Candente Copper Corp.
Consolidated Financial Statements
For the years ended December 31, 2015 and December 31, 2014
(Expressed in United States dollars, unless otherwise noted)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Candente Copper Corp.:

We have audited the accompanying consolidated financial statements of Candente Copper Corp., which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of comprehensive loss, change in equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Candente Copper Corp. as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Candente Copper Corp.'s ability to continue as a going concern.

Restated Comparative Information

The consolidated statement of financial position as at January 1, 2014 has been derived from the consolidated statement of financial position as at December 31, 2013 (not presented herein). The consolidated financial statements of Candente Copper Corp. for the years ended December 31, 2014 and 2013 (prior to the restatement described in Note 15 to the consolidated financial statements) were audited by another auditor who expressed an unmodified opinion on those financial statements on March 31, 2015.

As part of our audit of the consolidated financial statements of Candente Copper Corp. for the year ended December 31, 2015, we also audited the adjustments described in Note 15 that were applied to restate the consolidated financial statements for the year ended December 31, 2014 and to derive the consolidated statement of financial position as at January 1, 2014. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the consolidated financial statements of Candente Copper Corp. for the years ended December 31, 2014 and 2013 or to the consolidated statement of financial position as at January 1, 2014 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the consolidated financial for the years ended December 31, 2014 and 2013 or the consolidated statement of financial position as at January 1, 2014 taken as a whole.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 3, 2016

Candente Copper Corp.
Consolidated statements of financial position
As at December 31, 2015, December 31, 2014 and January 1, 2014
(Expressed in United States dollars unless otherwise noted)

	Note	December 31, 2015	December 31, 2014 (Restated Note 15)	January 1, 2014 (Restated Note 15)
Assets				
Current assets				
Cash		$ **115,257**	$ 30,126	$ 958,044
Gold Bullion		**-**	-	176,819
Trade and other receivables	**10**	**-**	727,983	869,980
Prepaid expenses and deposits		**7,301**	77,149	158,541
Total current assets		**122,558**	835,258	2,163,384
Non-current assets				
Trade and other receivables	**10**	**611,092**	-	-
Investments	**4**	**80,005**	214,940	423,188
Unproven mineral right interests	**5**	**64,947,013**	64,916,631	63,091,846
Equipment	**6**	**239,434**	319,656	426,129
Total non-current assets		**65,877,544**	65,451,227	63,941,163
Total assets		$ **66,000,102**	$ 66,286,485	$ 66,104,547
Liabilities				
Current liabilities				
Trade payables and accrued liabilities	**7, 10**	$ **2,453,475**	$ 1,966,817	$ 2,055,203
Total current assets		**2,453,475**	1,966,817	2,055,203
Equity				
Share capital	**8**	**82,105,922**	81,532,520	80,358,375
Reserves	**8**	**12,594,310**	12,372,138	11,926,234
Accumulated deficit		**(31,153,605)**	(29,584,990)	(28,235,265)
Total equity		**63,546,627**	64,319,668	64,049,344
Total liabilities and equity		$ **66,000,102**	$ 66,286,485	$ 66,104,547

General information and going concern (Note 1)

Commitments (Note 9)

Subsequent events (Note 16)

Approved on behalf of the Board of Directors on April 3, 2016

(signed) Andres Milla
Director

(signed) Paul Barry
Director

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

Candente Copper Corp.
Consolidated statements of comprehensive loss
For the years ended December 31, 2015 and December 31, 2014
(Expressed in United States dollars unless otherwise noted)

			Years ended December 31,		
	Note		**2015**		**2014**
Expenses					
General and administrative expenses	**11**	**$**	**846,448**	$	1,276,193
Other expenses					
Realized loss on investment	**4**		**-**		37,963
Impairment of investment	**4**		**134,935**		92,970
Loss on foreign exchange			**605,887**		182,258
Interest and other income			**(18,655)**		(239,659)
Net loss			**1,568,615**		1,349,725
Other comprehensive loss					
Item that will not be reclassified to profit or loss:					
Exchange difference on translation of parent			**(15,094)**		96,486
Item that will be reclassified to profit or loss:					
Change in available for sale assets			**-**		14,171
			(15,094)		110,657
Comprehensive loss		**$**	**1,553,521**	$	1,460,382
Loss per share attributable to shareholders					
Basic and diluted		**$**	**(0.01)**	$	(0.01)
Weighted average number of common shares outstanding: basic and diluted			**149,732,009**		139,807,427

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

Candente Copper Corp.
Consolidated statements of changes in equity
For the years ended December 31, 2015 and December 31, 2014
(Expressed in United States dollars unless otherwise noted)

