CANDENTE GOLD CORP.

(An Exploration stage company)

MANAGEMENT DISCUSSION AND ANALYSIS

Quarter and Six Months Ended September 30, 2011

INTRODUCTION

The following Management Discussion and Analysis ("MD&A") for Candente Gold Corp. ("Candente Gold") and its subsidiary companies (collectively, the "Company") is prepared as of November 10, 2011 and should be read in conjunction with the Company's condensed consolidated interim financial statements and related notes for the quarter ended September 30, 2011 ("Q2-2012") and the Company's audited consolidated financial statements and the notes thereto for the year ended March 31, 2011.

As of April 1, 2011, the Company's financial statements are reported under International Financial Reporting Standards ("IFRS"). The effects of the Company's conversion from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS have been identified in Note 9 of the Company's June 30, 2011 unaudited condensed consolidated interim financial statements, Note 8 of the Company's September 30, 2011 unaudited condensed consolidated interim financial statements and in this MD&A.

The Company's reporting currency is the US Dollar.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

Candente Gold's common shares are listed on the Toronto Stock Exchange ("TSX") and the Bolsa de Valores de Lima ("BVL") under the trading symbol "CDG".

Additional information on the Company can be found in the Company's Annual Information Form ("AIF"), filed with the Canadian regulators and available on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

Candente Gold is a Vancouver, Canada, based mineral exploration company which has an interest in the El Oro project in Mexico ("El Oro") and in various gold-silver properties in Peru. The Company conducts its operations through wholly-owned subsidiaries.

The Company is in the exploration stage and there can be no assurance that commercially viable ore deposits may exist on any of its properties until the Company completes further exploration work and comprehensive economic evaluation based upon that work.

The El Oro project is the Company's highest priority project at this time.

PROJECTS UPDATE

EL ORO

Summary

El Oro is a district scale gold project encompassing one of the largest and most prolific high grade gold dominant epithermal vein systems in Mexico. The El Oro district includes over 50 known veins, but the bulk of the historic district production - 6.4 million ounces of gold and 74 million ounces of silver - was reported as being produced from just two of these veins. The San Rafael vein alone is reported to have produced over 4 million ounces of gold and 44 million ounces of silver over an average of only 200 metres ("m") vertical, a 2.4 kilometre ("km") strike length and at grades averaging 9 to 16 grams per tonne ("g/t") gold.

The San Rafael vein system is analogous to other epithermal vein systems mined in Mexico such as Fresnillo, Guanajuato and Pinos Altos, where gold and silver is mined over 600 to 1200 m vertically. Mine grades in the San Rafael vein are reported to have averaged 10 to 12 g/t gold and 120 to 160 g/t silver and reached as high as 50 g/t gold and 500 g/t silver.

Property Option Agreement

The Company's interest in El Oro is held through its fully-owned subsidiary Minera CCM, S.A. de C.V. ("CCM"), the Mexican company that holds an option on the El Oro gold property ("El Oro") in Mexico.

On May 5, 2006, CCM, Candente Copper Corp. ("Candente Copper") and Canaco Resources Inc. ("Canaco") entered into a letter agreement (the "2006 Agreement") with Luismin, S.A. de C.V. ("Luismin") and Desarrollos Mineros San Luis, S.A. de C.V. ("Desarrollos"), subsidiaries of Goldcorp Inc., that provided CCM with an option (the "Option") to acquire up to a 70% undivided interest in El Oro, subject to a 40% back-in right, in 24 mining concessions comprising approximately 14,950 hectares located in the states of Mexico and Michoacan, Mexico.

Certain exploration and mining concessions included in El Oro are subject to net smelter returns royalties.

The Option is comprised of an option to initially acquire 50% of El Oro (the "First Option") and then a further 20% (the "Second Option"). The issuance of shares and the completion of certain levels of exploration expenditures on El Oro are required to exercise the Option.

In two separate letter agreements dated February 2, 2009 (the "February 2009 Agreement") and September 30, 2009 (the "September 2009 Agreement"), the parties agreed to certain amendments to the 2006 Agreement. The most significant change was the removal of the back-in right on the historic mining area which covers all known gold and silver bearing veins. In accordance with the terms of the 2006 Agreement, as amended, each of Candente Copper and Canaco committed to issue to Luismin an additional 125,000 common shares in their respective share capital on or before November 30, 2009 (completed), and agreed that in order to exercise the First Option the Company would:

- Commit to issue to Luismin a total of 1,000,000 Candente Gold shares at various dates up to or before November 30, 2011 (completed);

- Commit to cumulative exploration expenditures totaling $5,000,000 to be completed on or before November 30, 2011 (completed);

Accordingly, during the year ended March 31, 2011, the Company completed the requirements to earn an undivided 50% interest in the El Oro project.

The 2006 Agreement, as amended, now provides that in order to exercise the Second Option the Company is:

- Required to issue to Luismin 500,000 Candente Gold shares on or before November 30, 2012 and 500,000 Candente Gold shares on or before November 30, 2013; and

- Required to make an additional $2,500,000 in exploration expenditures on or before November 30, 2012 and an additional $2,500,000 in exploration expenditures on or before November 30, 2013.

