



# CANDENTE COPPER CORP

**Candente Copper Corp.**

**Condensed Consolidated Interim Financial Statements**

**For the three and nine months ended September 30, 2020 and 2019 (unaudited)**

**(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 Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**Candente Copper Corp.**  
**Condensed consolidated interim statements of financial position**  
**As at September 30, 2020 and December 31, 2019 (unaudited)**  
(Expressed in United States dollars unless otherwise noted)

	Notes	September 30, 2020	December 31, 2019
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 560,952	\$ -
Receivable for sale of a subsidiary	3	32,333	99,581
Prepaid expenses and deposits		18,755	9,058
<b>Total current assets</b>		<b>612,040</b>	<b>108,639</b>
<b>Non-current assets</b>			
Receivables		16,191	13,203
Investments	4	249,037	106,567
Right of use asset	5	129,476	-
Unproven mineral right interests	6	64,104,132	63,691,933
Equipment	7	75,831	88,262
<b>Total non-current assets</b>		<b>64,574,667</b>	<b>63,899,965</b>
<b>Total assets</b>		<b>\$ 65,186,707</b>	<b>\$ 64,008,604</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Bank overdraft		\$ -	\$ 42
Trade payables and accrued liabilities	8,12	786,567	-
Current portion of lease liability	5	22,459	1,357,400
<b>Total current liabilities</b>		<b>809,026</b>	<b>1,357,442</b>
<b>Non-current liabilities</b>			
Term loan payable	9	29,988	-
Lease liability	5	107,420	-
<b>Total Liabilities</b>		<b>946,434</b>	<b>1,357,442</b>
<b>Equity</b>			
Share capital	10	86,520,774	84,732,929
Reserves	10	13,460,443	12,960,376
Accumulated deficit		(35,740,944)	(35,042,143)
<b>Total equity</b>		<b>64,240,273</b>	<b>62,651,162</b>
<b>Total liabilities and equity</b>		<b>\$ 65,186,707</b>	<b>\$ 64,008,604</b>

**General information and going concern (Note 1)**

**Commitments (Note 11)**

**Subsequent events (Note 16)**

Approved on behalf of the Board of Directors on November 13, 2020

(signed) Andres Milla  
Director

(signed) George Elliott  
Director

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

**Candente Copper Corp.**  
**Condensed consolidated interim statements of comprehensive loss**  
**For the three and nine months ended September 30, 2020 and 2019 (unaudited)**  
(Expressed in United States dollars unless otherwise noted)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2020	2019	2020	2019
<b>Expenses</b>					
<b>General and administrative expenses</b>	<b>13</b>	<b>\$ 155,174</b>	<b>\$ 106,070</b>	<b>\$ 660,300</b>	<b>\$ 364,535</b>
<b>Other expenses</b>					
Gain on settlement of payables		-	(300)	-	(90,871)
Gain on sale of vehicles		-	-	-	(6,871)
Impairment of related party receivable		-	-	-	251,217
Impairment on receivable for sale of subsidiary	<b>3</b>	<b>33,531</b>	-	<b>33,531</b>	-
Loss on foreign exchange		<b>23,558</b>	46,838	<b>12,948</b>	18,027
Interest expense	<b>5</b>	<b>865</b>	-	<b>865</b>	-
Interest income	<b>3</b>	<b>(629)</b>	(6,473)	<b>(8,843)</b>	(27,736)
<b>Net loss</b>		<b>212,499</b>	146,135	<b>698,801</b>	508,301
Other comprehensive (income) loss					
Items that will not be reclassified to profit or loss:					
Change in fair value of investment	<b>4</b>	<b>(182,296)</b>	20,689	<b>(139,669)</b>	(20,826)
Exchange difference on translation of parent		<b>(31,347)</b>	(14,981)	<b>294</b>	(19,802)
		<b>(213,643)</b>	5,708	<b>(139,375)</b>	(40,628)
<b>Comprehensive (gain) loss</b>		<b>\$ (1,144)</b>	\$ 151,843	<b>\$ 559,426</b>	\$ 467,673
<b>(Gain) Loss per share attributable to basic and diluted</b>		<b>\$ (0.00)</b>	\$ 0.00	<b>\$ 0.00</b>	\$ 0.00
<b>Weighted average number of common shares outstanding: basic and diluted</b>		<b>228,093,180</b>	195,005,268	<b>227,797,239</b>	192,527,182