	Share Capital		Reserves					
	Total common shares	**Share capital**	**Equity settled employee compensation and warrants**	**Available for sale financial assets**	**Foreign currency**	**Total reserves**	**Deficit**	**Total**
Balance at January 1, 2015 (Restated Note 15)	**143,384,980**	**$ 81,532,520**	**$ 12,816,453**	**$ -**	**$ (444,315)**	**$ 12,372,138**	**$ (29,584,990)**	**$ 64,319,668**
Common shares issued for financing net of issue costs, (Note 8)	**8,333,330**	**573,402**	**6,596**	**-**	**-**	**6,596**	-	**579,998**
Share-based payment, (Note 8)	-	-	**200,482**	**-**	-	**200,482**	-	**200,482**
Net loss	-	-	-	-	-	**-**	**(1,568,615)**	**(1,568,615)**
Cumulative translation adjustment	-	-	-	-	**15,094**	**15,094**	-	**15,094**
Balance as at December 31, 2015	**151,718,310**	**$ 82,105,922**	**$ 13,023,531**	**$ -**	**$ (429,221)**	**$ 12,594,310**	**$ (31,153,605)**	**$ 63,546,627**

	Share Capital		Reserves					
	Total common shares	Share capital	Equity settled employee compensation and w arrants	Available for sale financial assets	Foreign currency reserve	Total reserves	Deficit	Total
Balance at January 1, 2014 (Restated Note 15)	134,253,464	$ 80,358,375	$ 12,259,746	$ 14,317	$ (347,829)	$ 11,926,234	$ (28,235,265)	$ 64,049,344
Common shares issued for financing net of issue costs, (Note 8b)	9,131,516	1,174,145	21,588	-	-	21,588	-	1,195,733
Share-based payment (Note 8)	-	-	535,119	-	-	535,119	-	535,119
Net loss	-	-	-	-	-	-	(1,349,725)	(1,349,725)
Cumulative translation adjustment	-	-	-	-	(96,486)	(96,486)	-	(96,486)
Change in fair value of investments	-	-	-	(14,317)	-	(14,317)	-	(14,317)
Balance as at December 31, 2014 (Restated Note 15)	143,384,980	$ 81,532,520	$ 12,816,453	$ -	$ (444,315)	$ 12,372,138	$ (29,584,990)	$ 64,319,668

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

Candente Copper Corp.
Consolidated statements of cash flows
For the years ended December 31, 2015 and December 31, 2014
(Expressed in United States dollars unless otherwise noted)

		Years ended December 31, 2015		2014
Cash provided by (used in):				
Loss for the year	$	(1,568,615)	$	(1,349,725)
Items not affecting cash:				
Amortization		80,222		106,473
Share-based payment		200,482		535,119
Foreign exchange		518,310		-
Gain on sale of gold bullion		-		(217,771)
Realized loss on investment		-		37,963
Impairment of investment		134,935		92,970
Changes in non-cash working capital items:				
Decrease in trade and other receivables		116,891		141,997
Decrease in prepaid expenses and deposits		69,849		81,392
Decrease (increase) in accounts payable and accrued liabilities		34,111		(461,386)
Net cash used in operating activities		(413,815)		(1,032,968)
Investing				
Proceeds from sale of gold bullion		-		391,766
Proceeds from sale of investment		-		9,752
Addition to unproven mineral rights interests		(587,933)		(1,582,445)
Proceeds from sale of royalty		500,000		-
Changes in value added taxes paid		(23,423)		130,660
Net cash used in investing activities		(111,356)		(1,050,267)
Financing				
Issuance of common shares for cash		579,998		1,195,733
Loans payable		15,211		-
Net cash provided by financing activities		595,209		1,195,733
Effect of exchange rate changes on cash		15,093		(40,416)
Net change in cash		85,131		(927,918)
Cash at beginning of year		30,126		958,044
Cash at end of year	$	115,257	$	30,126

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

(Expressed in United States dollars unless otherwise noted)

1. General Information and Going Concern

Candente Copper Corp. and its subsidiaries (the “Company”) are engaged in the exploration of its mining properties located in Peru. Its principal property is the Cañariaco Copper Project in the District of Lambayaque. 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 December 31, 2015 are as follows:

Subsidiary	Interest	Functional currency
Canariaco Copper Peru S.A.	100%	US Dollars
Canariaco Copper (BVI) Corp.	100%	US Dollars
Inversiones Mineras Las Palmas S.A.	100%	US Dollars
Minera Candente Peru 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 April 3, 2016**.**

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 the years ended December 31, 2015 and 2014, the Company incurred operating losses of approximately $1.6 million and $1.3 million respectively, and as at December 31, 2015 the Company had $31.2 million in cumulative losses since inception and current liabilities exceed current assets by $2.3 million. The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. The Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation. These factors may cast significant doubt regarding the Company’s ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

2. Statement of Compliance and Basis of Presentation

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") in effect as of December 31, 2015.

