CANDENTE GOLD CORP.
(An Exploration Stage Company)

Management's Discussion and Analysis
Year ended March 31, 2012

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Candente Gold Corp. ("Candente Gold") and its subsidiaries (collectively, the "Company") is prepared as of June 25, 2012 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the years ended March 31, 2012 ("fiscal 2012") and March 31, 2011 ("fiscal 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 13 of the Company's March 31, 2012 audited consolidated financial statements and in this MD&A.

The Company's presentation currency is the United States dollar and all figures in this MD&A are in United States dollars unless otherwise indicated.

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.

All the financial information presented in this document is expressed in U.S. dollars, unless otherwise noted.

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 gold project in Mexico ("El Oro") and in various gold-silver unproven mineral right interests 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.

CORPORATE DEVELOPMENTS

On April 24, 2009, Candente Copper Corp. ("Candente Copper") and Canaco Resources Inc. ("Canaco") incorporated Candente Gold and on April 30, 2009, Candente Copper and Canaco completed the transfer to Candente Gold of their respective 50% interests in Minera CCM, S.A. de C.V. ("CCM"), the Mexican company that holds an option on the El Oro project (the "Option").

As consideration for the transfer of the El Oro interests, Candente Gold issued 5 million common shares and a Cdn1.3 million promissory note to each of Candente Copper and Canaco. On December 31, 2009, Candente Copper converted its promissory note into 3,250,000 shares and 1,625,000 warrants of the Company. The warrants expired unexercised on January 4, 2012. The note with Canaco was repaid in two installments by June 30, 2011.

In addition, Candente Copper transferred its Peruvian gold-silver properties (the "Peruvian Properties") to Candente Gold in the quarter ended December 31, 2009 and on January 6, 2010, Candente Gold issued 13,500,000 common shares to Candente Copper in return for the transfer of the Peruvian Properties as well as $476,500 related to the fair value of Candente Gold's portion of certain Candente Copper options and warrants then outstanding. Other consideration for the exchange of the Peruvian Properties included the granting by the Company of a copper net smelter return royalty to Candente Copper. Further, Candente Gold agreed to issue to Candente Copper an additional 10,000,000 of its common shares once a minimum of $5 million has been spent cumulatively by Candente Gold on the Peruvian Properties.

In fiscal 2011, Candente Gold 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, Candente Gold issued 8,125,000 units (the "Units") at a price of Cdn$0.80 per Unit. Each Unit consisted of one common share of Candente Gold and one-half of one common share purchase warrant (the "Warrants"). Each whole Warrant entitles the holder thereof to acquire one common share of Candente Gold at a price of Cdn$1.10 until March 30, 2013. The underwriters who led the financing 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) and received a cash commission equal to 6.75% of the gross proceeds raised in the Financing and warrants entitling them to purchase such number of common shares of Candente Gold in an amount equal to 6% of the number of Units issued at a price of Cdn$0.86 per common share until March 30, 2013. The Agents' Warrants issued as finders' fees were valued by Candente Gold at $198,548.

In fiscal 2012, the underwriters who participated in the Financing exercised their over-allotment option, raising additional gross proceeds for Candente Gold of $334,833 (Cdn$320,000). Candente Gold issued 400,000 Units at a price of Cdn$0.80 per Unit. Each whole Warrant entitles the holder thereof to acquire one common share of Candente Gold at a price of Cdn$1.10 until March 30, 2013. The underwriters received a cash commission equal to 6.75% of the gross proceeds received from the over-allotment and warrants entitling them to acquire a total of 24,000 common shares of Candente Gold at a price of Cdn$0.86 per common share until March 30, 2013. The Agents' Warrants issued as finders' fees were valued by Candente Gold at $2,557.

In fiscal 2011, the Company completed the requirements to earn an undivided 50% interest in the El Oro project, as set out under *Candente Gold Exploration Projects- El Oro*.

The Company recorded a net loss in fiscal 2012 of $4,639,472, compared to a net loss of $6,239,629 in fiscal 2011. The net loss recorded by the Company is comprised of exploration expenses of $3,976,184 (fiscal 2011: $4,091,232) and general and administrative expenses of $663,288 (fiscal 2011: $2,148,397). Most of the exploration expenses were incurred in respect of the El Oro project. The Company recorded total comprehensive loss of $4,966,866 in fiscal 2012 (fiscal 2011: $5,960,742).

Loss per share in fiscal 2012 was $0.08, compared to $0.12 in fiscal 2011.

Subsequent to March 31, 2012, the Company completed the requirements to earn an undivided 70% interest in the El Oro project, as set out under *Candente Gold Exploration Projects- El Oro*.

CANDENTE GOLD EXPLORATION PROJECTS

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 – approximately 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 strike length and at grades averaging 9 to 16 grams per tonne 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 has been found to occur 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. (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 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 Goldcorp Mexico 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 Goldcorp Mexico 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);

The 2006 Agreement, as amended, also 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; 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.

On May 3, 2011 Candente Gold reported that Goldcorp Mexico had confirmed the fulfillment of all requirements of the First Option necessary to exercise its option to earn an undivided 50% interest in the El Oro Gold Project. Candente Gold also reported that Goldcorp Mexico was given official confirmation that the Company had elected to earn an additional 20% interest in El Oro pursuant to the Second Option.

