



**CANDENTE**  
**GOLD CORP**

**Interim Condensed Consolidated Financial Statements  
(unaudited)**

**As at and for the three and nine month periods ended  
December 31, 2015 and 2014**

**(Expressed in United States dollars, unless otherwise noted)**

### **NOTICE**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these interim condensed consolidated financial statements they must be accompanied by a notice indicating that the interim condensed consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**Candente Gold Corp.**  
**Interim Condensed Consolidated Statements of Financial Position**

At December 31, 2015 and March 31, 2015

(expressed in United States dollars unless otherwise noted)

|  | Notes | December 31,<br>2015<br>(unaudited) | March 31,<br>2015<br>(audited) |
|--|-------|-------------------------------------|--------------------------------|
| <b>Assets</b>                          |       |                                     |                                |
| <b>Current assets</b>                  |       |                                     |                                |
| Cash and cash equivalents              |       | \$ 2,170                            | \$ 194,760                     |
| Trade and other receivables            |       | 41,458                              | 42,696                         |
| Prepaid expenses and deposits          |       | 14,518                              | 28,775                         |
|  |       | <b>58,146</b>                       | <b>266,231</b>                 |
| <b>Non-current assets</b>              |       |                                     |                                |
| Unproven mineral right interests       | 4     | 8,381,482                           | 9,554,088                      |
| Equipment                              |       | 22,664                              | 35,378                         |
| <b>Total non-current assets</b>        |       | <b>8,404,146</b>                    | <b>9,589,466</b>               |
| <b>Total assets</b>                    |       | <b>\$ 8,462,292</b>                 | <b>\$ 9,855,697</b>            |
| <b>Liabilities</b>                     |       |                                     |                                |
| <b>Current liabilities</b>             |       |                                     |                                |
| Trade payables and accrued liabilities | 5     | \$ 299,474                          | \$ 270,779                     |
|  |       | <b>299,474</b>                      | <b>270,779</b>                 |
| <b>Non-current liabilities</b>         |       |                                     |                                |
| Long-term debt – notes payable         | 7b    | 842,903                             | 779,006                        |
| <b>Total liabilities</b>               |       | <b>1,142,377</b>                    | <b>1,049,785</b>               |
| <b>Equity</b>                          |       |                                     |                                |
| Share capital                          | 6     | 23,804,489                          | 23,804,489                     |
| Reserves                               |       | 5,651,268                           | 5,580,359                      |
| Accumulated deficit                    |       | (22,135,842)                        | (20,578,936)                   |
| <b>Total equity</b>                    |       | <b>7,319,915</b>                    | <b>8,805,912</b>               |
| <b>Total liabilities and equity</b>    |       | <b>\$ 8,462,292</b>                 | <b>\$ 9,855,697</b>            |

**General information and going concern** 1

Approved on behalf of the Board of Directors on February 29, 2016

(signed) Andres Milla  
Director

(signed) Paul Barry  
Director

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

**Candente Gold Corp.**  
**Interim Condensed Consolidated Statements of Loss and Comprehensive Loss**

**For the three and nine months ended December 31, 2015 and 2014 (unaudited)**

(expressed in United States dollars unless otherwise noted)