These consolidated financial statements have been prepared on historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

3. Significant Accounting Policies

a. Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the key estimates and judgments applied by management that most significantly affect the Company's consolidated financial statements. These estimates and judgments have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i. Unproven mineral right interests and impairment

Unproven mineral right interests, include the cost of acquiring licenses, exploration and analysis, project administration, drilling, community and social values and environmental and health and safety. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area, or alternatively by sale of the right. Management is required to exercise significant judgment in determining the timing of the determination of the technical feasibility and commercial viability of the mineral resource. The Company considers both external and internal sources of information in assessing whether there are any indicators that mineral properties are impaired. Based upon the Company having no intention of abandoning the properties, the Company's assessment of its market capitalization and the Company's assessment of the fair value based on in-situ mineral content, management has determined that there is no impairment charge as at December 31, 2015.

ii. Going concern

Management assesses the Company's ability to continue as a going concern in relation to its ability to raise funds.

iii. Valuation of share-based payments and warrants

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

3. Significant Accounting Policies (continued)

b. Basis of consolidation

Subsidiaries are all entities controlled by the Company. Control is achieved when the Company has power over its investee; is exposed or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Consolidation ceases from the date that the Company no longer has control.

Intercompany transactions, balances and income and expenses on transactions between the Company and its subsidiaries are eliminated.

c. Foreign currency translation

The functional currency of subsidiaries is the currency of the primary economic environment in which the entity operates, which has been determined is the U.S. dollar. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the period end date exchange rates. Non-monetary items are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non- monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the parent entity is the Canadian dollar. The presentation currency of the Company is the U.S. dollar. The parent company is translated from its functional currency into U.S. dollars on consolidation. Items in the statement of loss are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Items in the statement of financial position are translated at the closing spot exchange rate. Exchange differences on the translation of the net assets of the parent company are recognized in a separate component of equity.

d. Unproven mineral right interests

The Company capitalizes all costs, net of any recoveries, of acquiring, exploring and evaluating an unproven mineral right interest, until the rights to which they relate are placed into production, at which time these deferred costs will be amortized over the estimated useful life of the rights upon commissioning the property, or written-off if the rights are disposed of, impaired or abandoned.

Management reviews the carrying amounts of mineral rights annually or when there are indicators of impairment and will recognize impairment based upon current exploration results and upon assessment of the probability of profitable exploitation of the rights.

3. Significant Accounting Policies (continued)

d. Unproven mineral right interests (continued)

An indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned, and if the entity has decided to discontinue exploration activity in a specific area.

There may be material uncertainties associated with the Company’s title and ownership of its unproven mineral interests. Ordinarily the Company does not own the land upon which an interest is located, and title may be subject to unregistered prior agreements or transfers or other undetected defects.

e. Equipment

Equipment is recognized at cost less accumulated depreciation. The cost includes expenditure that is directly attributable to the acquisition of the equipment. Where parts (components) of an item of equipment have different useful lives or for which different amortization rates are appropriate, they are accounted for as separate items of equipment. Estimates of residual values, amortization methods and useful lives of all assets are assessed annually.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of Equipment are as follows:

Asset class	Declining balance rates
Equipment	20% to 30%
Vehicles	30%

Leasehold improvements are recorded at cost net of recoveries and amortized on a straight-line basis over the term of the lease agreement.

f. Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or fair value through profit or loss (“FVTPL”). Financial assets classified as FVTPL are other assets and are measured at fair value with unrealized gains and losses recognized through profit or loss.

3. Significant Accounting Policies (continued)

f. Financial instruments (continued)

Financial assets classified as loans and receivables and held to maturity are measured at amortized cost using the effective interest method less any allowance for impairment. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is a significant or prolonged decline in the fair value of that investment below its cost, at which time the impairment is recognized in profit or loss. Any subsequent decrease in value are recognized directly in profit or loss.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities
All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

3. Significant Accounting Policies (continued)

g. Income taxes

Current Taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred Taxation

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where, the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

h. Share based payment

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued for goods or services, the share-based payment is measured at the fair value of the goods and services received. Where the consideration cannot be specifically identified, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

3. Significant Accounting Policies (continued)

h. Share based payment (continued)

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected in the computation of diluted earnings per share.

i. Provisions

Provisions (including those for environmental restoration, restructuring costs) are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures that are expected, to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Rehabilitation and Environmental Costs

An obligation to incur rehabilitation and environmental costs occurs when an environmental disturbance is caused through the Company’s work at its unproven mineral right interests. Costs are estimated on the basis of a formal closure plan and are subject to regular review. As of the December 31, 2015 the Company has recognized a provision of $nil (2014 -$nil).

3. Significant Accounting Policies (continued)

j. Impairment

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether any indicators exist that the Company's financial assets are impaired.

Assets measured at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

If an available for sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available for sale are not recognized in profit or loss.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. Significant Accounting Policies (continued)

j. Impairment (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

k. Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with an original maturity of three months or less and are measured at fair value through profit and loss.

l. Gold bullion

Investments in gold bullion are measured at the lower of average cost and net realizable value.

m. Loss per share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to shareholders, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to owners of the parent, adjusted for:

- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The Company has incurred losses since its inception and, therefore, basic loss per share has been equal to fully diluted loss per share as these impacts would be anti-dilutive.

