CANDENTE
COPPER CORP

Candente Copper Corp.
Interim Condensed Consolidated Financial Statements
For the nine months ended September 30, 2018 and 2017
(Expressed in United States dollars, unless otherwise noted)

NOTICE

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

Candente Copper Corp.
Interim condensed consolidated statements of financial position
As at September 30, 2018 and December 31, 2017 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Notes		September 30, 2018		December 31, 2017
Assets					
Current assets					
Cash		$	**17,138**	$	392,453
Receivable for sale of a subsidiary	**4**		**286,771**		406,478
Prepaid expenses and deposits			**26,191**		5,224
Total current assets			**330,100**		804,155
Non-current assets					
Trade and other receivables	**11**		**602,519**		617,773
Receivable for sale of a subsidiary	**4**		**-**		165,976
Investments	**5**		**106,921**		132,396
Unproven mineral right interests	**6**		**63,161,869**		62,790,239
Equipment	**7**		**117,349**		137,651
Total non-current assets			**63,988,658**		63,844,035
Total assets		$	**64,318,758**	$	64,648,190
Liabilities					
Current liabilities					
Trade payables and accrued liabilities	**8,11**	$	**1,347,310**	$	1,645,776
Total current liabilities			**1,347,310**		1,645,776
Equity					
Share capital	**9**		**84,161,073**		83,941,785
Reserves	**9**		**12,866,176**		12,971,902
Accumulated deficit			**(34,055,801)**		(33,911,273)
Total equity			**62,971,448**		63,002,414
Total liabilities and equity		$	**64,318,758**	$	64,648,190

General information and going concern (Note 1)

Commitments (Note 10)

Approved on behalf of the Board of Directors on November 13, 2018

(signed) Andres Milla — **Director**

(signed) George Elliott — **Director**

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

Candente Copper Corp.
Interim condensed consolidated statements of comprehensive loss
For the nine months ended September 30, 2018 and 2017 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Notes		Three months ended September 30, 2018		Three months ended September 30, 2017		Nine months ended September 30, 2018		Nine months ended September 30, 2017
Expenses									
General and administrative expenses	**12**	**$**	**85,044**	$	113,048	**$**	**297,617**	$	326,715
Other expenses									
(Gain) on settlement of payables	**9**		**(21,545)**		-		**(95,113)**		-
(Gain) loss on forgiveness of payable	**11**		**104**		-		**(13,979)**		-
Revaluation (gain) loss on discounted receivable	**4**		**3,305**		-		**(5,288)**		-
(Gain) loss on foreign exchange			**24,170**		(2,989)		**27,941**		(124,813)
Interest income	**4**		**(17,266)**		-		**(66,650)**		-
Net loss			**73,812**		110,059		**144,528**		201,902
Other comprehensive (income) loss									
Items that will not be reclassified to profit or loss:									
Change in fair value of investment			**35,992**		-		**21,233**		-
Exchange difference on translation of parent			**(39,331)**		34,439		**41,047**		47,636
			(3,339)		34,439		**62,280**		47,636
Comprehensive loss		**$**	**70,473**	$	144,498	**$**	**206,808**	$	249,538
Earnings 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			**180,465,054**		168,259,862		**179,185,578**		166,602,865

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

Candente Copper Corp.

Interim condensed consolidated statements of changes in equity

For the nine months ended September 30, 2018 and 2017 (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 loss	-	-	-	-	-	-	(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
Balance at January 1, 2018	**178,201,529**	**$ 83,941,785**	**$ 13,339,380**	**$ (409,945)**	**$ 42,467**	**$ 12,971,902**	**$ (33,911,273)**	**$ 63,002,414**
Common shares issued for debt	**1,434,276**	**105,446**	**-**	**-**	**-**	**-**	**-**	**105,446**
Share issuance costs	**-**	**(9,426)**	**-**	**-**	**-**	**-**	**-**	**(9,426)**
Common shares issued for exercise of options	**1,000,000**	**65,664**	**-**	**-**	**-**	**-**	**-**	**65,664**
Reallocation of fair value of options exercised	**-**	**57,604**	**(57,604)**	**-**	**-**	**(57,604)**	**-**	**-**
Share-based payments	**-**	**-**	**14,158**	**-**		**14,158**	**-**	**14,158**
Net loss	**-**	**-**	**-**	**-**	**-**	**-**	**(144,528)**	**(144,528)**
Change in fair value of investment	**-**	**-**	**-**	**-**	**(21,233)**	**(21,233)**	**-**	**(21,233)**
Cumulative translation adjustment	**-**	**-**	**-**	**(41,047)**	**-**	**(41,047)**	**-**	**(41,047)**
Balance at September 30, 2018	**180,635,805**	**$ 84,161,073**	**$ 13,295,934**	**$ (450,992)**	**$ 21,234**	**$ 12,866,176**	**$ (34,055,801)**	**$ 62,971,448**

