



CANDENTE COPPER CORP

Candente Copper Corp.
Condensed Consolidated Interim Financial Statements
For the three months ended March 31, 2022 and 2021
(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, 2022 and December 31, 2021 (unaudited)
(Expressed in United States dollars unless otherwise noted)

| Notes | March 31, 2022 | December 31, 2021 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 23,249 | \$ 170,218 |
| Prepaid expenses and deposits | 112,691 | 28,159 |
| Total current assets | 135,940 | 198,377 |
| Non-current assets | | |
| Receivables | 65,656 | 55,076 |
| Investment | 3 443,076 | 502,215 |
| Right of use asset | 4 55,752 | 58,971 |
| Advances toward Canadian projects | 5 58,685 | 40,443 |
| Exploration and evaluation assets | 5 65,304,790 | 65,085,912 |
| Equipment | 6 51,526 | 55,855 |
| Total non-current assets | 65,979,485 | 65,798,472 |
| Total assets | \$ 66,115,425 | \$ 65,996,849 |
| Liabilities | | |
| Current liabilities | | |
| Trade payables and accrued liabilities | 7,11 \$ 666,367 | \$ 484,724 |
| Current portion of lease liability | 4 15,262 | 14,535 |
| Total current liabilities | 681,629 | 499,259 |
| Non-current liabilities | | |
| Term loan payable | 8 32,012 | 31,552 |
| Lease liability | 4 46,087 | 49,389 |
| Total Liabilities | 759,728 | 580,200 |
| Equity | | |
| Share capital | 9 88,937,785 | 88,482,043 |
| Reserves | 9 14,677,102 | 14,084,690 |
| Accumulated deficit | (38,259,190) | (37,150,084) |
| Total equity | 65,355,697 | 65,416,649 |
| Total liabilities and equity | \$ 66,115,425 | \$ 65,996,849 |

General information (Note 1)
Commitment (Note 10)
Subsequent events (Note 15)

Approved on behalf of the Board of Directors on May 12, 2022

(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, 2022 and 2021 (unaudited)
(Expressed in United States dollars unless otherwise noted)

| | | Three months ended March 31, | |
|---|-------|------------------------------|---------------------|
| | Notes | 2022 | 2021 |
| Expenses | | | |
| General and administrative expenses | 12 | \$ 1,083,569 | \$ 171,907 |
| Other expenses | | | |
| Loss on settlement of debt | 9 | 49,670 | - |
| Loss (gain) on foreign exchange | | (25,420) | 78,841 |
| Interest expense | | 1,384 | 1,513 |
| Interest income | | (97) | - |
| Net loss | | 1,109,106 | 29,606 |
| Change in fair value of investment | 3 | 51,818 | (50,505) |
| Exchange difference on translation of parent | | 11,949 | (94,012) |
| | | 63,767 | (144,517) |
| Comprehensive loss/(gain) | | \$ 1,172,873 | \$ (114,911) |
| Loss per share attributable to shareholders: | | | |
| basic and diluted | | \$ 0.00 | \$ (0.00) |
| Weighted average number of common shares | | | |
| outstanding: basic and diluted | | 268,682,760 | 251,126,343 |

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, 2022 and 2021 (unaudited)
(Expressed in United States dollars unless otherwise noted)