On June 20, 2012, Candente Gold reported to Goldcorp Mexico the fulfillment of all requirements of the Second Option necessary to ean a total 70% undivided interest in the El Oro Gold project. Goldcorp Mexico has a period of 90 days from May 1, 2012 to advise Candente Gold of its decisions regarding the following options:

• In the Historic Mining Area (as defined in the option agreement): Goldcorp Mexico has the right to: i) retain a 30% interest by participating in future expenditures; or ii) convert to a 6.5% NPI (Net Profit Interest); and

• In the Exploration Area: Goldcorp Mexico has the right to: i) retain a 30% interest by participating in future expenditures; ii) convert to a 6.5% NPI, or iii) earn-back a 40% interest (to hold a 70% interest) by making exploration expenditures on the Exploration Area within the next four years that total 2.5 times the total amount of exploration expenditures made by Candente Gold in the Exploration Area.

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 underground drilling was successful in confirming historic grades in the vein left in place and in backfill in the old workings.
A total of 3,336.80 metres in 6 holes (ZO10-01 to 06) tested several geological, geochemical and geophysical targets in the Oriente area, however drilling failed to intersect any mineralization of economic interest in this area. No additional drilling is planned for this area.

Since November 2010, surface drilling has been focused on the San Rafael Vein system over a strike length of 3.5 km, 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 (possibly) San Rafael vein extension potential. Systematic exploration of several other target areas has also been underway including the Borda-Coronas, Cortaduras and San Francisco de Los Reyes areas.

A total of 12,819.45 metres have been drilled, since November 2010, in 35 holes targeting the San Rafael Vein and its hanging wall veins. Of these holes, 15 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.

Of the 21 successfully completed holes, 18 have intersected anomalous to high-grade gold and silver mineralization.

Mexico-Esperanza Area

The Mexico-Esperanza area remains the strongest exploration target within the San Rafael vein system due to recent high grade discoveries indicating the presence of vertical controls to mineralization as well as the highest grades of historic production.

In the Mexico-Esperanza area three high-grade intersections have been made in the San Rafael vein below the deepest old workings (in SR11-001A and SR11-012-W2 from the current drill program and in 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. 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, intersected the San Rafael vein approximately 195m below hole SR11-001A, the deepest intersection in the Mexico-Esperanza area to date. This hole intersected 26.95 metres of the San Rafael vein from 874.65 to 901.60 metres depth grading 0.55 g/t gold over the full 26.95 metre section. Higher grade zones within this interval include 4.45 g/t gold over 2.40 metres within 6.16 g/t gold over 1.60 metres.

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,

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, SR11-009C intersected 176 g/t silver over 0.30m, and SR11-009C-W1 intersected 84 g/t silver over 1.00m. 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 drill hole SR03-004.

Anomalous to high-grade gold and silver values have 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.

Drilling in this area has 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.

Varying assemblages of anomalous levels of base and precious metal levels were encountered at various depths within the San Rafael vein system and show no pattern related to increasing depth. Given that typical low sulphidation epithermal systems precipitate gold at highest levels (the boiling zone) then silver and then base metals towards the bottom of a system; this is further evidence that the San Rafael system has experienced multiple overlapping pulses of mineralization.

Dos Estrellas Tunnel Rehabilitation

Ongoing underground rehabilitation in the pre-existing Dos Estrellas access tunnel, to allow underground access for drilling targets at depth below the historic workings on the Veta Verde, has now reached the targeted crosscut at 500m m, and work to establish a drill station within the crosscut has advanced 10m into the crosscut. This work is (vein). Recent production data uncovered for Veta Verde will also have a significant impact on targeting exploration for high grade trends. 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 the hanging wall, in a crosscut approximately 480m into the Dos Estrellas tunnel, reducing the amount of rehabilitation needed before drilling can begin.

Exploration Plans

Systematic exploration and a thorough review of the extensive database for the district is underway to prioritize future exploration targets in the El Oro gold-silver district.

Targets have already been developed in the Verde, Borda-Coronas, Cortaduras and San Francisco de Los Reyes areas.

The El Oro district includes over 50 known veins and is analogous to other epithermal vein systems mined in Mexico such as Fresnillo, Guanajuato and Pinos Altos, where gold and silver has been found to occur over 600 to 1200 m vertically. Given that historic production was concentrated on two veins over vertical depths averaging 200 metres the exploration potential is excellent.

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

TABLE 1 – Summary of Surface Drilling Data – November 2010 to November 2011

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	261.00	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	304.00	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				
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**

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

TABLE 2 – Summary of Surface Drilling Data – November 2011 to current

Hole Number	Total Length (m)	Somera Tuff intersected (m)	San Rafael vein intersected (m)	From (m)	To (m)	Width (m)	Au (g/t)	Ag (g/t)
SR11-009C-W2	146.4	not targeted	356.95 to 413.35	367.95	371.20	3.25	0.83	19.2
			356.95 to 413.35	367.15	371.20	4.05	0.78	17.8
			356.95 to 413.35	389.65	390.14	0.49	3.70	15.0
			356.95 to 413.35	411.48	414.20	2.72	0.26	23.9
SR11-010	460.3	not targeted		282.60	283.50	0.90	0.11	24.5
			399.01 to 415.96	400.78	401.20	0.42	3.93	3.5
			399.01 to 415.96	417.91	418.70	0.79	2.31	1.0
SR11-010-W1	345.6	not targeted		168.00	169.90	1.90	0.24	18.0
				206.00	206.45	0.45	1.62	20.0
			439.65 to 445.45	439.00	443.35	4.35	0.07	18.4
			439.65 to 445.45	445.76	448.60	2.84	0.07	1.7
SR11-011	417.6	not targeted	not intersected	hole lost - no samples assayed				
SR11-011-W1	372.7	not targeted	472.96 to 485.40	no significant results				
SR11-012	341.4	317.19 to 341.40	not intersected	hole lost in Somera Tuff - no samples assayed				
SR11-012-W1	40.0	317.19 to 350.52	not intersected	hole lost in Somera Tuff - no samples assayed				
SR11-012-W2	696.7	316.85 to 379.65		345.20	410.50	65.30	0.30	1.9
		316.85 to 379.65		378.55	410.50	31.95	0.40	2.1
		316.85 to 379.65		387.15	400.20	13.05	0.60	2.1
		316.85 to 379.65		393.40	400.20	6.80	0.80	2.7
			874.65 to 901.60	874.65	901.60	26.95	0.55	2.3
			874.65 to 901.60	874.65	877.05	2.40	4.45	2.3
			874.65 to 901.60	874.65	876.25	1.60	6.16	3.0
				957.07	957.55	0.48	0.43	37.5
SR11-012-W3	147.8		not intersected	no significant results				