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, 2020 and 2019 (unaudited)**  
(Expressed in United States dollars unless otherwise noted)

	Share Capital		Reserves						
	Notes	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, 2019		180,635,805	\$ 84,161,013	\$ 13,351,087	\$ (468,954)	\$ (1,730)	\$ 12,880,403	\$ (34,248,226)	\$ 62,793,190
Common shares issued for debt		4,476,463	152,908	-	-	-	-	-	152,908
Common shares issued for financing		9,550,000	361,184	21,035	-	-	21,035	-	382,219
Common shares issued upon exercise of options		175,000	17,285	-	-	-	-	-	17,285
Reallocation of fair value of options		-	9,161	(9,161)	-	-	(9,161)	-	-
Share issuance costs		-	(19,031)	-	-	-	-	-	(19,031)
Finders shares issued		168,000	6,335	-	-	-	-	-	6,335
Finders w arrants issued		-	(1,609)	1,609	-	-	1,609	-	-
Share-based payments		-	-	94,143	-	-	94,143	-	94,143
Expiry of w arrants		-	45,683	(45,683)	-	-	(45,683)	-	-
Net loss		-	-	-	-	-	-	(508,301)	(508,301)
Cumulative fair value of investment		-	-	-	-	20,826	20,826	-	20,826
Cumulative translation adjustment		-	-	-	(19,802)	-	(19,802)	-	(19,802)
<b>Balance at September 30, 2019</b>		<b>195,005,268</b>	<b>\$ 84,732,929</b>	<b>\$ 13,413,030</b>	<b>\$ (488,756)</b>	<b>\$ 19,096</b>	<b>\$ 12,943,370</b>	<b>\$ (34,756,527)</b>	<b>\$ 62,919,772</b>
<b>Balance at January 1, 2020</b>		<b>195,005,268</b>	<b>\$ 84,732,929</b>	<b>\$ 13,436,888</b>	<b>\$ (495,645)</b>	<b>\$ 19,133</b>	<b>\$ 12,960,376</b>	<b>\$ (35,042,143)</b>	<b>\$ 62,651,162</b>
Common shares issued for financing	10	48,500,000	1,794,005	-	-	-	-	-	1,794,005
Share issuance costs	10	-	(6,160)	-	-	-	-	-	(6,160)
Share-based payments	10	-	-	155,107	-	-	155,107	-	155,107
Net loss		-	-	-	-	-	-	(698,801)	(698,801)
Restricted stock units	10,12	-	-	205,585	-	-	205,585	-	205,585
Change in fair value of investment		-	-	-	-	139,669	139,669	-	139,669
Cumulative translation adjustment		-	-	-	(294)	-	(294)	-	(294)
<b>Balance at September 30, 2020</b>		<b>243,505,268</b>	<b>\$ 86,520,774</b>	<b>\$ 13,797,580</b>	<b>\$ (495,939)</b>	<b>\$ 158,802</b>	<b>\$ 13,460,443</b>	<b>\$ (35,740,944)</b>	<b>\$ 64,240,273</b>

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, 2020 and 2019 (unaudited)**  
(Expressed in United States dollars unless otherwise noted)

	Nine months ended September 30,	
	2020	2019
<b>Cash provided by (used in):</b>		
Loss for the period	\$ (698,801)	\$ (508,301)
Items not affecting cash:		
Amortization	14,810	15,031
Share-based payments	360,692	94,143
Shares issued for consulting fees	-	17,285
Impairment of related party receivable	-	251,217
Impairment on receivable for sale of subsidiary	33,531	-
Gain on settlement of payables	-	(90,871)
Gain on sale of vehicles	-	(6,871)
Interest income	(8,843)	(27,736)
Interest expense	865	-
Foreign exchange	3,761	(18,403)
Changes in non-cash working capital items:		
Receivables	(2,988)	36,649
Prepaid expenses and deposits	(7,848)	1,339
Accounts payable and accrued liabilities	(208,493)	43,749
<b>Net cash used in operating activities</b>	<b>(513,314)</b>	<b>(192,769)</b>
<b>Investing</b>		
Addition to unproven mineral right interests	(563,979)	(413,181)
Purchase of equipment	(313)	-
Payments received for sale of subsidiary	25,500	185,000
Change in value added taxes paid	(27,843)	4,103
<b>Net cash used in investing activities</b>	<b>(566,635)</b>	<b>(224,078)</b>
<b>Financing</b>		
Issuance of common shares for cash, net of issuance costs	1,787,845	286,150
Repayment of bank overdraft	(42)	-
Term loan payable	29,988	-
Principal repayments on lease liability	(2,655)	-
Advances from related parties	12,399	135,102
Repayment of related party advances	(186,634)	-
<b>Net cash provided by financing activities</b>	<b>1,640,901</b>	<b>421,252</b>
<b>Net change in cash</b>	<b>560,952</b>	<b>4,405</b>
<b>Cash at beginning of period</b>	<b>-</b>	<b>7,882</b>
<b>Cash at end of period</b>	<b>\$ 560,952</b>	<b>\$ 12,287</b>

