



CANDENTE COPPER CORP

Candente Copper Corp.
Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2021 and 2020 (unaudited)
(Expressed in United States dollars, unless otherwise noted)

NOTICE

The accompanying unaudited condensed consolidated interim 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 March 31, 2021 and December 31, 2020 (unaudited)
(Expressed in United States dollars unless otherwise noted)

Notes	March 31, 2021	December 31, 2020
Assets		
Current assets		
Cash	\$ 612,834	\$ 510,627
Prepaid expenses and deposits	28,665	13,206
Total current assets	641,499	523,833
Non-current assets		
Receivables	26,427	37,476
Investment	3 286,164	239,155
Right of use asset	4 71,610	74,731
Unproven mineral right interests	5 64,335,542	64,257,275
Equipment	6 66,141	69,754
Total non-current assets	64,785,884	64,678,391
Total assets	\$ 65,427,383	\$ 65,202,224
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	7,11 \$ 448,313	\$ 838,403
Current portion of lease liability	4 22,459	22,459
Total current liabilities	470,772	860,862
Non-current liabilities		
Term loan payable	8 17,133	31,416
Lease liability	4 51,676	53,735
Total Liabilities	539,581	946,013
Equity		
Share capital	9 87,462,616	86,774,635
Reserves	9 13,428,963	13,455,747
Accumulated deficit	(36,003,777)	(35,974,171)
Total equity	64,887,802	64,256,211
Total liabilities and equity	\$ 65,427,383	\$ 65,202,224

General information and going concern (Note 1)
Commitment (Note 10)
Subsequent events (Note 15)

Approved on behalf of the Board of Directors on May 17, 2021

(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 months ended March 31, 2021 and 2020 (unaudited)
(Expressed in United States dollars unless otherwise noted)

		Three months ended March 31,	
	Notes	2021	2020
Expenses			
General and administrative expenses	12	\$ 171,907	\$ 161,926
Other expenses			
Loss on foreign exchange		78,841	15,456
Interest expense		1,513	-
Interest income		-	(4,304)
Gain on Extinguishment of debt	7	(222,655)	-
Net loss		29,606	173,078
Other comprehensive (income) loss			
Items that will not be reclassified to profit or loss:			
Change in fair value of investment	3	(50,505)	42,627
Exchange difference on translation of parent		(94,012)	31,641
		(144,517)	74,268
Comprehensive (gain) loss		\$ (114,911)	\$ 247,346
Loss per share attributable to shareholders:			
basic and diluted		\$ (0.00)	\$ (0.00)
Weighted average number of common shares			
outstanding: basic and diluted		251,126,343	211,620,653

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 three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

	Share Capital		Reserves					Total
	Total common shares	Share capital	Equity settled employee compensation and warrants	Foreign currency	Available for sale assets	Total reserves	Deficit	
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 debt	21,000,000	803,504	-	-	-	-	-	803,504
Share issuance costs	-	(6,161)	-	-	-	-	-	(6,161)
Share-based payments	-	-	75,210	-	-	75,210	-	75,210
Net loss	-	-	-	-	-	-	(173,078)	(173,078)
Change in fair value of investment	-	-	-	-	(42,627)	(42,627)	-	(42,627)
Cumulative translation adjustment	-	-	-	(31,641)	-	(31,641)	-	(31,641)
Balance at March 31, 2020	216,005,268	\$ 85,530,272	\$ 13,512,098	\$ (527,286)	\$ (23,494)	\$ 12,961,318	\$ (35,215,221)	\$ 63,276,369
Balance at January 1, 2021	247,111,768	\$ 86,774,635	\$ 13,864,518	\$ (562,631)	\$ 153,860	\$ 13,455,747	\$ (35,974,171)	\$ 64,256,211
Share-based payments	-	-	12,819	-	-	12,819	-	12,819
Obligation to issue shares	-	-	-	-	-	-	-	-
Common shares issued upon exercise of warrants	5,592,110	525,229	(21,369)	-	-	(21,369)	-	503,860
Common shares issued upon settlement of RSU	2,930,926	162,752	(162,752)	-	-	(162,752)	-	-
Net loss	-	-	-	-	-	-	(29,606)	(29,606)
Change in fair value of investment	-	-	-	-	50,506	50,506	-	50,506
Cumulative translation adjustment	-	-	-	94,012	-	94,012	-	94,012
Balance at March 31, 2021	255,634,804	\$ 87,462,616	\$ 13,693,216	\$ (468,619)	\$ 204,366	\$ 13,428,963	\$ (36,003,777)	\$ 64,887,802