Current Exploration

Candente Copper and Canaco carried out exploration at El Oro in 2007 and 2008 which comprised a program of surface soil sampling, NSAMT geophysics, and 4,095m of drilling. In February 2010, exploration activity in the El Oro district was resumed, following the incorporation of Candente Gold, financing and the amendment of the 2006 Agreement with Luismin.

In February 2010 exploration focused on drilling of the San Rafael vein system from underground within the San Juan adit as well as backfill and sidewall sampling of the San Rafael vein during rehabilitation of the San Juan adit and surface drilling of exploration targets in the Oriente area of the district. The drilling underground was successful in confirming historic grades in the vein left in place and in backfill in the old workings.

Since November 2010, surface drilling has been focused on the San Rafael Vein system from the Buen Despacho, Mexico-Esperanza, Norte shaft, and Providencia shaft areas. Rehabilitation of the historic Dos Estrellas tunnel system has also been underway to provide underground drilling access for the Verde and San Rafael vein extension potential. Systematic exploration of several other target areas has also been underway including the Cortaduras and San Francisco de Los Reyes areas.

A total of 12,768 metres have been drilled, since November 2010, in 34 holes targeting the San Rafael and its hanging wall veins. Of these holes, 14 were wedges, or shorter holes started part way down a main hole, and 14 holes were lost or abandoned due to difficult drilling conditions before they reached target depth. Establishing underground drill stations is expected to significantly decrease the number of lost and abandoned holes in the future.

From results received to date for 28 holes, 14 holes have intersected anomalous to high-grade gold and silver mineralization. Results are pending from 6 holes, and one hole is in progress designed to intersect multiple veins and the Somera Tuff approximately 250m below the deepest intersection to date.

In the Buen Despacho area, a northern (lateral) extension to the San Rafael vein has been confirmed approximately 1,100 metres north of any historic production. The significant silver mineralization from drill holes SR10-001 and SR10-001-W1 included 230 g/t silver over 0.40m, 19 g/t silver over 2.80m, and 54 g/t silver over 1.00m (see Table 1), and was intersected well below the old shallow exploration workings. In this area, the San Rafael vein appears to have been down-dropped by faulting north of the Mexico-Esperanza mining area. The old shafts and tunnels were stopped approximately 90m above these new discoveries.

In the Norte shaft zone, hole SR11-004-W1 intersected 315 g/t silver over 1.15m and 5.75 g/t gold and 14 g/t silver over 0.65m. SR11-004 intersected 7.7 g/t gold and 3.5 g/t silver over 0.80m.

In the Providencia shaft area silver dominates over gold, with most holes intersecting high-grade silver values. SR11-007 intersected 523.6 g/t silver over 1.0m and SR11-009C intersected 176 g/t silver over 0.30m. Assays are pending from two additional holes in this area. In 2003, just north of this block, Placer Dome intersected 10.18 g/t gold and 48.75 g/t silver over 2.50m in hole SR03-004.

Anomalous to high-grade gold and silver values been intersected at several locations 150m and deeper below old workings along the known 2.4 km strike length of the San Rafael vein, and an extension to the vein 1.1 km to the north has also been confirmed.

Results to date have demonstrated that gold and silver mineralization within the San Rafael vein occurs in shoots that appear to be localized where vertical NE-SW structures cut across the principal NW-SE trending veins. Gold to silver ratios appear to zone laterally away from these intersections, indicating that they may have acted as fluid conduits. Additional studies of these structural controls are being carried out to guide future drilling.

Mexico-Esperanza Area

The Mexico-Esperanza area remains the strongest exploration target within the San Rafael vein system due to the presence of vertical controls to mineralization, the highest grades of past production (12-16 grams per tonne ("g/t") over an average vein width of 10 metres), and recent discoveries.

In the Mexico-Esperanza area two high-grade intersections have been made in the San Rafael vein approximately 300m apart and 100m below the deepest old workings (SR11-001A from the current drill program and SR07-002 from the 2007 program). In addition, two other high-grade veins with minimal past production were intersected in the hanging wall above the San Rafael vein. Gold mineralization has also been discovered in the overlying pervasively altered Somera Tuff volcanic unit in this area. Initial assays from the Somera Tuff unit contained 0.96 g/t gold over 74.9 m, within which an average of 1.17 g/t gold occurs over 54.7 m. Higher grade zones within this interval include 16.73 g/t gold over 1.4 m and 6.86 g/t gold over 4.6 m.

Hole SR11-012-W2 is currently in progress, targeting the San Rafael vein approximately 250m below hole SR11-001A, the deepest intersection in the Mexico-Esperanza area to date.