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

# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements

### For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

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#### 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, 2020 are as follows:

<b>Subsidiary</b>	<b>Interest</b>	<b>Functional currency</b>
Canariaco Copper Peru S.A. ("Canariaco")	100%	US Dollars
Canariaco Copper (BVI) Corp.	100%	US Dollars
Inversiones Mineras Las Palmas S.A.	100%	US Dollars
Cobriza Metals Corp.	100%	CDN Dollars
Candente Resource (BVI) Corp.	100%	US Dollars
Cobriza Metals Peru S.A.	100%	US Dollars

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on November 13, 2020.

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, 2020, the Company incurred a net loss of \$698,801. As at September 30, 2020, the Company has \$35,740,944 in cumulative losses since inception and working capital deficiency of \$196,986. The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. The Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation. These factors are material uncertainties that may cast significant doubt regarding the Company’s ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company’s business or ability to raise funds.

# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 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 have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

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, 2019, which have been prepared in accordance with IFRS issued by the IASB.

### 3. 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 year ended December 31, 2018 due to changes in the payment terms. The revaluations resulted in a net gain of \$5,255.

Payment terms, established in August 2018, included 12 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. A new agreement was reached during March 2019 and a revised payment schedule extends into 2020. The balance outstanding at September 30, 2020 is \$32,333 including the IFRS imputed interest.

The receivable is discounted using a rate of 20%, which is the estimated market rate of interest on equivalent third-party financing. During the nine months ended September 30, 2020, the discount was amortized by \$8,843 (2019 - \$21,263) which was included in interest income.

During the nine months ended September 30, 2020, the Company recorded an impairment for \$33,531 (2019 - \$Nil).

Transactions for the nine months ended September 30, 2020 and year ended December 31, 2019 are as follows:

	September 30, 2020	December 31, 2019
Opening Balance	\$ 99,581	\$ 260,003
Payments received	(25,500)	(193,500)
Interest	8,843	33,078
Prior year adjustment	(17,000)	-
Impairment on receivable	(33,531)	-
Foreign exchange adjustment	(60)	-
Closing Balance	\$ 32,333	\$ 99,581



# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements

### For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

#### 4. Investments

At September 30, 2020, the Company held 5,536,373 (December 31, 2019 - 5,536,373) shares of Candente Gold Corp. ("Candente Gold"), a company with common officers and directors. The closing share price was CDN\$0.06 (December 31, 2019 - CDN\$0.025) and the fair value of the Company's investment in Candente Gold was \$249,037 (December 31, 2019 - \$106,567).

During the nine months ended September 30, 2020, the Company recognized an unrealized gain on investments of \$139,669 (Period ended September 30, 2019 - \$20,826) that was included in other comprehensive loss.

#### 5. Right to Use Asset

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

	September 30, 2020	December 31, 2019
Opening balance	\$ -	\$ -
Additions	131,669	-
Depreciation	(2,193)	-
Ending balance	\$ 129,476	\$ -

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

At September 30, 2020, the Company's lease liability is as follows:

	September 30, 2020	December 31, 2019
Opening balance	\$ -	\$ -
Additions	131,669	-
Interest	865	-
Lease payments	(2,655)	-
Ending balance	\$ 129,879	\$ -

At September 30, 2020, the Company is committed to minimum undiscounted lease payments as follows:

	September 30, 2020	December 31, 2019
Less than one year	\$ 32,037	\$ -
One to five years	125,478	-
Total undiscounted lease liabilities	\$ 157,515	\$ -

The following expenses are recorded pertaining to the lease arrangements:

