Candente Gold Corp.
Consolidated Financial Statements
For the years ended March 31, 2014 and 2013
(Expressed in United States dollars, unless otherwise noted)

Deloitte LLP
2800 - 1055 Dunsmuir Street
4 Bentall Centre
P.O. Box 49279
Vancouver BC V7X 1P4
Canada

Tel: 604-669-4466
Fax: 778-374-0496
www.deloitte.ca

Independent Auditor's Report

To the Shareholders of
Candente Gold Corp.

We have audited the accompanying consolidated financial statements of Candente Gold Corp., which comprise the consolidated statements of financial position as at March 31, 2014 and March 31, 2013, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Candente Gold Corp. as at March 31, 2014 and March 31, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company had a net loss of $4.8 million for the year ended March 31, 2014 and as at March 31, 2014, had a working capital deficiency of $0.3 million, and had incurred losses since inception of $19.3 million. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Deloitte LLP

Chartered Accountants
June 26, 2014
Vancouver, Canada

Candente Gold Corp.
Consolidated statements of financial position
As at March 31, 2014 and March 31, 2013
(Expressed in United States dollars unless otherwise noted)

	Notes		March 31, 2014		March 31, 2013
Assets					
Current assets					
Cash and cash equivalents	**6**	**$**	**329,617**	$	647,357
Trade and other receivables			**87,981**		263,886
Prepaid expenses and deposits			**38,193**		53,447
Total current assets			**455,791**		964,690
Non-current assets					
Value-added tax credits			**75,165**		63,908
Unproven mineral right interests	**4**		**9,613,592**		12,802,274
Equipment	**5**		**51,093**		62,997
Total non-current assets			**9,739,850**		12,929,179
Total assets		**$**	**10,195,641**	$	13,893,869
Liabilities					
Current liabilities					
Trade payables and accrued liabilities	**8**	**$**	**789,189**	$	561,147
Total current liabilities			**789,189**		561,147
Share capital	**7**		**23,356,166**		22,711,269
Reserves	**7**		**5,387,926**		5,146,440
Deficit			**(19,337,640)**		(14,524,987)
Total equity			**9,406,452**		13,332,722
Total liabilities and equity		**$**	**10,195,641**	$	13,893,869

General information and going concern (Note 1)
Events after the reporting period (Note 13)

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

Approval on behalf of the Board of Directors

(Signed) Andres Milla — ***(Signed) Larry Kornze***

Andres Milla — **Larry Kornze**

Director — **Director**

Candente Gold Corp.

Consolidated statements of comprehensive loss

For the years ended March 31, 2014 and March 31, 2013

(Expressed in United States dollars unless otherwise noted)

	Notes	Year Ended March 31, 2014	Year Ended March 31, 2013
Expenses			
Exploration expenses	9	$ 761,445	$ 1,414,114
General and administrative expenses	9	753,461	721,957
		1,514,906	2,136,071
Other (income) expenses			
Write-down of unproven mineral right interests - Peru	4	3,284,641	-
Loss (gain) on foreign exchange		25,824	(310,663)
Interest and other income		(12,718)	(60,572)
Net loss		4,812,653	1,764,836
Other comprehensive loss Items that may be reclassified subsequently to net loss			
Cumulative translation adjustment		17,130	212,347
Comprehensive loss		4,829,783	1,977,183
Loss per share attributable to shareholders			
Basic and diluted		$ (0.07)	$ (0.03)
Weighted average number of common shares outstanding: basic and diluted		65,391,138	62,120,867

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

Candente Gold Corp.

Consolidated statements of changes in equity

For the years ended March 31, 2014 and March 31, 2013

(Expressed in United States dollars unless otherwise noted)

	Share capital		Reserves					
	Total common shares	**Share capital**	**Equity settled employee compensation and warrants**	**Other reserve**	**Foreign currency reserve**	**Total reserves**	**Deficit**	**Total**
Balance at April 1, 2013	**62,219,760**	**$22,711,269**	**$5,355,248**	**$52,046**	**$(260,854)**	**$5,146,440**	**$(14,524,987)**	**$13,332,722**
Private placement, note 7(b)(v)	**14,920,500**	**644,897**	**25,327**	**-**	**-**	**25,327**	**-**	**670,224**
Share-based payment	**-**	**-**	**233,289**	**-**	**-**	**233,289**	**-**	**233,289**
Net loss	**-**	**-**	**-**	**-**	**-**	**-**	**(4,812,653)**	**(4,812,653)**
Cumulative translation adjustment	**-**	**-**	**-**	**-**	**(17,130)**	**(17,130)**	**-**	**(17,130)**
Balance as at March 31, 2014	**77,140,260**	**$23,356,166**	**$5,613,864**	**$52,046**	**$(243,724)**	**$5,387,926**	**$(19,337,640)**	**$9,406,452**