|  | Notes | Three months ended<br>December 31, |            | Nine months ended<br>December 31, |            |
|--|-------|------------------------------------|------------|-----------------------------------|------------|
|  |       | 2015                               | 2014       | 2015                              | 2014       |
| <b>Expenses</b>  |       |                                    |            |                                   |            |
| Exploration expenses   | 9     | \$ 33,467                          | \$ 71,779  | \$ 138,170                        | \$ 371,260 |
| General and administrative expenses  | 9     | 66,017                             | 60,239     | 230,475                           | 300,041    |
|  |       | <b>99,484</b>                      | 132,018    | <b>368,645</b>                    | 671,301    |
| <b>Other expenses</b>  |       |                                    |            |                                   |            |
| Impairment of unproven mineral right interest - Peru                           | 4     | -                                  | -          | 1,185,000                         | 167,000    |
| Loss on foreign exchange   |       | 12,477                             | 17,842     | 3,261                             | 22,081     |
| Interest and other expense   |       | -                                  | 197        | -                                 | 1,657      |
| Net loss   |       | <b>111,961</b>                     | 150,057    | <b>1,556,906</b>                  | 862,039    |
| <b>Other comprehensive loss</b>  |       |                                    |            |                                   |            |
| Items that may be reclassified subsequently to net loss                        |       |                                    |            |                                   |            |
| Cumulative translation adjustment  |       | 44,680                             | (36,278)   | 52,680                            | (70,148)   |
| <b>Comprehensive loss</b>  |       | <b>\$ 156,641</b>                  | \$ 113,779 | <b>\$ 1,609,586</b>               | \$ 791,891 |
| <b>Loss per share attributable to shareholders</b>                             |       |                                    |            |                                   |            |
| <b>Basic and diluted</b>   |       | <b>\$ (0.00)</b>                   | \$ (0.00)  | <b>\$ (0.02)</b>                  | \$ (0.01)  |
| <b>Weighted average number of common shares outstanding: basic and diluted</b> |       | <b>77,140,260</b>                  | 77,140,260 | <b>77,140,260</b>                 | 77,140,260 |

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

**Candente Gold Corp.**  
**Interim Condensed Consolidated Statements of Changes in Equity**  
For the nine months ended December 31, 2015 and 2014 (unaudited)  
(expresses in United States dollars unless otherwise noted)

|  | Share Capital       |               | Reserves  |               |                          |                | Deficit         | Total        |
|--|---------------------|---------------|---|---------------|--------------------------|----------------|-----------------|--------------|
|  | Total common shares | Share capital | Equity settled employee compensation and warrants | Other reserve | Foreign currency reserve | Total reserves |                 |              |
| <b>Balance at March 31, 2015</b>       | 96,206,923          | \$ 23,804,489 | \$ 5,702,991                                      | \$ 52,047     | \$ (174,679)             | \$ 5,580,359   | \$ (20,578,936) | \$ 8,805,912 |
| Share-based payment                    | -                   | -             | 18,230  | -             | -                        | 18,230         | -               | 18,230       |
| Net loss                               | -                   | -             | -   | -             | -                        | -              | (1,556,906)     | (1,556,906)  |
| Cumulative translation adjustment      | -                   | -             | -   | -             | 52,679                   | 52,679         | -               | 52,679       |
| <b>Balance as at December 31, 2015</b> | 96,206,923          | \$ 23,804,489 | \$ 5,721,221                                      | \$ 52,047     | \$ (122,000)             | \$ 5,651,268   | \$ (22,135,842) | \$ 7,319,915 |

|  | Share Capital       |               | Reserves  |               |                          |                | Deficit         | Total        |
|--|---------------------|---------------|---|---------------|--------------------------|----------------|-----------------|--------------|
|  | Total common shares | Share capital | Equity settled employee compensation and warrants | Other reserve | Foreign currency reserve | Total reserves |                 |              |
| <b>Balance at March 31, 2014</b>       | 77,140,260          | \$ 23,356,166 | \$ 5,613,865                                      | \$ 52,047     | \$ (277,986)             | \$ 5,387,926   | \$ (19,337,640) | \$ 9,406,452 |
| Share-based payment                    | -                   | -             | 66,049  | -             | -                        | 66,049         | -               | 66,049       |
| Net loss                               | -                   | -             | -   | -             | -                        | -              | (862,039)       | (862,039)    |
| Cumulative translation adjustment      | -                   | -             | -   | -             | 70,148                   | 70,148         | -               | 70,148       |
| <b>Balance as at December 31, 2014</b> | 77,140,260          | \$ 23,356,166 | \$ 5,679,914                                      | \$ 52,047     | \$ (207,838)             | \$ 5,524,123   | \$ (20,049,622) | \$ 8,680,610 |

