



CANDENTE COPPER CORP

Candente Copper Corp.

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars, unless otherwise noted)

NOTICE

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

Candente Copper Corp.
Condensed consolidated interim statements of financial position
As at June 30, 2020 and December 31, 2019 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Notes	June 30, 2020	December 31, 2019
Assets			
Current assets			
Cash		\$ 957,873	\$ -
Receivable for sale of a subsidiary	3	82,296	99,581
Prepaid expenses and deposits		12,035	9,058
Total current assets		1,052,204	108,639
Non-current assets			
Receivables		16,422	13,203
Investments	4	162,504	106,567
Unproven mineral right interests	5	63,997,924	63,691,933
Equipment	6	78,924	88,262
Total non-current assets		64,255,774	63,899,965
Total assets		\$ 65,307,978	\$ 64,008,604
Liabilities			
Current liabilities			
Bank overdraft		-	42
Trade payables and accrued liabilities	7, 11	\$ 956,718	\$ 1,357,400
Total current liabilities		956,718	1,357,442
Term loan payable	8	29,352	-
Total Liabilities		986,070	1,357,442
Equity			
Share capital	9	86,520,774	84,732,929
Reserves	9	13,329,579	12,960,376
Accumulated deficit		(35,528,445)	(35,042,143)
Total equity		64,321,908	62,651,162
Total liabilities and equity		\$ 65,307,978	\$ 64,008,604

General information and going concern (Note 1)

Commitments (Note 10)

Subsequent events (Note 15)

Approved on behalf of the Board of Directors on August 14, 2020

(signed) Andres Milla
Director

(signed) George Elliott
Director

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

Candente Copper Corp.
Condensed consolidated interim statements of comprehensive loss
For the three and six months ended June 30, 2020 and 2019 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Expenses					
General and administrative expenses	12	\$ 343,200	\$ 121,781	\$ 505,126	\$ 258,465
Other expenses					
(Gain) loss on settlement of payables		-	279	-	(90,571)
Gain on sale of vehicles		-	(6,871)	-	(6,871)
Impairment of related party receivable		-	251,217	-	251,217
Gain on foreign exchange		(26,066)	(11,703)	(10,610)	(28,811)
Interest income	3	(3,910)	(8,408)	(8,214)	(21,263)
Net loss		313,224	346,295	486,302	362,166
Other comprehensive (income) loss					
Items that will not be reclassified to profit or loss:					
Change in fair value of investment	4	(93,561)	(41,455)	(50,934)	(41,515)
Exchange difference on translation of		31,083	(21,297)	62,724	4,821
		(62,478)	(62,752)	11,790	(36,694)
Comprehensive loss		\$ 250,746	\$ 283,543	\$ 498,092	\$ 325,472
Loss per share attributable to					
basic and diluted		\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Weighted average number of					
common shares outstanding: basic		228,093,180	195,005,268	219,856,916	191,267,602
and diluted					

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

Candente Copper Corp.
Condensed consolidated interim statements of changes in equity
For the six months ended June 30, 2020 and 2019 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Share Capital		Reserves						
	Notes	Total common shares	Share capital	Equity settled employee compensation and warrants	Foreign currency	Available for sale assets	Total reserves	Deficit	Total
Balance at January 1, 2019		180,635,805	\$ 84,161,013	\$ 13,351,087	\$ (468,954)	\$ (1,730)	\$ 12,880,403	\$ (34,248,226)	\$ 62,793,190
Common shares issued for debt		4,476,463	152,908	-	-	-	-	-	152,908
Common shares issued for financing		9,550,000	361,184	21,035	-	-	21,035	-	382,219
Common shares issued upon exercise of options		175,000	17,285	-	-	-	-	-	17,285
Reallocation of fair value of options		-	9,161	(9,161)	-	-	(9,161)	-	-
Share issuance costs		-	(19,031)	-	-	-	-	-	(19,031)
Finders shares issued		168,000	6,335	-	-	-	-	-	6,335
Finders warrants issued		-	(1,609)	1,609	-	-	1,609	-	-
Share-based payments		-	-	49,929	-	-	49,929	-	49,929
Expiry of warrants		-	45,683	(45,683)	-	-	(45,683)	-	-
Net loss		-	-	-	-	-	-	(362,166)	(362,166)
Change in fair value of investment		-	-	-	-	-	41,515	-	41,515
Cumulative translation adjustment		-	-	-	(4,821)	-	(4,821)	-	(4,821)
Balance at June 30, 2019		195,005,268	\$ 84,732,929	\$ 13,368,816	\$ (473,775)	\$ (1,730)	\$ 12,934,826	\$ (34,610,392)	\$ 63,057,363
Balance at January 1, 2020		195,005,268	\$ 84,732,929	\$ 13,436,888	\$ (495,645)	\$ 19,133	\$ 12,960,376	\$ (35,042,143)	\$ 62,651,162
Common shares issued for financing	9	48,500,000	1,794,005	-	-	-	-	-	1,794,005
Share issuance costs	9	-	(6,160)	-	-	-	-	-	(6,160)
Share-based payments	9	-	-	175,408	-	-	175,408	-	175,408
Net loss		-	-	-	-	-	-	(486,302)	(486,302)
Restricted stock units	9,11	-	-	205,585	-	-	205,585	-	205,585
Change in fair value of investment		-	-	-	-	50,934	50,934	-	50,934
Cumulative translation adjustment		-	-	-	(62,724)	-	(62,724)	-	(62,724)
Balance at June 30, 2020		243,505,268	\$ 86,520,774	\$ 13,817,881	\$ (558,369)	\$ 70,067	\$ 13,329,579	\$ (35,528,445)	\$ 64,321,908