	Share capital		Reserves					
	Total common shares	Share capital	Equity settled employee compensation and warrants	Other reserve	Foreign currency reserve	Total reserves	Deficit	Total
Balance at April 1, 2012	61,176,760	$22,414,373	$5,312,049	$52,046	$(48,507)	$5,315,588	$(12,760,151)	$14,969,810
Acquisition of unproven mineral right interests, note 7(b)(i)	1,000,000	265,018	-	-	-	-	-	265,018
Exercise of stock options, note 7(b)(ii), (iii) and (iv)	43,000	31,878	(11,232)	-	-	(11,232)	-	20,646
Share-based payment	-	-	54,431	-	-	54,431	-	54,431
Net loss	-	-	-	-	-	-	(1,764,836)	(1,764,836)
Cumulative translation adjustment	-	-	-	-	(212,347)	(212,347)	-	(212,347)
Balance as at March 31, 2013	62,219,760	$22,711,269	$5,355,248	$52,046	$(260,854)	$5,146,440	$(14,524,987)	$13,332,722

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

Candente Gold Corp.

Consolidated statements of cash flows

For the years ended March 31, 2014 and March 31, 2013

(Expressed in United States dollars unless otherwise noted)

	Notes		Year ended March 31, 2014		Year ended March 31, 2013
Net loss		**$**	**(4,812,653)**	$	(1,764,836)
Items not affecting cash:					
Depreciation			**11,904**		20,757
Share-based payment	**7**		**233,289**		54,431
Write-down of unproven mineral right interest	**4**		**3,284,641**		
Gain on foreign exchange			**25,824**		-
Changes in non-cash working capital:					
Trade and other receivables			**175,904**		420,619
Prepaid expenses and deposits			**15,255**		(6,351)
Trade payables and accrued liabilities			**228,042**		218,650
Cash flows used in operating activities			**(837,794)**		(1,056,730)
Investing					
Purchase of equipment	**5**		**-**		(425)
Addition to unproven mineral right interests	**4**		**(183,645)**		(459,412)
Recovery of acquisition costs	**4**		**87,686**		-
Value added taxes paid			**(11,257)**		(8,664)
Net cash used in investing activities			**(107,216)**		(468,501)
Financing					
Proceeds from issue of common shares for cash on financing, net of share issue costs of $ 31,462	**7**		**670,224**		-
Exercise of stock options			**-**		20,646
Net cash provided by financing activities			**670,224**		20,646
Effect of exchange rate changes on cash and cash equivalents			**(42,954)**		(212,347)
Net decrease in cash and cash equivalents			**(317,740)**		(1,716,932)
Cash and cash equivalents at the beginning of the year			**647,357**		2,364,289
Cash and cash equivalents at the end of the year	**6**	**$**	**329,617**	$	647,357

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

(Expressed in United States dollars unless otherwise noted)

1. General information 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 and its principal office is located at Suite 1650-400 Burrard Street, Vancouver British Columbia, V6C 3A6.

The principal subsidiaries of the Company as at March 31, 2014 are as follows:

Subsidiary	Interest	Functional Currency
Candente Mexico Resource Corp.	100%	CDN Dollars
El Oro (BC) Exploration Inc.	100%	CDN Dollars
Candente Gold Peru S.A.C.	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 Gold's common shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "CDG". The Company's share options and warrants are not listed.

These consolidated financial statements were authorized for issue by the Board of Directors on June 26, 2014**.**

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 years ended March 31, 2014 and March 31, 2013, the Company incurred losses of approximately $4.8 million and $1.8 million respectively, has working capital deficiency of $0.3 million at March 31, 2014 and as at March 31, 2014 the Company had $19.3 million of cumulative losses since inception. 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. The Company does not generate cash flows from operations and accordingly, Candente Gold will need to raise additional funds through the issuance of securities or resource secured debt. 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.

1. General information and going concern (continued)

These factors may cast significant doubt regarding the Company's ability to continue as a going concern. Should Candente Gold be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

2. Statement of compliance and basis of presentation

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS").

These consolidated financial statements have been prepared on historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3.

3. Significant accounting policies

a. Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates and judgments applied by management that most significantly affect the Company's consolidated financial statements. These estimates and judgments have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Critical accounting estimates

i. Valuation of share-based payments and warrants

When options and warrants are issued, the Company calculates their estimated fair value using a Black-Scholes valuation model, which may not reflect the actual fair value on exercise. The Company uses its historical stock prices to determine volatility and historical exercise terms to determine expected lives to arrive at the inputs that are used in the valuation model to calculate the fair value of the option or warrant.

(b) Critical accounting judgments

i. Going concern

Management assesses the Company's ability to continue as a going concern.