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 three months ended March 31, 2021 and 2020 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Three months ended March 31,	
	2021	2020
Cash provided by (used in):		
Loss for the period	\$ (29,606)	\$ (173,078)
Items not affecting cash:		
Amortization	8,499	4,772
Share-based payments	12,819	75,210
Interest income	-	(4,304)
Interest expense	1,513	-
Gain on Extinguishment of debt	(222,655)	-
Foreign exchange	103,973	(14,349)
Changes in non-cash working capital items:		
Receivables	11,049	(5,452)
Prepaid expenses and deposits	(10,134)	5,269
Accounts payable and accrued liabilities	(179,196)	(167,573)
Net cash used in operating activities	(303,738)	(279,505)
Investing		
Addition to unproven mineral right interests	(118,013)	(164,013)
Purchase of equipment	(861)	-
Payments received for sale of subsidiary	-	25,500
Change in value added taxes paid	39,746	(1,041)
Net cash used in investing activities	(79,128)	(139,554)
Financing		
Issuance of common shares for cash, net of issuance costs	-	797,343
Issuance of common shares for exercise of options	-	-
Issuance of common shares for exercise of warrants	503,860	-
Repayment of bank overdraft	-	(42)
Term loan payable	(14,283)	-
Principal repayments on lease liability	(4,504)	-
Advances from related parties	-	12,379
Repayment of related party advances	-	(86,313)
Net cash provided by financing activities	485,073	723,367
Net change in cash	102,207	304,308
Cash at beginning of period	510,627	-
Cash at end of period	\$ 612,834	\$ 304,308

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 months ended March 31, 2021 and 2020 (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 801-1112 West Pender Street, Vancouver British Columbia, V6E 2S1.

The principal subsidiaries of the Company as at March 31, 2021 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
Cobriza Metals Corp.	100%	CDN Dollars
Candente Resource (BVI) Corp.	100%	US Dollars
Cobriza Metals Peru S.A.	100%	US Dollars

The Company’s common shares are listed on the Toronto Stock Exchange (“TSX”) and the Lima Stock Exchange under the trading symbol “DNT”. The Company’s share options and warrants are not listed.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on May 13, 2021.

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 three months ended March 31, 2021, the Company incurred a net loss of \$29,606. As at March 31, 2021, the Company has \$36,003,777 in cumulative losses since inception and working capital of \$170,727. 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. Operation in the projects located in Peru make decisions according to their local situation and applicable laws, as well as considering the health and safety of their employees. During the second quarter of 2020, operations in Peru were temporarily suspended due to government restrictions focused on reducing the impacts of COVID-19, including the Don Gregorio copper-gold porphyry project. The Peruvian government issued a decree on May 3, 2020 indicating large mines would be able to reopen subject to approval of certain protocols. The mining exploration activities resumed operations during the third quarter of 2020 and remain in operations. To date, 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 months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

2. Statement of Compliance and Basis of Presentation

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

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

These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS issued by the IASB.

3. Investment

At March 31, 2021, the Company held 5,536,373 (December 31, 2020 - 5,536,373) shares of Xali Gold Corp. (formerly Candente Gold Corp) (“Xali Gold”), a company with common officers and directors. The closing share price was CDN\$0.065 (December 31, 2020 - CDN\$0.055) and the fair value of the Company’s investment in Xali Gold is \$286,164 (December 31, 2020 - \$239,155). During the three months ended March 31, 2021, the Company recognized an unrealized gain on investments of \$50,505 (2020 – loss of \$42,627) that was included in other comprehensive loss.

4. Right to Use Asset and Lease Liability

The right of use asset consists of a lease for office space.

	March 31, 2021	December 31, 2020
Opening balance	\$ 74,731	\$ -
Additions	-	80,071
Depreciation	(4,026)	(4,878)
Foreign exchange adjustment	905	(462)
Ending balance	\$ 71,610	\$ 74,731

The Company’s lease liability consists of a single lease for office space. The lease liability was measured at the present value of the remaining lease payments and discounted using the Company’s estimated incremental borrowing rate of 8% per annum.