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

Candente Copper Corp.
Interim condensed consolidated statements of cash flows
For the nine months ended September 30, 2018 and 2017 (unaudited)
(Expressed in United States dollars unless otherwise noted)

	Nine months ended			
		September 30, 2018		**September 30, 2017**
Cash provided by (used in):				
Loss for the period	**$**	**(144,528)**	$	(201,902)
Items not affecting cash:				
Amortization		**20,302**		31,663
Share-based payments		**14,158**		-
Revaluation gain on discounted receivable		**(5,288)**		-
Gain on settlement of payables		**(95,113)**		-
Gain on forgiveness of payables		**(13,979)**		-
Interest income		**(66,648)**		-
Foreign exchange		**(27,038)**		(59,866)
Changes in non-cash working capital items:				
Increase in amounts receivable		**(1,362)**		(513)
Increase in prepaid expenses and deposits		**(3,112)**		(2,916)
Increase (decrease) in accounts payable and accrued liabilities		**(96,455)**		167,430
Net cash used in operating activities		**(419,063)**		(66,104)
Investing				
Addition to unproven mineral rights interests		**(368,591)**		(219,088)
Payments received for sale of subsidiary		**352,000**		-
Changes in value added taxes paid		**(3,039)**		(133,754)
Net cash used in investing activities		**(19,630)**		(352,842)
Financing				
Issuance of common shares for cash		**-**		756,831
Exercise of options		**65,664**		-
Share issuance costs		**(2,286)**		(42,897)
Net cash provided by financing activities		**63,378**		713,934
Net change in cash		**(375,315)**		294,988
Cash at beginning of period		**392,453**		335,781
Cash at end of period	**$**	**17,138**	$	630,769

The accompanying notes are an integral part of these interim condensed 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 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, 2018 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
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 interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 13, 2018.

These interim condensed 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. As at September 30, 2018, the Company has $34.1 million in cumulative losses since inception and current liabilities exceed current assets by $1.0 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 are material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

2. Statement of Compliance and Basis of Presentation

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

These interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS issued by the IASB.

3. New Accounting Standards and Interpretations

Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of reserves on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost
The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve-month expected credit losses. The Company shall recognize in the consolidated statements of comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. New Accounting Standards and Interpretations

Financial Instruments (continued)

Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Accounting Standards Issued But Not Yet Applied

Leases
On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company continues to assess the impact of adopting this standard on its consolidated financial statements.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company’s consolidated financial statements.

4. Receivable for Sale of a Subsidiary

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

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

The receivable was initially recorded at face value of $656,922 less a discount of $98,592 for a net amount of $558,330. The receivable was revalued twice during the nine months ended September 30, 2018 due to changes in the payment terms. The revaluations resulted in a net gain of $5,288.

The new payment terms include monthly payments of $20,000 starting in August 2018, three additional quarterly payments of $48,000, and a final payment of $88,922 on March 24, 2019.

The receivable is discounted using a rate of 20%, which is the estimated market rate of interest on equivalent third-party financing. During the period ended September 30, 2018, the discount was amortized by $66,648 which was included in interest income.

Candente Copper Corp.