3. Significant accounting policies (continued)

a. Critical accounting estimates and judgments (continued)

(b) Critical accounting judgments (continued)

ii. Unproven mineral rights interests and impairment

Unproven mineral rights interests, include the cost of acquiring licenses. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area or alternatively by sale of the property. Management is required to exercise significant judgment in determining the timing of the determination of the technical and economic feasibility of the mineral resource. The Company considers both external and internal sources of information in assessing whether there are any indicators that unproven mineral right interest are impaired. Management has determined an impairment charge during the year of $3,284,641 pertaining to acquisition costs associated with Peruvian mineral claims which were dropped.

iii. Functional currency

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Determination of functional currency may involve certain judgments to determine the primary economic environment in which the entity operates and the Company reconsiders its functional currency and that of its subsidiaries if there is a change in events and conditions which determined the primary economic environment.

b. Basis of consolidation

The consolidated financial statements include the financial statements of Candente Gold and its subsidiaries.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following: power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

Inter-company transactions, balances and income and expenses on transactions between the Company and its subsidiaries are eliminated.

3. Significant accounting policies (continued)

c. Foreign currency translation

The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates, which has been determined to be the U.S. or CDN dollar. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated at the period end date exchange rates. Non-monetary items are measured using historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non- monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The presentation currency of the Company is the U.S. dollar. The accounts are translated from their functional currency into U.S. dollars on consolidation. Items in the statement of comprehensive loss are translated using weighted average exchange rates that reasonably approximate the exchange rate at the transaction date. Items in the statement of financial position are translated at the exchange rate at the financial position date. Exchange differences on the translation of the net assets of the entities are recognized in a separate component of equity.

d. Unproven mineral right interests

The Company capitalizes all costs, net of any recoveries, of acquiring an unproven mineral right interest, until the rights to which they relate are placed into production, at which time these deferred costs will be amortized over the estimated useful life of the rights upon commissioning the property, or written-off if the rights are disposed of, impaired or abandoned. Exploration costs prior to the discovery of commercially viable reserves and resources are expensed as incurred.

Management reviews the carrying amounts of mineral rights annually or when there are indicators of impairment and will recognize impairment based upon current exploration results and upon assessment of the probability of profitable exploitation of the rights. An indication of impairment includes but is not limited to expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned, or if the entity has decided to discontinue exploration activity in a specific area. Management’s assessment of the mineral right’s fair value is also based upon a review of other mineral right transactions that have occurred in the same geographic area as that of the rights under review.

Costs include the cash consideration and the fair value of shares issued on the acquisition of mineral rights. Rights acquired under option or joint venture agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. Proceeds from property option payments received by the Company are netted against the costs of the related mineral rights, with any excess being included in operations.

3. Significant accounting policies (continued)

e. Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Equipment items are depreciated over their estimated useful lives on a straight line basis over their estimated useful lives, at the following rates: 3 to 10 years for equipment and 4 years for vehicles and field equipment. Leasehold improvements are recorded at cost net of recoveries and amortized on a straight-line basis over the term of lease agreements.

An item of equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statement of comprehensive loss.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

f. Value-added tax credits

Value-added tax credits (“VAT”) may be paid in countries where recoverability is uncertain. In these cases, the VAT payments have been deferred. If the Company determines that the VAT will not be recovered, the amount of VAT will be deferred with the unproven mineral right interests or expensed depending on the treatment of the original expenditure.

g. Financial instruments

Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or fair value through profit or loss (“FVTPL”). Financial assets classified as FVTPL include cash and cash equivalents and are measured at fair value with unrealized gains and losses recognized through profit or loss.

Financial assets classified as loans and receivables include trade and other receivables and value-added tax credits and are measured at amortized cost using the effective interest method less any allowance for impairment.

3. Significant accounting policies (continued)

g. Financial instruments (continued)

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is a significant or prolonged decline in the fair value of that investment below its cost, at which time the impairment is recognized in profit or loss. Reversals of impairment with respect to available for sale equity instruments are not recognized in profit or loss.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities include trade payables and accrued liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives, are also classified as FVTPL unless they are designated as effective hedging instruments. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred.

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

h. Income taxes

Current taxation

Current tax is the expected tax payable on the taxable income for the year, using tax rates substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Deferred taxation

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

3. Significant accounting policies (continued)

h. Income taxes (continued)

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is

recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where, the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

i. Share-based payment

Employees (including directors and senior executives) of the Company may receive a portion of their remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (“equity-settled transactions”).

In situations where equity instruments are issued for goods or services, the share-based payment is measured at the fair value of the goods and services received. Where the consideration cannot be specifically identified, they are measured at the fair value of the share-based payment.

