



CANDENTE COPPER CORP

Candente Copper Corp.
Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2021 and 2020 (unaudited)
(Expressed in United States dollars, unless otherwise noted)

NOTICE

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

Candente Copper Corp.
Condensed consolidated interim statements of financial position
As at June 30, 2021 and December 31, 2020 (unaudited)
(Expressed in United States dollars unless otherwise noted)

| Notes | June 30, 2021 | December 31, 2020 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash | \$ 119,549 | \$ 510,627 |
| Prepaid expenses and deposits | 29,183 | 13,206 |
| Total current assets | 148,732 | 523,833 |
| Non-current assets | | |
| Receivables | 46,787 | 37,476 |
| Investment | 3 312,672 | 239,155 |
| Right of use asset | 4 68,542 | 74,731 |
| Unproven mineral right interests | 5 64,714,333 | 64,257,275 |
| Equipment | 6 61,874 | 69,754 |
| Total non-current assets | 65,204,208 | 64,678,391 |
| Total assets | \$ 65,352,940 | \$ 65,202,224 |
| Liabilities | | |
| Current liabilities | | |
| Trade payables and accrued liabilities | 7,11 \$ 444,410 | \$ 838,403 |
| Current portion of lease liability | 4 22,459 | 22,459 |
| Total current liabilities | 466,869 | 860,862 |
| Non-current liabilities | | |
| Term loan payable | 8 18,870 | 31,416 |
| Lease liability | 4 49,641 | 53,735 |
| Total Liabilities | 535,380 | 946,013 |
| Equity | | |
| Share capital | 9 87,537,603 | 86,774,635 |
| Reserves | 9 13,583,725 | 13,455,747 |
| Accumulated deficit | (36,303,768) | (35,974,171) |
| Total equity | 64,817,560 | 64,256,211 |
| Total liabilities and equity | \$ 65,352,940 | \$ 65,202,224 |

General information and going concern (Note 1)
Commitment (Note 10)
Subsequent events (Note 15)

Approved on behalf of the Board of Directors on August 11, 2021

(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 six months ended June 30, 2021 and 2020 (unaudited)
(Expressed in United States dollars unless otherwise noted)

| | Notes | Three months ended June 30, | | Six months ended June 30, | |
|---|-----------|-----------------------------|-------------------|---------------------------|-------------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Expenses | | | | | |
| General and administrative expenses | 12 | \$ 314,521 | \$ 343,200 | \$ 486,428 | \$ 505,126 |
| Other expenses | | | | | |
| Loss on term loan payable | | 1,479 | - | 1,479 | - |
| (Gain) loss on foreign exchange | | (17,508) | (26,066) | 61,333 | (10,610) |
| Interest expense | | 1,499 | - | 3,012 | - |
| Interest income | | - | (3,910) | - | (8,214) |
| Gain on Extinguishment of debt | 7 | - | - | (222,655) | - |
| Net loss | | 299,991 | 313,224 | 329,597 | 486,302 |
| Change in fair value of investment | 3 | (28,114) | (93,561) | (78,619) | (50,934) |
| Exchange difference on translation of parent | | 45,947 | 31,083 | (48,065) | 62,724 |
| | | 17,833 | (62,478) | (126,684) | 11,790 |
| Comprehensive (gain) loss | | \$ 317,824 | \$ 250,746 | \$ 202,913 | \$ 498,092 |
| 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 | | 256,269,969 | 228,093,180 | 253,712,365 | 219,856,916 |

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

Candente Copper Corp.