The high-grade intersections from the Mexico-Esperanza area demonstrate both the potential for multiple high grade veins within the vicinity of the historic San Rafael vein mine workings, and strong potential at depth below the historic mines. In addition, pervasive alteration (buddingtonite and silica) typical of the top of an epithermal stage has been identified in the Somera Tuff adjacent to mineralization typical of the heart of another. Results to date reinforce the potential for stacked or repeated mineralization pulses, and that a second high-grade mineralization zone may lie below the deepest workings on San Rafael and thus any of the veins in the El Oro district,

(Expressed in U.S. Dollars, Unless Otherwise Noted)

Dos Estrellas Tunnel Rehabilitation

Underground rehabilitation in the pre-existing Dos Estrellas access tunnel is ongoing, and has now advanced to over 430m. The objective of reopening Dos Estrellas is to provide access for underground drill stations to test well below the historical underground workings in both the Verde and San Rafael veins using much shorter holes than would be required from surface. The Verde vein produced over 3 million ounces of gold equivalent at average grades of 12 g/t gold and 160 g/t silver between 1907 and 1924. The first underground drill station to test the Verde vein will be established in its hanging wall, approximately 550m into the Dos Estrellas tunnel, reducing the amount of rehabilitation needed before drilling can begin.

Exploration Plans

Once all results are received from this phase of exploration they will be reviewed together with the extensive database on the project to prioritize future exploration targets on the El Oro gold property.

TABLE 1 – Summary of Surface Drilling Data – November 2010 to current

Hole Number	Total Length (m)	San Rafael Vein Intersection	Other Intersections	Assays				
				From (m)	To (m)	Width (m)	Au (g/t)	Ag (g/t)
SR10-001	753.00	512.00 to 512.60m		512.00	512.6	**0.60**	**0.03**	**54.00**
SR10-001W1	260.00	501.80 to 502.40m; 513.80 to 516.60		501.80	502.40	**0.60**	**0.02**	**230.00**
				513.80	516.60	**2.80**	**0.07**	**19.32**
SR10-001W2	272.00	543.93 to 544.45 m		No Significant Results				
SR10-002	169.50	Hole abandoned due to deviation		Abandoned Hole				
SR10-002A	610.00	603.00 to 610.00 partial vein	Somera Tuff	373.10	448.00	**74.90**	**0.96**	**5.06**
			Nolan Vein	413.90	418.50	**4.60**	**6.85**	**17.61**
			Negra Vein	503.30	503.90	**0.60**	**18.14**	**137.00**
			Lost in old workings	603.00	610.00	**7.00**	**2.95**	**20.00**
SR10-002-W1	206.00		Somera Tuff	391.00	460.20	**69.20**	**1.06**	**7.93**
			Nolan Vein	508.50	509.00	**0.50**	**2.41**	**372.00**
		Lost Hole before SR Vein		Lost Hole before SR Vein				
SR10-003	430.00	Hole suspended		Hole suspended				
SR11-001	51.00	Hole abandoned due to deviation		Lost Hole				
SR11-001A	819.00		Nolan Vein	444.50	446.35	**1.85**	**30.65**	**3.00**
		699.30 to 702.30m		699.30	702.30	**3.00**	**13.69**	**6.50**
SR11-001A-W1	45.50	Hole abandoned due to deviation		Abandoned Hole				
SR11-002	549.00	Lost hole in old workings		Lost Hole				
SR11-003	918.00	624.00 to 632.00m		No Significant Results				
SR11-003-W1	387.50	624.00 to 632.00m		664.80	665.70	**0.90**	**1.04**	**3.00**
SR11-003-W2	330.00	618.85 to 629.40m		620.20	621.80	**1.60**	**3.83**	**4.50**
SR11-004	707.10	446.25 to 461.10m		431.50	432.30	**0.80**	**7.70**	**3.50**
SR11-004-W1	295.66	448.00 to 457.10m		449.95	451.10	**1.15**	**0.07**	**315.00**
SR11-005	663.35	505.60 to 516.75m		No Significant Results				
SR11-005-W1	1.00	Hole abandoned due to deviation		Abandoned Hole				

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SR11-006	688.85	609.82 to 661.00m		617.30	617.96	**0.66**	**1.28**	**1.00**
				660.64	660.96	**0.32**	**1.16**	**2.00**
SR11-007	481.58	377.90 to 427.00m	Intercept of vein parallel to drill hole	423.60	424.60	**1.00**	**0.07**	**523.60**
SR11-008	536.45	465.00 to 474.50m		465.47	466.12	**0.65**	**5.75**	**14.00**
				473.78	474.60	**0.82**	**2.06**	**7.00**
SR11-009	51.21	Hole abandoned due to deviation		Abandoned Hole				
SR11-009a	12.65	Hole abandoned due to deviation		Abandoned Hole				
SR11-009b	12.19	Hole abandoned due to deviation		Abandoned Hole				
SR11-009c	469.39	363.00 to 419.60m	Intercept of vein parallel to drill hole	142.50	144.15	**1.65**	**1.12**	**3.50**
				377.80	378.90	**1.10**	**0.60**	**65.50**
				405.60	406.00	**0.40**	**3.10**	**1.50**
				412.00	412.30	**0.30**	**0.30**	**176.40**
SR11-009c-W1	155.85	361.50 to 364.70m partial	Lost in old workings	363.70	364.70	**1.00**	**1.78**	**84.00**
SR11-009c-W2	146.37	356.95 to 413.35m		Pending				
SR11-010	460.25	399.01 to 415.96m		Pending				
SR11-010-W1	345.64	439.65 to 445.45m		Pending				
SR11-011	417.58	Hole lost in a fault		Lost Hole				
SR11-011-W1	372.68	472.96 to 485.40m		Pending				
SR11-012	341.40	Hole lost in Somera Tuff	ST @ 317.19-	Pending				
SR11-012-W1	39.97	Hole lost in Somera Tuff	ST @ 317.19-350.52m	Pending				
SR11-012-W2	768.10	Hole in progress						

Mark Pryor, Pr.Sci.Nat., Consultant and Joanne C. Freeze, P.Geo., President and CEO, are the qualified persons responsible for this review of El Oro technical information.