At March 31, 2021, the Company’s lease liability is as follows:

	March 31, 2021	December 31, 2020
Opening balance	\$ 76,194	\$ -
Additions	-	80,071
Interest	1,513	1,826
Lease payments	(4,504)	(5,667)
Foreign exchange adjustment	932	(36)
Ending balance	\$ 74,135	\$ 76,194

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

4. Right to Use Asset and Lease Liability (Continued)

	March 31, 2021		December 31, 2020	
Current portion	\$	22,459	\$	22,459
Long-term portion		51,676		53,735
Total lease liability	\$	74,135	\$	76,194

At March 31, 2021, the Company is committed to minimum undiscounted lease payments as follows:

	March 31, 2021		December 31, 2020	
Less than one year	\$	18,640	\$	18,197
One to five years		70,097		73,924
Total undiscounted lease liabilities	\$	88,737	\$	92,121

The following expenses are recorded pertaining to the lease arrangements:

	March 31, 2021		December 31, 2020	
Interest on lease liabilities	\$	1,513	\$	1,826
Amortization sub-leasing right-of-use	\$	4,026	\$	4,878
Expenses relating to short-term leases and variable costs	\$	-	\$	26,495

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests

As of March 31, 2021, the Company's mineral properties consisted of the following:

Cañariaco Property, Lambayeque, Peru	Balance as at January 1, 2021	Mining property expenditures	Balance as at March 31, 2021
Mineral rights and surface rights	\$ 2,106,647	\$ -	\$ 2,106,647
Community initiatives	4,751,523	900	4,752,423
Exploration and evaluation costs:			
Drilling	9,814,613	-	9,814,613
Environment, health and safety	1,448,771	15,286	1,464,057
General exploration	10,013,092	14,099	10,027,191
Engineering studies	25,000	3,180	28,180
Feasibility study	10,884,797	-	10,884,797
Field support include project management	23,216,607	37,073	23,253,680
Total exploration and evaluation costs	55,402,880	69,638	55,472,518
	62,261,050	70,538	62,331,588
Option and royalty payments received	(505,921)	-	(505,921)
	\$ 61,755,129	\$ 70,538	\$ 61,825,667
Cobrizo Metals Peruvian properties			
Mineral rights and surface rights	\$ 404,730	\$ -	\$ 404,730
Community initiatives	40,000	-	40,000
Exploration and evaluation costs:			
Drilling	357,090	-	357,090
Environment, health and safety	42,288	-	42,288
General exploration	706,826	-	706,826
Feasibility study	1,087	-	1,087
Field support include project management	51,691	635	52,326
Cost recoveries	(83,579)	-	(83,579)
Total exploration and evaluation costs	1,075,403	635	1,076,038
	1,520,133	635	1,520,768
Option and royalty payments received	(350,000)	-	(350,000)
Impairment of unproven mineral rights interest	(466,359)	-	(466,359)
	\$ 703,774	\$ 635	\$ 704,409
Total mineral properties before value-added tax credit	\$ 62,458,903	\$ 71,173	\$ 62,530,076
Value-added tax credit **	\$ 1,798,372	\$ 7,094	\$ 1,805,466
Total mineral properties	\$ 64,257,275	\$ 78,267	\$ 64,335,542

**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.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests (Continued)

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 Forte Copper Corp. (formerly known as Plan B Minerals Corp.) ("FCC"). The Don Gregorio property is one of the projects held by Cobriza Metals Peru S.A. ("Cobriza").

In accordance with the option agreement, FCC 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 and reimbursements for fees for annual mineral rights totalling \$50,036 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).

On November 4, 2020, the Company assigned the Don Gregorio project mining concessions to a subsidiary of FCC for ease of application for the drilling permits. The agreement has a term of 5 years.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

As of December 31, 2020, the Company's mineral properties consisted of the following:

Cañariaco Property, Lambayeque, Peru	Balance as at January 1, 2020	Mining property expenditures	December 31, 2020
Mineral rights and surface rights	\$ 2,002,960	\$ 103,687	\$ 2,106,647
Community initiatives	4,663,704	87,819	4,751,523
Exploration and evaluation costs:			
Drilling	9,770,307	44,306	9,814,613
Environment, health and safety	1,343,205	105,566	1,448,771
General exploration	10,001,841	11,251	10,013,092
Engineering studies	25,000	-	25,000
Feasibility study	10,884,797	-	10,884,797
Field support include project management	23,053,070	163,537	23,216,607
Total exploration and evaluation costs	55,078,220	324,660	55,402,880
	61,744,884	516,166	62,261,050
Option and royalty payments received	(505,921)	-	(505,921)
	\$ 61,238,963	\$ 516,166	\$ 61,755,129
Cobrizo Metals Peruvian properties			
Mineral rights and surface rights	\$ 350,000	\$ 54,730	\$ 404,730
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
Feasibility study	-	1,087	1,087
Field support include project management	48,973	2,718	51,691
Cost recoveries	(58,243)	(25,336)	(83,579)
Total exploration and evaluation costs	1,092,554	(17,151)	1,075,403
	1,482,554	37,579	1,520,133
Option and royalty payments received	(350,000)	-	(350,000)
Impairment of unproven mineral rights interest	(466,359)	-	(466,359)
	\$ 666,195	\$ 37,579	\$ 703,774
Total mineral properties before value-added tax credit	\$ 61,905,158	\$ 553,745	\$ 62,458,903
Value-added tax credit **	\$ 1,786,775	\$ 11,597	\$ 1,798,372
Total mineral properties	\$ 63,691,933	\$ 565,342	\$ 64,257,275

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

6. Equipment

	Equipment	Vehicles	Leaseholds	Total
Cost				
As at December 31, 2019	\$ 605,432	\$ 29,141	\$ 8,120	\$ 642,693
Additions	313	-	-	313
Disposals	(96)	-	-	(96)
As at December 31, 2020	605,649	29,141	8,120	642,910
Additions	861	-	-	861
As at March 31, 2021	\$ 606,510	\$ 29,141	\$ 8,120	\$ 643,771
Accumulated depreciation				
As at December 31, 2019	\$ (517,170)	\$ (29,141)	\$ (8,120)	\$ (554,431)
Additions	(18,725)	-	-	(18,725)
As at December 31, 2020	(535,895)	(29,141)	(8,120)	(573,156)
Additions	(4,474)	-	-	-
As at March 31, 2021	\$ (540,369)	\$ (29,141)	\$ (8,120)	\$ (573,156)
Net book value				
As at December 31, 2020	\$ 69,754	\$ -	\$ -	\$ 69,754
As at March 31, 2021	\$ 66,141	\$ -	\$ -	\$ 66,141

7. Trade Payables and Accrued Liabilities

	March 31, 2021	December 31, 2020
Trade payables	\$ 101,959	\$ 105,320
Due to related parties (Note 11)	269,829	278,112
Accrued liabilities	76,525	454,971
	\$ 448,313	\$ 838,403

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 \$883,596 included in the accounts payable of the Company's subsidiary, Cañariaco.

Pursuant to the agreement and subsequent amendments, the Company made various payments and issued 2,638,771 common shares with a fair value of \$90,136 resulting in a partial gain on settlement of \$51,614 recorded during the year ended December 31, 2019.

During the period ended March 31, 2021, the Company made a final cash payment of \$175,000 (December 31, 2020 - \$350,000) and the remaining balance of \$222,655 was recorded as debt forgiveness in full satisfaction of all obligations to AMEC.

8. Term Loan Payable

On April 29, 2020, the Company received a loan for gross proceeds of \$30,601 (CAD \$40,000) under the Canada Emergency Business Account ("CEBA") as part of the Canadian government funded COVID-19 financial assistance programs. 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 months ended March 31, 2021 and 2020 (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 March 31, 2021, the Company had 255,634,804 (December 31, 2020 – 247,111,768) common shares issued and outstanding.

During the period ended March 31, 2021, 8,523,036 common shares were issued: pursuant to the exercise of 5,592,110 warrants for proceeds of CDN\$639,317; and 2,930,926 common shares issued upon the settlement of Restricted Share Units (“RSU”) at no additional consideration and with a fair value of CDN\$205,165.