Condensed consolidated interim statements of changes in equity

For the three and six months ended June 30, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

| | Share Capital | | Reserves | | | | | Total |
|--|---------------------|----------------------|---|---------------------|---------------------------|----------------------|------------------------|----------------------|
| | Total common shares | Share capital | Equity settled employee compensation and warrants | Foreign currency | Available for sale assets | Total reserves | Deficit | |
| Balance at January 1, 2020 | 195,005,268 | \$ 84,732,929 | \$ 13,436,888 | \$ (495,645) | \$ 19,133 | \$ 12,960,376 | \$ (35,042,143) | \$ 62,651,162 |
| Common shares issued for financing | 48,500,000 | 1,794,005 | - | - | - | - | - | 1,794,005 |
| Share issuance costs | - | (6,160) | - | - | - | - | - | (6,160) |
| Share-based payments | - | - | 175,408 | - | - | 175,408 | - | 175,408 |
| Restricted stock units | - | - | 205,585 | - | - | 205,585 | - | 205,585 |
| Net loss | - | - | - | - | - | - | (486,302) | (486,302) |
| Change in fair value of investment | - | - | - | - | 50,934 | 50,934 | - | 50,934 |
| Cumulative translation adjustment | - | - | - | (62,724) | - | (62,724) | - | (62,724) |
| Balance at June 30, 2020 | 243,505,268 | \$ 86,520,774 | \$ 13,817,881 | \$ (558,369) | \$ 70,067 | \$ 13,329,579 | \$ (35,528,445) | \$ 64,321,908 |
| Balance at January 1, 2021 | 247,111,768 | \$ 86,774,635 | \$ 13,864,518 | \$ (562,631) | \$ 153,860 | \$ 13,455,747 | \$ (35,974,171) | \$ 64,256,211 |
| Share-based payments - stock options | - | - | 115,483 | - | - | 115,483 | - | 115,483 |
| Share-based payments - restricted share units | - | - | 55,035 | - | - | 55,035 | - | 55,035 |
| Share-based payments - deferred share units | - | - | 41,549 | - | - | 41,549 | - | 41,549 |
| Common shares issued upon exercise of options | 1,050,000 | 69,709 | (26,652) | - | - | (26,652) | - | 43,057 |
| Common shares issued upon exercise of warrants | 5,592,110 | 525,229 | (21,369) | - | - | (21,369) | - | 503,860 |
| Common shares issued upon settlement of RSU | 2,930,926 | 162,752 | (162,752) | - | - | (162,752) | - | - |
| Common shares issued for property | 50,000 | 5,278 | - | - | - | - | - | 5,278 |
| Net loss | - | - | - | - | - | - | (329,597) | (329,597) |
| Change in fair value of investment | - | - | - | - | 78,619 | 78,619 | - | 78,619 |
| Cumulative translation adjustment | - | - | - | 48,065 | - | 48,065 | - | 48,065 |
| Balance at June 30, 2021 | 256,734,804 | \$ 87,537,603 | \$ 13,865,812 | \$ (514,566) | \$ 232,479 | \$ 13,583,725 | \$ (36,303,768) | \$ 64,817,560 |

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 six months ended June 30, 2021 and 2020 (unaudited)
(Expressed in United States dollars unless otherwise noted)

| | Six months ended June 30, | |
|---|---------------------------|-------------------|
| | 2021 | 2020 |
| Cash provided by (used in): | | |
| Loss for the period | \$ (329,597) | \$ (486,302) |
| Items not affecting cash: | | |
| Amortization | 16,919 | 9,554 |
| Share-based payments - stock options | 115,483 | 175,408 |
| Share-based payments - restricted share units | 55,035 | 205,585 |
| Share-based payments - deferred share units | 41,549 | - |
| Interest income | - | (8,215) |
| Interest expense | 3,012 | - |
| Gain on term loan payable | 1,479 | - |
| Gain on Extinguishment of debt | (222,655) | - |
| Foreign exchange | 62,402 | (85,538) |
| Changes in non-cash working capital items: | | |
| Receivables | (9,311) | (3,219) |
| Prepaid expenses and deposits | (15,977) | 3,218 |
| Accounts payable and accrued liabilities | (180,524) | (225,933) |
| Net cash used in operating activities | (462,185) | (415,442) |
| Investing | | |
| Addition to unproven mineral right interests | (450,824) | (391,932) |
| Purchase of equipment | (861) | (313) |
| Payments received for sale of subsidiary | - | 25,500 |
| Change in value added taxes paid | (956) | (3,639) |
| Net cash used in investing activities | (452,641) | (370,384) |
| Financing | | |
| Issuance of common shares for cash, net of issuance costs | - | 1,787,845 |
| Issuance of common shares for exercise of options | 43,057 | - |
| Issuance of common shares for exercise of warrants | 503,860 | - |
| Repayment of bank overdraft | - | (42) |
| Term loan payable | (14,025) | 29,352 |
| Principal repayments on lease liability | (9,144) | - |
| Advances from related parties | - | 12,348 |
| Repayment of related party advances | - | (85,804) |
| Net cash provided by financing activities | 523,748 | 1,743,699 |
| Net change in cash | (391,078) | 957,873 |
| Cash at beginning of period | 510,627 | - |
| Cash at end of period | \$ 119,549 | \$ 957,873 |