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“the vesting date”). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company’s best estimate of the number of equity instruments that will ultimately vest.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

3. Significant accounting policies (continued)

i. Share-based payment (continued)

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification. The dilutive effect of outstanding options is reflected in the computation of diluted earnings per share.

j. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. Any increase in a provision due solely to passage of time is recognized as interest expense.

k. Impairment

Impairment of financial assets

The Company assesses at each date of the statement of financial position whether any indicators exist that the Company's financial assets are impaired.

Assets measured at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

3. Significant accounting policies (continued)

k. Impairment (continued)

If an available for sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available for sale are not recognized in profit or loss.

Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

l. Cash and cash equivalents

Cash and cash equivalents include cash and term deposits with an original maturity of three months or less.

m. Loss per share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to shareholders, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit attributable to owners of the parent, adjusted for:

- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses

3. Significant accounting policies (continued)

m. Loss per share (continued)

- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The Company has incurred losses since its inception and, therefore, basic loss per share has been equal to diluted loss per share as these impacts would be anti-dilutive.

n. Application of new and revised accounting standards effective April 1, 2013

The Company has evaluated the following new and revised IFRS standards and has determined there to be no material impact on the consolidated financial statements upon adoption:

1) IFRS 7 - Financial Instruments: Disclosures
2) IFRS 10 - Consolidated Financial Statements
3) IFRS 11 - Joint Arrangements
4) IFRS 12 - Disclosure of Interests in Other Entities
5) IFRS 13 - Fair Value Measurement
6) IAS 1 - Presentation of Financial Statements
7) IAS 19 - Employee Benefits
8) IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine

o. Future accounting standards

Certain pronouncements were issued by the International Accounting Standards Board (“IASB”) but not yet effective as at March 31, 2014. The Company intends to adopt these standards and interpretations when they become effective. The Company is still evaluating these standards to have an impact on its consolidated financial statements. Pronouncements that are not applicable to the Company have been excluded from those described below.

The following standards or amendments are effective for annual periods beginning on or after April 1, 2014.

1) IFRIC 21 – Levies
2) IAS 32 – Financial instruments – Presentation
3) IFRS 15 – Revenue from Contracts with Customers
4) IAS 39 - Financial Instruments: Recognition and Measurement & IFRS 9 - Financial Instruments mandatory adoption date not yet finalized

(Expressed in United States dollars unless otherwise noted)

4. Unproven mineral right interests

As of March 31, 2014 and March 31, 2013, the Company's capitalized unproven mineral right interest costs are as follows:

	Balance at April 1, 2013	Acquisition costs	Recovery of acquisition costs	Write-down of unproven mineral rights interests	Balance at March 31, 2014
Mexico Properties					
El Oro	**$ 8,053,562**	**$ -**	**$ (43,810)**	**$ -**	**$ 8,009,752**
El Oro mine tailings	**-**	**46,840**	**-**	**-**	**46,840**
Peruvian Properties	**4,748,712**	**136,805**	**(43,876)**	**(3,284,641)**	**1,557,000**
Closing balance	**$ 12,802,274**	**$ 183,645**	**$ (87,686)**	**$ (3,284,641)**	**$ 9,613,592**

	Balance at April 1, 2012	Acquisition costs	Recovery of acquisition costs	Write-down of unproven mineral rights interests	Balance at March 31, 2013
El Oro	$ 7,625,949	$ 427,613	$ -	$ -	$ 8,053,562
Peruvian properties	4,451,895	296,817	-	-	4,748,712
Closing balance	$ 12,077,844	$ 724,430	$ -	$ -	$ 12,802,274

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.

4. Unproven mineral rights interests (continued)

El Oro

On May 5, 2006, CCM, Candente Copper Corp. and the Company entered into a letter agreement (the "2006 Agreement") with Goldcorp Mexico, S.A. de C.V. (now Goldcorp S.A. de C.V. ("Goldcorp Mexico") 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 initial option to acquire 50% of El Oro (the "First Option") and then a further 20% (the "Second Option") subject to 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 Goldcorp Mexico's back in right on the historic mining area that covers all known gold and silver bearing veins. In accordance with the terms of the 2006 Agreement, as amended, each of Candente Copper and Company committed to issue to Goldcorp Mexico 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 Goldcorp Mexico 1,000,000 Candente Gold shares at various dates on 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, 2012, the Company completed the requirements of the First Option and acquired a 50% interest in the El Oro project, through the issuance of 1,000,000 Candente Gold shares on or before November 30, 2011, of which 30,000 were issued during the period ended March 31, 2012 and by committing cumulative exploration expenditures totaling $5,000,000 on or before November 30, 2011.