Joanne C. Freeze, P.Geo., President and CEO, is the qualified person responsible for this review of El Oro technical information.

PERUVIAN GOLD-SILVER PROPERTIES

The following disclosure has been prepared by or under the supervision of Sean I. Waller, P.Eng., Vice President of the Company and Joanne C. Freeze, President, P. Geo., CEO and director of the Company, both of whom are qualified persons for the purposes of NI-43-101. All of these properties are 100% owned by the Company and are without reserves. Candente Gold's current operations on these properties consist of an exploratory search for mineable deposits of minerals, and previous work completed by Candente Copper on these properties was exploratory in nature.

TRES MARIAS

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. Detailed mapping and rock and soil geochemical sampling has been done on the Soracha and San Francisco zones and results are being used to define drill targets.

The Company applied for a drilling permit on the Tres Marias property in June 2012. Agreements have been made with the local surface rights owners and communities, and the Company expects to receive the drilling permits in the near future.

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 potencially associated with IOCG-style mineralization peripherally or at depth. Recent mapping and sampling have identified numerous target areas for drill testing. The property was acquired from Britannia Mines and was formerly known as the Columbia property.

The Company applied for a drilling permit on the Lunahuana property in June 2012. Agreements have been made with the local surface rights owners and communities, and the Company expects to receive the drilling permits in the near future.

ORO QUEROPALCA

The Oro Queropalca property hosts abundant vein and disseminated gold-silver mineralization in surface showings that returned highly anomalous gold and silver assays. The property has potential to host epithermal gold-silver and manto style silver-lead-zinc mineralization. Recent mapping and sampling has been done to better characterize mineralization and to help define drill targets.

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. Exploration targets include six zones consisting of gold-silver mineralization hosted in veins, breccias and structures. Areas between the six mineralized zones have had little exploration and the property is considered under-explored.
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 lies just east of the Picota property and 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 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.

FREDITO

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.

PERUVIAN CURRENT EXPLORATION

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

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

SELECTED ANNUAL FINANCIAL INFORMATION

		Years ended March 31, 2012 (IFRS)	2011 (IFRS)	2010 (Canadian GAAP)
Total revenue	$	- $	- $	-
Net loss		(4,639,472)	(6,239,629)	(1,623,543)
Total comprehensive loss		(4,966,866)	(5,960,742)	(1,623,543)
Basic and diluted loss per share		(0.08)	(0.12)	(0.15)

		March 31, 2012 (IFRS)	March 31, 2011 (IFRS)	April 1, 2010 (IFRS)
Working capital	$	2,753,393 $	7,739,127 $	5,876,835
Unproven mineral right interests		12,077,844	11,558,304	10,482,826
Total assets		15,312,307	20,854,899	17,858,807

RESULTS OF OPERATIONS

Year ended March 31, 2012

During fiscal 2012, the Company recorded a loss of $4,639,472, compared to a loss of $6,239,629 in fiscal 2011. The Company is in the exploration stage, with no significant sources of revenue.

The Company incurred exploration expenses of $3,976,184 in fiscal 2012 (2011: $4,091,232).

The most significant exploration expenses were drilling of $1,843,723 (2011: $1,911,906), geological and geophysical of $705,603 (2011: $572,494), field support and personnel of $538,798 (2011: $90,917), exploration administration of $436,996 (2011: $716,467), camp, field supplies and travel of $199,683 (2011: $576,779) and assays of $111,445 (2011: $105,977). Most of the exploration expenses in both years were incurred in respect of the El Oro project. Total exploration expenses were consistent in fiscal 2012 and 2011 and are expected to decrease substantially in fiscal 2013, given that the Company has now reached the exploration commitments to earn a 70% undivided interest in the El Oro project.

General and administrative expenses in fiscal 2012 were $663,288 (2011: $2,148,397). The variance of $1,485,109 in general and administrative expenses is mostly explained by a reduction of $1,009,108 in share-based payment due to a lower number of shares options vesting in fiscal 2012, and by a decrease of $329,989 in foreign exchange loss compared to fiscal 2011.

The most significant general and administrative expenses in the year were management fees, office salaries and benefits of $305,074 (2011: $279,117), office rent and miscellaneous of $145,627 (2011: $160,733), share-based payment of $107,426 (2011: $1,116,534), regulatory and filing fees of $76,700 (2011: $105,289) and legal of $41,279 (2011: $39,223). Candente Gold, Candente Copper and Cobriza Metals Corp. ("Cobriza") share certain general and administrative expenses.