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 six months ended June 30, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

1. General Information and Going Concern

Candente Copper Corp. and its subsidiaries (the “Company”) are engaged in the exploration of its mining properties located in Peru. Its principal property is the Cañariaco Copper Project in the District of Lambayeque. The Company was incorporated on May 1, 1997 under the Business Corporation Act of British Columbia and its principal office is located at Suite 801-1112 West Pender Street, Vancouver British Columbia, V6E 2S1.

The principal subsidiaries of the Company as at June 30, 2021 are as follows:

| Subsidiary | Interest | Functional currency |
|---|-----------------|----------------------------|
| Canariaco Copper Peru S.A. (“Canariaco”) | 100% | US Dollars |
| Canariaco Copper (BVI) Corp. | 100% | US Dollars |
| Inversiones Mineras Las Palmas S.A. | 100% | US Dollars |
| Cobrizo Metals Corp. | 100% | CDN Dollars |
| Candente Resource (BVI) Corp. | 100% | US Dollars |
| Cobrizo 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 August 11, 2021.

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 six months ended June 30, 2021, the Company incurred a net loss of \$329,597. As at June 30, 2021, the Company has \$36,303,768 in cumulative losses since inception and working capital deficiency of \$318,137. The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. The Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation. These factors are material uncertainties that may cast significant doubt regarding the Company’s ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies and financial markets globally, potentially leading to an economic downturn. Operation in the projects located in Peru make decisions according to their local situation and applicable laws, as well as considering the health and safety of their employees. During the second quarter of 2020, operations in Peru were temporarily suspended due to government restrictions focused on reducing the impacts of COVID-19, including the Don Gregorio copper-gold porphyry project. The Peruvian government issued a decree on May 3, 2020 indicating large mines would be able to reopen subject to approval of certain protocols. The mining exploration activities resumed operations during the third quarter of 2020 and remain in operations. To date, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company’s business or ability to raise funds.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

2. Statement of Compliance and Basis of Presentation

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

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value.

These condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended December 31, 2020, which have been prepared in accordance with IFRS issued by the IASB.

3. Investment

At June 30, 2021, the Company held 5,536,373 (December 31, 2020 - 5,536,373) shares of Xali Gold Corp. (formerly Candente Gold Corp) (“Xali Gold”), a company with common officers and directors. The closing share price was CDN\$0.07 (December 31, 2020 - CDN\$0.055) and the fair value of the Company’s investment in Xali Gold is \$312,672 (December 31, 2020 - \$239,155). During the six months ended June 30, 2021, the Company recognized an unrealized gain on investments of \$78,619 (2020 – \$50,934) that was included in other comprehensive loss.