	September 30, 2020	December 31, 2019
Interest on lease liabilities	\$ 865	\$ -
Amortization sub-leasing right-of-use assets	\$ 2,193	\$ -
Expenses relating to short-term leases	\$ -	\$ -

# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 6. Unproven Mineral Right Interests

As of September 30, 2020, the Company's mineral properties consisted of the following:

Cañariaco Property, Lambayeque, Peru	Balance as at January 1, 2020	Mining property expenditures	Balance as at September 30, 2020
Mineral rights and surface rights	\$ 2,002,960	\$ 102,759	\$ 2,105,719
Community initiatives	4,663,704	76,495	4,740,199
Exploration and evaluation costs:			
Drilling	9,770,307	-	9,770,307
Environment, health and safety	1,343,205	44,172	1,387,377
General exploration	10,001,841	6,642	10,008,483
Engineering studies	25,000	-	25,000
Feasibility study	10,884,797	-	10,884,797
Field support include project management	23,053,070	120,243	23,173,313
<b>Total exploration and evaluation costs</b>	<b>55,078,220</b>	<b>171,057</b>	<b>55,249,277</b>
	<b>61,744,884</b>	<b>350,311</b>	<b>62,095,195</b>
Option and royalty payments received	(505,921)	-	(505,921)
	<b>\$ 61,238,963</b>	<b>\$ 350,311</b>	<b>\$ 61,589,274</b>
<b>Cobrizo Metals Peruvian properties</b>			
Mineral rights and surface rights	\$ 350,000	\$ 52,930	\$ 402,930
Community initiatives	40,000	-	40,000
Exploration and evaluation costs:			
Drilling	357,090	-	357,090
Environment, health and safety	37,908	4,380	42,288
General exploration	706,826	-	706,826
Field support include project management	48,973	2,071	51,044
Cost recoveries	(58,243)	(25,336)	(83,579)
<b>Total exploration and evaluation costs</b>	<b>1,092,554</b>	<b>(18,885)</b>	<b>1,073,669</b>
	<b>1,482,554</b>	<b>34,045</b>	<b>1,516,599</b>
Option and royalty payments received	(350,000)	-	(350,000)
Impairment of unproven mineral rights interest	(466,359)	-	(466,359)
	<b>\$ 666,195</b>	<b>\$ 34,045</b>	<b>\$ 700,240</b>
<b>Total mineral properties before value-added tax credit</b>	<b>\$ 61,905,158</b>	<b>\$ 384,356</b>	<b>\$ 62,289,514</b>
Value-added tax credit **	\$ 1,786,775	\$ 27,843	\$ 1,814,618
<b>Total mineral properties</b>	<b>\$ 63,691,933</b>	<b>\$ 412,199</b>	<b>\$ 64,104,132</b>

\*\*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.

The Company has a 100% interest in the Don Gregorio copper-gold porphyry project, located in Jaen Province, Peru. On June 26, 2017, the Company entered into an option agreement with Plan B Minerals Corp. ("Plan B"). The Don Gregorio property is one of the projects held by subsidiary Cobrizo Metals Peru S.A. ("Cobrizo").

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, paying for annual mineral rights (vigencia) costs and drilling 10,000 metres within 3 years of receiving drilling permits.

# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 6. Unproven Mineral Right Interests (continued)

To date, the Company has received \$100,000 with respect to this agreement. One-half of the \$100,000 was to be used to fund the Company's work in community engagement and agreements and was used for such purposes in 2017 and 2018.

The Company is to receive \$100,000 on or before 30 days of receipt of drilling permits for the first phase drill program, \$100,000 within 30 days of completing the first phase drill program (5,000 metres) and the final \$200,000 within 60 days of completing the second phase drill program (an additional 5,000 metres).

As of December 31, 2019, the Company's mineral properties consisted of the following:

Cañariaco Property, Lambayeque, Peru	Balance as at January 1, 2019	Mining property expenditures	Balance as at December 31, 2019
Mineral rights and surface rights	\$ 1,904,301	\$ 98,659	\$ 2,002,960
Community initiatives	4,633,704	30,000	4,663,704
Exploration and evaluation costs:			
Drilling	9,770,307	-	9,770,307
Environment, health and safety	1,319,205	24,000	1,343,205
General exploration	9,904,782	97,059	10,001,841
Engineering studies	-	25,000	25,000
Feasibility study	10,884,797	-	10,884,797
Project management and field support	22,898,480	154,590	23,053,070
<b>Total exploration and evaluation costs</b>	<b>54,777,571</b>	<b>300,649</b>	<b>55,078,220</b>
	<b>61,315,576</b>	<b>429,308</b>	<b>61,744,884</b>
Option and royalty payments received	(505,921)	-	(505,921)
	<b>\$ 60,809,655</b>	<b>\$ 429,308</b>	<b>\$ 61,238,963</b>
<b>Cobrizo Metals Peruvian properties</b>			
Mineral rights and surface rights	\$ 335,300	\$ 14,700	\$ 350,000
Community initiatives	40,000	-	40,000
Exploration and evaluation costs:			
Drilling	357,090	-	357,090
Environment, health and safety	37,908	-	37,908
General exploration	706,826	-	706,826
Project management and field support	45,993	2,980	48,973
Cost recoveries	(50,143)	(8,100)	(58,243)
<b>Total exploration and evaluation costs</b>	<b>1,097,674</b>	<b>(5,120)</b>	<b>1,092,554</b>
	<b>1,472,974</b>	<b>9,580</b>	<b>1,482,554</b>
Option and royalty payments received	(350,000)	-	(350,000)
Impairment of unproven mineral rights interest	(466,359)	-	(466,359)
	<b>\$ 656,615</b>	<b>\$ 9,580</b>	<b>\$ 666,195</b>
<b>Total mineral properties before value-added tax credit</b>	<b>\$ 61,466,270</b>	<b>\$ 438,888</b>	<b>\$ 61,905,158</b>
Value-added tax credit **	<b>\$ 1,760,523</b>	<b>\$ 26,252</b>	<b>\$ 1,786,775</b>
<b>Total mineral properties</b>	<b>\$ 63,226,793</b>	<b>\$ 465,140</b>	<b>\$ 63,691,933</b>

# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 7. Equipment

<b>Cost</b>		
<b>As at December 31, 2019</b>	\$	605,432
Additions		313
Disposals		(934)
<b>As at September 30, 2020</b>		604,811
<b>Accumulated depreciation</b>		
<b>As at December 31, 2019</b>	\$	(517,170)
Additions		(12,647)
Disposals		837
<b>As at September 30, 2020</b>	\$	(528,980)
<b>Net book value</b>		
As at December 31, 2019	\$	88,262
<b>As at September 30, 2020</b>	\$	<b>75,831</b>

### 8. Trade Payables and Accrued Liabilities

	September 30, 2020	December 31, 2019
Trade payables	\$ 102,450	\$ 208,505
Due to related parties (Note 12)	294,490	532,877
Accrued liabilities	389,627	616,018
	\$ 786,567	\$ 1,357,400

During the year ended December 31, 2018, the Company entered into an agreement with Amec Foster Wheeler Peru S.A. ("AMEC") for the settlement of the trade liability for \$839,954 included in the accounts payable of the Company's subsidiary, Cañariaco. This agreement was revised various times.

Pursuant to the agreements, the Company issued 2,638,771 common shares of the Company (issued) and agreed to make a series of payments to AMEC. As of this date the payments are as follows:

Immediately upon signing, Oct 31, 2018	\$50,000
January 15, 2019 (paid)	\$100,000
January 22, 2020 (paid)	\$100,000
August 15, 2020 (paid)	\$100,000
February 15, 2021	\$175,000
	<u>\$525,000</u>

As at September 30, 2020, the Company had paid \$350,000 and issued 2,638,771 shares with a fair value of \$90,136 resulting in a partial gain on settlement of \$90,871 recorded during the nine months ended September 30, 2019.

### 9. Term Loan Payable

During the period ended September 30, 2020, as part of the Canadian government funded COVID-19 financial assistance programs, the Company received loans in the amount of \$29,988 (CAD \$40,000) from the Bank of Montreal (CEBA term loan). The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2022 and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven.

# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 10. 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, 2020, the Company had 243,505,268 (December 31, 2019 – 195,005,268) common shares issued and outstanding.

On January 20, 2020, the Company completed a private placement financing, issuing 21,000,000 shares at CDN\$0.05 per share for gross proceeds of CDN\$1,050,000.

On May 22, 2020, the Company completed a private placement financing, issuing 27,500,000 shares at CDN\$0.05 per share for gross proceeds of CDN\$1,375,000.