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

SUMMARY OF TOTAL EXPLORATION COSTS INCURRED BY THE COMPANY IN EACH QUARTER ("QE")

	Incurred to March 31, 2011 ($)	QE June 30, 2011 ($)	QE Sept. 30, 2011 ($)	QE Dec. 31, 2011 ($)	QE March 31, 2012 ($)	Incurred to March 31, 2012 ($)
EL ORO						
Depreciation	18,242	4,568	4,568	4,568	4,568	36,514
Assays	100,919	12,312	48,988	22,073	5,502	189,794
Exploration administration	658,878	108,059	65,402	66,583	65,321	964,243
Camp, field supplies and travel	599,263	46,866	44,260	45,400	35,299	771,088
Drilling	1,921,488	550,252	861,425	384,364	47,682	3,765,211
Equipment maintenance and rental	101,970	29,991	21,101	20,723	17,423	191,208
Field support and personnel	-	111,530	103,385	82,125	45,191	342,231
Geological and geophysical	818,104	137,880	167,455	174,864	188,199	1,486,502
	4,218,864	1,001,458	1,316,584	800,700	409,185	7,746,791
OTHER PROJECTS						
Assays	5,616	9,396	2,921	1,972	8,283	28,188
Exploration administration	103,584	27,287	30,531	32,516	41,297	235,215
Camp, field supplies and travel	26,813	7,863	8,499	6,314	5,182	54,671
Equipment maintenance and rental	9,453	9,755	2,399	4,579	8,692	34,878
Field support and personnel	98,864	49,936	35,780	41,437	69,414	295,431
Community relations	-	-	-	-	7,000	7,000
Geological and geophysical	40,316	10,844	13,018	8,998	4,344	77,520
	284,646	115,081	93,148	95,816	144,212	732,903
TOTAL	**4,503,510**	**1,116,539**	**1,409,732**	**896,516**	**553,397**	**8,479,694**

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	QE March 31, 2012 $	QE Dec. 31, 2011 $	QE Sept. 30, 2011 $	QE June 30, 2011 $
Total revenue	-	-	-	-
Loss	(825,943)	(1,161,336)	(1,344,928)	(1,307,265)
Basic and diluted loss per share	(0.01)	(0.02)	(0.03)	(0.02)
	QE March 31, 2011 $	**QE Dec. 31, 2010 $**	**QE Sept. 30, 2010 $**	**QE June 30, 2010 $**
Total revenue	-	-	-	-
Loss	(1,527,797)	(1,649,236)	(1,609,485)	(1,453,111)
Basic and diluted loss per share	(0.03)	(0.03)	(0.03)	(0.03)

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2012, the Company had cash and cash equivalents of $2,364,289 and working capital of $2,753,393, compared to cash and cash equivalents of $8,643,417 and working capital of $7,739,127 at March 31, 2011.

As of March 31, 2012, the Company's liabilities consisted of trade and other payables of $342,497, of which $161,700 was due to Candente Copper in connection with cost-sharing for the quarter ended March 31, 2012.

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

During the year ended March 31, 2012, the underwriters who participated in the Financing described below exercised their over-allotment option, raising additional gross proceeds for Candente Gold of $334,833. Candente Gold issued 400,000 Units at a price of Cdn$0.80 per Unit. Each whole Warrant entitles the holder thereof to acquire one common share of Candente Gold at a price of Cdn$1.10 until March 30, 2013. The underwriters received a cash commission equal to 6.75% of the gross proceeds received from the over-allotment and warrants entitling them to acquire a total of 24,000 common shares of Candente Gold at a price of Cdn$0.86 per common share until March 30, 2013. The Agents' Warrants issued as finders' fees were valued by Candente Gold at $2,557.

During the year ended March 31, 2011, Candente Gold completed a Financing for gross proceeds of $6,659,154 and issued 8,125,000 Units at a price of Cdn$0.80 per Unit. Each whole Warrant entitles the holder thereof to acquire one common share of Candente Gold at a price of Cdn$1.10 to March 30, 2013. The underwriters who led the Financing acquired an additional 716,250 Units and 51,250 Warrants for additional gross proceeds of $590,180 and received a cash commission equal to 6.75% of the gross proceeds raised in the Financing, entitling them to purchase such number of common shares of Candente Gold in an amount equal to 6% of the number of Units issued at a price of Cdn$0.86 per common share until March 30, 2013. The Agents' Warrants issued as finders' fees were valued by Candente Gold at $198,548.

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.

The Company has substantially reduced its exploration expenditures in the El Oro project after having met in April 2012 the exploration commitments to acquire an undivided 70% interest in the project. Cash outflows are expected to decrease materially in fiscal 2013 compared to prior years until the Company secures additional financing to continue developing its projects.

Operating Activities

Cash used in operations in fiscal 2012, including the changes in non-cash working capital items, was $4,862,584 (2011: $5,008,588).

Financing Activities

In fiscal 2012, the Company received net proceeds of $311,181 from the overallotment of the Financing. The Company also received $53,388 from the exercise of 85,713 share purchase warrants, received $15,462 from the exercise of 16,500 share options and paid $977,165 pursuant to promissory note due to Canaco for the transfer of mineral right interests in 2009.

Investing Activities

In 2012, investing activities consisted of acquisition costs of $454,219 related to the payment of mining rights in Mexico and Peru to maintain the good standing of the Company's mineral right interests, the purchase of $25,203 in equipment and an increase of $26,345 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.

