Candente Copper Corp.

Condensed Consolidated Interim Financial Statements

For the nine months ended September 30, 2017 and 2016

(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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Candente Copper Corp.
Condensed consolidated interim statements of financial position
As at September 30, 2017 and December 31, 2016
(Expressed in United States dollars unless otherwise noted)

	Notes		September 30, 2017		December 31, 2016
Assets					
Current assets					
Cash		$	**630,769**	$	335,781
Prepaid expenses and deposits			**7,224**		4,308
Total current assets			**637,993**		340,089
Non-current assets					
Trade and other receivables	10		**626,403**		625,890
Investments	4		**177,448**		164,940
Unproven mineral right interests	5		**65,141,429**		64,788,587
Equipment	6		**157,051**		188,992
Total non-current assets			**66,102,331**		65,768,409
Total assets		$	**66,740,324**	$	66,108,498
Liabilities					
Current liabilities					
Trade payables and accrued liabilities	7, 10	$	**1,700,472**	$	1,780,744
Total current liabilities			**1,700,472**		1,780,744
Equity					
Share capital	8		**83,867,150**		82,951,197
Reserves	8		**12,958,344**		12,960,297
Accumulated deficit			**(31,785,642)**		(31,583,740)
Total equity			**65,039,852**		64,327,754
Total liabilities and equity		$	**66,740,324**	$	66,108,498

General information and going concern (Note 1)

Commitments (Note 9)

Approved on behalf of the Board of Directors on November 9, 2017

(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 (income) loss
For the nine months ended September 30, 2017 and 2016 (unaudited)
(Expressed in United States dollars unless otherwise noted)

		Three months ended				Nine months ended			
	Notes		**September 30, 2017**		September 30, 2016		**September 30, 2017**		September 30, 2016
Expenses									
General and administrative expenses	**11**	**$**	**113,048**	$	169,829	**$**	**326,715**	$	640,934
Other expenses									
Realized loss on investment			**-**		-		**-**		7,882
Gain on forgiveness of payables			**-**		(2,672)		**-**		(430,158)
Loss (gain) on foreign exchange			**(2,989)**		95,991		**(124,813)**		(165,029)
Interest and other income			**-**		(2,479)		**-**		(2,479)
Net (income) loss			**110,059**		260,669		**201,902**		51,150
Other comprehensive income (loss)									
Item that will not be reclassified to profit or loss:									
Exchange difference on translation of parent			**(34,439)**		21,322		**(47,636)**		142,251
			(34,439)		21,322		**(47,636)**		142,251
Comprehensive (income) loss		**$**	**144,498**	$	239,347	**$**	**249,538**	$	(91,101)
Earnings (loss) per share attributable to shareholders									
Basic and diluted		**$**	**(0.00)**	$	(0.00)	**$**	**(0.00)**	$	0.00
Weighted average number of common shares outstanding: basic and diluted			**168,259,862**		160,422,076		**166,602,865**		154,640,742

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 nine months ended September 30, 2017 and 2016 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Share Capital		Reserves					
	Total common shares	**Share capital**	**Equity settled employee compensation and warrants**	**Foreign currency**	**Available for sale assets**	**Total reserves**	**Deficit**	**Total**
Balance at January 1, 2017	**164,869,750**	**$ 82,951,197**	**$ 13,325,544**	**$ (450,182)**	**$ 84,935**	**$ 12,960,297**	**$ (31,583,740)**	**$ 64,327,754**
Common shares issued for debt net of issue costs	**1,250,000**	**99,449**	**45,683**	**-**	**-**	**45,683**	**-**	**145,132**
Common shares issued for financing net of issue costs	**11,581,780**	**816,504**	**-**	**-**	**-**	**-**	**-**	**816,504**
Net income	**-**	**-**	**-**	**-**	**-**	**-**	**(201,902)**	**(201,902)**
Cumulative translation adjustment	**-**	**-**	**-**	**(47,636)**	**-**	**(47,636)**	**-**	**(47,636)**
Balance at September 30, 2017	**177,701,530**	**$ 83,867,150**	**$ 13,371,227**	**$ (497,818)**	**$ 84,935**	**$ 12,958,344**	**$ (31,785,642)**	**$ 65,039,852**

	Share Capital		Reserves					
	Total common shares	Share capital	Equity settled employee compensation and warrants	Foreign currency reserve	Available for sale assets	Total reserves	Deficit	Total
Balance at January 1, 2016	151,718,310	$ 82,105,922	$ 13,023,531	$ (429,221)	$ -	$ 12,594,310	$ (31,153,605)	$ 63,546,627
Common shares issued for financing net of issue costs	11,926,440	773,515	-	-	-	-	-	773,515
Stock options exercised for cash	25,000	948	-	-	-	-	-	948
Share-based payments	-	-	309,732	-	-	309,732	-	309,732
Net loss	-	-	-	-	-	-	(51,150)	(51,150)
Cumulative translation adjustment	-	-	-	142,251	-	142,251	-	142,251
Balance at September 30, 2016	163,669,750	$ 82,880,385	$ 13,333,263	$ (286,970)	$ -	$ 13,046,293	$ (31,204,755)	$ 64,721,923