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

Candente Copper Corp.
Condensed consolidated interim statements of cash flows
For the six months ended June 30, 2020 and 2019 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Six months ended June 30,	
	2020	2019
Cash provided by (used in):		
Loss for the period	\$ (486,302)	\$ (362,166)
Items not affecting cash:		
Amortization	9,554	10,115
Share-based payments	380,993	49,929
Shares issued for consulting fees	-	17,285
Impairment of related party receivable	-	251,217
Gain on settlement of payables	-	(90,571)
Gain on sale of vehicles	-	(6,871)
Interest income	(8,215)	(21,302)
Foreign exchange	(85,538)	2,817
Changes in non-cash working capital items:		
Receivables	(3,219)	(1,059)
Prepaid expenses and deposits	3,218	(57)
Accounts payable and accrued liabilities	(225,933)	7,192
Net cash used in operating activities	(415,442)	(143,471)
Investing		
Addition to unproven mineral right interests	(391,932)	(341,544)
Purchases of equipment	(313)	-
Payments received for sale of subsidiary	25,500	134,000
Change in value added taxes paid	(3,639)	(33,228)
Net cash used in investing activities	(370,384)	(240,772)
Financing		
Issuance of common shares for cash, net of issuance costs	1,787,845	286,150
Repayment of bank overdraft	(42)	-
Term loan payable	29,352	-
Advances from related parties	12,348	120,000
Repayment of related party advances	(85,804)	-
Net cash provided by financing activities	1,743,699	406,150
Net change in cash	957,873	21,907
Cash at beginning of period	-	7,882
Cash at end of period	\$ 957,873	\$ 29,789

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

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

1. General Information and Going Concern

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

The principal subsidiaries of the Company as at June 30, 2020 are as follows:

Subsidiary	Interest	Functional currency
Canariaco Copper Peru S.A. (“Canariaco”)	100%	US Dollars
Canariaco Copper (BVI) Corp.	100%	US Dollars
Inversiones Mineras Las Palmas S.A.	100%	US Dollars
Cobrizo Metals Corp.	100%	CDN Dollars
Candente Resource (BVI) Corp.	100%	US Dollars
Cobrizo 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 condensed consolidated interim financial statements were authorized for issue by the Board of Directors on August 14, 2020.

These 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. For the six months ended June 30, 2020, the Company incurred a net loss of \$486,302. As at June 30, 2020, the Company has \$35,528,445 in cumulative losses since inception and working capital of \$95,486. 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.

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.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

2. Statement of Compliance and Basis of Presentation

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

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

These interim condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2019, which have been prepared in accordance with IFRS issued by the IASB.

3. Receivable for Sale of a Subsidiary

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

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

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

Payment terms, established in August 2018, included 12 monthly payments of \$20,000 starting in August 2018, three additional quarterly payments of \$48,000, and a final payment of \$88,922 on March 24, 2019. A new agreement was reached during March 2019 and a revised payment schedule extends into 2020. The balance outstanding at June 30, 2020 is \$82,296 including the IFRS imputed interest.

The receivable is discounted using a rate of 20%, which is the estimated market rate of interest on equivalent third-party financing. During the six months ended June 30, 2020, the discount was amortized by \$8,215 (2019 - \$21,263) which was included in interest income.