#### c. Stock options

The Company has an incentive share option plan (the “Plan”). Under the Plan, a total of 10% of the Company’s outstanding common shares are reserved for the issuance of shares at the discretion of the Board of Directors. The terms of each option award are fixed by the Board of Directors at the time of grant. Share option awards have a maximum term of five years.

The changes in stock options during the nine months ended September 30, 2020 were as follows:

	Number	(CDN\$)
Balance, December 31, 2019	10,590,000	0.07
Issued	7,400,000	0.06
Cancelled	(2,500,000)	0.11
Balance September 30, 2020	15,490,000	0.05

Share-based payments for the the nine months ended September 30, 2020 were \$155,107 (Period ended September 30, 2019 – \$94,143). The fair value of stock options granted was \$238,007 (Period ended September 30, 2019 - \$123,067).

Fair value at grant date of the stock options was measured based on the Black-Scholes option-pricing model. Expected volatility is estimated by considering historic average share price volatility. The weighted-average assumptions used for the Black-Scholes option-pricing model of stock options granted during the period are as follows:

	September 30, 2020	September 30, 2019
Risk-free interest rate	1.27%	2.23%
Expected life of options	5 years	5 years
Annualized volatility	111.26%	105.13%
Dividend rate	Nil	Nil

# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 10. Share Capital (continued)

Stock options outstanding at September 30, 2020 were as follows:

Grant Date	Exercisable		Outstanding		Expiry Date
	Exercise Price (CDN\$)	Number of Options	Exercise Price (CDN\$)	Number of Options	
November 16, 2015	\$0.05	1,540,000	\$0.05	1,540,000	November 16, 2020
April 2, 2018	\$0.09	100,000	\$0.09	100,000	April 2, 2023
October 1, 2018	\$0.07	300,000	\$0.07	300,000	October 1, 2023
October 12, 2018	\$0.07	200,000	\$0.07	200,000	October 12, 2023
November 19, 2018	\$0.07	2,450,000	\$0.07	2,450,000	November 19, 2023
July 19, 2019	\$0.05	1,750,000	\$0.05	3,500,000	July 19, 2024
January 27, 2020	\$0.05	1,750,000	\$0.05	7,000,000	January 27, 2025
June 17, 2020	\$0.06	100,000	\$0.06	400,000	June 17, 2025
	\$0.06	8,190,000	\$0.05	15,490,000	

The remaining contractual life for options outstanding at September 30, 2020 is 3.55 years.

#### d. Warrants

There were no changes to warrants during the nine months ended September 30, 2020.

Warrants outstanding at September 30, 2020 were as follows:

Expiry Date	Exercise Price	Number of Warrants Outstanding
July 29, 2021	\$0.15	5,407,663
January 30, 2021	\$0.09	2,775,000
March 1, 2021	\$0.09	2,084,000
September 14, 2021	\$0.15	5,349,222
	\$0.14	15,615,885

The remaining contractual life for warrants outstanding at September 30, 2020 is 0.73 years.

#### e. Reserves

Equity settled employee compensation and warrants reserve:

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

Foreign currency reserve:

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

# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 10. Share Capital (continued)

#### f. Restricted Stock Units

During the period ended September 30, 2020, the Company granted 4,002,355 restricted stock units (December 31, 2019 – \$Nil). The fair value of the restricted stock units was \$205,585 (Period ended September 30, 2019 - \$Nil).

### 11. 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 a committee formed by the parties. The Company did incur in excess of 1,500,000 soles on community initiatives since July 2012 (more than 6,000,000 soles since 2010) however the committee was not formed in time to approve all of these expenditures. The Company also committed to issue 1,000,000 shares of the Company to the community upon the earlier of the commencement of the construction phase of the Cañariaco Copper Project or the transfer of at least 51% of the Cañariaco Copper Project to a third-party.

### 12. 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,	
	2020	2019
Director fees	\$ 48,695	\$ -
Salaries and fees	63,205	63,296
Share-based payments	349,639	67,814
	\$ 461,539	\$ 131,110

During the nine months ended September 30, 2020, the Company accrued \$48,695 in directors' fees (Period ended September 30, 2019 - \$Nil).

Included in salaries and fees is \$26,989 (Period ended September 30, 2019 - \$27,187) which was capitalized to unproven mineral right interests.

During the period ended September 30, 2020, the Company received advances for \$10,000 and \$2,399 from a director and officer of the Company.