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 three months ended March 31, 2021 were as follows:

	Number	Exercise Price (CDN\$)
Balance, December 31, 2019	10,590,000	0.07
Issued	7,400,000	0.05
Exercised	(2,010,000)	0.05
Expired	(30,000)	0.05
Cancelled	(2,500,000)	0.11
Balance, December 31, 2020 and March 31, 2021	13,450,000	0.05

Share-based payments for the the three months ended March 31, 2021 were \$12,819 (Period ended March 31, 2020 – \$75,210) relating to the vesting of options. The fair value of stock options granted was \$Nil this period as no options were granted (Period ended March 31, 2020 - \$215,148). 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:

	March 31, 2021	March 31, 2020
Risk-free interest rate	Nil	1.32%
Expected life of options	Nil	5 years
Annualized volatility	Nil	111.07%
Dividend rate	Nil	Nil

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

Stock options outstanding at March 31, 2021 were as follows:

Grant Date	Exercisable		Outstanding		Expiry Date
	Exercise Price (CDN\$)	Number of Options	Exercise Price (CDN\$)	Number of Options	
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	2,100,000	\$0.07	2,100,000	November 19, 2023
July 19, 2019	\$0.05	1,675,000	\$0.05	3,350,000	July 19, 2024
January 27, 2020	\$0.05	3,500,000	\$0.05	7,000,000	January 27, 2025
June 17, 2020	\$0.06	100,000	\$0.06	400,000	June 17, 2025
	\$0.06	7,975,000	\$0.05	13,450,000	

d. Warrants

The changes in warrants during the three months ended March 31, 2021 and 2020 were as follows:

	Number	Average Exercise Price (CDN\$)
Balance, December 31, 2019	15,615,885	0.14
Exercised	(1,596,500)	0.09
Balance, December 31, 2020	14,019,385	0.14
Exercised	(5,592,110)	0.11
Balance, March 31, 2021	8,427,275	0.15

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

Warrants outstanding at March 31, 2021 were as follows:

Expiry Date	Exercise Price	Number of Warrants Outstanding
July 29, 2021	\$0.15	3,515,553
September 14, 2021	\$0.15	4,911,722
	\$0.15	8,427,275

During the quarter ended March 31, 2021, the company did not issue any DSU

	March 31, 2021	December 31, 2020
DSUs outstanding, beginning of period	991,315	-
Granted	-	991,315
DSUs outstanding, end of Period	991,315	991,315

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 Share Units

During the three months ended March 31, 2021, the Company did not grant any restricted share units (RSU) (2020 – 4,002,355). The fair value of new restricted share units was \$Nil (2020 – \$205,585).

10. Commitment

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.

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Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

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.

	Three months ended March 31,	
	2021	2020
Director fees	\$ 41,272	\$ -
Salaries and fees	21,628	19,612
Share-based payments	10,532	70,338
	\$ 73,432	\$ 89,950

During the three months ended March 31, 2021, the Company paid \$Nil in directors' fees (Period ended March 31, 2020 - \$Nil).

Included in salaries and fees is \$9,542 (2020 – \$8,458) which was capitalized to unproven mineral right interests.

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 7). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

	March 31, 2021	December 31, 2020
Directors and officers of the Company	\$ 269,829	\$ 278,112

12. General and Administrative Expenses

	Three months ended March 31,		
	2021	2020	
GENERAL AND ADMINISTRATIVE			
Amortization (Note 6)	\$ 8,499	\$ 4,772	
Accounting, audit and tax advisory fees	28,306	13,759	
Bank charges and interest	1,049	575	
Legal	12,630	13,153	
Management fees, office salaries and benefits (Note 11)	67,254	29,754	
Office, rent and miscellaneous	13,495	14,314	
Travel and accommodations	221	513	
Regulatory and filing fees	24,954	5,888	
Share-based payments (Note 9)	12,819	75,210	
Shareholder communications	2,680	3,988	
Total general and administrative expenses	\$ 171,907	\$ 161,926	

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

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. At March 31, 2021, 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 year and the Company is not subject to any restrictions on its capital.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

14. Financial Risk and Capital Management (continued)

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 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

Subsequent to March 31, 2021, the Company granted 206,463 DSUs to non-executive directors of the Company with a fair value of \$41,549 which is recorded as directors fees within general and administrative expenses on the statement of comprehensive loss. The Company also granted 225,294 RSU's to an officer of the Company for unpaid services rendered during 2020.

On May 6, 2021, 1,000,000 common shares were issued pursuant to the exercise of options for cash proceeds of CDN\$50,000.

On May 7, 2021, 2,250,000 Stock Options at an exercise price of \$0.15 were granted to Directors, an officer, a consultant and an employee.