PERUVIAN GOLD-SILVER PROPERTIES

TRES MARIAS & FREDITO

Both the Tres Marias and the Fredito properties occur within the Puno epithermal gold-silver belt that hosts the Aruntani deposit owned by Aruntani SAC, Arasi (La Rescatada) high sulphidation gold deposits; the Corani and Santa Ana silver deposits both owned by Bear Creek Mines, and two new discoveries by Buenaventura/Goldfields, Chucapara and Canahuire, which host both high and low sulphidation mineralization.

The Tres Marias project hosts a low sulphidation vein system (Pataqueña) with high grade silver mineralization which was previously exploited however no records have been found. Exploitation does not appear to be extensive and there is potential for extending the mineralized vein to depth and along strike. Anomalous gold in soils indicates the potential for the discovery of a new gold-silver vein or bulk tonnage deposits which could be high sulphidation in nature.

The Pataqueña vein system is ready for drill testing but prior to drilling it is recommended that the area of the vein system be covered by a Natural Source Audio Magnetic Telluric survey (NSAMT) which could assist in better definition of the known veins/structures and also possibly locate other hidden structures with veins. Detailed mapping and rock and soil geochemical sampling is recommended on the Soracha and San Francisco zones to define drill targets.

The Fredito property covers a large geophysical target partially overlying a gold-silver-bearing zone of high sulphidation alteration, proximal to a gold-silver-lead-zinc-bearing low sulphidation vein system exploited sporadically since colonial times.

LUNAHUANA

Lunahuana is a 5,387 hectare property located in central Peru. The Lunahuana property hosts both gold and copper mineralization in veins, disseminations and mantos. This mineralization is believed to be analogous to IOCG deposits. The property was acquired from Britannia Mines and was formerly known as the Columbia property.

ORO QUEROPALCA

The Oro Queropalca property hosts abundant vein and disseminated gold-silver mineralization in surface showings that gave highly anomalous gold and silver assays. The property has potential to host epithermal gold-silver deposits and mantos style silver-lead-zinc deposits.

ALTO DORADO / TORIL

Alto Dorado is a 9,400 hectare exploration stage gold project located in the Department of La Libertad in northern Peru. The Company's interest in the Alto Dorado property is based on earlier exploration work by Candente Copper. Both porphyry and high sulphidation styles of mineralization are evident on the property.

PICOTA

The Brujas-Picota property covers extensive areas of argillic, phyllic, advanced argillic (dickite, alunite, pyrophyllite), silicification (locally vuggy to grey silica) alteration with gold-silver-bearing veins, breccias and structures. The project has potential to host high sulphidation type gold-silver deposits within large areas of vuggy silica and advanced argillic alteration with gold-silver-bearing veins, breccias and structures. The exploration targets include six zones with gold-silver bearing veins, breccias and structures and areas between the six zones which have had little exploration. The property has only had very preliminary exploration.

The property lies just northeast of Buenaventura's La Zanja high sulphidation gold deposit and 12 km west of the Tantahuatay porphyry gold deposit owned by Grupo Mexico and Buenaventura.

LAS BRUJAS

This property hosts high sulphidation style granular and vuggy silica which is mineralized with gold and has anomalous levels of other elements typical of high sulphidation deposits. Rock chip samples returned anomalous values of gold (up to 1.57gpt over 10 meters), antimony (up to 570ppm), arsenic (up to 3,680ppm), barium (up to 1,860ppm), silver (up to 22.4gpt), mercury (>100,000ppb), as well as elevated copper (up to 681ppm), lead (up to 836ppm) and zinc (up to 1,135ppm).

LAS SORPRESAS

Las Sorpresas is an exploration stage epithermal high sulphidation gold-silver project located southeast of the Yanacocha district in northern Peru. Candente Copper's interest in the Las Sorpresas property stemmed from earlier exploration work, as described below, that was done in the area.

EL TIGRE

The El Tigre property covers an area with potential to host epithermal low sulphidation quartz vein and/or bulk tonnage gold deposits marginal to large diatreme breccias with abundant fragments containing gold-bearing quartz veins and quartz stockwork.

PERUVIAN CURRENT EXPLORATION

Exploration comprising geological mapping and sampling has been carried out I 2010 and 2011 and drilling permits have been applied for the Lunahuana and Tres Marias properties.

RESULTS OF OPERATIONS - QUARTER ENDED SEPTEMBER 30, 2011

During Q2-2012 the Company recorded a net loss of $1,344,928, compared to a net loss of $1,609,485 in the quarter ended September 30, 2010 ("Q2-2011"). The Company is in the exploration stage, with no significant sources of revenue.