(Expressed in United States dollars unless otherwise noted)

3. Significant Accounting Policies (continued)

n. Application of new and revised accounting standards effective January 1, 2015

The Company has evaluated new and revised IFRS standards and has determined there to be no material impact on the consolidated financial statements upon adoption.

o. Future accounting standards

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee ("IFRIC") but not yet effective as at December 31, 2015. The Company intends to adopt these standards and interpretations when they become effective. The Company does not expect these standards to have an impact on its consolidated financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

The following standards or amendments are effective for annual periods beginning on or after January 1, 2016.

1) IFRS 9 – Financial Instruments.

4. Investments

Investments include the following as at December 31, 2015:

	Cost	As at December 31, 2015	As at December 31, 2014
		Fair Values	
Candente Gold Corp.	**$ 1,909,094**	**$ 80,005**	$ 214,940

(i) At December 31, 2015, the Company held 5,536,373 (2014 – 5,536,373) shares of Candente Gold Corp. ("Candente Gold"). The closing share price was CDN$0.02 (2014 – CDN$0.045) and the fair value of the Company's investment in Candente Gold was $80,005 (2014 - $214,940). During the year ended December 31, 2015, the Company recognized an impairment of $134,935 (2014 - $92,970) through the statement of loss.

(ii) During the year ended December 31, 2014, the Company sold all of its 4,200 shares of Orex Minerals Inc. for proceeds of $9,752 (CDN$11,340). A resulting $37,963 loss was recognized upon disposal, of which $28,930 was reclassified from accumulated other comprehensive loss.

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests

As of December 31, 2015, the Company's mineral properties consist of the following:

Cañariaco Property, located in Lambayeque, Peru	Balance as at January 1, 2015 (Restated Note 15)	Mining property expenditures	**Balance as at December 31, 2015**
Mineral rights acquisition and surface access	$ 1,547,161	$ -	$ **1,547,161**
Community engagement and initiatives	4,164,632	199,972	**4,364,604**
Drilling	9,749,510	9,508	**9,759,018**
Environmental health and safety	1,312,650	909	**1,313,559**
Exploration	9,419,129	362,174	**9,781,303**
Feasibility study	10,883,711	1,086	**10,884,797**
Project field support and administration	21,886,110	432,212	**22,318,322**
Royalty payment received	-	(500,000)	**(500,000)**
	58,962,903	505,861	**59,468,764**
Cobriza Metals Peruvian properties			
Mineral rights acquisition and surface access	1,131,831	20,329	**1,152,160**
Concession and surface right acquisition costs	157,912	-	**157,912**
Option payments received	(50,000)	-	**(50,000)**
Community engagement and initiatives	977	-	**977**
Environmental health and safety	15,785	-	**15,785**
Exploration	115,440	(21,468)	**93,972**
Project management and field support	8,561	20,547	**29,108**
	1,380,506	19,408	**1,399,914**
Total mineral properties before value-added tax credit	60,343,409	525,269	**60,868,678**
Value-added tax credit *	4,573,222	(494,887)	**4,078,335**
Total mineral properties	$ 64,916,631	$ 30,382	$ **64,947,013**

During the year ended December 31, 2015, the Company completed Net Smelter Royalty Agreements between two of the Company's subsidiaries and Exploraciones Apolo Resources S.A.C., an affiliate of Entrée Gold Inc. Pursuant to these agreements, the Company has granted a royalty for a 0.5% net smelter return ("NSR") on its wholly-owned Cañariaco Copper Project in Peru, in exchange for the aggregate sum of $500,000.

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests (continued)

As of December 31, 2014 (Restated), the Company's mineral properties consist of the following:

Cañariaco Property, located in Lambayeque, Peru	Balance as at January 1, 2014 (Restated Note 15)	Expenditures	Balance as at December 31, 2014 (Restated Note 15)
Mineral rights acquisition and surface access	$ 1,426,461	$ 120,700	$ 1,547,161
Community engagement and initiatives	3,656,908	507,724	4,164,632
Drilling	9,742,187	7,323	9,749,510
Environmental health and safety	1,258,455	54,195	1,312,650
Exploration	9,026,985	392,144	9,419,129
Feasibility study	10,805,769	77,942	10,883,711
Project field support and administration	21,220,745	665,365	21,886,110
	57,137,510	1,825,393	58,962,903
Cobriza Metals Peruvian properties			
Mineral rights acquisition and surface access – acquired on September 11, 2013	1,131,831	-	1,131,831
Concession and surface right acquisition costs	83,790	74,122	157,912
(Option payment received during the year)	(50,000)	-	(50,000)
Community relations and sustainable development	785	192	977
Environmental health and safety	15,785	-	15,785
Exploration	59,702	55,738	115,440
Project field support and administration	8,561	-	8,561
	1,250,454	130,052	1,380,506
Total mineral properties before value-added tax credit	58,387,964	1,955,445	60,343,409
Value-added tax credit *	4,703,882	(130,660)	4,573,222
Total mineral properties (restated)	$ 63,091,846	$ 1,824,785	$ 64,916,631

*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.