4. Right to Use Asset and Lease Liability

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

| | June 30, 2021 | December 31, 2020 |
|-----------------------------|---------------|-------------------|
| Opening balance | \$ 74,731 | \$ - |
| Additions | - | 80,071 |
| Depreciation | (8,175) | (4,878) |
| Foreign exchange adjustment | 1,986 | (462) |
| Ending balance | \$ 68,542 | \$ 74,731 |

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 June 30, 2021, the Company’s lease liability is as follows:

| | June 30, 2021 | December 31, 2020 |
|-----------------------------|---------------|-------------------|
| Opening balance | \$ 76,194 | \$ - |
| Additions | - | 80,071 |
| Interest | 3,012 | 1,826 |
| Lease payments | (9,144) | (5,667) |
| Foreign exchange adjustment | 2,038 | (36) |
| Ending balance | \$ 72,100 | \$ 76,194 |

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

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

| | June 30, 2021 | | December 31, 2020 |
|------------------------------|----------------------|-----------|--------------------------|
| Current portion | \$ 22,459 | \$ | 22,459 |
| Long-term portion | 49,641 | | 53,735 |
| Total lease liability | \$ 72,100 | \$ | 76,194 |

At June 30, 2021, the Company is committed to minimum undiscounted lease payments as follows:

| | June 30, 2021 | | December 31, 2020 |
|---|----------------------|-----------|--------------------------|
| Less than one year | \$ 19,131 | \$ | 18,197 |
| One to five years | 66,301 | | 73,924 |
| Total undiscounted lease liabilities | \$ 85,432 | \$ | 92,121 |

The following expenses are recorded pertaining to the lease arrangements:

| | June 30, 2021 | | December 31, 2020 |
|--|----------------------|----|--------------------------|
| Interest on lease liabilities | \$ 3,012 | \$ | 1,826 |
| Amortization sub-leasing right-of-use | 8,175 | \$ | 4,878 |
| Expenses relating to short-term leases and variable costs | - | \$ | 26,495 |

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests

As of June 30, 2021, the Company's mineral properties consisted of the following:

| Cañariaco Property, Lambayeque, Peru | Balance as at January 1, 2021 | Mining property expenditures | Balance as at June 30, 2021 |
|---|--|---|--|
| Mineral rights and surface rights | \$ 2,106,647 | \$ 101,527 | \$ 2,208,174 |
| Community relations - RRCC | - | 62,477 | 62,477 |
| Social initiatives - RSE | 4,751,523 | 772 | 4,752,295 |
| Exploration and evaluation costs: | | | |
| Drilling | 9,814,613 | 14,193 | 9,828,806 |
| Environment, health and safety | 1,448,771 | 73,737 | 1,522,508 |
| General exploration and development | 10,013,092 | 32,981 | 10,046,073 |
| Engineering studies | 25,000 | 71,003 | 96,003 |
| Feasibility study | 10,884,797 | - | 10,884,797 |
| Field support including project management | 23,216,607 | 25,289 | 23,241,896 |
| Total exploration and evaluation costs | 55,402,880 | 217,203 | 55,620,083 |
| | 62,261,050 | 381,979 | 62,643,029 |
| Option and royalty payments received | (505,921) | - | (505,921) |
| | \$ 61,755,129 | \$ 381,979 | \$ 62,137,108 |
| Cobrizo Metals Peruvian properties | | | |
| Mineral rights and surface rights | \$ 404,730 | \$ 48,760 | \$ 453,490 |
| Community relations - RRCC | - | - | - |
| Social initiatives - RSE | 40,000 | - | 40,000 |
| Exploration and evaluation costs: | | | |
| Drilling | 357,090 | 464 | 357,554 |
| Environment, health and safety | 42,288 | - | 42,288 |
| General exploration and development | 706,826 | - | 706,826 |
| Feasibility study | 1,087 | - | 1,087 |
| Field support including project management | 51,691 | 317 | 52,008 |
| Cost recoveries | (83,579) | (22,260) | (105,839) |
| Total exploration and evaluation costs | 1,075,403 | (21,479) | 1,053,924 |
| | 1,520,133 | 27,281 | 1,547,414 |
| Option and royalty payments received | (350,000) | - | (350,000) |
| Impairment of unproven mineral rights interest | (466,359) | - | (466,359) |
| | \$ 703,774 | \$ 27,281 | \$ 731,055 |
| Total mineral properties before value-added tax credit | \$ 62,458,903 | \$ 409,260 | \$ 62,868,163 |
| Value-added tax credit ** | \$ 1,798,372 | \$ 47,798 | \$ 1,846,170 |
| Total mineral properties | \$ 64,257,275 | \$ 457,058 | \$ 64,714,333 |