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 nine months ended September 30, 2017 and 2016 (unaudited)
(Expressed in United States dollars unless otherwise noted)

		Nine months ended		
		September 30, 2017		September 30, 2016
Cash provided by (used in):				
Loss for the period	**$**	**(201,902)**	$	(51,150)
Items not affecting cash:				
Amortization		**31,663**		36,931
Share-based payments		**-**		309,732
Gain on currency exchange		**(84,272)**		-
Gain on forgiveness of debt		**-**		(430,158)
Changes in non-cash working capital items:				
Decrease (increase) in amounts receivable		**(513)**		(7,078)
Decrease (increase) in prepaid expenses and deposits		**(2,916)**		1,097
Increase in accounts payable and accrued liabilities		**167,430**		21,022
Net cash provided by operating activities		**(90,510)**		(119,604)
Investing				
Addition to unproven mineral rights interests		**(219,088)**		(280,130)
Proceeds from option payment		**-**		200,000
Changes in value added taxes paid		**(133,754)**		(27,933)
Net cash used in investing activities		**(352,842)**		(108,063)
Financing				
Issuance of common shares for cash		**756,831**		774,463
Share issuance costs		**(42,897)**		-
Exercise of options		**-**		-
Loan payable		**-**		-
Net cash provided by (used in) financing activities		**713,934**		774,463
Effect of exchange rate changes on cash		**24,406**		(55,352)
Net change in cash		**294,988**		491,444
Cash at beginning of period		**335,781**		115,257
Cash at end of period	**$**	**630,769**	$	606,701

The accompanying notes are an integral part of these condensed consolidated interim 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 Lambayeque. The Company was incorporated on May 1, 1997, under the Business Corporation Act of British Columbia and its principal office is located at Suite 1100-1111 Melville Street, Vancouver British Columbia, V6E 3V6.

The principal subsidiaries of the Company as at September 30, 2017, are as follows:

Subsidiary	**Interest**	**Functional currency**
Cañariaco Copper Peru S.A.	100%	US Dollars
Cañariaco 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 condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 9, 2017**.**

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the nine months ended September 30, 2017, and 2016, the Company had an operating loss of $201,902 and $51,150 respectively, and as at September 30, 2017 the Company had $31.79 million in cumulative losses since inception and a working capital deficit of $1.1 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.

(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 should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS issued by the IASB.

3. Significant Accounting Policies

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended December 31, 2016. The disclosure contained in these condensed consolidated interim financial statements does not include all the requirements in IAS 1 Presentation of Financial Statements ("IAS 1"). Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2016.

The accounting policies below have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

4. Investments

Investments include the following as at September 30, 2017:

		Fair Values	
	Cost	**As at September 30, 2017**	As at December 31, 2016
Candente Gold Corp.	**$ 1,909,094**	**$ 177,448**	$ 164,940

At September 30, 2017, the Company held 5,536,373 (2016 – 5,536,373) shares of Candente Gold Corp. ("Candente Gold"), a company with common officers and directors.

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests

As of September 30, 2017, the Company's mineral properties consist of the following:

Cañariaco Property, located in Lambayeque, Peru		Balance as at January 1, 2017		Mining property expenditures		**Balance as at September 30, 2017**
Mineral rights acquisition and surface access	$	1,659,427	$	123,319	$	**1,782,746**
Community engagement and initiatives		4,390,568		77,987		**4,468,555**
Drilling		9,770,307		-		**9,770,307**
Environmental health and safety		1,313,559		-		**1,313,559**
Exploration		9,834,981				**9,834,981**
Feasibility study		10,884,797		-		**10,884,797**
Project field support and administration		22,533,465		114,137		**22,647,602**
Cost recoveries		-		(8,500)		**(8,500)**
Royalty payment received		(500,000)		(5,952)		**(505,952)**
Option payments received		(200,000)		(100,000)		**(300,000)**
	$	59,687,104	$	200,991	$	**59,888,095**
Cobriza Metals Peruvian properties						
Mineral rights acquisition and surface access	$	1,152,160	$	15,300	$	**1,167,460**
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		93,972		-		**93,972**
Project management and field support		37,208		2,797		**40,005**
	$	1,408,014	$	18,097	$	**1,426,111**
Total mineral properties before value-added tax credit	$	61,095,118	$	219,088	$	**61,314,206**
Impairment of unproven mineral rights interest		(453,159)		-		**(453,159)**
Value-added tax credit **		4,146,628		133,754		**4,280,382**
Total mineral properties	$	64,788,587	$	352,842	$	**65,141,429**

*The optionee discontinued the option agreement dated November 28, 2013, to earn interest in the Arikepay project held by Cobriza

**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.

On May 12, 2017, the Company announced it has entered a binding Memorandum of Understanding ("MOU") to option the Don Gregorio copper-gold ("Cu-Au") porphyry project, located in Jaen Province, Peru, to Plan B Minerals Corp. ("Plan B").