(Expressed in United States dollars unless otherwise noted)

6. Equipment

		Equipment		Vehicles		Leaseholds		Total
At cost								
As at January 1, 2013	$	483,316	$	28,509	$	8,120	$	519,945
Additions		230,050		-		-		230,050
As at December 31, 2014 and 2015	**$**	**713,366**	**$**	**28,509**	**$**	**8,120**	**$**	**749,995**
Accumulated depreciation								
As at January 1, 2014	$	(298,426)	$	(20,098)	$	(5,342)	$	(323,866)
Additions		(103,677)		(2,102)		(694)		(106,473)
As at December 31, 2014		(402,103)		(22,200)		(6,036)		(430,339)
Additions		(77,808)		(1,893)		(521)		(80,222)
As at December 31, 2015	**$**	**(479,911)**	**$**	**(24,093)**	**$**	**(6,557)**	**$**	**(510,561)**
Net book value								
As at December 31, 2014	$	311,263	$	6,309	$	2,084	$	319,656
As at December 31, 2015	**$**	**233,425**	**$**	**4,416**	**$**	**1,563**	**$**	**239,434**

7. Trade Payables and Accrued Liabilities

		December 31, 2015		December 31, 2014
Trade payables	$	1,104,672	$	673,363
Due to related parties (Note 10)		666,412		313,547
Accrued liabilities		667,180		979,907
Loan payable		15,211		-
	$	2,453,475	$	1,966,817

8. Share Capital

a. Shares authorized

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

b. Common share issues

(i) On April 7, 2015, the Company completed a non-brokered private placement by issuing 2,777,777 units (the “Units”) at a price of CDN$0.09 per Unit for gross proceeds of $199,925 (CDN$250,000). Each Unit is comprised of one common share of the Company and one-half of a share purchase warrant, with each whole share purchase warrant being exercisable for 2 years to purchase an additional common share at a price of CDN$0.15 per share. Finder's fees totaling $5,571 (CDN$6,966) were paid along with the issuance of 60,200 finder's warrants exercisable for two years to purchase a common share of the Company at a price of CDN$0.15 per share. The finders’ warrants were valued at $1,183 (CDN$1,487) using the Black-Scholes model.

(Expressed in United States dollars unless otherwise noted)

8. Share Capital (continued)

(ii) On March 23, 2015, the Company completed a non-brokered private placement by issuing 5,555,553 units (the "Units") at a price of CDN$0.09 per Unit for gross proceeds of $400,050 (CDN$500,000). Each Unit is comprised of one common share of the Company and one-half of a share purchase warrant, with each whole share purchase warrant being exercisable for two years to purchase an additional common share at a price of CDN$0.15 per share. Finder's fees totaling $14,406 (CDN$18,005) were paid along with the issuance of 214,760 finder's warrants exercisable for two years to purchase a common share of the Company at a price of CDN$0.15 per share. The finders' warrants were valued at $5,413 (CDN$6,765) using the Black-Scholes model.

(iii) On May 23, 2014, the Company completed a non-brokered private placement issuing a total of 9,131,516 units at CDN$0.15 per unit for total gross proceeds of $1,260,149 (CDN$1,369,727). Each unit is comprised of one common share of the Company and one half of one warrant, with each whole warrant exercisable at CDN$0.25 until May 22, 2016. Finders' fees and share issue costs totaling $64,416 (CDN$70,017) were paid along with the issuance of 403,186 finders' warrants exercisable at CDN$0.25 until May 22, 2016. The finders' warrants were valued at $21,588 using the Black-Scholes model.

c. Share options

The Company has an incentive share option plan (the "Plan"). Under the Plan a total of 10% of the Company's outstanding common shares are reserved for the issuance of shares at the discretion of the Board of Directors. The terms of each option award, is 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 were as follows:

	Number of options	Weighted average exercise price (CDN$)
Options outstanding, January 1, 2014	11,595,875	$0.58
Options granted	3,334,500	$0.30
Options forfeited	(775,000)	$0.22
Options expired	(2,359,500)	$0.41
Options outstanding, December 31, 2014	11,795,875	$0.54
Options granted	3,700,000	$0.05
Options forfeited	(480,000)	$0.57
Options expired	(2,559,700)	$0.52
December 31, 2015	**12,456,175**	**$0.40**

On January 21, 2014, the Company granted 200,000 options to a director of the Company to purchase shares at an exercise price of CDN$0.30 per share, all of which vested immediately. The options will expire January 21, 2019. The fair value of the options granted was CDN$25,711, or CDN$0.1286 per option.

(Expressed in United States dollars unless otherwise noted)

8. Share Capital (continued)

On January 21, 2014, the Company granted officers, employees and consultants an aggregate of 1,615,000 options to purchase shares at an exercise price of CDN$0.30 per share. The options vest 25% every six months after the grant date. The options will expire January 23, 2019. The fair value of the options granted was CDN$219,540, or CDN$0.1359 per option.