General and Administrative expenses in Q2-2012 were an income of $64,804 (Q2-2011: expense of $539,502), a decrease in expenses of $604,306, mostly attributed to an increase of $386,190 in foreign exchange gains (mostly of an unrealized nature) and a decrease of $293,630 in share-based payment expense in the current quarter. Unrealized foreign exchange gains or losses are recorded in the unit financial statements of Candente Gold each reporting period following variations to end-of-quarter U.S. dollar to Canadian dollar foreign exchange rates given that the holding company's functional currency is the Canadian dollar and Candente Gold holds intercompany loans to its subsidiaries in U.S. dollars. The appreciation of the U.S. dollar against the Canadian dollar as at September 30, 2011 resulted in a gain on foreign exchange of $353,981 in Q2-2012, in contrast to a loss in foreign exchange of $32,209 in Q2-2011.

Excluding foreign exchange gains and share-based payment expenses, the most significant expenses in the quarter were management fees, salaries and benefits of $96,215 (Q2-2011: $58,134), office, rent and miscellaneous expenses of $50,042 (Q2-2011: $36,688) and regulatory and filing fees of $31,554 (Q2-2011: $44,641).

Candente Gold and Candente Copper share certain General and Administrative expenses.

The Company also incurred Exploration expenses of $1,409,732 in Q2-2012 (Q2-2011: $1,069,983). The most significant expenses were drilling costs of $861,425 (Q2-2011: $341,049), geological and geophysical costs of $180,473 (Q2-2011: $133,907), field support and personnel of $139,165 (Q2-2011: $26,074), and exploration administration of $95,933 (Q2-2011: $166,439).

Most of the Exploration expenses in Q2-2012 and Q2-2011 were incurred in respect of the El Oro project. It is anticipated that most of the exploration expenses to be incurred in the second half of fiscal 2012 will also be incurred with respect to El Oro project.

In Q2-2012, the Company recorded other comprehensive loss of $639,495 (Q2-2011: other comprehensive income of $96,703) in connection with the cumulative translation adjustment that results from translating Candente Gold's financial statements from Canadian dollars (Candente Gold's functional currency) to the U.S. dollar (the Company's reporting currency).

RESULTS OF OPERATIONS – SIX MONTHS ENDED SEPTEMBER 30, 2011

During the six months ended September 30, 2011 ("YTD-2012"), the Company recorded a net loss of $2,652,193, compared to a net loss of $3,062,596in the six months ended September 30, 2010 ("YTD-2011").

General and Administrative expenses YTD-2012 were $125,922 (YTD-2011: $1,347,333), a decrease of $1,221,411 mostly attributed to a decrease of $814,066 in share-based payment expense and an increase of $406,645 in foreign exchange gains. The decrease in share-based payment expense is directly correlated to a significantly lower number of options vesting the current year and variances in foreign exchange gains or losses have been explained in the preceding paragraphs.

Excluding foreign exchange gains and share-based payment expenses, the most significant expenses year-to-date were management fees, salaries and benefits of $191,164 (YTD-2011: $141,067), office, rent and miscellaneous expenses of $91,727 (YTD-2011: $72,846) and regulatory and filing fees of $48,202 (YTD-2011: $65,165).

Candente Gold and Candente Copper share certain General and Administrative expenses.

The Company also incurred Exploration expenses of $2,526,271 YTD-2012 (YTD-2011: $1,715,263). The most significant expenses were drilling costs of $1,411,677 (YTD-2011: $549,821), geological and geophysical costs of $329,197 (YTD-2011: $303,635), field support and personnel of $300,631 (YTD-2011: $48,479), and exploration administration of $231,279 (YTD-2011: $310,835).

(Expressed in U.S. Dollars, Unless Otherwise Noted)

A summary of exploration costs incurred by the Company from inception to date is presented below:

	Incurred to March 31, 2011 ($)	QE June 30, 2011 ($)	Incurred to June 30, 2011 ($)	QE Sept. 30, 2011 ($)	Incurred to Sept. 30, 2011 ($)
EL ORO					
Depreciation	18,242	4,568	22,810	4,568	27,378
Assays	100,919	12,312	113,231	48,988	162,219
Exploration administration	658,878	108,059	766,937	65,402	832,339
Camp, field supplies & travel	599,263	46,866	646,129	44,260	690,389
Drilling	1,921,488	550,252	2,471,740	861,425	3,333,165
Equipment maintenance & rental	101,970	29,991	131,961	21,101	153,062
Field support and personnel	-	111,530	111,530	103,385	214,915
Geological & geophysical	818,104	137,880	955.984	167,455	1,123,439
	4,218,864	1,001,458	5,220,322	1,316,584	6,536,906
OTHER PROJECTS					
Assays	5,616	9,396	15,012	2,921	17,933
Exploration administration	103,584	27,287	130,871	30,531	161,402
Camp, field supplies & travel	26,813	7,863	34,676	8,499	43,175
Equipment maintenance & rental	9,453	9,755	19,208	2,399	21,607
Field support & personnel	98,864	49,936	148,800	35,780	184,580
Geological and geophysical	40,316	10,844	51,160	13,018	64,178
	284,646	115,081	399,727	93,148	492,875
TOTAL	**4,503,510**	**1,116,539**	**5,620,049**	**1,409,732**	**7,029,781**