Transactions for the six months ended June 30, 2020 and year ended December 31, 2019 are as follows:

	2020		2019	
Opening Balance	\$	99,581	\$	260,003
Payments received		(25,500)		(193,500)
Interest		8,215		33,078
Closing Balance	\$	82,296	\$	99,581

4. Investments

At June 30, 2020, the Company held 5,536,373 (December 31, 2019 - 5,536,373) shares of Candente Gold Corp. (“Candente Gold”), a company with common officers and directors. The closing share price was CDN\$0.04 (December 31, 2019 - CDN\$0.025) and the fair value of the Company’s investment in Candente Gold was \$162,504 (December 31, 2019 - \$106,567). During the six months ended June 30, 2020, the Company recognized an unrealized gain on investments of \$50,934 (Period ended June 30, 2019 –\$41,515) that was included in other comprehensive loss.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests

As of June 30, 2020, the Company's mineral properties consisted of the following:

Cañariaco Property, Lambayeque, Peru	Balance as at January 1, 2020	Mining property expenditures	Balance as at June 30, 2020
Mineral rights and surface rights	\$ 2,002,960	\$ 101,831	\$ 2,104,791
Community initiatives	4,663,704	54,356	4,718,060
Exploration and evaluation costs:			
Drilling	9,770,307	-	9,770,307
Environment, health and safety	1,343,205	32,038	1,375,243
General exploration	10,001,841	1,411	10,003,252
Engineering studies	25,000	-	25,000
Feasibility study	10,884,797	-	10,884,797
Field support include project management	23,053,070	79,374	23,132,444
Total exploration and evaluation costs	55,078,220	112,823	55,191,043
	61,744,884	269,010	62,013,894
Option and royalty payments received	(505,921)	-	(505,921)
	\$ 61,238,963	\$ 269,010	\$ 61,507,973
Cobrizo Metals Peruvian properties			
Mineral rights and surface rights	\$ 350,000	\$ 52,930	\$ 402,930
Community initiatives	40,000	-	40,000
Exploration and evaluation costs:			
Drilling	357,090	-	357,090
Environment, health and safety	37,908	4,380	42,288
General exploration	706,826	-	706,826
Field support include project management	48,973	1,369	50,342
Cost recoveries	(58,243)	(25,336)	(83,579)
Total exploration and evaluation costs	1,092,554	(19,587)	1,072,967
	1,482,554	33,343	1,515,897
Option and royalty payments received	(350,000)	-	(350,000)
Impairment of unproven mineral rights interest	(466,359)	-	(466,359)
	\$ 666,195	\$ 33,343	\$ 699,538
Total mineral properties before value-added tax credit	\$ 61,905,158	\$ 302,353	\$ 62,207,511
Value-added tax credit **	\$ 1,786,775	\$ 3,638	\$ 1,790,413
Total mineral properties	\$ 63,691,933	\$ 305,991	\$ 63,997,924

**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.

The Company has a 100% interest in the Don Gregorio copper-gold porphyry project, located in Jaen Province, Peru. On June 26, 2017, the Company entered into an option agreement to option this property with Plan B Minerals Corp. ("Plan B"). The Don Gregorio property is one of the projects held by Cobrizo Metals Peru S.A. ("Cobrizo").

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

5. 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 within 3 years of receiving drilling permits. To date, the Company has received \$108,100 with respect to this agreement. One-half of the aforementioned payments are to be used to fund the Company's work in community engagement and agreements. The Company is to receive \$100,000 on or before 30 days of receipt of drill permits for the first phase drill program, \$100,000 within 30 days of completing the first phase drill program (5,000 metres) and the final \$200,000 within 60 days of completing the second phase drill program (an additional 5,000 metres).

As of December 31, 2019, the Company's mineral properties consisted of the following:

	Balance as at January 1, 2020	Mining property expenditures	Balance as at March 31, 2020
Cañariaco Property, Lambayeque, Peru			
Mineral rights and surface rights	\$ 2,002,960	\$ -	\$ 2,002,960
Community initiatives	4,663,704	15,662	4,679,366
Exploration and evaluation costs:			
Drilling	9,770,307	-	9,770,307
Environment, health and safety	1,343,205	9,624	1,352,829
General exploration	10,001,841	1,411	10,003,252
Engineering studies	25,000	-	25,000
Feasibility study	10,884,797	-	10,884,797
Field support include project management	23,053,070	38,182	23,091,252
Total exploration and evaluation costs	55,078,220	49,217	55,127,437
	61,744,884	64,879	61,809,763
Option and royalty payments received	(505,921)	-	(505,921)
	\$ 61,238,963	\$ 64,879	\$ 61,303,842
Cobrizo Metals Peruvian properties			
Mineral rights and surface rights	\$ 350,000	\$ -	\$ 350,000
Community initiatives	40,000	-	40,000
Exploration and evaluation costs:			
Drilling	357,090	-	357,090
Environment, health and safety	37,908	-	37,908
General exploration	706,826	-	706,826
Field support include project management	48,973	685	49,658
Cost recoveries	(58,243)	-	(58,243)
Total exploration and evaluation costs	1,092,554	685	1,093,239
	1,482,554	685	1,483,239
Option and royalty payments received	(350,000)	-	(350,000)
Impairment of unproven mineral rights interest	(466,359)	-	(466,359)
	\$ 666,195	\$ 685	\$ 666,880
Total mineral properties before value-added tax credit	\$ 61,905,158	\$ 65,564	\$ 61,970,722
Value-added tax credit **	\$ 1,786,775	\$ (47,848)	\$ 1,738,927
Total mineral properties	\$ 63,691,933	\$ 17,716	\$ 63,709,649