| | Share Capital | | Reserves | | | | | | |
|--|---------------------|----------------------|---|---------------------|---------------------|---------------------------|----------------------|------------------------|----------------------|
| | Total common shares | Share capital | Equity settled employee compensation and warrants | Contributed Surplus | Foreign currency | Available for sale assets | Total reserves | Deficit | Total |
| 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 - stock options | - | - | 12,819 | - | - | - | 12,819 | - | 12,819 |
| 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 |
| Balance at January 1, 2022 | 266,541,947 | \$ 88,482,043 | \$ 14,021,685 | \$ 45,346 | \$ (405,004) | \$ 422,663 | \$ 14,084,690 | \$ (37,150,084) | \$ 65,416,649 |
| Share-based payments - stock options | - | - | 814,710 | - | - | - | 814,710 | - | 814,710 |
| Debt settlement | 568,213 | 102,945 | - | - | - | - | - | - | 102,945 |
| Common shares issued upon exercise of options | 2,580,000 | 352,797 | (158,531) | - | - | - | (158,531) | - | 194,266 |
| Net loss | - | - | - | - | - | - | - | (1,109,106) | (1,109,106) |
| Change in fair value of investment | - | - | - | - | - | (51,818) | (51,818) | - | (51,818) |
| Cumulative translation adjustment | - | - | - | - | (11,949) | - | (11,949) | - | (11,949) |
| Balance at March 31, 2022 | 269,690,160 | \$ 88,937,785 | \$ 14,677,864 | \$ 45,346 | \$ (416,953) | \$ 370,845 | \$ 14,677,102 | \$ (38,259,190) | \$ 65,355,697 |

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, 2022 and 2021 (unaudited)
(Expressed in United States dollars unless otherwise noted)

| | Three months ended March 31, | |
|---|------------------------------|-------------------|
| | 2022 | 2021 |
| Cash provided by (used in): | | |
| Loss for the period | \$ (1,109,106) | \$ (29,606) |
| Items not affecting cash: | | |
| Amortization | 8,355 | 8,499 |
| Share-based payments - stock options | 814,710 | 12,819 |
| Interest expense | 1,257 | 1,513 |
| Loss/(gain) on settlement of debt | 49,538 | (222,655) |
| Foreign exchange | (8,891) | 103,973 |
| Changes in non-cash working capital items: | | |
| Receivables | (10,580) | 11,049 |
| Prepaid expenses and deposits | (84,532) | (10,134) |
| Accounts payable and accrued liabilities | 204,677 | (179,196) |
| Net cash used in operating activities | (134,572) | (303,738) |
| Investing | | |
| Addition to unproven mineral right interests | (183,704) | (118,013) |
| Advance payment - Canyon Creek | (18,242) | - |
| Purchase of equipment | - | (861) |
| Change in value added taxes paid | - | 39,746 |
| Net cash used in investing activities | (201,946) | (79,128) |
| Financing | | |
| Issuance of common shares for exercise of options | 194,266 | - |
| Issuance of common shares for exercise of warrants | - | 503,860 |
| Term loan payable | - | (14,283) |
| Principal repayments on lease liability | (4,717) | (4,504) |
| Net cash provided by financing activities | 189,549 | 485,073 |
| Net change in cash | (146,969) | 102,207 |
| Cash at beginning of period | 170,218 | 510,627 |
| Cash at end of period | \$ 23,249 | \$ 612,834 |
| Non-cash investing and financing information: | | |
| Common shares issued for debt settlement | 102,945 | - |
| Change in fair value investment | (51,818) | - |
| Exploration and evaluation assets including in trade payables | 123,176 | - |

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, 2022 and 2021 (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, 2022 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 consolidated financial statements were authorized for issue by the Board of Directors on May 12, 2022.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For three months ended March 31, 2022, the Company incurred a net loss of \$1,109,106. As at March 31, 2022, the Company has \$38,259,190 in cumulative losses since inception and deficiency in working capital of \$545,689 (2021 deficiency of \$300,882). 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, which affected access to the Companies mineral properties. The Peruvian government issued a decree on May 3, 2020 indicating large mines would be able to reopen subject to approval of certain protocols. 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, 2022 and 2021 (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, 2021, which have been prepared in accordance with IFRS issued by the IASB.