**Expenses incurred by the Company in Peru, including exploration expenses, are subject to Peruvian Value Added Tax ("VAT"). Given that the Company is in the exploration stage and has no sources of revenue, the VAT is not currently refundable to the Company, but can be used in the future to offset amounts due to the Peruvian taxation authorities by the company resulting from VAT charged to clients on future sales. The VAT has been included as part of mining properties.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

5. Unproven Mineral Right Interests (Continued)

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

In accordance with the option agreement, FCC 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 within 3 years of receiving drilling permits.

To date, the Company has received \$108,100 and reimbursements for fees for annual mineral rights totalling \$72,296 with respect to this agreement. One-half of the aforementioned payments are to be used to fund the Company's work in community engagement and agreements. The Company is to receive \$100,000 on or before 30 days of receipt of drill permits for the first phase drill program, \$100,000 within 30 days of completing the first phase drill program (5,000 metres) and the final \$200,000 within 60 days of completing the second phase drill program (an additional 5,000 metres).

On November 4, 2020, the Company assigned the Don Gregorio project mining concessions to a subsidiary of FCC for ease of application for the drilling permits. The agreement has a term of 5 years.

Acquisition of Canyon Creek copper project:

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

Terms of the Agreement

The Company has entered into a legally binding Letter of Intent ("LOI") with property owner Chris Baldys. The LOI provides for the following:

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

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

Of the above the following is a Firm Commitment:

- Issue 50,000 shares within 14 days of signing and receiving TSX approval; (issued) (note 9)
- Issue an additional 50,000 shares by November 30, 2021
- Funding exploration activities totalling a minimum of \$42,000 by December 31, 2021

*Royalty:

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

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

As of December 31, 2020, the Company's mineral properties consisted of the following:

| Cañariaco Property, Lambayeque, Peru | Balance as at January 1, 2020 | Mining property expenditures | December 31, 2020 |
|---|--|---|------------------------------|
| Mineral rights and surface rights | \$ 2,002,960 | \$ 103,687 | \$ 2,106,647 |
| Community initiatives | 4,663,704 | 87,819 | 4,751,523 |
| Exploration and evaluation costs: | | | |
| Drilling | 9,770,307 | 44,306 | 9,814,613 |
| Environment, health and safety | 1,343,205 | 105,566 | 1,448,771 |
| General exploration | 10,001,841 | 11,251 | 10,013,092 |
| Engineering studies | 25,000 | - | 25,000 |
| Feasibility study | 10,884,797 | - | 10,884,797 |
| Field support include project management | 23,053,070 | 163,537 | 23,216,607 |
| Total exploration and evaluation costs | 55,078,220 | 324,660 | 55,402,880 |
| | 61,744,884 | 516,166 | 62,261,050 |
| Option and royalty payments received | (505,921) | - | (505,921) |
| | \$ 61,238,963 | \$ 516,166 | \$ 61,755,129 |
| Cobrizo Metals Peruvian properties | | | |
| Mineral rights and surface rights | \$ 350,000 | \$ 54,730 | \$ 404,730 |
| 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 |
| Feasibility study | - | 1,087 | 1,087 |
| Field support include project management | 48,973 | 2,718 | 51,691 |
| Cost recoveries | (58,243) | (25,336) | (83,579) |
| Total exploration and evaluation costs | 1,092,554 | (17,151) | 1,075,403 |
| | 1,482,554 | 37,579 | 1,520,133 |
| Option and royalty payments received | (350,000) | - | (350,000) |
| Impairment of unproven mineral rights interest | (466,359) | - | (466,359) |
| | \$ 666,195 | \$ 37,579 | \$ 703,774 |
| Total mineral properties before value-added tax credit | \$ 61,905,158 | \$ 553,745 | \$ 62,458,903 |
| Value-added tax credit ** | \$ 1,786,775 | \$ 11,597 | \$ 1,798,372 |
| Total mineral properties | \$ 63,691,933 | \$ 565,342 | \$ 64,257,275 |