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

6. Equipment

Cost		
As at December 31, 2019	\$	605,432
Additions		313
Disposals		(934)
As at June 30, 2020		604,810
Accumulated depreciation		
As at December 31, 2019	\$	(517,170)
Additions		(9,554)
Disposals		837
As at June 30, 2020	\$	(525,887)
Net book value		
As at December 31, 2019	\$	88,262
As at June 30, 2020	\$	78,924

7. Trade Payables and Accrued Liabilities

	June 30, 2020	December 31, 2019
Trade payables	\$ 113,070	\$ 208,505
Due to related parties (Note 11)	348,560	532,877
Accrued liabilities	495,088	616,018
	\$ 956,718	\$ 1,357,400

During the year ended December 31, 2018, the Company entered into an agreement with Amec Foster Wheeler Peru S.A. ("AMEC") for the settlement of the trade liability for \$839,954 included in the accounts payable of the Company's subsidiary, Cañariaco. This agreement was revised various times.

Pursuant to the agreements, the Company issued 2,638,771 common shares of the Company (issued) and agreed to make a series of payments to AMEC. As of this date the payments are as follows:

Immediately upon signing, Oct 31, 2018	\$50,000
January 15, 2019 (paid)	\$100,000
January 22, 2020 (paid)	\$100,000
August 15, 2020	\$100,000
February 15, 2021	\$175,000
	<u>\$525,000</u>

As at June 30, 2020, the Company had paid \$250,000 and issued 2,638,771 shares with a fair value of \$90,136 resulting in a partial gain on settlement of \$51,614 recorded during the six months ended June 30, 2019.

8. Term Loan Payable

During the period ended June 30, 2020, as part of the Canadian government funded COVID-19 financial assistance programs, the Company received loans in the amount of \$29,352 (CAD \$40,000) from the Bank of Montreal (CEBA term loan). The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2022 and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

9. Share Capital

a. Shares authorized

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

b. Common shares issued

As at June 30, 2020, the Company had 243,505,268 (December 31, 2019 – 195,005,268) common shares issued and outstanding.

On January 20, 2020, the Company completed a private placement financing, issuing 21,000,000 shares at CDN\$0.05 per share for gross proceeds of CDN\$1,050,000.

On May 22, 2020, the Company completed a private placement financing, issuing 27,500,000 shares at CDN\$0.05 per share for gross proceeds of CDN\$1,375,000.

c. Stock options

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

The changes in stock options during the six months ended June 30, 2020 were as follows:

	Number	(CDN\$)
Balance, December 31, 2019	10,590,000	0.07
Issued	7,400,000	0.06
Cancelled	(2,500,000)	0.11
Balance June 30, 2020	15,490,000	0.05

Share-based payments for the the six months ended June 30, 2020 were \$130,176 (Period ended June 30, 2019 – \$49,929). The fair value of stock options granted was \$238,007 (Period ended June 30, 2019 - \$Nil). Fair value at grant date of the stock options was measured based on the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility. The weighted-average assumptions used for the Black-Scholes option-pricing model of stock options granted during the period are as follows:

	June 30, 2020	June 30, 2019
Risk-free interest rate	1.27%	-
Expected life of options	5 years	-
Annualized volatility	111.26%	-
Dividend rate	Nil	-

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

Stock options outstanding at June 30, 2020 were as follows:

Grant Date	Exercisable		Outstanding		Expiry Date
	Exercise Price (CDN\$)	Number of Options	Exercise Price (CDN\$)	Number of Options	
November 16, 2015	\$0.05	1,540,000	\$0.05	1,540,000	November 16, 2020
April 2, 2018	\$0.09	100,000	\$0.09	100,000	April 2, 2023
October 1, 2018	\$0.07	300,000	\$0.07	300,000	October 1, 2023
October 12, 2018	\$0.07	200,000	\$0.07	200,000	October 12, 2023
November 19, 2018	\$0.07	2,450,000	\$0.07	2,450,000	November 19, 2023
July 19, 2019	\$0.05	1,750,000	\$0.05	3,500,000	July 19, 2024
January 27, 2020	\$0.05	1,750,000	\$0.05	7,000,000	January 27, 2025
June 17, 2020	\$0.06	100,000	\$0.06	400,000	June 17, 2025
	\$0.06	8,190,000	\$0.05	15,490,000	

The remaining contractual life for options outstanding at June 30, 2020 is 3.80 years.

d. Warrants

There were no changes to warrants during the six months ended June 30, 2020.