3. Investment

At March 31, 2022, the Company held 5,536,373 (December 31, 2021 - 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\$0.10 (December 31, 2021 - CDN\$0.115) and the fair value of the Company’s investment in Xali Gold is \$443,076 (December 31, 2021 - \$502,215). During the three months ended March 31, 2022, the Company recognized an unrealized loss on investments of \$51,818 (gain 2021 – \$50,505) 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, 2022 | December 31, 2021 |
|-----------------------------|-----------------------|--------------------------|
| Opening balance | \$ 58,971 | \$ 74,731 |
| Depreciation | (4,026) | (16,271) |
| Foreign exchange adjustment | 807 | 511 |
| Ending balance | \$ 55,752 | \$ 58,971 |

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, 2022, the Company’s lease liability is as follows:

| | March 31, 2022 | December 31, 2021 |
|-----------------------------|-----------------------|--------------------------|
| Opening balance | \$ 63,924 | \$ 76,194 |
| Interest | 1,257 | 5,740 |
| Lease payments | (4,717) | (18,483) |
| Foreign exchange adjustment | 885 | 473 |
| Ending balance | \$ 61,349 | \$ 63,924 |

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

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

| | March 31, 2022 | | December 31, 2021 |
|------------------------------|-----------------------|-----------|--------------------------|
| Current portion | \$ 15,262 | \$ | 14,535 |
| Long-term portion | 46,087 | | 49,389 |
| Total lease liability | \$ 61,349 | \$ | 63,924 |

At March 31, 2022, the Company is committed to minimum undiscounted lease payments as follows:

| | March 31, 2022 | | December 31, 2021 |
|---|-----------------------|-----------|--------------------------|
| Less than one year | \$ 19,627 | \$ | 19,131 |
| One to five years | 50,913 | | 55,108 |
| Total undiscounted lease liabilities | \$ 70,540 | \$ | 74,239 |

The following expenses are recorded pertaining to the lease arrangements:

| | March 31, 2022 | | December 31, 2021 |
|---------------------------------------|-----------------------|----|--------------------------|
| Interest on lease liabilities | \$ 1,257 | \$ | 5,740 |
| Amortization sub-leasing right-of-use | 4,026 | \$ | 16,271 |

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests

As of March 31, 2022, the Company's mineral properties consisted of the following:

| | Balance as at January 1, 2021* | Mining property expenditures | Balance as at March 31, 2022 |
|---|--------------------------------------|---------------------------------|---------------------------------|
| Cañariaco Property, Lambayeque, Peru | | | |
| Mineral rights and surface access rights | \$ 2,214,083 | \$ - | \$ 2,214,083 |
| Community relations and social initiatives | 4,892,624 | 26,494 | 4,919,118 |
| Exploration and evaluation costs: | | | |
| Drilling | 9,858,863 | 13,746 | 9,872,609 |
| Environment, health and safety | 1,593,436 | 20,999 | 1,614,435 |
| General exploration and development | 10,181,567 | 28,795 | 10,210,362 |
| Engineering studies | 11,057,304 | 118,317 | 11,175,621 |
| Field support including project management | 23,261,881 | 10,130 | 23,272,011 |
| Total exploration and evaluation costs | 55,953,051 | 191,987 | 56,145,038 |
| | 63,059,758 | 218,481 | 63,278,239 |
| Option and royalty payments received | (505,921) | - | (505,921) |
| | \$ 62,553,837 | \$ 218,481 | \$ 62,772,318 |
| Cobrizo Metals Peruvian properties | | | |
| Mineral rights and surface access rights | \$ 453,490 | \$ - | \$ 453,490 |
| Community relations and social initiatives | 40,000 | - | 40,000 |
| Exploration and evaluation costs: | | | |
| Drilling | 358,297 | 397 | 358,694 |
| Environment, health and safety | 42,288 | - | 42,288 |
| General exploration and development | 706,826 | - | 706,826 |
| Engineering studies | 1,087 | - | 1,087 |
| Field support including project management | 52,309 | - | 52,309 |
| Cost recoveries | (105,839) | - | (105,839) |
| Total exploration and evaluation costs | 1,054,968 | 397 | 1,055,365 |
| | 1,548,458 | 397 | 1,548,855 |
| Option and royalty payments received | (350,000) | - | (350,000) |
| Impairment of unproven mineral rights interest | (466,359) | - | (466,359) |
| | \$ 732,099 | \$ 397 | \$ 732,496 |
| Total mineral properties before value-added tax credit | \$ 63,285,936 | \$ 218,878 | \$ 63,504,814 |
| Value-added tax credit ** | \$ 1,799,976 | \$ - | \$ 1,799,976 |
| Total mineral properties | \$ 65,085,912 | \$ 218,878 | \$ 65,304,790 |

