calculate the fair value of the option or warrant

iii. Income taxes

Determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each applicable jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize a deferred tax asset could be materially impacted.



(b) Critical accounting judgments

i. Unproven mineral right interest

Unproven mineral right interest includes the cost of acquiring licenses, exploration, analyses, project administration, drilling, community relations, sustainable development programs, environmental, health and safety. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current, and it is considered probable that the costs will be recouped through successful development and exploitation of the known deposit. Management is required to exercise significant judgment in determining the timing of the determination of the technical and economic feasibility of the unproven mineral right interest. The Company considers both external and internal sources of information in assessing whether there are any indicators that unproven mineral right interest are impaired. Based upon the Company having no intention of abandoning the Cañariaco Copper Project, the Company's assessment of its market capitalization and the Company's assessment of the fair value based on in-situ mineral content and other fair value less costs to sell measures, management has determined that there is no impairment charge as at March 31, 2020.

ii. Rehabilitation and environmental provisions

The Company has accounted for material rehabilitation and environmental provisions that existed as of the period end based on facts and circumstances that existed at March 31, 2020. The Company reviews facts and circumstances surrounding its exploration program, existing laws and compliance, contracts and other policies on an ongoing basis. A material restoration obligation involves a number of estimates relating to timing, type of costs and associated contract negotiations, and review of potential methods and technical advancements. At this time rehabilitation and environmental obligations pertain to the reclamation of exploration drill sites, access paths, and other areas at the Cañariaco Copper Project site that may have been impacted by the drilling activities.

FINANCIAL RISK, FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

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

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.

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 moderate.

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 institutions and the credit risk associated with these deposits is low.

The Company has a receivable of \$78,385 associated with the sale of Minera Candente. Management considers that this receivable is recoverable, and that credit risk associated with this receivable is moderate.

As at March 31, 2020, the Company's maximum exposure to credit risk is the carrying value of its cash and receivables.

Financial Instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. Unrealized gains and losses on the fair value of such assets are recognized in other comprehensive income whereas impairment losses and foreign exchange gains and losses on such assets are recorded in the statement of loss.

The Company has classified its cash and trade and other receivables as loans and receivables. Trade payables and accrued liabilities are classified as other financial liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of an instrument is considered to determine whether impairment has arisen.



Capital management

The Company's capital structure is comprised of 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.

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 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 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.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or



disposition of the Company's assets that could have a material effect on the interim or annual financial statements.

Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

An evaluation of the design effectiveness of the Company's internal controls over financial reporting was conducted as of March 31, 2020, by the Company's management. Based on this evaluation, the Company's CEO and CFO have concluded that the design, disclosure controls, procedures and the effectiveness of the Company's internal controls over financial reporting was and is effective. The Board of Directors is ultimately responsible for ensuring that the internal control of financial reporting is effective and has been overseeing the Company's management in this regard.

There were no changes in the Company's internal control over financial reporting during the period ended March 31, 2020, that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

RISK FACTORS

The Company is subject to a number of significant risks due to the nature and the current stage of its business and the effect of worldwide economic conditions. Exploration of unproven mineral right interest involves a high degree of technical, financial and social risk. While discovery of a mineral deposit may result in substantial rewards, few exploration properties are ultimately developed into producing mines. Major expenditures may be required to establish resources and reserves by drilling, constructing mining and process facilities, developing metallurgical processes and extracting base and precious-metals. It is impossible to ensure that the current exploration programs of the Company will result in profitable commercial mining operations.

Risk factors that should be taken into account in assessing the Company's activities and any investment in the Company include, but are not limited to, those listed below. Any one or more of these risk factors could have a material impact on the financial condition of the Company. This information, by its nature, is not all-inclusive and risk factors that have not been listed could have a material impact on the future financial condition of the Company.

Economic conditions may prevent the Company from obtaining the capital required to continue operations

The Company's ability to continue operations is contingent on its ability to obtain additional financing. Equity market conditions, funding environments and the price of the Company's common shares may make it dilutive and difficult to raise funds by the sale of the Company's shares. An investment in the shares of a junior resource company is considered to be a high-risk investment. In the past, the Company has been successful in raising capital for its exploration and development activities; however, there is no assurance that financing will be available to the Company in future periods.