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

SUMMARY OF CONTRACTUAL OBLIGATIONS

The Company has commitments relating to the lease of premises in Canada and in Mexico. The future minimum lease payments are approximately as follows:

	Total	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years
Lease of premises	$ 230,041	$ 128,823	$ 45,086	$ 40,823	$ 15,309

TRANSACTIONS WITH RELATED PARTIES

During the year ended March 31, 2012, a total of $117,354 (2011: $284,431) 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 year ended March 31, 2012, a total of $132,494 (2011: $168,788) was paid as salaries to various officers of the Company and $48,416 (2011: $47,218) 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 trade and other receivables at March 31, 2012 is $nil (2011: $11,366) owed to the Company by certain officers for expense advances. Included in trade and other payables at March 31, 2012 is $17,634 (2011: $29,875) owed by the Company to certain officers and directors of the Company for services rendered, reimbursement of expenses and directors' fees.

At March 31, 2012, a director and officer of the Company served as a director and officer of Candente Copper and three of the Company's officers served as officers of Candente Copper. During fiscal 2012, the Company, Cobriza and Candente Copper shared certain office and administrative expenses and Candente Copper made certain payments on behalf of the Company. As of March 31, 2012, a total of $161,700 (2011: $93,681) was due from the Company to Candente Copper for reimbursement of shared general and administrative expenses.

The above transactions were incurred by the Company in the normal course of operations. Expenses have been measured at the amount agreed upon between the two parties.

FOURTH QUARTER

In the quarter ended March 31, 2012 ("Q4-2012") the Company recorded a loss of $825,943 or $0.01 per share, including $553,397 in exploration costs and $272,546 in general and administrative expenses. The main exploration expenses incurred in quarter were geological and geophysical of $192,543, field support and personnel of $114,605 and exploration administration of $106,618. The most significant general and administration expenses were a foreign exchange loss of $135,514, salaries and benefits of $59,527 and office, rent and miscellaneous expenses of $24,515.

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

A summary of expenses incurred on a quarterly basis in fiscal 2012 is presented below:

	Q1-2012	Q2-2012	Q3-2012	Q4-2012	Total F2012
Exploration Costs					-
Amortization and depreciation	4,568	4,568	4,568	4,568	18,272
Asssays	21,708	51,909	24,043	13,785	111,445
Administration	135,346	95,933	99,099	106,618	436,996
Camp, field supplies and travel	54,729	52,759	51,714	40,481	199,683
Drilling	550,252	861,425	384,364	47,682	1,843,723
Equipment maintenance and rental	39,746	23,500	25,303	26,115	114,664
Field support and personnel	161,466	139,165	123,562	114,605	538,798
Community relations	-	-	-	7,000	7,000
Geological and geophysical	148,724	180,473	183,863	192,543	705,603
	1,116,539	1,409,732	896,516	553,397	3,976,184
General and Administration Expenses					-
Amortization and depreciation	2,998	2,967	2,835	11,092	19,892
Audit, accounting and tax	(1,715)	-	3,893	-	2,178
Bank charges	2,154	1,762	825	641	5,382
Consulting	-	-	-	2,214	2,214
Corporate development	13,671	13,453	6,208	4,855	38,187
Legal fees	13,814	21,912	2,655	2,898	41,279
Salaries and benefits	94,949	96,215	54,383	59,527	305,074
Office, rent and miscellaneous	41,685	50,042	29,385	24,515	145,627
Travel and accomodations	3,058	23,796	5,752	3,651	36,257
Regulatory and filing fees	16,648	31,554	4,298	24,200	76,700
Shareholder communications	11,080	12,479	12,350	5,143	41,052
Stock-based compensation	39,214	50,166	19,503	(1,457)	107,426
Interest and other income	(23,025)	(15,169)	(2,938)	(247)	(41,379)
Foreign exchange (gains) or losses	(23,805)	(353,981)	125,671	135,514	(116,601)
	190,726	(64,804)	264,820	272,546	663,288
Net loss	(1,307,265)	(1,344,928)	(1,161,336)	(825,943)	(4,639,472)
Cumulative translation adjustment	(59,511)	(639,495)	112,364	259,248	(327,394)
Comprehensive loss	(1,366,776)	(1,984,423)	(1,048,972)	(566,695)	(4,966,866)

SUBSEQUENT EVENTS

Subsequent to March 31, 2012, the Company completed the requirements to exercise the Second Option to acquire a 70% undivided interest in El Oro (Note 5).

CRITICAL ACCOUNTING ESTIMATES

The Company's significant accounting policies are summarized in Note 3 of its Consolidated Financial Statements for the year ended March 31, 2012. The preparation of consolidated financial statements in accordance with IFRS requires management to select accounting policies and make estimates and judgements that may have a significant impact on the consolidated financial statements. The Company regularly reviews its estimates; however, actual amounts could differ from the estimates used and, accordingly, materially affect the results of operations.

Examples of significant estimates include:

- Determination of fair value assumptions upon acquisition of assets;
- Carrying values of unproven mineral right interests;

- Carrying values of equipment and depreciation rates for equipment;
- Recoverability of trade and other receivables;
- Valuation of deferred income taxes;
- Assumptions incorporated to assess impairment of unproven mineral right interests and equipment;
- Valuation of share-based payment;
- Determination of environmental obligations.

Examples of significant judgements, apart from those involving estimates, include:

- The accounting policies for unproven mineral right interests and equipment;
- Recoverability of capitalized amounts;
- Recognition of deferred tax assets and liabilities;
- Determination of functional currency;
- Determination of the economic viability of a project.

IFRS

The Company adopted IFRS effective April 1, 2011 with a transition date of April 1, 2010.

Under IFRS 1, IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to deficit unless certain exemptions are applied. The Company elected to take the following IFRS 1 optional exemptions:

- Not to restate business combinations which occurred prior to the transition date and the accounting thereof.

- Reclassify the cumulative translation difference reserve for all foreign operations to zero at the date of transition to IFRS.