On August 20, 2014, the Company granted officers, employees and consultants an aggregate of 1,519,500 options to purchase shares at an exercise price of CDN$0.30 per share. The options vest 25% every six months after the grant date. The options will expire August 20, 2019. The fair value of the options granted was CDN$200,422, or CDN$0.1319 per option.

On November 16, 2015, the Company granted officers, employees and consultants an aggregate of 3,700,000 options to purchase shares at an exercise price of CDN$0.05 per share. The options vest 25% every six months after the grant date. The options will expire November 16, 2020. The fair value of the options granted was CDN$109,394, or CDN$0.0296 per option.

	Exercisable		Outstanding		
Grant Date	Exercise Price	Number of Options	Exercise Price	Number of Options	Expiry Date
January 24, 2011	$2.15	625,000	$2.15	625,000	January 24, 2016(i)
May 20, 2011	$1.62	125,000	$1.62	125,000	May 20, 2016
September 30, 2011	$1.03	500,000	$1.03	500,000	September 30, 2016
January 4, 2012	$0.95	50,000	$0.95	50,000	January 4, 2017
June 25, 2012	$0.60	100,000	$0.60	100,000	June 25, 2017
January 7, 2013	$0.60	695,000	$0.60	695,000	January 7, 2018
September 5, 2013	$0.30	2,770,000	$0.30	2,770,000	September 5, 2018
September 11, 2013	$0.50	556,675	$0.50	556,675	(ii)
January 21, 2014	$0.30	200,000	$0.30	200,000	January 21, 2019
January 23, 2014	$0.30	1,211,250	$0.30	1,615,000	January 23, 2019
August 20, 2014	$0.30	759,750	$0.30	1,519,500	August 20, 2019
November 16, 2015	$0.05	-	$0.05	3,700,000	November 16, 2020
Weighted Average	$0.57	7,592,695	$0.40	12,456,175	

(i) Subsequently expired unexercised (Note 16); and

(ii) On September 11, 2013, Cobriza Metals Corp stock options were converted to 1,218,875 Candente Copper Corp. options as per the completion of the Arrangement between the Company and Cobriza Metals Corp. As at December 31, 2015, 556,675 options remain with expiration dates ranging from January 24, 2016, to February 27, 2017. Subsequent to year end, 62,500 options expired unexercised (Note 16).

(Expressed in United States dollars unless otherwise noted)

8. Share capital (continued)

The Company used the Black-Scholes option-pricing model under the following weighted average assumptions and recorded total stock based compensation for the years ended December 31, 2015 and 2014 of $200,482 and $535,119 respectively:

	Years ended	
	December 31, 2015	**December 31, 2014**
Dividend yield	0%	0%
Risk-free interest rate	0.99%	1.32%
Volatility range	72.28%	78.82%
Expected life	5 years	3.48 years
Forfeiture rate	0%	2.28%

d. Warrants

	Number of Warrants	**Weighted Average Exercise Price**
Warrants Outstanding, January 1, 2014	-	-
Issued (note 8 (b) (iii)	4,968,944	CDN$0.25
Warrants Outstanding, December 31, 2014	4,968,944	CDN$0.25
Issued (Note 8(b)(i) and 8(b)(ii))	4,441,622	CDN$0.15
Warrants Outstanding, December 31, 2015	9,410,566	CDN$0.20

e. Reserves

Equity settled employee compensation and warrants reserve:

The equity settled employee compensation and warrants reserve recognized as stock-based compensation expense and other warrant payments. At the time that the stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

Available for sale reserve:

The available for sale reserve records unrealized gains and losses arising on available for sale financial assets except for impairment losses and foreign exchange gains and losses on monetary items.

Foreign currency reserve:

The foreign currency translation reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company’s reporting currency.

(Expressed in United States dollars unless otherwise noted)

9. 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. The Company has committed $550,000 (approximately $400,000 remaining) to fund sustainable development programs subject to specific project approval by the parties. The Company also committed to issue 1,000,000 shares of the Company to the community upon the earlier of the commencement of the construction phase of the Cañariaco Copper Project or the transfer of at least 51% of the Cañariaco Copper Project to a third-party.

In April 2013, the Company entered into an agreement to support capacitation for businesses in the Cañaris District in Northern Peru with the goal of improving the quality of life of rural families in the district of Cañaris through value chain development in coffee, quinoa and forestry. The Company has a commitment of $172,000 remaining, over a period of three years, to fund sustainable development programs subject to approval by parties.

10. Related Party Disclosures

The Company's related parties consist of companies owned by executive officers and directors and Companies with common officers and directors. The following is a list of the related parties that the Company enters into trading transactions with:

- Ridley Rocks Inc. – Management and exploration fees;
- SW Project Management – President, project management and engineering fees;
- Michael Thicke Geological Consulting Inc. – Exploration fees; and
- Candente Gold Corp. – Shared expenses with a Company related by common directors and management.

a. Related party transactions

The Company incurred the following fees and expenses and mineral property costs in the normal course of operations in connection with companies owned by key management and directors. Expenses have been measured at the exchange amount that is determined on a cost recovery basis.