*Some of the numbers have been regrouped to be inline with the current presentation

**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, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests (Continued)

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

| | Balance as at January 1, 2021 | Mining property expenditures | Balance as at December 31, 2021 |
|--|-------------------------------------|---------------------------------|---------------------------------------|
| Cañariaco Property, Lambayeque, Peru | | | |
| Mineral rights and surface access rights | \$ 2,106,647 | \$ 107,436 | \$ 2,214,083 |
| Community relations and social initiatives | 4,751,523 | 141,101 | 4,892,624 |
| Exploration and evaluation costs: | | | |
| Drilling | 9,814,613 | 44,250 | 9,858,863 |
| Environment, health and safety | 1,448,771 | 144,665 | 1,593,436 |
| General exploration and development | 10,013,092 | 168,475 | 10,181,567 |
| Engineering studies | 10,909,797 | 370,163 | 11,279,960 |
| Field support including project management | 23,216,607 | 45,274 | 23,261,881 |
| Total exploration and evaluation costs | 55,402,880 | 772,827 | 56,175,707 |
| | 62,261,050 | 1,021,364 | 63,282,414 |
| Option and royalty payments received | (505,921) | - | (505,921) |
| Reduction in historical engineering fees | - | (222,656) | (222,656) |
| | \$ 61,755,129 | \$ 798,708 | \$ 62,553,837 |
| Cobrizo Metals Peruvian properties | | | |
| Mineral rights and surface access rights | \$ 404,730 | \$ 48,760 | \$ 453,490 |
| Community relations and social initiatives | 40,000 | - | 40,000 |
| Exploration and evaluation costs: | | | |
| Drilling | 357,090 | 1,207 | 358,297 |
| Environment, health and safety | 42,288 | - | 42,288 |
| General exploration and development | 706,826 | - | 706,826 |
| Engineering studies | 1,087 | - | 1,087 |
| Field support including project management | 51,691 | 618 | 52,309 |
| Cost recoveries | (83,579) | (22,260) | (105,839) |
| Total exploration and evaluation costs | 1,075,403 | (20,435) | 1,054,968 |
| | 1,520,133 | 28,325 | 1,548,458 |
| Option and royalty payments received | (350,000) | - | (350,000) |
| Impairment of unproven mineral rights interest | (466,359) | - | (466,359) |
| | \$ 703,774 | \$ 28,325 | \$ 732,099 |
| Total mineral properties before value-added tax credit | \$ 62,458,903 | \$ 827,033 | \$ 63,285,936 |
| Value-added tax credit ** | \$ 1,798,372 | \$ 1,604 | \$ 1,799,976 |
| Total mineral properties | \$ 64,257,275 | \$ 828,637 | \$ 65,085,912 |

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

In accordance with the option agreement, FCC has the right to earn a 60% interest in the Don Gregorio property from the Company by paying all holding costs including annual Mineral Rights (Givencia), making staged payments totaling \$500,000 to the Company, and drilling 10,000 metres within 3 years of receiving drilling permits.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests (Continued)

To date, the Company has received \$100,000 and has paid fees for annual mineral rights totalling \$72,296 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 transfer agreement has a term of 5 years such that if FCC has not completed the 10,000 metres of drilling by Nov 4, 2025 100% interest in the property will be transferred back to Cobriza.