Notes to the interim condensed consolidated financial statements

For the nine months ended September 30, 2018 and 2017 (unaudited)

(Expressed in United States dollars unless otherwise noted)

4. Receivable for Sale of a Subsidiary (continued)

Transactions for the period ended September 30, 2018 are as follows:

Balance December 31, 2017	**$**	**572,454**
Payments received		**(352,000)**
Revaluation gain (net)		**5,288**
Interest		**66,648**
Foreign exchange adjustment		**(5,619)**
Balance September 30, 2018	**$**	**286,771**

		September 30, 2018		December 31, 2017
Current portion	**$**	**286,771**	$	406,478
Long term portion		**-**		165,976
	$	**286,771**	$	572,454

5. Investments

		Cost		**Fair Value September 30, 2018**		Fair Value December 31, 2017
Candente Gold Corp.	**$**	**1,909,094**	**$**	**106,921**	$	132,396

At September 30, 2018, the Company held 5,536,373 (2017 – 5,536,373) shares of Candente Gold Corp. (“Candente Gold”), a company with common officers and directors. The closing share price was CDN$0.025 (2017 – CDN$0.03) and the fair value of the Company’s investment in Candente Gold was $106,921 (2017 - $132,396). During the period ended September 30, 2018, the Company recognized an unrealized loss of $21,233 (period ended September 30, 2017: $Nil) in other comprehensive loss.

(Expressed in United States dollars unless otherwise noted)

6. Unproven Mineral Right Interests

As of September 30, 2018, the Company's mineral properties consist of the following:

Cañariaco Property, located in Lambayeque, Peru	Balance as at January 1, 2018	Mining property expenditures	**Balance as at September 30, 2018**
Mineral rights acquisition and surface access	$ 1,782,746	$ 121,555	$ **1,904,301**
Community engagement and initiatives	4,557,460	120,170	**4,677,630**
Drilling	9,770,307	-	**9,770,307**
Environmental health and safety	1,314,537	4,668	**1,319,205**
Exploration	9,836,224	1,122	**9,837,346**
Feasibility study	10,884,797	-	**10,884,797**
Project field support and administration	22,699,255	123,322	**22,822,577**
Cost recoveries	(8,500)	(41,643)	**(50,143)**
Royalty payments received	(505,921)	-	**(505,921)**
	$ 60,330,905	$ 329,194	$ **60,660,099**
Cobriza Metals Peruvian properties			
Mineral rights acquisition and surface access	$ 1,167,460	$ 20,700	$ **1,188,160**
Concession and surface right acquisition costs	157,912	-	**157,912**
Option payments received*	(50,000)	-	**(50,000)**
Community engagement and initiatives	4,759	13,482	**18,241**
Environmental health and safety	15,785	-	**15,785**
Exploration	93,972	3,053	**97,025**
Project management and field support	42,038	2,162	**44,200**
Option payments received	(300,000)	-	**(300,000)**
Impairment of unproven mineral rights interest	(453,159)	-	**(453,159)**
	$ 678,767	$ 39,397	$ **718,164**
Total mineral properties before value-added tax credit	$ 61,009,672	$ 368,591	$ **61,378,263**
Value-added tax credit **	1,780,567	3,039	**1,783,606**
Total mineral properties	$ 62,790,239	$ 371,630	$ **63,161,869**

*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.

(Expressed in United States dollars unless otherwise noted)

6. Unproven Mineral Right Interests (continued)

On June 26, 2017, the Company entered into an option agreement to option its Don Gregorio copper-gold porphyry project, located in Jaen Province, Peru, to Plan B Minerals Corp. ("Plan B"). The Don Gregorio property is one of the projects held by Cobriza Metals.

In accordance with the option agreement, Plan B has the right to earn a 60% interest in the Don Gregorio property from the Company by making staged payments totaling $500,000 to the Company, making a payment of $8,500 (paid) and drilling 10,000 metres ("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 the Company's work in community engagement and agreements. The Company is to receive $100,000 on or before 30 days of receipt of drill permits for the first phase drill program, $100,000 within 30 days of completing the first phase drill program (5,000 m) and the final $200,000 within 60 days of completing the second phase drill program (an additional 5,000 m).

7. Equipment

		Equipment		Vehicles		Leaseholds		Total
As at January 1, 2018	$	132,906	$	4,173	$	572	$	137,651
Depreciation		(18,620)		(939)		(743)		(20,302)
As at September 30, 2018	**$**	**114,286**	**$**	**3,234**	**$**	**(171)**	**$**	**117,349**

8. Trade Payables and Accrued Liabilities

		September 30, 2018		December 31, 2017
Trade payables	**$**	**390,862**	$	550,887
Due to related parties (Note 11)		**256,703**		425,394
Accrued liabilities		**699,745**		669,495
	$	**1,347,310**	$	1,645,776

On August 2, 2018, the Company was advised that Amec Foster Wheeler Peru S.A. ("AMEC") had filed a request for recognition of debt with the Peruvian authority INDECOPI. AMEC has registered a debt of $883,596 owed to them by Canariaco Copper Peru S.A. ("Canariaco"). The Company is working with Peruvian legal counsel in an effort to settle this obligation. (Note 15).