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

**Candente Gold Corp.**  
**Interim Condensed Consolidated Statements of Cash Flows**  
For the nine months ended December 31, 2015 and 2014 (unaudited)  
(expresses in United States dollars unless otherwise noted)

|  |       | Nine months ended<br>December 31, |                  |
|--|-------|-----------------------------------|------------------|
|  | Notes | 2015                              | 2014             |
| <b>Cash provided by (used in):</b>                         |       |                                   |                  |
| Loss for the period  |       | \$ (1,556,906)                    | \$ (862,039)     |
| Items not affecting cash:                                  |       |                                   |                  |
| Depreciation   |       | 15,550                            | 11,926           |
| Share-based payment  | 6     | 18,230                            | 66,049           |
| Impairment of unproven mineral right interests             | 4     | 1,185,000                         | 167,000          |
| Changes in non-cash working capital items:                 |       |                                   |                  |
| Decrease (increase) in amounts receivable                  |       | 1,238                             | 49,226           |
| Decrease in prepaid expenses and deposits                  |       | 14,257                            | 18,305           |
| Decrease in accounts payable and accrued liabilities       |       | 63,509                            | 72,981           |
| <b>Cash (used in) operating activities</b>                 |       | <b>(259,122)</b>                  | <b>(476,552)</b> |
| <b>Investing</b>   |       |                                   |                  |
| Value added tax paid                                       |       | -                                 | 602              |
| Addition to unproven mineral rights interests              | 4     | (18,000)                          | (66,357)         |
| Recovery of acquisition costs                              |       | -                                 | 39,868           |
| <b>Net cash provided by (used) in investing activities</b> |       | <b>(18,000)</b>                   | <b>(25,887)</b>  |
| <b>Financing</b>   |       |                                   |                  |
| Receipt of loan payable                                    |       | 29,081                            | 105,163          |
| <b>Net cash provided by financing activities</b>           |       | <b>29,081</b>                     | <b>105,163</b>   |
| <b>Net change in cash and cash equivalents</b>             |       | <b>(248,041)</b>                  | <b>(397,276)</b> |
| <b>Effect of exchange rate changes on cash</b>             |       | <b>55,451</b>                     | <b>69,236</b>    |
| <b>Cash and cash equivalents at beginning of period</b>    |       | <b>194,760</b>                    | <b>329,617</b>   |
| <b>Cash and cash equivalents at end of period</b>          |       | <b>\$ 2,170</b>                   | <b>\$ 1,577</b>  |

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

# Candente Gold Corp.

## Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended December 31, 2015 and 2014 (unaudited)

(Expressed in United States dollars unless otherwise noted)

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### 1. Nature of operations and going concern

Candente Gold Corp. and its subsidiaries (the "Company" or "Candente Gold") are engaged in the exploration of mineral property interests in Mexico and Peru. The Company was incorporated on April 24, 2009 under the Business Corporation Act of British Columbia. The principal subsidiaries of the Company as at December 31, 2015 are as follows:

| <b>Subsidiary</b>                      | <b>Interest</b> | <b>Functional Currency</b> |
|--|-----------------|----------------------------|
| Candente Mexico Resource Corp.         | 100%            | CDN Dollars                |
| El Oro (BC) Exploration Inc.           | 100%            | CDN Dollars                |
| Candente Gold Peru S.A.                | 100%            | US Dollars                 |
| Minera CCM, S.A. de C.V. ("CCM")       | 100%            | US Dollars                 |
| Minera CCM El Oro Jales S.A. de C.V.   | 100%            | US Dollars                 |
| Candente Mexico Servicios S.A. de C.V. | 100%            | US Dollars                 |

Candente Gold's common shares are listed on the TSX Venture Exchange ("TSX-V") under the trading symbol CDG.V. The Company's share options and warrants are not listed.

These consolidated financial statements were authorized for issue by the Board of Directors on February 29, 2016.

At the date of these consolidated financial statements, the Company has not yet determined whether any of its mineral right interests contain economically recoverable mineral reserves. Accordingly, the value of mineral right interests represents cumulative acquisition costs incurred to date and does not necessarily reflect present or future values. The recovery of these costs is dependent upon the discovery of economically recoverable mineral reserves and the ability of Candente Gold to obtain the necessary financing to complete their exploration and development and to resolve any environmental, regulatory, or other constraints.