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

6. Equipment

| | Equipment | Vehicles | Leaseholds | Total |
|---------------------------------|--------------|-------------|------------|--------------|
| Cost | | | | |
| As at December 31, 2019 | \$ 605,432 | \$ 29,141 | \$ 8,120 | \$ 642,693 |
| Additions | 313 | - | - | 313 |
| Disposals | (96) | - | - | (96) |
| As at December 31, 2020 | 605,649 | 29,141 | 8,120 | 642,910 |
| Additions | 861 | - | - | 861 |
| As at June 30, 2021 | \$ 606,510 | \$ 29,141 | \$ 8,120 | \$ 643,771 |
| Accumulated depreciation | | | | |
| As at December 31, 2019 | \$ (517,170) | \$ (29,141) | \$ (8,120) | \$ (554,431) |
| Additions | (18,725) | - | - | (18,725) |
| As at December 31, 2020 | (535,895) | (29,141) | (8,120) | (573,156) |
| Additions | (8,741) | - | - | - |
| As at June 30, 2021 | \$ (544,636) | \$ (29,141) | \$ (8,120) | \$ (573,156) |
| Net book value | | | | |
| As at December 31, 2020 | \$ 69,754 | \$ - | \$ - | \$ 69,754 |
| As at June 30, 2021 | \$ 61,874 | \$ - | \$ - | \$ 61,874 |

7. Trade Payables and Accrued Liabilities

| | June 30, 2021 | December 31, 2020 |
|----------------------------------|---------------|-------------------|
| Trade payables | \$ 126,535 | \$ 105,320 |
| Due to related parties (Note 11) | 214,674 | 278,112 |
| Accrued liabilities | 103,201 | 454,971 |
| | \$ 444,410 | \$ 838,403 |

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 \$883,596 included in the accounts payable of the Company's subsidiary, Cañariaco.

Pursuant to the agreement and subsequent amendments, the Company made various payments and issued 2,638,771 common shares with a fair value of \$90,136 resulting in a partial gain on settlement of \$51,614 recorded during the year ended December 31, 2019.

During the period ended June 30, 2021, the Company made a final cash payment of \$175,000 (December 31, 2020 - \$350,000) and the remaining balance of \$222,655 was recorded as debt forgiveness in full satisfaction of all obligations to AMEC.

8. Term Loan Payable

On April 29, 2020, the Company received a loan for gross proceeds of \$30,601 (CAD \$40,000) under the Canada Emergency Business Account ("CEBA") as part of the Canadian government funded COVID-19 financial assistance programs. The CEBA term loan is due on December 25, 2025. The loan is interest free until December 31, 2022 and bears interest at 5% per annum thereafter. If at least 75% of the loan principal is paid on or before December 31, 2022, the balance of the loan will be forgiven.

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements For the three and six months ended June 30, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

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 June 30, 2021, the Company had 256,734,804 (December 31, 2020 – 247,111,768) common shares issued and outstanding.

During the period ended June 30, 2021, 9,623,036 common shares were issued: pursuant to the exercise of 5,592,110 warrants for proceeds of CDN\$639,317; 1,050,000 stock options for proceeds of CDN\$52,500 and 2,930,926 common shares issued upon the settlement of Restricted Share Units (“RSU”) at no additional consideration and with a fair value of CDN\$205,165, and 50,000 common shares in relation to the acquisition of Canyon Creek copper project in Northwestern British Columbia with fair value of CDN\$6,500 (note 5)