History of Losses

The Company incurred a net loss for the period ended March 31, 2020, of \$173,078 and is expected to generate losses while it continues to be an exploration and development-stage company. The Company anticipates significant expenditures for its mineral exploration programs. The Cañariaco Norte Project has



a 43-101 compliant mineral resource and has received a NI 43-101 Technical Report entitled "Cañariaco Project, Lambayeque Department, Peru, NI 43-101 Technical Report on Pre-feasibility Study Progress Report". In addition, Feasibility level studies commenced in April 2011, with AMEC as the lead engineering consultant. Having said this, most exploration projects do not result in the discovery of commercially productive mineral reserves and are ultimately expensed in full. The Company could in fact be required to report net losses into the foreseeable future.

The long-term profitability of the Company's operations will be in part directly related to the success of its exploration programs, which are affected by numerous factors including the cost of such programs, the amount of mineral resources or reserves discovered and fluctuations in the price of any minerals produced.

Dilution

The Company does not generate any revenues from production and may not have sufficient financial resources to undertake by itself all of its planned exploration, feasibility and development programs. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company assesses various options for financing however the Company may need to continue its reliance on the sale of such securities for future financing, resulting in potential dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs and extent of future development activities.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration and development programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties.

No Known Mineral Reserves

The Company's mineral properties are in the exploration stage and although one property, the Cañariaco Norte Project, has established 43-101 compliant mineral resources, it is without known mineral reserves. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities or unfavourable economic conditions.

In the event a mineral reserve is discovered, substantial expenditures are required to develop the mineral reserve for production including facilities for mining, processing, infrastructure and transportation. The marketability of any minerals discovered may be affected by numerous factors which are beyond the Company's control and which cannot be accurately predicted, such as global economic conditions, mineral markets and mineral pricing, global smelting and refining availability, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is not warranted to commence or continue commercial production.

Title to Mineral Properties

The Company believes it has diligently investigated title to all of its mineral properties and, to the best of its knowledge, title to all properties are in good standing. However, the properties may be subject to prior unregistered agreements or transfers, which may affect the validity of the Company's ownership of such properties.



Although the Company has exercised due diligence with respect to title to properties in which it has a material interest, title to such properties may be challenged or impugned in the future. The Company makes a search of mining records in accordance with mining industry practices to confirm that it has acquired satisfactory title to its properties but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in maintaining such claims. Should a defect in title be discovered by or disclosed to the Company, all reasonable steps would be taken to perfect title to the particular claims in question. The Company is not aware of any material defect in the title to its mineral properties.

A claim on any of the Company's mineral properties, especially if commercially productive mineral resources or reserves are located, could adversely affect the Company's long-term profitability as it may preclude entirely the economic development of a mineral property. Also, such a claim may affect the Company's current operations due to the potential costs, time and efforts of defending against such claims.

Key Personnel

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, may require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, certain management personnel of the Company are officers and/or directors of other publicly-traded companies and may devote only part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration and development expertise. In the event a commercial mineral deposit is discovered on any of the Company's properties, the Company will likely continue to require the expertise of such consultants and others for the development and operation of a producing mine.

Industry Operating Hazards and Risks

Mineral exploration and development involve many risks, including location of commercially productive mineral resources or reserves, which may not occur even with a combination of experience, knowledge and careful evaluation. The operations in which the Company has a direct or indirect interest may be subject to some or all of the hazards and risks normally incidental to resource companies, any of which could result in work stoppages. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides, social disruptions, political instability and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the development and operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect on the Company's financial condition and operations and may incur legal liability.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers appropriate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due



to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

Government Regulations and Political Climate

Mineral exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) tax laws (iv) restrictions on production, price controls, and tax increases; (v) maintenance of claims; (vi) tenure; and (vii) expropriation of property through nationalization, requisition or confiscation. Any mineral exploration activities conducted by the Company, including commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the development and operation of mines and related facilities generally experience increased costs, and delays in development and/or production and other schedules as a result of the need to comply with applicable laws, regulations and permits. All permits required for the conduct of exploration, development and mining operations, including the construction of mining facilities, may not be obtainable by the Company on reasonable terms, which would have an adverse effect on any mining project the Company might undertake. Additionally, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining exploration, development or operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