- Extinguishing certain financial liabilities with equity instruments.

- Share-based payments – IFRS 2 Share-based payments encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the transition date. The Company has chosen to apply IFRS 2 for only those outstanding equity instruments granted after November 7, 2002 that had not vested by the transition date.

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 tables listed in the following pages.

Note 1 Under Canadian GAAP, the properties transferred to the Company by Candente Copper were transferred at their carrying value. Under IFRS, the transfer of properties was accounted for at fair value. The impact of this difference as of April 1, 2010 was a net increase of $3,570,588 to unproven mineral right interests, an increase of $3,146,134 in share capital and an increase of $424,454 in equity reserve. The impact in the year ended March 31, 2011 was a transfer of $68,250 between equity reserve and share capital, upon exercise of Deemed Options and Deemed Warrants.

Note 2 Under Canadian GAAP, the Company and all of its subsidiaries had a U.S. dollar functional currency. Under IFRS, the functional currency of the parent company is the Canadian dollar as this is the currency in which it primarily generates and expends cash. The Company's presentation currency remains the U.S. dollar. The period end exchange rate is 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. The impact of this IFRS adjustment as of April 1, 2010 was an increase of $89 in equipment, an increase of $3,954 in unproven mineral interests and a reduction in deficit of $4,043 per the exemption elected above whereby the foreign currency translation adjustment was reclassified to $nil at April 1, 2010. As of March 31, 2011, the impact of this adjustment was an increase of $1,033 in equipment, an increase of $21,303 in unproven mineral interests, an increase in deficit of $256,551 and an increase to cumulative translation allowance of $278,887.

Note 3 Under Canadian GAAP, the Company recorded share-based payments on a straight-line basis over the vesting period. Under IFRS, the Company calculates the fair value for share-based payments for each tranche within an award over the vesting period of the corresponding tranche. The impact from this adjustment on April 1, 2010 was an increase to other equity reserve and deficit of $261,550. During the year ended March 31, 2011, there was a decrease of $314,665 to share-based payment and other equity reserve from this adjustment.

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

Reconciliation of statements of financial position

The reconciliation between Canadian GAAP and IFRS statements of financial position at January 1, 2010 and December 31, 2010 is provided below.

	April 1, 2010			
	Canadian GAAP	**Transition Impact**	**Note**	**IFRS**
	$	**$**		**$**
ASSETS				
Current				
Cash and cash equivalents	6,944,999	-		6,944,999
Trade and other receivables	101,323	-		101,323
Prepaid expenses and deposits	312,851	-		312,851
	7,359,173	-		7,359,173
Non-current assets				
Equipment	12,157	89	2	12,246
Value-added tax credits	4,562	-		4,562
Unproven mineral right interests	6,908,284	3,574,542	1, 2	10,482,826
	14,284,176	3,574,631		17,858,807
LIABILITIES				
Current				
Trade and other payables	206,828	-		206,828
Promissory note payable	1,275,510	-		1,275,510
	1,482,338	-		1,482,338
EQUITY				
Share capital	12,344,896	3,146,134	1	15,491,030
Equity reserve	2,080,485	686,004	1, 3	2,766,489
Deficit	(1,623,543)	(257,507)	2	(1,881,050)
	12,801,838	3,574,631		16,376,469
	14,284,176	3,574,631		17,858,807

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

	March 31, 2011			
	Canadian GAAP	**Transition Impact**	**Note**	**IFRS**
	$	**$**		**$**
ASSETS				
Current				
Cash and cash equivalents	8,643,417	-		8,643,417
Trade and other receivables	446,558	-		446,558
Prepaid expenses and deposits	79,832	-		79,832
	9,169,807	-		9,169,807
Non-current assets				
Equipment	96,767	1,122	2	97,889
Value-added tax credits	28,899	-		28,899
Unproven mineral right interests	7,962,459	3,595,845	1, 2	11,558,304
	17,257,932	3,596,967		20,854,899
LIABILITIES				
Current				
Trade and other payables	453,515	-		453,515
Promissory note payable	977,165	-		977,165
	1,430,680	-		1,430,680
EQUITY				
Share capital	18,792,231	3,214,384	1	22,006,615
Equity reserve	4,956,307	303,089	1, 3	5,259,396
Deficit	(7,921,286)	(199,393)	2, 3	(8,120,679)
Foreign currency translation reserve	-	278,887	2	278,887
	15,827,252	3,596,967		19,424,219
	17,257,932	3,596,967		20,854,899

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

Reconciliation of total comprehensive income

The reconciliation between Canadian GAAP and IFRS total comprehensive income for the year ended December 31, 2010 is provided below.

	Canadian GAAP	Transition Impact	Note	IFRS
	$	$		$
GENERAL AND ADMINISTRATIVE				
Depreciation	10,674	-		10,674
Audit and tax advisory fees	55,854	-		55,854
Bank charges and interest	8,439	-		8,439
Corporate development	116,611	-		116,611
Legal	39,223	-		39,223
Management fees, office salaries and benefits	279,117	-		279,117
Office, rent and miscellaneous	160,733	-		160,733
Travel and accommodations	42,187	-		42,187
Regulatory and filing fees	105,289	-		105,289
Shareholder communications	44,251	-		44,251
Share-based payment (Note 7)	1,431,199	(314,665)	3	1,116,534
Interest and other income	(43,903)	-		(43,903)
(Gain) loss on foreign exchange	(43,163)	256,551	2	213,388
	2,206,511			2,148,397
EXPLORATION				
Depreciation	13,587	-		13,587
Assays	105,977	-		105,977
Administration	716,467	-		716,467
Camp, filed supplies and travel	576,779	-		576,779
Drilling	1,911,906	-		1,911,906
Equipment maintenance and rental	103,105	-		103,105
Field support and personnel	90,917	-		90,917
Geological and geophysical	572,494	-		572,494
	4,091,232			4,091,232
Net loss	(6,297,743)			(6,239,629)
Other comprehensive income:				
Foreign currency translation adjustment	-	278,887	2	278,887
	-			278,887
Total comprehensive loss	(6,297,743)			(5,960,742)

Statement of cash flows

The IFRS transition adjustments noted above did not have an impact on the Company's net cash flows. There was no change to investing and financing cash flow sub-totals.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management as is appropriate to permit timely decisions regarding public disclosure.