Uncertainty also exists with respect to the recoverability of the carrying value of certain mineral right interests. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and confirmation of the Company's title to the mineral right interests.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the nine months ended December 31, 2015, the Company incurred a loss of approximately \$1.56 million, current liabilities exceed current assets by \$1.5 million at December 31, 2015 and as at December 31, 2015, the Company had cumulative losses since inception of \$22.14 million. The Company does not generate cash flows from operations and accordingly, Candente Gold will need to raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Although, Candente Gold has been successful in raising funds in the past there can be no assurance Candente Gold 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. In addition, the Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation. These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

# Candente Gold Corp.

## Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended December 31, 2015 and 2014 (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 should be read in conjunction with the Company’s audited consolidated financial statements for the year ended March 31, 2015, which have been prepared in accordance with IFRS issued by the IASB.

### 3. Significant accounting estimates and judgments

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended March 31, 2015. The disclosure contained in these condensed consolidated interim financial statements does not include all the requirements in IAS 1 *Presentation of Financial Statements* (“IAS 1”). Accordingly these interim condensed consolidated financial statements should be read in conjunction with the Company’s consolidated financial statements for the year ended March 31, 2015.

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

### 4. Unproven mineral right interests

As of December 31, 2015 and March 31, 2015, the Company’s capitalized unproven mineral right interest costs are as follows:

|                          | Balance at<br>April 1, 2015 | Acquisition<br>costs and<br>additions | Recovery of<br>acquisition<br>costs | Impairment of<br>unproven<br>mineral rights<br>interests | Balance at<br>December 31,<br>2015 |
|--------------------------|-----------------------------|---------------------------------------|-------------------------------------|--|------------------------------------|
| <b>Mexico Properties</b> |                             |                                       |                                     |  |                                    |
| El Oro - Hardrock        | \$ 8,009,752                | \$ -                                  | \$ -                                | \$ -   | \$ 8,009,752                       |
| El Oro mine tailings     | 82,840                      | 18,000                                | -                                   | -  | 100,840                            |
| Peruvian Properties      | 1,389,489                   | -                                     | -                                   | (1,185,000)  | 204,489                            |
| Value-added tax          | 72,007                      | (5,606)                               | -                                   | -  | 66,401                             |
| <b>Closing balance</b>   | <b>\$ 9,554,088</b>         | <b>\$ 12,394</b>                      | <b>\$ -</b>                         | <b>\$ (1,185,000)</b>                                    | <b>\$ 8,391,482</b>                |

|                          | Balance at<br>April 1, 2014 | Acquisition<br>costs and<br>additions | Recovery of<br>acquisition<br>costs | Impairment of<br>unproven<br>mineral rights<br>interests | Balance at<br>March 31, 2015 |
|--------------------------|-----------------------------|---------------------------------------|-------------------------------------|--|------------------------------|
| <b>Mexico Properties</b> |                             |                                       |                                     |  |                              |
| El Oro - Hardrock        | \$ 8,009,752                | \$ -                                  | \$ -                                | \$ -   | \$ 8,009,752                 |
| El Oro mine tailings     | 46,840                      | 36,000                                | -                                   | -  | 82,840                       |
| Peruvian properties      | 1,557,000                   | 39,357                                | (39,868)                            | (167,000)  | 1,389,489                    |
| Value-added tax          | 75,165                      | (3,158)                               | -                                   | -  | 72,007                       |
| <b>Closing balance</b>   | <b>\$ 9,688,757</b>         | <b>\$ 72,199</b>                      | <b>\$ (39,868)</b>                  | <b>\$ (167,000)</b>                                      | <b>\$ 9,554,088</b>          |



**Candente Gold Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the three and nine months ended December 31, 2015 and 2014 (unaudited)**  
(Expressed in United States dollars unless otherwise noted)

**4. Unproven mineral right interests (continued)**

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

**El Oro**

For the period ended December 31, 2015, the Company incurred no acquisition expenditures related to the El Oro property. Included in unproven mineral right interests is an accrual for taxes owing on the Company's concession on El Oro of approximately \$109,000.

**El Oro Mine Tailings**

During the year ended March 31, 2014, the Company signed an agreement with the municipality of El Oro that provides the Company with the access and processing rights to tailings deposits. Upon signing the agreement, \$25,000 was due and paid with monthly contributions of \$3,000 thereafter.

**Peruvian properties**

During the period ended December 31, 2015, the Company allowed certain claims to lapse and thus, recorded a non-cash impairment of \$1,185,000. As at December 31, 2015, the Company has maintained in good standing a portion of the Tres Marias and Lunahuana properties. These properties are early to mid-stage gold and gold-silver exploration projects in Peru.