	Years ended December 31,	
	2015	2014
Salaries and fees	**$ 540,333**	$ 418,514
Share-based payments	**114,098**	158,606
	$ 654,431	$ 577,120

Share-based payments are the fair value of options expensed to directors and key management personnel during the year.

The Company does not remunerate the directors of the Company unless its market capitalization is greater than $75 million. In 2015, the Company paid $nil in directors' fees (2014 - $nil).

Included in salaries and fees is $347,148 (2014 - $124,175) which was capitalized to unproven mineral right interests.

(Expressed in United States dollars unless otherwise noted)

10. Related Party Disclosure (continued)

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Trade payables and accrued liabilities at December 31, 2015 included $666,412 due to related parties (December 31, 2014 – $313,547). Trade and other receivables at December 31, 2015 included $598,040 (December 31, 2014 - $635,000) due from Candente Gold Corp., a company with common officers and directors.

b. Loan payable

During the year ended December 31, 2015, certain directors of the Company loaned funds to the Company. The funds were advanced to assist in the operations of the Company. The amounts are unsecured and have no fixed terms of repayment. The amounts are included in trade payables and accrued liabilities.

11. General and Administrative Expenses

Included in the general and administrative expenses are the following:

	For the year ended			
		December 31, 2015		December 31, 2014
GENERAL AND ADMINISTRATIVE				
Amortization	**$**	**80,222**	$	106,473
Audit and tax advisory fees		**44,372**		63,128
Bank charges and interest		**3,904**		14,172
Consulting		**41,000**		95,263
Legal		**60,362**		27,670
Management fees, office salaries and benefits (Note 10)		**243,336**		113,229
Office, rent and miscellaneous		**99,582**		182,193
Travel and accommodations		**22,616**		11,331
Regulatory and filing fees		**32,453**		71,028
Shareholder communications		**18,119**		56,587
Share-based payment		**200,482**		535,119
Total general and administrative expenses	**$**	**846,448**	$	1,276,193

12. 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.

(Expressed in United States dollars unless otherwise noted)

13. Income Taxes

Income tax expense reported differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to the Company, to the loss before the tax provision due to the following:

	For the year ended December 31, 2015	December 31, 2014
Applicable income tax rate	**26%**	26.00%
Loss for the year before income taxes	**$ 1,568,615**	$ 1,349,725
Expected income taxes at the applicable tax rate	**407,840**	350,929
Expenses not deductible for tax purposes:		
Share based payment and other permanent differences	**(105,645)**	(139,323)
Non-deductible accounting (loss) and non-taxable accounting gain	**(35,083)**	(34,043)
Foreign exchange on foreign operations	**1,773,684**	(97,141)
Difference in tax rate in foreign operations	**9,033**	11,026
True up of tax provision from prior year	**(16,485)**	199,942
Tax effect of tax losses and temporary differences not recognized and other	**(2,033,344)**	(291,390)
Income tax expense	**$ -**	$ -

The Canadian federal corporate tax rate and British Columbia provincial tax rate remained unchanged during 2015. In the fourth quarter of 2014, a tax rate change was enacted in Peru, reducing corporate income tax rates. Peruvian income tax rates are 28% in 2015 to 2016, 27% in 2017 to 2018, and 26% in 2019 and thereafter.

The components of the Company's unrecognized deferred tax assets and liabilities are as follows:

	For the year ended December 31, 2015	December 31, 2014
Deferred tax asset: non-capital losses net of valuation allowance	**$ 2,186,548**	$ 773,539
Deferred tax liability: mineral properties	**(2,186,548)**	(773,539)
Net deferred tax	**$ -**	$ -

(Expressed in United States dollars unless otherwise noted)

13. Income taxes (continued)

The Company's unrecognized deductible temporary differences and unused tax losses consist of the following amounts:

	For the year ended			
		December 31, 2015		December 31, 2014
Non-capital losses	**$**	**20,396,611**	$	22,344,235
Share issue costs		**64,652**		358,512
Equipment		**35,716**		37,803
Unrealized loss of investments		**1,829,089**		1,694,154
Unrecognized deductible temporary differences	**$**	**22,326,068**	$	24,434,704

At December 31, 2015, the Company has non-capital operating losses of approximately $12.3 million (2014 - $13.5 million) and had resource-related amounts available, subject to certain restrictions, for deduction against future taxable income in Canada. The operating losses expire as follows:

2016	**$**	**1,145,141**
2027		**1,467,733**
2028		**2,206,338**
2029		**997,243**
2030		**568,940**
2031		**1,236,898**
2032		**1,705,482**
2033		**1,379,746**
2034		**779,114**
2035		**845,377**
Unrecognized deductible temporary differences	**$**	**12,332,012**

The Company also had net operating loss carry-forwards for tax purposes of approximately $7.4 million (2014 - $8.0 million) and resource related amounts totaling approximately $37.8 million (2014 - $46.6 million), subject to certain restrictions, for deduction against future taxable income in Peru. The Company has the option to carry forward all net operating losses for 4 years, or carry the losses forward indefinitely, but only up to 50% of the Company's taxable income of each subsequent year.