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

- Issue to Goldcorp Mexico 500,000 Candente Gold shares on or before November 30, 2012 and 500,000 Candente Gold shares on or before November 30, 2013 (the total 1 million shares were issued on May 1, 2012, at CDN$0.26 per share, resulting in an increase to unproven mineral right interests of $265,018 (CDN$265,000) and;

- Incur 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 (both expenditure limits were completed on May 1, 2012).

Accordingly, during the year ended March 31, 2013, the Company completed the requirements of the Second Option and acquired a further 20% interest for a total of 70%.

4. Unproven mineral rights interests (continued)

El Oro (continued)

Included in unproven mineral rights interests is an accrual for $109,168 for taxes owing on the Company's concession on El Oro. During the year, the Company recognized a recovery of $ 43,810 related to amounts paid for taxes on the Company's concession at El Oro that are Goldcorp Mexico's interest in the property.

El Oro Mine Tailings

In August 2013, the Company signed an agreement with the municipality of El Oro and the State of Mexico that provides the Company with access and processing rights to the tailing deposits. The first stage (Phase I) allows the Company a one year period to carry out the necessary test work to ascertain recoveries and potential economic viability of a tailings reclamation and reprocessing operation, for contributions of US$25,000 (paid) upon signing the Agreement and monthly contributions of US$3,000 (commenced in September 2013). The contributions will be used to fund social projects. If Candente Gold decides to enter into the processing and the reclamation phase (Phase II), then an 8% Net Profits Interest ("NPI") will be paid to the municipality during the period of operation. If during any months of processing, there is no NPI due then a monthly contribution of US$3,000 will be made.

Peruvian properties

As at March 31, 2014, the Company has a 100% interest in various early to mid-stage gold and gold-silver exploration projects in Peru: Tres Marias, Oro Queropalca, Lunahuana, Fredito, Alto Dorado and Vista Alegre.

During the year, the Company did not renew certain concessions and thus, recorded a write-down of $3,284,641.

During the year ended March 31, 2014 the Company paid $126,568 (2013 - $296,817) in concession costs in Peru. The Company also received $ 43,876 (2013 - $nil) from various parties for concession fees for the right to negotiate option agreements.

In June 2014, the Company commenced a review of its various concession licenses associated with its Peruvian properties to determine which, if any, were not going to be renewed in the current year. The Company is determining the impact of not renewing these licenses and the amount of write-down, if any, of its unproven mineral right interests. As of the date of the financial statements, all titles not renewed have been considered in the March 31, 2014 write-down.

(Expressed in United States dollars unless otherwise noted)

5. Equipment

Equipment acquired for the year ended March 31, 2014 and March 31, 2013 as follows:

		Equipment		Vehicles		Leaseholds		Total
At cost								
As at April 1, 2012	$	86,976	$	53,676	$	7,453	$	148,105
Additions		425		-		-		425
As at March 31, 2013 and March 31, 2014		87,401		53,676		7,453		148,530
Accumulated depreciation								
As at April 1, 2012	$	(38,275)	$	(24,692)	$	(1,809)	$	(64,776)
Additions		(16,304)		(2,806)		(1,647)		(20,757)
As at March 31, 2013		(54,579)		(27,498)		(3,456)		(85,533)
Additions		(9,350)		(1,609)		(945)		(11,904)
As at March 31, 2014	**$**	**(63,929)**	**$**	**(29,107)**	**$**	**(4,401)**	**$**	**(97,437)**
Net book value								
As at March 31, 2013	$	32,822	$	26,178	$	3,997	$	62,997
As at March 31, 2014	**$**	**23,472**	**$**	**24,569**	**$**	**3,502**	**$**	**51,093**

(Expressed in United States dollars unless otherwise noted)

6. Cash and cash equivalents

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash Equivalents represent Guaranteed Investment Certificates "GICs" held with a recognized financial institution earning interest between 1.00% and 1.55%.

The fair value of cash and cash equivalents equates the values as disclosed in this note.

		As at March 31, 2014		As at March 31, 2013
Cash at bank	**$**	**329,617**	$	197,762
Cash equivalents		**-**		449,595
Total cash and cash equivalents	**$**	**329,617**	$	647,357

7. Share capital

a. Shares authorized

The Company is authorized to issue an unlimited number of common shares with no par value.

b. Common share issues

Shares issued and outstanding

	Total amount of common shares issued		Total value of common shares issued
Balance as of April 1, 2012	61,176,760	$	22,414,373
Acquisition of unproven mineral right interests (i)	1,000,000		265,018
Exercise of stock options (ii), (iii), (iv)	43,000		31,878
Balance as of March 31, 2013	62,219,760		22,711,269
Financing, net of issue costs (v)	14,920,500		644,897
Balances as of March 31, 2014	**77,140,260**	**$**	**23,356,166**