The Company engaged legal counsel to formalize its disclosure controls and procedures. Based on those recommendations, a corporate disclosure policy was presented to the Company's board and formally adopted on March 25, 2009. The disclosure policy includes the setting up of a Disclosure Policy Committee that consists of the Company's CEO, President and Corporate Secretary.

The disclosure policy and committee have been in place since the adoption date. Management is reasonably confident that material information relating to the Company, including its consolidated subsidiaries, is being made known to senior management in a timely manner, and that the Company's disclosure controls and procedures are effective not only with respect to the Company's annual filing requirements but on an ongoing basis.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that accurately and fairly reflect the additions to and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and the Company's receipts and expenditures are made only in accordance with authorization of management and the Company's directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual or interim financial statements.

Any system of internal controls over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

An evaluation of the design effectiveness of the Company's internal controls over financial reporting was conducted as of March 31, 2012 by the Company's management, including the President and CEO and CFO. Based on this evaluation, management has concluded that the design of the Company's internal controls over financial reporting was effective.

There were no changes in the Company's internal control over financial reporting during the year ended March 31, 2012 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

The Company is subject to a number of significant risks due to the nature and the present stage of its business and the effect of worldwide economic conditions. Exploration of mineral properties involves a high degree of financial risk. While discovery of an ore body may result in substantial rewards, few exploration properties are ultimately developed into producing mines. Major expenditures may be required to establish reserves by drilling, constructing mining and process facilities, developing metallurgical processes and extracting base and precious-metals from ore. It is impossible to ensure that the current exploration programs of the Company will result in profitable commercial mining operations.

Risk factors that should be taken into account in assessing the Company's activities and any investment in the Company include, but are not limited to, those listed below. Any one or more of these risk factors could have a material impact on the financial condition of the Company. This information, by its nature, is not all-inclusive and risk factors that have not been listed could have a material impact on the future financial condition of the Company.

Economic conditions may prevent the Company from obtaining the capital required to continue operations

The Company's ability to continue operations is contingent on its ability to obtain additional financing. Equity market conditions, funding environments and the price of the Company's common shares may make it dilutive and difficult to raise funds by the sale of the Company's shares. An investment in the shares of a junior resource company is considered to be a high-risk investment. While the Company currently has the necessary cash resources to fund operations and exploration work at its properties for a period of at least one year, there is no assurance that financing will be available to the Company in future periods.
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Limited Operating History

The Company has limited operating history. The Company is exploring its mineral properties for precious metals. The Company currently does not generate any revenues from production. Its success will depend largely upon its ability to locate commercially productive mineral reserves. As a result of these factors, it is difficult to evaluate the Company's prospects, and its future success is more uncertain than if it had a longer history of operations.

History of Losses

The Company incurred a net loss of $4,639,472 in fiscal 2012 and is expected to continue to generate losses while it continues to be a development-stage company. The Company anticipates significant expenditures for its mineral exploration programs. Since most exploration projects do not result in the discovery of commercially productive mineral reserves and are ultimately expensed in full, the Company expects to report net losses at least into the foreseeable future.

The long-term profitability of the Company's operations will be in part directly related to the success of its exploration programs, which are affected by numerous factors including the cost of such programs, the amount of mineral reserves discovered and fluctuations in the price of any minerals produced.

No History of Dividends

Since incorporation, the Company has not paid any cash or other dividends on its common stock and does not expect to pay such dividends in the foreseeable future, as all available funds will be invested primarily to finance its mineral exploration programs. The Company will need to achieve profitability prior to any dividends being declared.

Dilution

The Company does not generate any revenues from production and does not have sufficient financial resources to undertake by itself all of its planned exploration programs. The Company has limited financial resources and has financed its operations primarily through the sale of securities such as common shares. The Company will need to continue its reliance on the sale of such securities for future financing, resulting in dilution to the Company's existing shareholders. The amount of additional funds required will depend largely on the success of the Company's exploration programs.

Further exploration programs will depend on the Company's ability to obtain additional financing which may not be available under favorable terms, if at all. If adequate financing is not available, the Company may not be able to commence or continue with its exploration programs or to meet minimum expenditure requirements to prevent the full or partial loss of its mineral properties. Also, failure to meet the Company's share of costs incurred under joint venture arrangements to which it is a party may result in a reduction of its interests in mineral properties. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete the recommended programs.

No Known Mineral Reserves

All of the Company's mineral properties are in the exploration stage and are without known mineral reserves. Although the Company may discover mineral reserves through its exploration programs, commercial production may not be warranted due to insufficient quantities. Development of any of the Company's properties will only follow upon obtaining satisfactory exploration results. However, few mineral properties that are explored are ultimately developed into producing mines.