The Company has entered into an agreement with Inversiones Troy SAC ("Troy") giving Troy the right to acquire 100% of the Tres Marias property subject to an NSR of 1% as well as option payments totaling \$500,000. The payments are to be made to Candente Gold upon initiating a drilling program and on both of the 12 and 24 month anniversaries of initiating the drilling. Troy retains the right to buy back 50% of the NSR for \$500,000.

**5. Trade payables and accrued liabilities**

|                     | December 31, 2015 | March 31, 2015    |
|---------------------|-------------------|-------------------|
| Trade payables      | \$ 219,692        | \$ 154,816        |
| Accrued liabilities | 79,782            | 115,963           |
|                     | <b>\$ 299,474</b> | <b>\$ 270,779</b> |

**6. Capital and equity reserve**

**a. Shares authorized**

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

**b. Common share issues**

*Shares issued and outstanding*

|   | Total amount of<br>common shares<br>issued | Total value of<br>common shares<br>issued |
|---|--|---|
| <b>Balance as of March 31, 2014</b>                       | <b>77,140,260</b>                          | <b>\$ 23,356,166</b>                      |
| Financing, net of issue costs (i),                        | 19,066,663                                 | 448,323                                   |
| <b>Balance as of March 31, 2015 and December 31, 2015</b> | <b>96,206,923</b>                          | <b>\$ 23,804,489</b>                      |

# Candente Gold Corp.

## Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended December 31, 2015 and 2014 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 6. Capital and equity reserve (continued)

- (i) On February 20, 2015, the Company completed a non-brokered private placement issuing a total of 19,066,663 common shares (4,489,044 issued to directors of the Company) at a price of CDN\$0.03 per common share for total gross proceeds of \$457,048 (CDN\$ 572,000). Finders' fees totaling \$5,234 (CDN\$ 6,552) and share issue costs of \$298 (CDN\$ 373) were paid along with the issuance of 218,400 finders' warrants exercisable at CDN\$0.06 until February 5, 2017. These warrants were valued at \$3,193 using the Black-Scholes model (see Note 6(d)).

### c. Share options

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

The changes in stock options were as follows:

|   | Number of<br>Options | Weighted<br>Average<br>Exercise Price<br>(Cdn\$) |
|---|----------------------|--|
| <b>Options outstanding, March 31, 2014</b>    | <b>4,836,500</b>     | <b>\$0.45</b>                                    |
| Options granted                               | 3,080,000            | \$0.15   |
| Options forfeited                             | (185,000)            | \$0.27   |
| Options expired                               | (2,436,500)          | \$0.60   |
| <b>Options outstanding, March 31, 2015</b>    | <b>5,295,000</b>     | <b>\$0.18</b>                                    |
| Options expired                               | (350,000)            | \$0.41   |
| <b>Options outstanding, December 31, 2015</b> | <b>4,945,000</b>     | <b>\$0.17</b>                                    |

As at December 31, 2015, the following options were exercisable and outstanding:

| Grant date              | Outstanding    |                   | Exercisable    |                   | Expiry date        |
|-------------------------|----------------|-------------------|----------------|-------------------|--------------------|
|                         | Exercise price | Number of options | Exercise price | Number of options |                    |
| May 25, 2011            | \$0.65         | 130,000           | \$0.65         | 130,000           | May 25, 2016       |
| February 15, 2013       | \$0.25         | 1,435,000         | \$0.25         | 1,435,000         | February 15, 2018  |
| March 26, 2013          | \$0.25         | 50,000            | \$0.25         | 50,000            | March 26, 2018     |
| January 21, 2014        | \$0.25         | 250,000           | \$0.25         | 250,000           | January 21, 2019   |
| August 27, 2014         | \$0.10         | 2,980,000         | \$0.10         | 1,490,000         | August 27, 2019    |
| September 10, 2014      | \$0.10         | 100,000           | \$0.10         | 50,000            | September 10, 2019 |
| <b>Weighted average</b> | <b>\$0.17</b>  | <b>4,945,000</b>  | <b>\$0.20</b>  | <b>3,405,000</b>  |                    |