(i) On May 1, 2012, the Company's issued 1,000,000 common shares to Goldcorp Mexico at a price of Cdn$0.26 per share in order to complete the requirements for the exercise of the second option that provided the Company with the right to earn an additional 20% in the El Oro Project in Mexico (Note 4), resulting in an increase to share capital of $265,018 (CDN$260,000)

(ii) On June 7, 2012 a current board member of the Company exercised 65,000 Candente Copper Corp. options at an exercise price of CDN$0.33. Per the Plan of Arrangement, dated May 15, 2009 between Candente Copper Corp. and the Company, the exercise of these options resulted in the issuance of 13,000 common shares of the Company and proceeds of $5,332. A total of $3,394 was allocated from reserves as a result of the exercise of these stock options.

(Expressed in United States dollars unless otherwise noted)

7. Share capital (continued)

b. Common share issues (continued)

(iii) On August 20, 2012 an officer of the Company exercised 75,000 Candente Copper Corp. options at an exercise price of CDN$0.42. Per the Plan of Arrangement, dated May 15, 2009 between Candente Copper Corp. and the Company, the exercise of these options resulted in the issuance of 15,000 common shares of the Company and proceeds of $7,657. A total of $3,919 was allocated from reserves as a result of the exercise of these stock options.

(iv) On September 5, 2012 a former officer of the Company exercised 75,000 Candente Copper Inc. options at an exercise price of CDN$0.42. Per the Plan of Arrangement, dated May 15, 2009 between Candente Copper Corp. and the Company, the exercise of these options resulted in the issuance of 15,000 common shares of the Company and proceeds of $7,657. A total of $3,919 was allocated from reserves as a result of the exercise of these stock options.

(v) On January 23, 2014, the Company completed a non-brokered private placement issuing a total of 14,920,500 common shares (2,400,000 issued to directors of the Company) at a price of CDN$0.05 per common share for total gross proceeds of $701,685 (CDN$ 746,025). Finders' fees totalling $31,462 (CDN$ 33,450) were paid along with the issuance of 629,000 finders' warrants exercisable at CDN$0.07 until December 23, 2015. The warrants were valued at $ 25,327 using the Black-Scholes model.

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 options	**Weighted average exercise price (CDN$)**
Options outstanding, April 1, 2012	3,476,000	$0.65
Options granted	2,200,000	$0.25
Options forfeited	(275,000)	$0.64
Options expired	(121,500)	$0.42
Options exercised	(43,000)	$0.42
Options outstanding, March 31, 2013	5,236,500	$0.47
Options granted	250,000	$0.25
Options forfeited	(450,000)	$0.38
Options expired	(200,000)	$0.80
Options outstanding, March 31, 2014	**4,836,500**	**$0.45**

(Expressed in United States dollars unless otherwise noted)

7. Share capital (continued)

c. Share options (continued)

As at March 31, 2014, the following options were exercisable and outstanding:

	Outstanding		Exercisable		
Grant date	**Exercise price**	**Number of options**	**Exercise price**	**Number of options**	**Expiry date**
September 4, 2009	$0.42	509,000	$0.42	509,000	September 4, 2014
February 17, 2010	$0.64	1,947,500	$0.64	1,947,500	February 17, 2015
November 2, 2010	$0.80	100,000	$0.49	100,000	November 2, 2015
May 25, 2011	$0.65	130,000	$0.39	130,000	May 25, 2016
December 5, 2012	$0.25	250,000	$0.25	125,000	December 5, 2017
February 15, 2013	$0.25	1,485,000	$0.25	742,500	February 15, 2018
March 26, 2013	$0.25	165,000	$0.25	82,500	March 26, 2018
January 21, 2014	$0.25	250,000	$0.25	250,000	January 21, 2019
Weighted average	$0.45	4,836,500	$0.62	3,886,500	

Following the spin-out of Candente Gold from Candente Copper in January 2010, the Company has a commitment to issue shares of Candente Gold upon exercise of certain outstanding Candente Copper options ("Deemed Options"). The Company was deemed to have issued 1,638,350 Deemed Options, representing 8,191,750 options of Candente Copper with exercise prices ranging from Cdn$0.42 to Cdn$1.40 and expiry dates ranging from January 3, 2011 to November 24, 2014. The Deemed Options had a fair value of $476,500 at the date of the spin-out and as of the year end March 31, 2014, 509,000 of these options remain outstanding.