In accordance with the MOU, Plan B has the right to earn a 60% interest in the Don Gregorio property from the Company by making staged payments of $500,000 to Candente Copper and drilling 10,000 metres ("m") within 3 years of receiving drilling permits. To date, the Company has received $100,000 with respect to this transaction. One-half of the aforementioned payments are to be used to fund Candente Copper team's work in community engagement and agreements. The Company is to also receive $100,000 on or before 30 days of receipt of drill permits for the first phase drill program, a further $100,000 within 30 days of completing the first phase drill program (5,000 m) and the final $200,000 within 60 days of completing the second phase drill program (an additional 5,000 m).

6. Equipment

(Expressed in United States dollars unless otherwise noted)

		Equipment		Vehicles		Leaseholds		Total
As at January 1, 2017	$	186,878	$	551	$	1,563	$	188,992
Depreciation		(30,369)		(551)		(743)		(31,663)
Disposal		(278)		-		-		(278)
As at September 30, 2017	**$**	**156,231**	**$**	**-**	**$**	**820**	**$**	**157,051**

7. Trade Payables and Accrued Liabilities

		September 30, 2017		December 31, 2016
Trade payables	**$**	**551,790**	$	730,750
Due to related parties (Note 10)		**461,467**		357,881
Accrued liabilities		**687,215**		678,707
Loans from related parties (Note 10)		**-**		13,406
	$	**1,700,472**	$	1,780,744

8. Share Capital

a. Shares authorized

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

b. Common share issue

As at September 30, 2017, the Company had 177,701,530 (December 31, 2016 – 164,869,750) common shares issued and outstanding.

On February 22, 2017, the Company completed a private placement, issuing 1,250,000 units of the Company in settlement of $150,000 of debt owed to Energold Drilling Per S.A.C. Each unit consists of one common share and one-half of one common share purchase warrant, whereby each whole warrant entitles the holder thereof to purchase one common share at $0.15 per common share for a period of two years from the date of issue. The warrants were valued at $45,683 using the residual method. Share issue costs of $4,868 were incurred in connection with the private placement.

On September 14, 2017, the Company completed a private placement, issuing 11,581,780 units at a price of CDN $0.09 per unit for gross proceeds of $854,534 (CDN $1,042,360) which includes shares issued for the settlement of debts owed to directors in the amount of $64,051 and to settle trade payables of $79,334. Each unit consists of one common share and one-half of one common share purchase warrant, whereby each whole warrant entitles the holder thereof to purchase one common share at $0.15 per common share for a period of two years from the date of issue. The warrants were valued at $nil using the residual method. Share issue costs of $38,030 were incurred in connection with the private placement.

8. Share Capital (continued)

(Expressed in United States dollars unless otherwise noted)

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, December 31, 2016	13,656,175	$0.22
Options expired	(531,675)	$0.49
Options outstanding, September 30, 2017	**13,124,500**	**$0.21**

	Exercisable		Outstanding		
Grant Date	**Exercise Price**	**Number of Options**	**Exercise Price**	**Number of Options**	**Expiry Date**
January 7, 2013	$0.60	675,000	$0.60	675,000	January 7, 2018
September 5, 2013	$0.30	2,570,000	$0.30	2,570,000	September 5, 2018
January 21, 2014	$0.30	200,000	$0.30	200,000	January 21, 2019
January 23, 2014	$0.30	1,615,000	$0.30	1,615,000	January 23, 2019
August 20, 2014	$0.30	1,369,500	$0.30	1,369,500	August 20, 2019
November 16, 2015	$0.05	2,475,000	$0.05	2,475,000	November 16, 2020
May 20, 2016	$0.11	4,220,000	$0.11	4,220,000	May 20, 2026
Weighted Average	$0.21	13,124,500	$0.21	13,124,500	

The Company used the Black-Scholes option-pricing model under the following weighted average assumptions and recorded total stock based compensation for the nine months ended September 30, 2017, and 2016 of $nil and $309,732 respectively:

	Nine months ended	
	September 30, 2017	September 30, 2016
Dividend yield	-	0%
Risk-free interest rate	-	1.35%
Volatility range	-	84.22%
Expected life	-	10 years
Forfeiture rate	-	0%

d. Warrants

	Number of Warrants	Weighted Average Exercise Price
Warrants Outstanding, December 31, 2016	10,404,842	CDN$0.15
Issued	6,415,889	CDN$0.15
Expired	(631,820)	CDN$0.15
Warrants Outstanding, September 30, 2017	16,188,911	CDN$0.15