9. Share Capital

a. Shares authorized

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

b. Common shares issued

As at September 30, 2018, the Company had 180,635,805 (December 31, 2017 – 178,201,529) common shares issued and outstanding.

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

b. Common shares issued (continued)

On March 1, 2018, the Company issued 723,290 common shares of the Company with a fair value of $61,911 in settlement of a trade payable of $135,479. The Company recorded a gain on settlement of payables of $73,568.

On July 9, 2018, 1,000,000 stock options at a weighted average exercise price of CDN $0.09 per share were exercised for proceeds of $65,664.

On August 20, 2018, the Company issued 710,986 common shares of the Company with a fair value of $43,535 in settlement of the payable of $65,080 to the former CFO. The Company recorded a gain on settlement of payables of $21,545.

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 are fixed by the Board of Directors at the time of grant. Share option awards have a maximum term of five years.

Stock option transactions for the period ended September 30, 2018 were as follows:

	Number	Exercise Price (CDN$)
Balance, December 31, 2017	11,579,500	0.19
Issued	300,000	0.09
Exercised	(1,000,000)	0.09
Cancelled	(560,000)	0.21
Expired	(2,400,000)	0.30
Balance, September 30, 2018	7,919,500	0.16

Stock options outstanding at September 30, 2018 were as follows:

	Exercisable		Outstanding		
Grant Date	**Exercise Price (CDN$)**	**Number of Options**	**Exercise Price (CDN$)**	**Number of Options**	**Expiry Date**
January 21, 2014	$0.30	200,000	$0.30	200,000	January 21, 2019
January 23, 2014	$0.30	1,215,000	$0.30	1,215,000	January 23, 2019
August 20, 2014	$0.30	1,219,500	$0.30	1,219,500	August 20, 2019
November 16, 2015	$0.05	1,865,000	$0.05	1,865,000	November 16, 2020
May 20, 2016	$0.11	3,120,000	$0.11	3,120,000	May 20, 2026
April 2, 2018	$0.09	100,000	$0.09	100,000	April 2, 2023
August 1, 2018	$0.09	200,000	$0.09	200,000	August 1, 2023
Weighted Average	$0.16	7,919,500	$0.16	7,919,500	

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

d. Warrants

During the period ended September 30, 2018, The Company extended the exercise period of a total of 5,407,663 outstanding share purchase warrants (the "Warrants") with an exercise price of CDN $0.15 issued pursuant to the private placement completed on July 29, 2016. The original expiry date was July 29, 2018 and the new expiration date is July 29, 2020. The Company did not extend the exercise period of 555,555 warrants held directly or indirectly by related parties and these warrants expired unexercised.

During the period ended September 30, 2018, 3,809,802 warrants with an exercise price of $0.15 expired unexercised.

Warrants outstanding at September 30, 2018 were as follows:

Expiry Date	Exercise Price	Number of Warrants Outstanding
February 22, 2019	$0.15	625,000
September 14, 2019	$0.15	5,790,889
July 29, 2020	$0.15	5,407,663
Weighted Average	$0.15	11,823,552

e. Reserves

Equity settled employee compensation and warrants reserve:

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

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

10. Commitments

Community engagement and initiatives

In July 8, 2012, the Company signed a land use agreement with the community of San Juan de Cañaris, by which the community authorized the Company to use the land for exploration purposes for three years. The Company had committed 1,500,000 soles ($550,000) to fund sustainable development programs subject to specific project approval by the parties. The Company alsocommitted to issue 1,000,000 shares of the Company to the community upon the earlier of 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)

11. Related Party Disclosure

Key management compensation

Key management consists of the Company's directors, executive officers and senior management. Compensation includes amounts paid to these individuals and companies they control.