The Company used the Black-Scholes option-pricing model under the following weighted average assumptions and recorded total share based payment for the years ended March 31, 2014 and 2013 of $233,289 and $54,431 respectively:

	2014	**2013**
Dividend yield	0%	0%
Risk-free interest rate	1.35%	1.24%
Volatility range	108.31%	102.16%
Expected life	3.53 years	3.46 years
Forfeiture rate	2.50%	2.86%

(Expressed in United States dollars unless otherwise noted)

7. Share capital (continued)

d. Warrants

	Number of warrants	Weighted average exercise price
Warrants outstanding, April 1, 2012	5,226,350	$1.07
Expiry of warrants	(5,226,350)	$1.07
Warrants outstanding, March 31, 2013	-	-
Granted (Note 7b(iv))	629,000	$0.07
Warrants outstanding, March 31, 2014	**629,000**	**$0.07**

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, 2014 of $25,327:

	2014	2013
Dividend yield	0%	-
Risk-free interest rate	1.13%	-
Volatility range	108.70%	-
Expected life	2 years	-
Forfeiture rate	0.00%	-

8. 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. – President, CEO, management and exploration fees
- SW Project Management – Vice president, project management and exploration fees
- Michael Thicke Geological Consulting Inc. – Exploration fees for member group of companies
- Delphis Financial Strategies – CFO and management fees to October 27, 2012
- Phoenix One Consulting Inc. – CFO and management fees starting June 20, 2012 and ending November 29, 2013
- CJ Dong Consulting Inc. – CFO and management fees starting November 29, 2013
- Candente Copper Corp. – shared administrative expenses with a Company related by directors and management in common

The Company incurred the following fees and expenses in the normal course of operations for key management personnel for the years ended March 31, 2014 and 2013. Expenses have been measured at the exchange amount that is determined on a cost recovery basis.

(Expressed in United States dollars unless otherwise noted)

8. Related party disclosures (continued)

		March 31, 2014		March 31, 2013
Salaries and fees	**$**	**63,163**	$	165,747
Share-based payment		**155,768**		13,671
	$	**218,931**	$	179,418

- Share-based payments are the fair value of options expensed to directors and key management personnel during the year.
- The Company does not remunerate the directors of the Company unless its market capitalization is greater than $75 million. During the 2014 and 2013 years, the Company did not pay any directors fees.

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at March 31, 2014 included approximately $1,000 due to related parties (2013 – $nil) and an amount of $569,593 was due to Candente Copper Corp., a Company with common officers and directors at March 31, 2014.

(Expressed in United States dollars unless otherwise noted)

9. Expenses

Included in exploration expenses are the following:

		For the year ended March 31, 2014		For the year ended March 31, 2013
Exploration expenses				
Community relations and sustainability	**$**	**21,405**	$	120,133
Drilling		**367**		47,646
Engineering studies		**12,336**		-
Exploration: Data compilation, mapping, geological evaluations		**556,491**		685,992
Project administration		**170,846**		560,343
Total exploration expenses	**$**	**761,445**	$	1,414,114

Included in general and administrative expenses are the following:

		For the year ended March 31, 2014		For the year ended March 31, 2013
General and administrative expenses				
Management fees, office salaries and benefits	**$**	**148,833**	$	185,180
Share-based payment		**233,289**		54,431
Office, rent and miscellaneous		**106,582**		105,210
Consulting		**58,007**		133,314
Shareholder communications		**39,217**		40,402
Regulatory and filing fees		**56,978**		80,643
Legal		**52,889**		43,853
Travel and accommodations		**2,509**		3,153
Audit and tax advisory fees		**38,660**		48,746
Amortization		**11,904**		20,757
Bank charges and interest		**2,903**		5,777
Corporate development		**1,690**		491
Total general and administration expenses	**$**	**753,461**	$	721,957

(Expressed in United States dollars unless otherwise noted)

10. Income Taxes

(a) The Canadian Federal corporate tax rate remained unchanged during 2014 and the British Columbia provincial tax rate increased from 10% to 11% on April 1, 2013. The increase in tax rates resulted in an overall increase in the Company's statutory tax rate from 25% to 26%. Income tax expense reported differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to the Company, to the loss before the tax provision due to the following:

	2014	2013
	$	$
Loss before tax	**(4,812,653)**	(1,764,836)
Statutory tax rate	**26.00%**	25.00%
Expected income recovery	**(1,251,290)**	(441,209)
Changes attributable to:		
Non-deductible expenses	**195,789**	113,188
Difference in tax rates between Canada and foreign jurisdictions	**(155,014)**	(47,711)
Tax effect on tax losses and temporary differences not recognized	**1,573,386**	(516,594)
Change in prior year estimates, foreign exchange and others	**(362,871)**	892,326
Income tax expense	**$ -**	$ -

(b) Recognized deductible temporary differences and unused tax losses:

The components of the Company's deferred tax assets and liabilities are as follows:

	2014	**2013**
	$	$
Deferred tax asset: non-capital losses net of unrecognized amounts	20,168	-
Deferred tax liabilities: Mineral Properties	(20,168)	-
Net deferred tax	-	-