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	QE Sept. 30, 2011 $ (IFRS)	QE June 30, 2011 $ (IFRS)	QE March 31, 2011 $ (Canadian GAAP)	QE Dec. 31, 2010 $ (Canadian GAAP)
Total revenue	-	-	-	-
Loss	(1,344,928)	(1,307,265)	(1,353,086)	(1,810,361)
Basic and diluted loss per share	(0.03)	(0.02)	(0.03)	(0.04)
	QE Sept. 30, 2010 $ (IFRS)	**QE June 30, 2010 $ (IFRS)**	**QE March 31, 2010 $ (Canadian GAAP)**	**QE Dec. 31, 2009 $ (Canadian GAAP)**
Total revenue	-	-	-	-
Loss	(1,609,485)	(1,453,111)	(752,490)	(170,070)
Basic and diluted loss per share	(0.03)	(0.03)	(0.06)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2011, the Company had cash and cash equivalents of $4,308,159 and working capital of $4,447,268, compared to cash and cash equivalents of $8,643,417 and working capital of $7,739,127at March 31, 2011.

The Company holds its cash in Guaranteed Investment Certificates ("GIC"), most of which are issued by British Columbia Credit Unions and insured on a no-limit basis by the Credit Union Deposit Insurance Corporation.

During the six months ended September 30, 2011, the Company recorded a net reduction in cash and cash equivalents of $3,641,635, which included cash used in operating activities of $2,613,916, cash used in investing activities of $419,840 and cash used in financing activities of $977,165.

During the year ended March 31, 2011, the Company completed a bought-deal short form prospectus financing (the "Financing") for gross proceeds of $6,659,154 (Cdn$6,500,000). In connection with the Financing, the Company issued 8,125,000 units (the "Units") at a price of Cdn$0.80 per Unit. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (the "Warrants"). Each whole Warrant entitles the holder thereof to acquire one common share of the Company at a price of Cdn$1.10 to March 30, 2012. The Offering was led by a group of Underwriters, who also exercised a portion of the over-allotment option to acquire an additional 716,250 Units and 51,250 Warrants for additional gross proceeds of $590,180 (Cdn$576,075). In connection with their services, the Underwriters received a cash commission equal to 6.75% of the gross proceeds raised in the Offering and warrants entitling the Underwriters to purchase such number of common shares of the Company in an amount equal to 6% of the number of Units issued at a price of Cdn$0.86 per common share for a period of 2 years, to March 30, 2013. The Agents' Warrants issued as finders' fees were valued by the Company at $198,548.

The Company is using existing cash to fund acquisitions, exploration activities and general and administrative expenses. Given that it currently does not have a source of revenue, the Company's ability to continue as a going concern remains contingent on its ability to obtain additional financing in future periods.

As of September 30, 2011, the Company had accounts payable and accrued liabilities of $546,520, of which $121,063 is an account payable to Candente Copper in connection with cost-sharing of certain general and administrative expenses for the quarterly period ended September 30, 2011.

<u>Operating Activities</u>

Cash used in operations YTD-2012, including the changes in non-cash working capital items, was $2,613,916 (YTD-2011: $2,227,443).

<u>Financing Activities</u>

YTD-2012, the Company received net proceeds of $311,182 from an over-allotment of the March 2011 financing described under *Liquidity and Capital Resources*. The Company also received $53,388 from the exercise of 85,713 share purchase warrants and $4,716 from the exercise of 4,500 stock options. The Company also repaid $977,165 (Cdn$950,000) remaining on a promissory note issued in connection with the aquisition of the El Oro project to Candente Gold in 2009.

YTD- 2010, a total of 211,250 warrants were exercised for proceeds of $124,306 and the Company made a payment of $335,524 (Cdn$350,000) towards a promissory note issued in connection with the acquisition of El Oro in 2009.

<u>Investing Activities</u>

YTD-2012, investing activities consisted of acquisition costs of $378,719 relating to the payment of mining rights in Mexico and Peru to maintain the good standing of the properties, equipment purchases of $25,203 and an increase of $15,918 of Value Added Tax ("VAT") credits in Peru. VAT credits in Peru may only be recovered as credits against VAT payable from future sales generated by the Company.

YTD-2011, the Company made annual cash payments of $287,279 to maintain the good standing of its mineral properties in Peru and purchased plant and equipment of $52,954, including various geological information systems licenses. The Company also paid VAT tax credits in Peru of $5,112.

TRANSACTIONS WITH RELATED PARTIES

During the six months ended September 30, 2011, a total of $81,031 (YTD-2011: $159,658) for geological consulting services rendered was paid or accrued to officers or directors or to private companies associated with directors and officers of the Company. These amounts are included as a component of exploration costs.

During the six months ended September 30, 2011, a total of $77,605 (YTD-2011: $93,251) was paid as salaries to various officers of the Company and $24,669 (YTD-2011: $23,209) was paid or accrued to private companies associated with officers and directors of the Company for management services rendered. These amounts are included in general and administrative expenses.