Acquisition of Canyon Creek copper project:

On May 26, 2021 the Company announced it has entered into an option agreement to acquire up to 100% interest in the Canyon Creek copper project in northwestern British Columbia ("B.C."), Canada

Terms of the Agreement

The Company has entered into a Definitive Agreement ("DA") with property owner Chris Baldys. The DA provides for the following:

Acquire 100% Interest (subject to Royalty*) by:

1. Issuing a total of 1M shares over 5 years (by November 30, 2025)
2. Funding exploration activities to keep the claims in good standing until December 2027 (approximately Cdn\$45,000 per year)

Of the above the following was a Firm Commitment and has been completed:

- Issue 50,000 shares within 14 days of signing and receiving TSX approval (issued) (note 10);
- Issue an additional 50,000 shares by November 30, 2021 (issued); and
- Funding exploration activities totalling a minimum of \$42,000 by December 31, 2021. (achieved).

*Royalty:

The Vendor will be granted a royalty equal to 1.5% of net smelter returns ("NSR"). The Company has the right to buyback the first 0.5% of the NSR for \$500,000 and the second 0.5% of the NSR for an additional \$1.5M.

Canadian projects - Canyon Creek

| | Shares | Amount |
|-----------------------------------|----------------|------------------|
| Common shares issued for property | 100,000 | \$ 12,118 |
| Exploration expenses | - | 40,443 |
| Balance at January 1, 2022 | - | 52,561 |
| Exploration expenses | - | 18,242 |
| Balance at March 31, 2022 | 100,000 | \$ 58,685 |

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

6. Equipment

| | Equipment | Vehicles | Leaseholds | Total |
|---------------------------------|--------------|-------------|------------|--------------|
| Cost | | | | |
| As at December 31, 2020 | \$ 605,649 | \$ 29,141 | \$ 8,120 | \$ 642,910 |
| Additions | 2,980 | - | - | 2,980 |
| As at December 31, 2021 | 608,629 | 29,141 | 8,120 | 645,890 |
| Additions | - | - | - | - |
| As at March 31, 2022 | \$ 608,629 | \$ 29,141 | \$ 8,120 | \$ 645,890 |
| Accumulated depreciation | | | | |
| As at December 31, 2020 | \$ (535,895) | \$ (29,141) | \$ (8,120) | \$ (573,156) |
| Additions | (16,879) | - | - | (16,879) |
| As at December 31, 2021 | (552,774) | (29,141) | (8,120) | (590,035) |
| Additions | (4,329) | - | - | (4,329) |
| As at March 31, 2022 | \$ (557,103) | \$ (29,141) | \$ (8,120) | \$ (594,364) |
| Net book value | | | | |
| As at December 31, 2021 | \$ 55,855 | \$ - | \$ - | \$ 55,855 |
| As at March 31, 2022 | \$ 51,526 | \$ - | \$ - | \$ 51,526 |

7. Trade Payables and Accrued Liabilities

| | March 31, 2022 | December 31, 2021 |
|----------------------------------|-------------------|-------------------|
| Trade payables | \$ 394,427 | \$ 240,281 |
| Due to related parties (Note 11) | 236,229 | 211,456 |
| Accrued liabilities | 35,711 | 32,987 |
| | \$ 666,367 | \$ 484,724 |

The larger costs included in the trade payables balance include: Engineering services of \$117,902 (Ausenco) related to the PEA; Legal services \$93,097 (Gowlings WLG); Investor Relations Conference fees of \$38,400 (121 Group); 2021 Audit fee \$20,331 (Kreston); Annual dues \$15,593 (TSX); Peruvian Tax Advise for the PEA \$14,000 (PWC).

On February 17, 2022, the Company settled a debt with a vendor for CDN\$67,800 by issuing 568,213 Common shares (Note 9).

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

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.

On January 12, 2022 the government announced that the repayment deadline for the Canadian Emergency Business Account (CEBA) loans to qualify for partial loan forgiveness has been extended from December 31, 2022 to December 31, 2023, for all eligible borrowers in good standing.

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 2022, the Company had 269,690,160 (December 31, 2021 – 266,541,947) common shares issued and outstanding.