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 six months ended June 30, 2021 were as follows:

| | Number | Exercise Price (CDN\$) |
|----------------------------|-------------|---------------------------|
| Balance, December 31, 2019 | 10,590,000 | 0.07 |
| Issued | 7,400,000 | 0.05 |
| Exercised | (2,010,000) | 0.05 |
| Expired | (30,000) | 0.05 |
| Cancelled | (2,500,000) | 0.11 |
| Balance, December 31, 2020 | 13,450,000 | 0.05 |
| Issued | 2,250,000 | 0.15 |
| Exercised | (1,050,000) | 0.05 |
| Balance June 30, 2021 | 14,650,000 | 0.07 |

Share-based payments for the the six months ended June 30, 2021 were \$115,483 (Period ended June 30, 2020 – \$175,408). The fair value of stock options granted was \$248,341 (Period ended June 30, 2020 - \$238,007). 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:

| | June 30, 2021 | June 30, 2020 |
|--------------------------|---------------|---------------|
| Risk-free interest rate | 0.87% | 1.27% |
| Expected life of options | 5 years | 5 years |
| Annualized volatility | 114.52% | 111.26% |
| Dividend rate | Nil | Nil |

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(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

Stock options outstanding at June 30, 2021 were as follows:

| Grant Date | Exercisable | | Outstanding | | Expiry Date |
|-------------------|------------------------|-------------------|------------------------|-------------------|-------------------|
| | Exercise Price (CDN\$) | Number of Options | Exercise Price (CDN\$) | Number of Options | |
| 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 | 2,100,000 | \$0.07 | 2,100,000 | November 19, 2023 |
| July 19, 2019 | \$0.05 | 1,650,000 | \$0.05 | 3,300,000 | July 19, 2024 |
| January 27, 2020 | \$0.05 | 3,000,000 | \$0.05 | 6,000,000 | January 27, 2025 |
| June 17, 2020 | \$0.06 | 100,000 | \$0.06 | 400,000 | June 17, 2025 |
| May 7, 2021 | \$0.15 | 562,500 | \$0.15 | 2,250,000 | May 7, 2026 |
| | \$0.06 | 8,012,500 | \$0.07 | 14,650,000 | |

d. Warrants

The changes in warrants during the six months ended June 30, 2021 and 2020 were as follows:

| | Number | Average Exercise Price (CDN\$) |
|----------------------------|-------------|--------------------------------|
| Balance, December 31, 2019 | 15,615,885 | 0.14 |
| Exercised | (1,596,500) | 0.09 |
| Balance, December 31, 2020 | 14,019,385 | 0.14 |
| Exercised | (5,592,110) | 0.11 |
| Balance, June 30, 2021 | 8,427,275 | 0.15 |

Warrants outstanding at June 30, 2021 were as follows:

| Expiry Date | Exercise Price | Number of Warrants Outstanding |
|--------------------|----------------|--------------------------------|
| July 29, 2021 | \$0.15 | 3,515,553 |
| September 14, 2021 | \$0.15 | 4,911,722 |
| | \$0.15 | 8,427,275 |

During the six months ended June 30, 2021, the company issue 206,463 DSUs with fair value of CDN\$41,549

| | June 30, 2021 | December 31, 2020 |
|--|------------------|-------------------|
| DSUs outstanding, beginning of period | 991,315 | - |
| Granted | 206,463 | 991,315 |
| DSUs outstanding, end of Period | 1,197,778 | 991,315 |

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

For the three and six months ended June 30, 2021 and 2020 (unaudited)

(Expressed in United States dollars unless otherwise noted)

9. Share Capital (continued)

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.

f. Restricted Share Units

During the six months ended June 30, 2021, the Company granted 225,294 restricted share units (RSU) (2020 – 4,002,355). The fair value of new restricted share units was \$38,300 (2020 – \$205,585).

| | June 30, 2021 | December 31, 2020 |
|--|------------------|-------------------|
| RSUs outstanding, beginning of period | 4,002,355 | - |
| Granted | 225,294 | 4,002,355 |
| Settled | (2,930,926) | - |
| RSUs outstanding, end of Period | 1,296,723 | 4,002,355 |