8. Share Capital (continued)

d. Warrants (continued)

During the nine months ended September 30, 2017, the Company extended the expiry date of an aggregate of 3,534,842 common share purchase warrants issued to subscribers (the "Subscriber Warrants") and 274,960 common share purchase warrants issued to finders (the “Finders Warrants”) pursuant to the Company's private placement financing, which closed in two tranches on March 20, 2015 (“First Tranche”), and April 2, 2015 (“Second Tranche”), respectively. The expiry dates of 2,160,399 Subscriber Warrants and 214,760 Finder Warrants issued pursuant to the First Tranche and 1,374,443 Subscriber Warrants and 60,200 Finder Warrants issued pursuant to the Second Tranche have been extended from March 20, 2017, and April 2, 2017, respectively, until July 29, 2018.

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.

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.

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 for three years. The Company had committed 1,500,000 soles ($550,000) 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. While much of this funding was completed by July 8, 2013, there are still some remaining commitments related to this which will be negotiated as part of the next community agreement.

(Expressed in United States dollars unless otherwise noted)

10. 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.

	Nine months ended September 30,			
		2017		2016
Salaries and fees	**$**	**101,782**	$	123,740
Share-based payments		**-**		304,924
	$	**101,782**	$	428,664

The Company does not remunerate the directors of the Company unless its market capitalization is greater than $75 million. In 2017, the Company paid $nil in directors' fees (2016 - $nil).

Included in salaries and fees is $43,269 (2016 - $nil) which was capitalized to unproven mineral right interests.

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Trade payables and accrued liabilities at September 30, 2017, included $461,467 due to related parties (December 31, 2016 – $371,287) and $nil in loans from related parties (December 31, 2016 - $13,406). Trade and other receivables at September 30, 2017, included $600,005 (December 31, 2016 - $595,362) due from Candente Gold Corp., a company with common officers and directors.

During the nine-month period ended September 30, 2017, the President, CEO, and VP Exploration forgave fees owed to them in the amount of $nil (2016 – $430,158).

11. General and Administrative Expenses

Included in general and administrative expenses are the following:

	Three months ended				Nine months ended			
		September 30, 2017		September 30, 2016		**September 30, 2017**		September 30, 2016
GENERAL AND ADMINISTRATIVE								
Amortization	**$**	**9,915**	$	12,290	**$**	**31,663**	$	36,931
Accounting, audit and tax advisory fees		**14,533**		17,305		**43,586**		56,661
Bank charges and interest		**776**		979		**2,574**		2,387
Legal		**9,270**		2,016		**22,729**		8,020
Management fees, office salaries and benefits (Note 10)		**47,465**		77,086		**126,287**		127,008
Office, rent and miscellaneous		**10,720**		15,705		**32,876**		42,010
Travel and accommodations		**15**		1,224		**15**		2,743
Regulatory and filing fees		**5,182**		9,706		**16,948**		30,190
Shareholder communications		**15,172**		22,880		**50,037**		25,252
Share-based payments		**-**		10,638		**-**		309,732
Total general and administrative expenses	**$**	**113,048**	$	169,829	**$**	**326,715**	$	640,934

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.

13. 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, 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.

b. 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 currency of the Company's subsidiaries is 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 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.

Cash is 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, $600,005 of the trade receivable balance as at September 30, 2017, is due from Candente Gold Corp., a related party. At September 30, 2017, Candente Gold Corp.'s assets are in the exploration stage and the Company does not have sufficient cash or cash flows to pay the amount due. Management considers that this receivable is recoverable. However, credit risk associated with this receivable is considered high.

As at September 30, 2017, the Company's maximum exposure to credit risk is the carrying value of its cash and trade and other receivables.

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.

(Expressed in United States dollars unless otherwise noted)

13. Financial risk and capital management (continued)

d. Capital management (continued)

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, September 30, 2017, and December 31, 2016, is as follows:

		As at September 30, 2017		As at December 31, 2016
Total working capital deficiency	**$**	**(1,062,479)**	$	(1,440,655)
Total equity		**65,039,852**		64,327,754
Total capital	**$**	**63,977,373**	$	62,887,099

There were no changes in the Company's approach to capital management during the period and the Company is not subject to any restrictions on its capital.

Fair value hierarchy

The consolidated statements of financial position carrying amounts for cash, trade and other receivables and trade payables, approximate fair value due to their short-term nature.

The 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).

		Level 1		**Level 2**		**Level 3**		**Total**
Assets								
Cash	$	630,769	$	-	$	-	$	630,769
Investments		177,448		-		-		177,448
Total	$	808,217	$	-	$	-	$	808,217

There were no transfers between levels during the period.