Included in accounts receivable at September 30, 2011 is $10,699 (March 31, 2011: $11,366) owed to the Company by certain officers for expense advances. Included in accounts payable and accrued liabilities at September 30, 2011 is $35,859 (March 31, 2011: $29,875) owed by the Company to certain officers and directors of the Company for services rendered and reimbursement of expenses.

At September 30, 2011, a director and officer of the Company served as a director and officer of Candente Copper and four of the Company's officers served as officers of Candente Copper. During the period ended September 30, 2011, the Company and Candente Copper shared certain office and administrative expenses and Candente Copper made certain payments on behalf of the Company. As of September 30, 2011, a total of $121,063 (March 31, 2011: $93,681) was due from the Company to Candente Copper for reimbursement of shared general and administrative expenses. At March 31, 2011, $17,894 was due by Candente Copper to the Company for its share of proceeds from certain options exercised in March 2011.

The above transactions have been recorded at the exchange amounts agreed to by the related parties. Amounts due to related parties are considered by the Company to be accounts payable and are unsecured and non-interest bearing.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") IMPLEMENTATION PLAN

Effective January 1, 2011, Canadian publicly traded entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date for the Company was April 1, 2010.

The Company has completed its IFRS conversion project through implementation. Post-implementation will continue in the following quarters of 2011.

The IFRS transitional impact is outlined below.

<u>Reconciliations of the statements of financial position</u>

As a result of the policy choices selected and the changes the Company was required to make under IFRS an increase to equity of approximately $3.1 million was recorded as at April 1, 2010.

The following paragraphs explain the significant differences between Canadian GAAP and the current IFRS accounting policies applied by the Company. These differences result in the adjustments presented in the statements of financial position and comprehensive income presented below.

Note 1. Under Canadian GAAP, the accounting for the transfer of properties from Candente Copper and Canaco was a related party transaction and the properties were transferred at their carrying value. Under IFRS there are no special recognition or measurement requirements for related party transactions. Under IFRS the transfer of the properties was re-measured at the fair value of the mineral properties acquired. The impact of the IFRS transition for the acquisition of the El Oro and Peruvian properties was a net increase of $3,094,088 to mineral properties, offset by an increase of $3,146,134 in common shares and a decrease of $52,046 in other reserves.

Note 2. Under Canadian GAAP, the Company and all of its subsidiaries had a U.S. dollar measurement currency. Under IFRS, the functional currency of the parent company is the Canadian dollar. The Company's presentation currency remains the U.S. dollar. The current rate method is required to be applied to all entities where the functional currency is different from the presentation currency, resulting in an adjustment on transition to IFRS and a cumulative translation adjustment on each statement of financial position date.

Note 3. Under Canadian GAAP, the Company recorded stock based payments on a straight-line basis over the vesting period. Under IFRS, the Company records share based payments for each tranche within an award over the vesting period of the corresponding tranche. Under Canadian GAAP, forfeitures of awards were only recognized in the period the forfeiture occurred. Under IFRS, forfeiture estimates are recognized in the period they are estimated.

CANDENTE GOLD CORP.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2010
EXPRESSED IN US DOLLARS

	Canadian GAAP	Transition Impact	Notes	IFRS
ASSETS				
Current assets				
Cash and cash equivalents	4,080,197			4,080,197
Trade and other receivables	282,519			282,519
Prepaids and deposits	323,342			323,342
Total current assets	4,686,058			4,686,058
Equipment	59,940	71	2,4	60,011
Value-added tax receivable	9,674			9,674
Unproven mineral interests	7,314,035	3,100,028	1,2,3	10,414,063
	12,069,707			15,169,806
LIABILITIES				
Current				
Accounts payable and accrued liabilities	325,051			325,051
Promissory note payable	922,868			922,868
	1,247,919			1,247,919
EQUITY				
Common shares	12,618,956	3,146,134	1	15,765,090
Other reserves	2,960,671	- 60,068	1	2,900,603
Accumulated other comprehensive loss	-	- 61,710	3,4,5	- 61,710
Deficit	- 4,757,839	75,743	2,5,6	- 4,682,096
	10,821,788			13,921,887
	12,069,707			15,169,806

Reconciliations of total comprehensive income

Reconciliations between the Canadian GAAP and IFRS total comprehensive income for the three and six months ended September 30, 2010 are provided below.