The Company used the Black-Scholes option-pricing model under the following weighted average assumptions and recorded total stock based compensation for the nine months period ended December 31, 2015 and 2014 of \$18,230 and \$66,049 respectively:

# Candente Gold Corp.

## Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended December 31, 2015 and 2014 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 6. Capital and equity reserve (continued)

|                         | Three months ended<br>December 31, 2015 | Three months ended<br>December 31, 2014 |
|-------------------------|---|---|
| Dividend yield          | 0.00%                                   | 0.00%                                   |
| Risk-free interest rate | 1.52%                                   | 1.52%                                   |
| Volatility range        | 97.96%                                  | 97.96%                                  |
| Expected life           | 3.91                                    | 3.84                                    |
| Forfeiture rate         | 0.85%                                   | 0.85%                                   |

### d. Warrants

|  | Number of<br>Warrants | Weighted Average<br>Exercise Price<br>(Cdn\$) |
|--|-----------------------|---|
| <b>Warrants outstanding, March 31, 2014</b>    | <b>629,000</b>        | <b>\$0.07</b>                                 |
| Granted (Note 6(b)(i))                         | 218,400               | 0.06  |
| <b>Warrants outstanding, March 31, 2015</b>    | <b>847,400</b>        | <b>\$0.07</b>                                 |
| <b>Expired</b>                                 | <b>(629,000)</b>      | <b>\$0.07</b>                                 |
| <b>Warrants outstanding, December 31, 2015</b> | <b>218,400</b>        | <b>\$0.06</b>                                 |

The Company used the Black-Scholes option-pricing model under the following weighted average assumptions and recorded total finders' warrants share issue costs for the years ended March 31, 2015 and 2014 of \$3,193 and \$25,327 respectively:

|                         | 2015    | 2014    |
|-------------------------|---------|---------|
| Dividend yield          | 0%      | 0%      |
| Risk-free interest rate | 0.43%   | 1.13%   |
| Volatility range        | 106%    | 109%    |
| Expected life           | 2 years | 2 years |
| Forfeiture rate         | 0.00%   | 0.00%   |

### 7. Related party disclosures

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

- Ridley Rocks Inc. – Management and exploration fees
- SW Project Management – Project management and engineering fees
- Michael Thicke Geological Consulting Inc. – Exploration fees for member group of companies
- Candente Copper Corp. - shared administrative expenses with a Company related by directors and management in common

**Candente Gold Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
For the three and nine months ended December 31, 2015 and 2014 (unaudited)  
(Expressed in United States dollars unless otherwise noted)

**7. Related party disclosures (continued)**

**a. Related party transactions**

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

|  | Nine months ended |                   |
|--|-------------------|-------------------|
|  | December 31, 2015 | December 31, 2014 |
| Salaries and management and exploration fees | \$ 94,486         | \$ 22,738         |
| Share-based payment                          | 12,654            | 19,334            |
|  | <b>\$ 107,140</b> | <b>\$ 42,072</b>  |

- Share-based payments are the fair value of options expensed to directors and key management personnel during the nine months ended December 31, 2015.
- The Company does not remunerate the directors of the Company unless its market capitalization is greater than \$75 million. During the nine month period ended December 31, 2015, the Company paid \$nil in directors fees (2014 - \$nil).

**b. Long-term debt – notes payable**

|                                  | December 31, 2015 | March 31, 2015 |
|----------------------------------|-------------------|----------------|
| Amounts due to related parties * | \$ 842,903        | \$ 779,006     |

\* Included in the amounts were \$256,337 for salaries and management fees (March 31, 2015 - \$197,214); Loans payable to certain board members \$29,081 (March 31, 2015 - \$Nil) and \$557,485 (March 31, 2015 - \$581,792) to Candente Copper Corp. a shareholder of the Company.

The Company has indebtedness to a number of officers, current and previous directors, advisors and companies with directors in common. The indebtedness has arisen principally from cash payments being made at less than the accrued and recorded liabilities for services provided. The notes payable are a summary of these obligations, and have the following attributes:

- (1) To be paid in full on January 31, 2017;
- (2) Non-interest bearing;
- (3) The notes may be used as partial or full payment under any future private placement of the Company's common shares. This may be paid at the Company's option at no penalty before January 31, 2017. If any amount is paid, so used, the amount will then be deemed to be a payment on the principal amount of the note.