During the three months ended March 31, 2022, 3,148,213 common shares were issued: pursuant to the exercise of 2,580,000 stock options for proceeds of CDN\$244,000, and 568,213 common shares with fair value of CDN\$130,689 to settle a CDN\$67,800 debt (note 7). The Company recorded a loss of CDN\$62,889 in connection to the debt settlement.

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, 2022 were as follows:

| | Number | Exercise Price (CDN\$) |
|----------------------------|---------------|-----------------------------------|
| Balance, December 31, 2021 | 15,250,000 | 0.08 |
| Issued | 5,375,000 | 0.23 |
| Exercised | (2,580,000) | 0.08 |
| Balance March 31, 2022 | 18,045,000 | 0.12 |

Share-based payments for the the three months ended March 31, 2022 were \$814,710 (March 31, 2021 – \$12,819). From which \$768,354 related to Stock Options granted during the period. The fair value of stock options granted was \$768,354 (March 31, 2021 - \$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:

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

c. Stock options (continued)

| | March 31, 2022 | March 31, 2021 |
|--------------------------|----------------|----------------|
| Risk-free interest rate | 1.60% | - |
| Expected life of options | 5 years | - |
| Annualized volatility | 109.28% | - |
| Dividend rate | Nil | - |

Stock options outstanding at March 31, 2022 were as follows:

| Grant Date | Exercisable | | Outstanding | | Expiry Date |
|-------------------|------------------------|-------------------|------------------------|-------------------|-------------------|
| | Exercise Price (CDN\$) | Number of Options | Exercise Price (CDN\$) | Number of Options | |
| 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 | 1,600,000 | \$0.07 | 1,600,000 | November 19, 2023 |
| July 19, 2019 | \$0.05 | 2,570,000 | \$0.05 | 2,570,000 | July 19, 2024 |
| January 27, 2020 | \$0.05 | 5,250,000 | \$0.05 | 5,250,000 | January 27, 2025 |
| June 17, 2020 | \$0.06 | 400,000 | \$0.06 | 400,000 | June 17, 2025 |
| May 7, 2021 | \$0.15 | 1,150,000 | \$0.15 | 1,150,000 | May 7, 2026 |
| October 13, 2021 | \$0.13 | - | \$0.13 | 200,000 | October 13, 2026 |
| November 10, 2021 | \$0.18 | 700,000 | \$0.18 | 1,000,000 | November 10, 2026 |
| January 17, 2022 | \$0.23 | 5,375,000 | \$0.23 | 5,375,000 | January 17, 2027 |
| | \$0.12 | 17,545,000 | \$0.12 | 18,045,000 | |

d. Warrants

At March 31, 2022 the Company had no outstanding warrants

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.

Available for sale assets:

During the three months ended March 31, 2022, the Company recognized an unrealized loss on investments of \$59,139 (2021 – \$268,803) that was included in other comprehensive loss. (Note 3).

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

f. Deferred Share Units (“DSU”)

The Company has a DSU plan for non-executive directors of the Company. Under the terms of the plan, each vested DSU awarded entitles the DSU holder to receive, subject to adjustment as provided for in the DSU plan, one common share in the Company, an equivalent cash payment or a combination thereof at the discretion of the Company. Shares eligible for issuance under the DSU plan will be subject to the total DSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company.

For the purposes of the DSU plan, the value of the DSU on the grant date is the market price, being the five-day volume weighted average price of the common shares immediately preceding the grant Date

During the three months ended March 31, 2022, the company issued 280,913 DSUs (2021 – 984,243) with fair value of \$41,215 (2021 - \$124,716).

| | March 31, 2022 | December 31, 2021 |
|--|------------------|-------------------|
| DSUs outstanding, beginning of period | 1,975,558 | 991,315 |
| Granted | 280,913 | 984,243 |
| DSUs outstanding, end of period | 2,256,471 | 1,975,558 |

g. Restricted Share Units (“RSU”)

The Company has an RSU plan for officers and employees of the Company. Under the terms of the plan, each vested RSU awarded entitles the RSU holder to receive, subject to adjustment as provided for in the RSU plan, one common share in the Company, an equivalent cash payment or a combination thereof, at the discretion of the Company. The RSUs are considered equity settled. RSUs will vest over a period of up to three years from the date of grant. The Company has reserved 5,000,000 common shares for issuance under the RSU plan, subject to the total RSUs granted not exceeding, when aggregated with all other security-based compensation arrangements of the Company, 10% of the issued shares of the Company.