To the best of the Company's knowledge, the Company is and will continue to operate in compliance with applicable legal and environmental regulations and social requirements. However, amendments to current governmental laws and regulations affecting mining companies, or the more stringent application thereof, or shifts in political conditions or attitudes could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic viability of a mineral property. The extent of future changes to governmental laws and regulations cannot be predicted or quantified, but it should be assumed that such laws and regulations will become more stringent in the future. Generally, new laws and regulations will result in increased compliance costs, including costs and time and effort for obtaining permits, and increased delays or fines resulting from loss of permits or failure to comply with the new requirements.

Social Climate

Social acceptance to operate during the various stages of a mining project is an integral part of operating such that lack thereof provides a very real risk during the exploration, exploitation and closure stages of mine development. In addition, the fact that the means and tools to manage social acceptance are not an exact science adds to the level of risk.

The Company has established shared value corporate policies and programs that include:

Regular communication with various members of the Community regarding their concerns and needs as well as our activities and objectives.



Social and sustainable development projects and alliances with all levels of government as well as local and international non-governmental organizations (“NGOs”) that are committed to improving the lives of families in under-developed regions.

The Company considers these initiatives as a foundation for building a positive and mutually beneficial long-term relationship with the various stakeholders in the Cañariaco Copper Project.

Environmental Liability

Although the Company is not aware of any formal claims for damages related to any impact that its activities have had on the environment, it may become subject to such claims in the future. An environmental claim could adversely affect the Company's business due to the high costs of defending against such claims and its impact on senior management's time.

The Company conducts exploration activities in Peru. Such activities are subject to various laws, rules and regulations governing the protection of the environment. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees.

The Company is committed to compliance with all environmental regulations currently applicable, nevertheless environmental hazards may exist on the Company's mineral properties, which are not known to the Company at present, that have been caused by previous or existing owners or operators.

Environmental regulations may change in the future which could adversely affect the Company's activities including the potential to curtail or cease exploration programs or to preclude entirely the economic development of a mineral property. The extent of any future changes to environmental regulations cannot be predicted or quantified, but it should be assumed that such regulations will become more stringent in the future. Generally, new regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new regulations.

Depending on the price obtained for any minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Cyber Security Risks

As the Company continues to increase its dependence on information technologies to conduct its operations, the risks associated with cyber security also increase. The Company relies on management information systems and computer control systems. Business and supply chain disruptions, plant and utility outages and information technology system and network disruptions due to cyber-attacks could seriously harm its operations and materially adversely affect its operation results. Cyber security risks include attacks on information technology and infrastructure by hackers, damage or loss of information due to viruses, the unintended disclosure of confidential information, the issue or loss of control over computer control systems, and breaches due to employee error. The Company's exposure to cyber security risks includes exposure through third parties on whose systems it places significant reliance for the conduct of its business. The Company has implemented security procedures and measures in order to protect its systems and information from being vulnerable to cyber-attacks. The Company believes these measures and procedures are appropriate. To date, it has not experienced any material impact from cyber security events. However, it may not have the resources or technical sophistication to anticipate, prevent, or recover from



rapidly evolving types of cyber-attacks. Compromises to its information and control systems could have severe financial and other business implications.

COVID-19

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company's business or ability to raise funds.

Additional information, including the Company's most recent Annual Information Form, is available on SEDAR at <http://www.sedar.com>



APPENDIX A

Summary of quarterly financial results

	Q4 2019	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Net income (loss)	(173,078)	(285,616)	(146,135)	(346,295)	(15,871)	(192,425)	(73,812)	(86,482)
Earnings (Loss) Per Share Attributable to Shareholders Basic and Diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)