In the event a commercially productive mineral reserve is discovered, substantial expenditures are required to develop mineral reserves for production through drilling, development of metallurgical processes for extraction and to develop the mining and processing facilities and infrastructure at the production site. The marketability of any minerals discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Title to Mineral Properties

The Company believes it has diligently investigated title to all of its mineral properties and, to the best of its knowledge, title to all properties are in good standing. However, the properties may be subject to prior unregistered agreements or transfers, which may affect the validity of the Company's ownership of such properties.

Although the Company has exercised the usual due diligence with respect to title to properties in which it has a material interest, title to such properties may be challenged or impugned in the future. The boundaries of the Company's mineral properties have not been surveyed and, therefore, the precise location and area of these mining properties may be in doubt. The Company makes a search of mining records in accordance with mining industry practices to confirm that it has acquired satisfactory title to its properties but does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of its properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims. Should any defect in title be discovered by or disclosed to the Company, all reasonable steps would be taken to perfect title to the particular claims in question. The Company is not aware of any material defect in the title to its mineral properties.

A claim on any of the Company's mineral properties, especially if commercially productive mineral reserves have been located, could adversely affect the Company's long-term profitability as it may preclude entirely the economic development of a mineral property. Also, such a claim would affect the Company's current operations due to the high costs of defending against such claims and its impact on senior management's time.

Key Personnel

The Company is dependent on a relatively small number of key personnel, the loss of any of whom could have an adverse effect on the operations of the Company. The Company's success is dependent to a great degree on its ability to attract and retain qualified management personnel. The loss of such key personnel, through incapacity or otherwise, would require the Company to seek and retain other qualified personnel and could compromise the pace and success of its exploration activities. The Company does not maintain key person insurance in the event of a loss of any such key personnel. Also, certain management personnel of the Company are officers and/or directors of other publicly-traded companies and will only devote part of their time to the Company.

Additionally, the Company has relied on and is expected to continue relying upon consultants and others for exploration expertise. In the event a commercial ore deposit is discovered on any of the Company's properties, the Company will likely require the expertise of such consultants and others for the development and operation of a producing mine.

Competition

The resource industry is intensively competitive in all of its phases, and the Company competes with many companies possessing much greater financial and technical research resources. Competition is particularly intense with respect to the acquisition of desirable undeveloped base-metal and precious-metal properties. The principal competitive factors in the acquisition of such undeveloped properties include the staff and data necessary to identify, investigate and purchase such properties, and the financial resources necessary to acquire and develop such properties. Competition could adversely affect the Company's ability to acquire suitable prospects for exploration in the future.

Industry Operating Hazards and Risks

Mineral exploration involves many risks, including location of commercially productive mineral reserves, which may not occur even with a combination of experience, knowledge and careful evaluation. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to resource companies, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the industry operating risks involved in the operation of mines and the conduct of exploration programs. Other risks include injury or loss of life, severe damage to or destruction of property, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. The occurrence of any of these operating risks and hazards may have an adverse effect on the Company's financial condition and operations.

Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that may have a material adverse effect upon its financial condition and operations.

Government Regulations and Political Climate

Mineral exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) tax laws (iv) restrictions on production, price controls, and tax increases; (v) maintenance of claims; (vi) tenure; and (vii) expropriation of property through nationalization, requisition or confiscation. Any mineral exploration activities conducted by the Company, including commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, mining, production, exports, taxes, labour standards, occupation health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Companies engaged in the operation of mines and related facilities generally experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. All permits required for the conduct of mining operations, including the construction of mining facilities, may not be obtainable by the Company on reasonable terms which would have an adverse effect on any mining project the Company might undertake. Additionally, failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

To the best of the Company's knowledge, the Company is and will be operating in compliance with all applicable regulations. However, amendments to current governmental laws and regulations affecting mining companies, or the more stringent application thereof, or shifts in political conditions or attitudes could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic viability of a mineral property. The extent of any future changes to governmental laws and regulations cannot be predicted or quantified, but it should be assumed that such laws and regulations will become more stringent in the future. Generally, new laws and regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new requirements.

Environmental Liability

Although the Company is not aware of any claims for damages related to any impact that its operations have had on the environment, it may become subject to such claims in the future. An environmental claim could adversely affect the Company's business due to the high costs of defending against such claims and its impact on senior management's time.

The Company conducts exploration activities in Mexico and Peru. Such activities are subject to various laws, rules and regulations governing the protection of the environment. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed properties and a heightened degree of responsibility for companies and their officers, directors and employees.

Although the Company is committed to ensure compliance with all environmental regulations currently applicable, environmental hazards may exist on the Company's mineral properties, which hazards are not known to the Company at present, that have been caused by previous or existing owners or operators.

Also, environmental regulations may change in the future which could adversely affect the Company's operations including the potential to curtail or cease exploration programs or to preclude entirely the economic development of a mineral property. The extent of any future changes to environmental regulations cannot be predicted or quantified, but it should be assumed that such regulations will become more stringent in the future. Generally, new regulations will result in increased compliance costs, including costs for obtaining permits, delays or fines resulting from loss of permits or failure to comply with the new regulations.

Fluctuations in Metal Prices

Although the Company does not hold any known mineral reserves, its future revenues, if any, are expected to be in large part derived from the future mining and sale of precious metals or interests related thereto. The prices of these commodities have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of metal substitutes, metal stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Company's operations, cannot be accurately predicted.

Depending on the price obtained for any minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

OTHER MD&A REQUIREMENTS

As of June 25, 2012, the Company has outstanding 62,189,760 common shares, 5,226,350 warrants (at prices ranging from Cdn$0.86 to Cdn$1.10 per share) and 3,350,500 exercisable options (at prices ranging from Cdn$0.42 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