(c) Unrecognized deductible temporary differences and unused tax losses:

The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

(Expressed in United States dollars unless otherwise noted)

10. Income Taxes (continued)

	2014	2013
	$	$
Non-capital losses	**10,461,772**	8,304,955
Share issue costs	**170,771**	411,711
Foreign exploration	**5,146,720**	6,593,745
Tax values in excess of net book value of equipment	**-**	8,926
Capital losses	**185,870**	185,870
Eligible Capital	**74,202**	87,237
Unrecognized deductible temporary differences	**$ 16,039,335**	$ 15,592,444

(d) Expiry dates of unused tax losses:

At March 31, 2014, the Company has non-capital operating losses of approximately $3.5 million (2013 - $3.3 million) for deduction against future taxable income in Canada. The operating losses expire as follows:

2030	**$**	658,025
2031		1,164,181
2032		689,533
2033		548,136
2034		403,961
	$	3,463,836

The Company also had net operating loss carry-forwards for tax purposes of approximately $134,095 (2013 - $301,000) and resource related amounts totaling approximately $3.33 million (2013 - $6.59 million), available subject to certain restrictions, for deduction against future taxable income in Peru. The Company has the option to carry forward all net operating losses for four (4) years or carry the losses forward indefinitely, but only up to 50% of the Company's taxable income for each subsequent year.

Finally, the Company had net operating loss-carry forwards (expiring between 2018 and 2024) for tax purposes of approximately $6.9 million (2013 - $4.7 million) available, subject to certain restrictions, for deduction against future taxable income in Mexico.

Management believes that sufficient uncertainty exists regarding the realization of certain deferred income tax assets and that no deferred tax asset should be recorded above any estimated deferred tax liabilities.

(Expressed in United States dollars unless otherwise noted)

11. Financial risk and capital management

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

a. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The liquidity position of the Company is managed to ensure sufficient liquid funds are available to meet financial commitments in a timely and cost-efficient manner. The Company's management continually reviews the liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels. The Company plans to seek additional financing and continued support from current vendors in order to make payments of trade payables and commitments.

Maturity Analysis of Financial Instruments

Financial Liabilities	**Carrying Amount ($'s)**	**2015**	**2016**	**2017**	**2018**
Trade payables and accrued liabilities	$789,189	$789,189	**$ -**	**$ -**	**$ -**

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated 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. Although the functional currency of the Company's primary subsidiaries is the United States dollars, some of the subsidiaries transactions are denominated in Nuevo Soles and Mexican Pesos. Total expenditures of this nature for the year ended March 31, 2014 totaled approximately 60,000 Nuevo Sols ($21,000) and 6,900,000 Mexican Pesos ($535,000). The Company determined that a 10% increase or decrease in the U.S. dollar against the Nuevo Sol and the Mexican Peso would result in an increase or decrease in net loss of $50,000 for the year ended March 31, 2014. The Company does not enter into any foreign exchange contracts to mitigate this risk.

c. Capital management

The Company's capital structure is comprised of working capital (current assets minus current liabilities) and equity. The Company's objectives when managing its capital structure is to, maintain financial flexibility to preserve the Company's access to capital markets and its ability to meet its financial obligations.

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the 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. As of the year ended March 31, 2014, the Company is managing its existing working capital to ensure that it will be able to meet its current commitments, however the Company does anticipate it will need to raise additional capital during fiscal 2015, to continue project development in Mexico and Peru.

(Expressed in United States dollars unless otherwise noted)

11. Financial risk and capital management (continued)

d. Fair value hierarchy

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).

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	$ 329,617	$ -	$ -	$ 329,617

The consolidated statements of financial position carrying amounts for cash and cash equivalents, trade and other receivables and trade payables and accrued liabilities, approximate fair value due to their short-term nature.

12. Segmented information

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

				March 31, 2014
	Canada	Peru	Mexico	Total
Value-added tax credit	$ -	$ 75,165	$ -	$ 75,165
Unproven mineral right interests	-	1,557,000	8,056,592	9,613,592
Equipment	5,970	2,593	42,530	51,093
	$ 5,970	$ 1,634,758	$ 8,099,122	$ 9,739,850

(Expressed in United States dollars unless otherwise noted)

12. Segmented information (continued)

	March 31, 2013			
	Canada	Peru	Mexico	Total
Value-added tax credit	$ -	$ 63,908	$ -	$ 63,908
Unproven mineral right interests	-	4,748,712	8,053,562	12,802,274
Equipment	11,971	6,308	44,718	62,997
	$ 11,971	$ 4,818,928	$ 8,098,280	$ 12,929,179

13. Events after the reporting period

Subsequent to the year-end, 70,000 options were cancelled.