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Salaries and fees	**$ 71,412**	$ 101,782

The Company does not remunerate the directors of the Company unless its market capitalization is greater than $75 million. No directors' fees were paid during the nine months ended September 30, 2018 or 2017.

Included in salaries and fees is $30,668 (2017 - $43,269) 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, 2018, included $256,703 due to related parties (December 31, 2017 – $425,394). Trade and other receivables at September 30, 2018, included $586,101 (December 31, 2017 - $591,508) due from Candente Gold Corp., a company with common officers and directors.

On August 20, 2018, the Company issued 710,986 common shares of the Company with a fair value of $43,535 in settlement of the payable of $65,080 to the former CFO. The Company recorded a gain on settlement of payables of $21,545.

During the period ended September 30, 2018, the former CFO forgave fees owed to him in the amount of $13,979 (2017 – $Nil).

12. General and Administrative Expenses

	Three months ended		Nine months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
GENERAL AND ADMINISTRATIVE				
Amortization	**$ 6,330**	$ 9,915	**$ 20,302**	$ 31,663
Accounting, audit and tax advisory fees	**11,196**	14,533	**41,927**	43,586
Bank charges and interest	**713**	776	**2,173**	2,574
Legal	**46**	9,270	**13,590**	22,729
Management fees, office salaries and benefits (Note 11)	**30,394**	47,465	**113,624**	126,287
Office, rent and miscellaneous	**13,447**	10,720	**37,633**	32,876
Travel and accommodations	**(13)**	15	**2,349**	15
Regulatory and filing fees	**2,977**	5,182	**15,157**	16,948
Share-based payments	**14,158**	-	**14,158**	-
Shareholder communications	**5,796**	15,172	**36,704**	50,037
Total general and administrative expenses	**$ 85,044**	$ 113,048	**$ 297,617**	$ 326,715

13. Segmented Information

The Company operates in one segment being the exploration of mineral properties in Peru. The Company operates in two geographical areas, being Peru and Canada. All of the Company's non-current assets are located in Peru.

14. Financial risk and capital management

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

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 forecasted liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables, which are either past due or due within the next 12 months and commitments from its current working capital and future sources of equity financing. Liquidity risk is considered to be high.

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

As mentioned in Note 11, $586,101 of the trade and other receivables balance as at September 30, 2018, is due from Candente Gold Corp, a related party. At September 30, 2018, 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.

The Company also has a receivable of $286,771 associated with the sale of Minera Candente which is payable over a period of 12 months. The purchaser has made all required payments to date. Management considers that this receivable is recoverable, and that credit risk associated with this receivable is moderate.

As at September 30, 2018, the Company's maximum exposure to credit risk is the carrying value of its cash and 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 future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets.

Capital management is undertaken to safeguard a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met. The total capital being managed by the Company as of the balance sheet dates, September 30, 2018, and December 31, 2017, is as follows:

		As at September 30, 2018		As at December 31, 2017
Total working capital deficiency	**$**	**(1,017,210)**	$	(841,621)
Total equity		**62,971,448**		63,002,414
Total capital	**$**	**61,954,238**	$	62,160,793

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 interim condensed 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 receivable for sale of a subsidiary is measured at fair value using the effective interest method.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Cash and investments fall under Level 1.

There were no transfers between levels during the period.

(Expressed in United States dollars unless otherwise noted)

15. Subsequent events

Subsequent to September 30, 2018:

a) The Company entered into an agreement with AMEC for the settlement of the trade liability for $839,954 included in the accounts payable of the Company's subsidiary, Canariaco. Pursuant to the agreement, the Company is required to issue 2,368,771 common shares of the Company and to make a series of payments to AMEC under two alternatives at the option of the Company as follows:

i)	Immediately upon signing	$ 50,000
	December 15, 2018	100,000
	March 31, 2019	150,000
	June 30, 2019	150,000
	September 30, 2019	150,000
		$600,000
	or	
ii)	Immediately upon signing	$ 50,000
	December 15, 2018	100,000
	June 30, 2019	375,000
		$525,000

The Company has paid the initial $50,000 required under both alternatives.

b) The Company granted 300,000 stock options exercisable for a period of 5 years to an officer of the Company and 300,000 stock options exercisable for a period of 5 years to an employee and two consultants of the Company.