During the period ended September 30, 2020, the Company made repayments of \$147,500 for amounts advanced by a director and \$39,134 for amounts advanced by an officer.

During the period ended September 30, 2020, the Company paid to the officers \$174,740 for salaries and fees included in trade payables and accrued liabilities.

During the period ended September 30, 2020 4,002,355 restricted stock units were granted to an officer and to a director of the Company.

# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 12. Related Party Disclosure (continued)

The stock units were valued at \$205,585 (September 30, 2019 – \$Nil) and are included in contributed surplus. The shares are expected to be issued subsequent to the period ended September 30, 2020.

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Trade payables and accrued liabilities at September 30, 2020, included \$294,490 (December 31, 2019 - \$523,877) due to related parties, consisting of officers and directors and companies controlled by them (Note 8).

### 13. General and Administrative Expenses

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
<b>GENERAL AND ADMINISTRATIVE</b>				
Amortization (Note 6)	\$ 5,256	\$ 4,916	\$ 14,810	\$ 15,031
Accounting, audit and tax advisory fees	11,802	8,943	33,082	32,078
Bank charges and interest	677	472	1,577	1,591
Legal	3,699	3,174	19,769	24,121
Management fees, office salaries and benefits (Note 11)	77,884	26,955	141,334	118,438
Office, rent and miscellaneous	11,290	11,181	36,382	37,203
Travel and accommodations	169	116	675	159
Regulatory and filing fees	3,229	3,689	30,166	17,813
Share-based payments (Note 9)	30,061	44,214	365,654	94,143
Shareholder communications	11,107	2,410	16,851	23,958
<b>Total general and administrative expenses</b>	<b>\$ 155,174</b>	<b>\$ 106,070</b>	<b>\$ 660,300</b>	<b>\$ 364,535</b>

### 14. 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.

### 15. Financial Risk and Capital Management

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

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner. The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecasted liquidity position and maintain appropriate liquidity levels. The Company plans to make payments of trade payables, which are either past due or due within the next 12 months and commitments from its current working capital and future sources of equity financing. Liquidity risk is considered to be high.

#### Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a foreign currency i.e. in a currency other than the functional currency in which they are measured. The Company



# Candente Copper Corp.

## Notes to the condensed consolidated interim financial statements For the three and nine months ended September 30, 2020 and 2019 (unaudited)

(Expressed in United States dollars unless otherwise noted)

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### 15. Financial Risk and Capital Management (continued)

operates internationally and is exposed to risks from foreign currency rates. The functional currencies of the Company's subsidiaries are the United States and Canadian dollars and certain of the

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

#### **Credit risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Cash is deposited in highly rated corporations and the credit risk associated with these deposits is low.

The Company has a receivable of \$32,333 associated with the sale of Minera Candente. Management considers that this receivable is recoverable, and that credit risk associated with this receivable is moderate.

At September 30, 2020, the Company's maximum exposure to credit risk is the carrying value of its cash and receivables.

#### **Capital management**

The Company's capital structure is comprised of the components of equity. The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine future capital management requirements.

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

Capital management is undertaken to safeguard a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met. There were no changes in the Company's approach to capital management during the period and the Company is not subject to any restrictions on its capital.

#### **Fair value hierarchy**

The condensed consolidated interim statements of financial position carrying amounts for receivables and trade payables, approximate fair value due to their short-term nature. The receivable for sale of a subsidiary is measured at amortized cost using the effective interest method and approximates fair value.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# **Candente Copper Corp.**

## **Notes to the condensed consolidated interim financial statements**

**For the three and nine months ended September 30, 2020 and 2019 (unaudited)**

(Expressed in United States dollars unless otherwise noted)

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### **15. Financial Risk and Capital Management (continued)**

Cash and investments fall under Level 1.

There were no transfers between levels during the period.

### **16. Subsequent events**

On November 5<sup>th</sup>, 2020 an Assignment Agreement was entered into by the Company's subsidiary Cobriza and Plan B's Peruvian subsidiary, Forte Cobre S.A.C. ("Forte"). The Assignment Agreement is required in Peru so that Forte can apply for drilling permits. This agreement limits the assignment to a 5 year period such that if the 10,000 metres of drilling is not completed within 5 years then the assignment will be terminated. In addition Forte must drill 5,000 metres within two years of receiving the drilling permit.