Warrants outstanding at June 30, 2020 were as follows:

Expiry Date	Exercise Price	Number of Warrants Outstanding
July 29, 2020	\$0.15	5,407,663
January 30, 2021	\$0.09	2,775,000
March 1, 2021	\$0.09	2,084,000
September 14, 2021	\$0.15	5,349,222
	\$0.14	15,615,885

The remaining contractual life for warrants outstanding at June 30, 2020 is 0.63 years

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.

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.

f. Restricted Stock Units

During the period ended June 30, 2020, the Company granted 4,002,355 restricted stock units (December 31, 2019 – \$Nil). The fair value of the restricted stock units was \$205,417 (Period ended June 30, 2019 - \$Nil).

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2020 and 2019 (unaudited)

(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 a committee formed by the parties. The Company did incur in excess of 1,500,000 soles on community initiatives since July 2012 (more than 6,000,000 soles since 2010) however the committee was not formed in time to approve all of these expenditures. The Company also committed to issue 1,000,000 shares of the Company to the community upon the earlier of the commencement of the construction phase of the Cañariaco Copper Project or the transfer of at least 51% of the Cañariaco Copper Project to a third-party.

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,	
	2020	2019
Salaries and fees	\$ 42,173	\$ 34,086
Share-based payments	327,900	41,379
	\$ 370,073	\$ 75,465

During the six months ended June 30, 2020, the Company paid \$Nil in directors' fees (Period ended June 30, 2019 - \$Nil).

Included in salaries and fees is \$17,611 (Period ended June 30, 2019 - \$18,758) which was capitalized to unproven mineral right interests.

During the period ended June 30, 2020, the Company received advances for \$10,000 and \$2,348 from a director and officer of the Company.

During the period ended June 30, 2020, the Company made repayments of \$47,500 for amounts advanced by a director and \$38,304 for amounts advanced by an officer.

During the period ended June 30, 2020, the Company paid to the officers \$169,212 for salaries and fees included in trade payables and accrued liabilities.

During the period ended June 30, 2020 4,002,355 restricted stock units were granted to an officer and to a director of the Company. The stock units were valued at \$205,417 (June 30, 2019 - \$Nil) and are included in contributed surplus. The shares are expected to be issued subsequent to the period ended June 30, 2020.

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Trade payables and accrued liabilities at June 30, 2020, included \$348,560 (December 31, 2019 - \$523,877) due to related parties, consisting of officers and directors and companies controlled by them (Note 7).

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

12. General and Administrative Expenses

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
GENERAL AND ADMINISTRATIVE				
Amortization (Note 6)	\$ 4,782	\$ 4,992	\$ 9,554	\$ 10,115
Accounting, audit and tax advisory fees	7,521	9,960	21,280	23,135
Bank charges and interest	325	592	900	1,119
Legal	2,917	5,482	16,070	20,947
Management fees, office salaries and benefits (Note 11)	33,696	51,102	63,450	91,483
Office, rent and miscellaneous	10,778	13,397	25,092	26,022
Travel and accommodations	(7)	5	506	43
Regulatory and filing fees	21,049	4,779	26,937	14,124
Share-based payments (Note 9)	260,383	14,477	335,593	49,929
Shareholder communications	1,756	16,995	5,744	21,548
Total general and administrative expenses	\$ 343,200	\$ 121,781	\$ 505,126	\$ 258,465

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:

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

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

14. Financial Risk and Capital Management (continued)

The Company has a receivable of \$82,296 associated with the sale of Minera Candente. Management considers that this receivable is recoverable, and that credit risk associated with this receivable is moderate.

At June 30, 2020, the Company's maximum exposure to credit risk is the carrying value of its cash and receivables.

Capital management

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

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

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

Cash and investments fall under Level 1.

There were no transfers between levels during the period.

15. Subsequent Events

On July 16, 2020, the Company extended the exercise period of a total of 5,407,633 outstanding share purchase warrants issued pursuant to the private placement completed on July 29, 2016 and the new expiry date will be July 29, 2021. The exercise price of the warrants will remain unchanged at \$0.15 .