(Expressed in United States dollars unless otherwise noted)

14. Financial risk and capital management

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

a. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner. The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables and commitments from its current working capital and future sources of equity financing. Liquidity risk is considered to be high.

Maturity analysis of financial instruments

Financial liabilities	**Carrying amount**	**2015**	**2016**	**2017**	**2018**
Trade payables and accrued liabilities	$ 2,453,475	$ 2,453,475	$ -	$ -	$ -

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a 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 currency of the Company's subsidiaries is the United States and Canadian dollars and some of the subsidiaries transactions are denominated in Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies. Therefore, the risk is considered minimal.

c. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risk arises from cash and trade and other receivables.

Cash are deposited in highly rated corporations and the credit risk associated with these deposits is low.

Historical levels of receivable defaults are negligible, thus the credit risk associated with trade receivables is considered to be low. As mentioned in Note 10, $598,040 of the trade receivable balance as at December 31, 2015 is due from Candente Gold Corp., a related party.

As at December 31, 2015, the Company's maximum exposure to credit risk is the carrying value of its cash and trade and other receivables.

(Expressed in United States dollars unless otherwise noted)

14. Financial risk and capital management (continued)

d. Capital management

The Company's capital structure is comprised of working capital (current assets minus current liabilities) and equity. The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the 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 ensure a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met. The total capital being managed by the Company as of the balance sheet dates, December 31, 2015 and 2014 is as follows:

		As at December 31, 2015		As at December 31, 2014 (Restated)
Total working capital deficiency	**$**	**(2,330,971)**	$	(1,131,559)
Total equity		**63,546,627**		64,319,668
Total capital	**$**	**61,215,656**	$	63,188,109

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 cash, trade and other receivables and trade payables, approximate fair value due to their short-term nature.

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).

(Expressed in United States dollars unless otherwise noted)

14. Financial risk and capital management (continued)

Fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
Assets				
Cash	$ 115,257	$ -	$ -	$ 115,257
Investments	80,005	-	-	80,005
Total	$ 195,262	$ -	$ -	$ 195,262

There were no transfers between levels during the year.

15. Prior Year Restatement

Certain of the capitalized unproven mineral right interests expenditures incurred by the Company were recorded in the accounts of the parent company. The parent company has a functional currency of Canadian dollars and accordingly all assets and liabilities were translated into U.S. dollars at the closing spot exchange rate at each reporting period end date. However, these costs should have been reflected in the parent company's accounts as part of its net investment in the Peruvian subsidiary that holds the rights to the mineral property asset with the capitalized mineral property expenditures being reflected in that same subsidiary. The Peruvian subsidiary has a functional currency of U.S. dollars and therefore these costs should have remained at the historical amount initially recognized and not re-translated at each reporting period. The impact of this error was that the Company's unproven mineral rights interests were understated by $2,163,816 as at December 31, 2014.

Summarized below is the effect of this restatement on the consolidated statement of financial position as at January 1, 2014:

	Previously Stated	Restated	Change
Assets:			
Unproven mineral right interests	$ 62,051,063	$ 63,091,846	$ 1,040,783
Shareholders' Equity:			
Reserves	$ 10,885,451	$ 11,926,234	$ 1,040,783

(Expressed in United States dollars unless otherwise noted)

15. Prior Year Restatement (continued)

Summarized below is the effect of this restatement on the consolidated statement of financial position as at December 31, 2014:

		Previously Stated		Restated		Change
Assets						
Unproven mineral right interests	$	62,752,815	$	64,916,631	$	2,163,816
Shareholders' Equity						
Reserves	$	10,208,322	$	12,372,138	$	2,163,816

Summarized below is the effect of this restatement on the consolidated statement of comprehensive loss for the year ended December 31, 2014:

		Previously Stated		Restated		Change
Cumulative translation adjustment	$	1,219,519	$	96,486	$	(1,123,033)
Other comprehensive loss	$	1,233,690	$	110,657	$	(1,123,033)
Comprehensive loss	$	2,583,415	$	1,460,382	$	(1,123,033)

This restatement has no impact on net loss, loss per share and classification of cash flows in the consolidated statement of cash flows for year ended December 31, 2014.

16. Subsequent events

a) Subsequent to the year end, the Company had 625,000 stock options expired unexercised (Note 8).

b) Subsequent to year end 2015, in March 2016 an optionee made an option payment of $200,000 as required by the terms of the Joint Venture agreement dated November 28, 2013 with Cobriza Metals Inc., a wholly owned subsidiary of the Company. In addition, the Company granted the optionee a one-year extension of the period to complete the minimum drilling requirement under the Joint Venture agreement.