RSUs are measured at fair value on the date of grant based on the five-day volume weighted average price at the common shares immediately preceding the grant date and are recognized as share-based compensation expense on a straight-line basis over the vesting period. The corresponding amount is recorded to the share-based payment reserve. Upon the exercise of RSUs, the related share-based payment reserve is transferred to share capital.

During the three months ended March 31, 2022, the Company granted Nil RSU (2021 – 225,294). The fair value of new restricted share units was \$Nil (2021 – \$31,176).

| | March 31, 2022 | December 31, 2021 |
|--|----------------|-------------------|
| RSUs outstanding, beginning of period | 939,580 | 4,002,355 |
| Granted | - | 225,294 |
| Settled | - | (3,288,069) |
| RSUs outstanding, end of period | 939,580 | 939,580 |

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

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 six 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.

| | Three months ended March 31, | |
|--------------------------------------|------------------------------|-----------|
| | 2022 | 2021 |
| Director fees | \$ 41,267 | \$ 41,272 |
| Salaries and fees | 21,672 | 21,628 |
| Share-based payments - stock options | 788,474 | 10,532 |
| | \$ 851,413 | \$ 73,432 |

During the three months ended March 31, 2022, the Company granted 280,913 DSUs (March 31, 2021 – 346,946) to settle \$41,215 in directors' fees (March 31, 2021 - \$38,984).

Included in salaries and fees is \$8,403 (March 31, 2021 – \$9,542) which was capitalized to unproven mineral right interests.

On January 17, 2022, 5,375,000 stock options were granted to directors and an officer of the company at an exercise price of CDN\$0.23 with fair market value of CDN\$972,847.

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 8). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

| | March 31, 2022 | December 31, 2021 |
|---------------------------------------|----------------|-------------------|
| Directors and officers of the Company | \$ 236,229 | \$ 211,456 |

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

12. General and Administrative Expenses

| | Three months ended March 31, | |
|--|------------------------------|-------------------|
| | 2022 | 2021 |
| GENERAL AND ADMINISTRATIVE | | |
| Amortization (Note 5 & 6) | \$ 8,355 | \$ 8,499 |
| Accounting, audit and tax advisory fees | 61,583 | 28,306 |
| Bank charges and interest | 1,024 | 1,049 |
| Consulting | 26,511 | - |
| Legal | 28,793 | 12,630 |
| Management and Director fees, office salaries and benefits (Note 11) | 72,047 | 67,254 |
| Office, rent and miscellaneous | 11,590 | 13,495 |
| Travel and accommodations | 1,062 | 221 |
| Regulatory and filing fees | 17,832 | 24,954 |
| Shareholder communications | 40,062 | 2,680 |
| Share-based payments (Note 9) | 814,710 | 12,819 |
| Total general and administrative expenses | \$ 1,083,569 | \$ 171,907 |

13. Segmented Information

The Company operates in one segment being the exploration of mineral properties in Peru and Canada. 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.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

14. Financial Risk and Capital Management (continued)

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, 2022, 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.

Fair value hierarchy

The consolidated 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.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three months ended March 31, 2022 and 2021 (unaudited)

(Expressed in United States dollars unless otherwise noted)

15. Subsequent Events

- a) On April 29, 2022, the Company received a bridge loan in the aggregate principal amount of CDN\$1 million from an arm's length individual investor (the "Lender") for a twelve-month term at 10% to be repaid on maturity.
- b) On May 11, 2022, the Company issued 301,684 DSUs to settle \$53,020 in directors' fees.