**Candente Gold Corp.**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
For the three and nine months ended December 31, 2015 and 2014 (unaudited)  
(Expressed in United States dollars unless otherwise noted)

**8. Segmented information**

The Company operates in one segment being the exploration of mineral properties. The Company operates in three geographical areas, being Peru, Mexico and Canada. The following is an analysis of the Company's assets by geographical area and reconciled to the Company's consolidated financial statements

|   | December 31, 2015 |    |         |              |              |
|---|-------------------|----|---------|--------------|--------------|
|   | Canada            |    | Peru    | Mexico       | Total        |
| <b>Unproven mineral right interests</b> | \$ -              | \$ | 270,890 | \$ 8,110,592 | \$ 8,381,482 |
| <b>Equipment</b>                        | -                 |    | 3,245   | 19,419       | 22,664       |
|   | \$ -              | \$ | 274,135 | \$ 8,130,011 | \$ 8,404,146 |

|                                  | March 31, 2015 |    |           |              |              |
|----------------------------------|----------------|----|-----------|--------------|--------------|
|                                  | Canada         |    | Peru      | Mexico       | Total        |
| Unproven mineral right interests | \$ -           | \$ | 1,461,496 | \$ 8,092,592 | \$ 9,554,088 |
| Equipment                        | -              |    | 1,739     | 33,639       | 35,378       |
|                                  | \$ -           | \$ | 1,463,235 | \$ 8,126,231 | \$ 9,589,466 |

**9. Expenses**

Included in general and administrative expenses are the following:

|  | Three Months Ended   |                      | Nine Months Ended    |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | December<br>31, 2015 | December<br>31, 2014 | December<br>31, 2015 | December<br>31, 2014 |
| <b>GENERAL AND ADMINISTRATIVE</b>                |                      |                      |                      |                      |
| Depreciation                                     | \$ 72                | 2,436                | \$ 15,550            | \$ 11,926            |
| Audit and tax advisory fees                      | (4,211)              | 2,508                | 15,494               | 25,450               |
| Bank charges and interest                        | 140                  | 563                  | 693                  | 2,691                |
| Consulting                                       | (9,251)              | 2,702                | 14,198               | 13,227               |
| Legal  | 53,508               | -                    | 57,896               | 7,675                |
| Management fees, office salaries and benefits    | 9,237                | 5,149                | 40,294               | 47,851               |
| Office, rent and miscellaneous                   | 9,205                | 20,944               | 35,075               | 95,805               |
| Travel and accommodations                        | -                    | 25                   | -                    | 421                  |
| Regulatory and filing fees                       | 3,049                | -                    | 30,184               | 24,294               |
| Shareholder communications                       | 354                  | -                    | 2,861                | 4,652                |
| Share-based payment                              | 3,914                | 25,912               | 18,230               | 66,049               |
| <b>Total general and administrative expenses</b> | <b>\$ 66,017</b>     | <b>60,239</b>        | <b>\$ 230,475</b>    | <b>\$ 300,041</b>    |

# Candente Gold Corp.

## Notes to the Interim Condensed Consolidated Financial Statements

For the three and nine months ended December 31, 2015 and 2014 (unaudited)

(Expressed in United States dollars unless otherwise noted)

### 9. Expenses (continued)

Included in exploration expenses are the following:

|                                      | Three Months Ended   |                      | Nine Months Ended    |                      |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                      | December<br>31, 2015 | December<br>31, 2014 | December<br>31, 2015 | December<br>31, 2014 |
| <b>EXPLORATION</b>                   |                      |                      |                      |                      |
| Community engagement and initiatives | \$ -                 | - \$                 | 1,383                | \$ 6,615             |
| Drilling                             | -                    | -                    | -                    | 150                  |
| Exploration                          | 11,777               | 63,582               | 70,950               | 287,489              |
| Project administration               | 21,690               | 8,197                | 65,837               | 77,006               |
| <b>Total exploration expenses</b>    | <b>\$ 33,467</b>     | <b>71,779</b>        | <b>\$ 138,170</b>    | <b>\$ 371,260</b>    |