CANDENTE GOLD CORP.				
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS				
THREE MONTHS ENDED SEPTEMBER 30, 2010				
EXPRESSED IN US DOLLARS				
	Canadian GAAP	**Transition Impact**	**Notes**	**IFRS**
General and Administrative				
Depreciation	530	-		530
Audit and tax advisory	612	-		612
Bank charges and interest	1,657	-		1,657
Corporate development	11,539	-		11,539
Legal	11,596	-		11,596
Management and office salaries and benefits	58,134	-		58,134
Office, rent and miscellaneous	36,688	-		36,688
Travel and accomodations	727	-		727
Regulatory and filing fees	44,641	-		44,641
Shareholder communications	13,118	-		13,118
Share-based compensation expense	482,129	- 138,333	6	343,796
Interest and other income	- 15,745	-		- 15,745
Loss (gain) on foreign exchange	- 60,141	92,350	5	32,209
	- 585,485			- 539,502
Exploration				
Depreciation	2,311	-		2,311
Assays	42,233	-		42,233
Administration	166,439	-		166,439
Camp, field supplies and travel	346,874	-		346,874
Drilling	341,049	-		341,049
Equipment maintenance and rental	11,096	-		11,096
Field support and personnel	26,074	-		26,074
Geological and geophysical	133,907	-		133,907
	- 1,069,983	-		- 1,069,983
Net Loss	- 1,655,468	-		- 1,609,485
		-		
Other comprehensive loss		-		
Cumulative translation adjustment	-	96,703		96,703
	-			96,703
Comprehensive loss	- 1,655,468			- 1,512,782

CANDENTE GOLD CORP.				
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS				
SIX MONTHS ENDED SEPTEMBER 30, 2010				
EXPRESSED IN US DOLLARS				
	Canadian GAAP	**Transition Impact**	**Notes**	**IFRS**
General and Administrative				
Depreciation	1,060			1,060
Audit and tax advisory	4,794			4,794
Bank charges and interest	3,607			3,607
Corporate development	86,427			86,427
Legal	21,119			21,119
Management and office salaries and benefits	141,067			141,067
Office, rent and miscellaneous	72,846			72,846
Travel and accomodations	23,504			23,504
Regulatory and filing fees	65,165			65,165
Shareholder communications	20,944			20,944
Share-based compensation expense	911,468	- 8,022	6	903,446
Interest and other income	- 25,505			- 25,505
Loss (gain) on foreign exchange	92,537	- 63,678	5	28,859
	- 1,419,033			- 1,347,333
Exploration				
Depreciation	4,111			4,111
Assays	49,834			49,834
Administration	310,835			310,835
Camp, field supplies and travel	434,956			434,956
Drilling	549,821			549,821
Equipment maintenance and rental	13,592			13,592
Field support and personnel	48,479			48,479
Geological and geophysical	303,635			303,635
	- 1,715,263			- 1,715,263
Net Loss	- 3,134,296			- 3,062,596
Other comprehensive loss				
Cumulative translation adjustment	-	- 61,710		- 61,710
	-			- 61,710
Comprehensive loss	- 3,134,296			- 3,124,306

<u>Statement of cash flows</u>

The IFRS transition adjustments noted above did not have an impact on cash and cash equivalents. There was no change to cash (used in) provided by investing and financing activities.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Management is also responsible for designing, establishing and maintaining a system of ICFR to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with generally accepted accounting principles in Canada.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's design and operating effectiveness of the Company's internal control over financial reporting as of September 30, 2011.

Management has concluded that, as of September 30, 2011, the Company's ICFR was not effective due to the existence of material weaknesses, including the requirement to test effectiveness of ICFR and lack of adequate segregation of duties in the financial close process in Canada. The Company believes however, that adequate segregation of duties exists in Peru and Mexico with respect to domestic accounting in those countries and with respect to subsidiary reporting to head office, as financial statements produced by the Company's accountants both in Peru and Mexico are subject to a review process by the Company's Chief Financial Officer. As of September 30, 2011, the Company's Chief Financial Officer is responsible for preparing, authorizing and reviewing information for the preparation of financial reports and for preparing and reviewing the resulting financial reports, which has the potential to result in material misstatements in the Company's financial statements and should be considered a material weakness of the Company's system of ICFR.

Management has concluded, and the audit committee has agreed that, taking into account the present stage of the Company's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time. Management is in the process of designing ICFR for the Company's current level of operations, and the Company will also need to test the effectiveness of its ICFR.

OTHER MD&A REQUIREMENTS

As of November 10, 2011, the Company has outstanding 61,174,760 common shares, 17,586,924 warrants (at prices ranging from Cdn$0.60 to Cdn$1.10 per share) and 4,338,000 exercisable options (at prices ranging from Cdn$0.33 to Cdn$1.80 per share).

Additional information, including the Company's most recent Annual Information Form, is available on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Report contains "forward looking statements". These forward-looking statements include, but are not limited to, statements regarding the Company's strategic plans, property search and evaluation plans, estimated levels of expenditures, acquisition targets and commitments. Forward-looking statements express, as at the date of this Report, the Company's plans, estimates, forecasts, projections, or beliefs as to future events or results and the Company does not intend or assume any obligation to update these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", or does not expect", is expected", "budget", "schedule" , "estimates", "intends", "anticipates", or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken, "occur", or "be achieved". We caution that forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Actual results and future events may differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward – looking statements include, but are not limited to the success of the Company's acquisition program, including its ability to complete further financing and close on any target acquisitions, currency fluctuations, the ability of the Company to conduct its business in Mexico and Peru, risks inherent with the mining industry, unexpected regulatory changes, delays in the completion of critical activities and other risks inherent to the Company's activities and other risks more fully described in Candente Gold's Annual Information Form filed with the Securities Commissions of the provinces of Alberta, British Columbia and Ontario and which is available on SEDAR at www.sedar.com