10. Commitment

Community engagement and initiatives

In July 8, 2012, the Company signed a land use agreement with the community of San Juan de Cañaris, by which the community authorized the Company to use the land for exploration purposes for six years. The Company had committed 1,500,000 soles (\$550,000) to fund sustainable development programs subject to specific project approval by a committee formed by the parties. The Company did incur in excess of 1,500,000 soles on community initiatives since July 2012 (more than 6,000,000 soles since 2010) however the committee was not formed in time to approve all of these expenditures. The Company also committed to issue 1,000,000 shares of the Company to the community upon the earlier of the commencement of the construction phase of the Cañariaco Copper Project or the transfer of at least 51% of the Cañariaco Copper Project to a third-party.

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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.

| | Six months ended June 30, | |
|----------------------|---------------------------|------------|
| | 2021 | 2020 |
| Director fees | \$ 83,840 | \$ - |
| Salaries and fees | 77,234 | 42,173 |
| Share-based payments | 95,017 | 327,900 |
| | \$ 256,091 | \$ 370,073 |

During the six months ended June 30, 2021, the Company issued 206,463 DSUs to settle \$41,549 in directors' fees (period ended June 30, 2020 - \$Nil).

Included in salaries and fees is \$34,692 (2020 - \$8,458) which was capitalized to unproven mineral right interests.

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 7). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

| | June 30, 2021 | December 31, 2020 |
|---------------------------------------|---------------|-------------------|
| Directors and officers of the Company | \$ 214,674 | \$ 278,112 |

12. General and Administrative Expenses

| | Three months ended | | Six months ended | |
|---|--------------------|-------------------|-------------------|-------------------|
| | June 30, | | June 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| GENERAL AND ADMINISTRATIVE | | | | |
| Amortization (Note 6) | \$ 8,420 | \$ 4,782 | \$ 16,919 | \$ 9,554 |
| Accounting, audit and tax advisory fees | 11,107 | 7,521 | 39,413 | 21,280 |
| Bank charges and interest | 649 | 325 | 1,698 | 900 |
| Legal | 33,607 | 2,917 | 46,237 | 16,070 |
| Management fees, office salaries and benefits (Note 11) | 102,456 | 33,696 | 169,710 | 63,450 |
| Office, rent and miscellaneous | 13,770 | 10,778 | 27,265 | 25,092 |
| Travel and accommodations | 553 | (7) | 774 | 506 |
| Regulatory and filing fees | 21,827 | 21,049 | 46,781 | 26,937 |
| Share-based payments (Note 9) | 102,664 | 260,383 | 115,483 | 335,593 |
| Shareholder communications | 19,468 | 1,756 | 22,148 | 5,744 |
| Total general and administrative expenses | \$ 314,521 | \$ 343,200 | \$ 486,428 | \$ 505,126 |

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

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(Expressed in United States dollars unless otherwise noted)

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:

Liquidity risk

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

Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a foreign currency, i.e. in a currency other than the functional currency in which they are measured. The Company operates internationally and is exposed to risks from foreign currency rates. The functional currencies of the Company's subsidiaries are the United States and Canadian dollars and certain of the subsidiaries' transactions are denominated in Nuevo Soles. The Company does not enter into any foreign exchange contracts to mitigate this risk. The Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than their functional currencies. Therefore, the risk is considered moderate.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Cash is deposited in highly rated corporations and the credit risk associated with these deposits is low. At June 30, 2021, the Company's maximum exposure to credit risk is the carrying value of its cash and receivables.

Capital management

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

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

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

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

Candente Copper Corp.

Notes to the condensed consolidated interim financial statements

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(Expressed in United States dollars unless otherwise noted)

14. Financial Risk and Capital Management (continued)

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 subsidiary is measured at amortized cost using the effective interest method and approximates fair value.

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

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

Cash and investments fall under Level 1.

There were no transfers between levels during the period.

15. Subsequent Events

Subsequent to June 30, 2021, 3,515,553 warrants have expired unexercised.

Subsequent to June 30, 2021, the Company granted 414,682 DSUs to non-executive directors of the Company with a fair value of \$42,155.