



CANDENTE GOLD CORP

Interim Condensed Consolidated Financial Statements
As at and for the six months ended September 30, 2017 and 2016
(Expressed in United States dollars, unless otherwise noted)

NOTICE

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

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

Candente Gold Corp.
Interim Condensed Consolidated Statements of Financial Position

At September 30, 2017 and March 31, 2017
(expressed in United States dollars unless otherwise noted)

| | Note | September 30, 2017 | March 31, 2017 |
|---|------|-----------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash | | \$ 25,108 | \$ 124,923 |
| Trade and other receivables | | 1,688 | 2,544 |
| Prepaid expenses and deposits | | 3,651 | 3,473 |
| | | 30,447 | 130,940 |
| Non-current assets | | | |
| Unproven mineral right interests | 3 | 8,529,058 | 8,524,911 |
| Equipment | | 4,595 | 5,224 |
| Total non-current assets | | 8,533,653 | 8,530,135 |
| Total assets | | \$ 8,564,100 | \$ 8,661,075 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables and accrued liabilities | 4,6 | \$ 1,055,650 | \$ 1,032,357 |
| Total Liabilities | | 1,055,650 | 1,032,357 |
| Equity | | | |
| Share capital | 5 | 24,193,995 | 24,193,995 |
| Obligation to issue shares | 3 | 107,444 | 107,444 |
| Reserves | 5 | 5,730,668 | 5,777,359 |
| Accumulated deficit | | (22,523,657) | (22,450,080) |
| Total equity | | 7,508,450 | 7,628,718 |
| Total liabilities and equity | | \$ 8,564,100 | \$ 8,661,075 |
| Nature of operations and going concern | 1 | | |
| Subsequent event | 10 | | |

Approved on behalf of the Board of Directors on November 27, 2017

(signed) Larry Kornze
Director

(signed) Paul Barry
Director

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

Candente Gold Corp.
Interim Condensed Consolidated Statements of Comprehensive Income
(Loss)

For the three and six months ended September 30, 2017 and 2016

(expressed in United States dollars unless otherwise noted)

| | Note | Three months ended September 30, | | Six months ended September 30, | |
|---|------|-------------------------------------|---------------|-----------------------------------|----------------|
| | | 2017 | 2016 | 2017 | 2016 |
| Expenses | | | | | |
| Exploration expenses | 8 | \$ 1,455 | \$ (3,443) | \$ 7,948 | \$ (14,354) |
| General and administrative expenses | 8 | 22,036 | 54,015 | 68,659 | 235,075 |
| | | 23,491 | 50,572 | 76,607 | 220,721 |
| Other (income) expenses | | | | | |
| Gain on forgiveness of debt | | - | (23,845) | - | (195,363) |
| Loss (gain) on foreign exchange | | 165 | (159,003) | (3,030) | (157,630) |
| Net income (loss) | | \$ (23,656) | \$ 132,276 | \$ (73,577) | \$ 132,272 |
| Other comprehensive loss | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Foreign currency translation | | (25,298) | (151,197) | (46,691) | (140,067) |
| Comprehensive loss | | \$ (48,954) | \$ (18,921) | \$ (120,268) | \$ (7,795) |
| Loss per share attributable to shareholders | | | | | |
| Basic and diluted | | \$ (0.00) | \$ 0.00 | \$ (0.00) | \$ 0.00 |
| Weighted average number of common shares outstanding: basic and diluted | | 107,206,923 | 101,641,706 | 107,206,923 | 98,939,163 |

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

Candente Gold Corp.
Interim Condensed Consolidated Statements of Changes in Equity
For the six months ended September 30, 2017 and 2016
(expresses in United States dollars unless otherwise noted)

| | Share Capital | | Reserves | | | | | | Total |
|-------------------------------|---------------------|---------------|---|---------------|--------------------------|----------------|----------------------------|-----------------|--------------|
| | Total common shares | Share capital | Equity settled employee compensation and warrants | Other reserve | Foreign currency reserve | Total reserves | Obligation to issue shares | Deficit | |
| Balance at March 31, 2017 | 107,206,923 | \$ 24,193,995 | \$ 5,876,070 | \$ 52,046 | \$ (150,757) | \$ 5,777,359 | \$ 107,444 | \$ (22,450,080) | \$ 7,628,718 |
| Net loss | - | - | - | - | - | - | - | (73,577) | (73,577) |
| Foreign currency translation | - | - | - | - | (46,691) | (46,691) | - | - | (46,691) |
| Balance at September 30, 2017 | 107,206,923 | \$ 24,193,995 | \$ 5,876,070 | \$ 52,046 | \$ (197,448) | \$ 5,730,668 | \$ 107,444 | \$ (22,523,657) | \$ 7,508,450 |

| | Share Capital | | Reserves | | | | | | Total |
|-------------------------------|---------------------|---------------|---|---------------|--------------------------|----------------|----------------------------|-----------------|--------------|
| | Total common shares | Share capital | Equity settled employee compensation and warrants | Other reserve | Foreign currency reserve | Total reserves | Obligation to issue shares | Deficit | |
| Balance at March 31, 2016 | 96,206,923 | \$ 23,804,489 | \$ 5,724,106 | \$ 52,046 | \$ (169,083) | \$ 5,607,069 | \$ - | \$ (22,191,633) | \$ 7,219,925 |
| Private placement | 10,000,000 | \$ 369,838 | - | - | - | - | - | - | - |
| Share-based payment | - | - | 133,203 | - | - | 133,203 | - | - | 133,203 |
| Net loss | - | - | - | - | - | - | - | 132,272 | 132,272 |
| Foreign currency translation | - | - | - | - | (140,067) | (140,067) | - | - | (140,067) |
| Balance at September 30, 2016 | 106,206,923 | \$ 24,174,327 | \$ 5,857,309 | \$ 52,046 | \$ (309,150) | \$ 5,600,205 | \$ - | \$ (22,059,361) | \$ 7,345,333 |

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

Candente Gold Corp.
Interim Condensed Consolidated Statements of Cash Flows
For the six months ended September 30, 2017 and 2016
(expresses in United States dollars unless otherwise noted)

| | Six months ended September 30, | |
|---|-----------------------------------|-------------------|
| | 2017 | 2016 |
| Cash provided by (used in): | | |
| Operating | | |
| Income (loss) for the period | \$ (73,577) | \$ 132,272 |
| Items not affecting cash: | | |
| Depreciation | 734 | 5,080 |
| Share-based payment | - | 133,203 |
| Foreign exchange | (48,188) | (145,074) |
| Gain on forgiveness of debt | - | (195,363) |
| Changes in non-cash working capital items: | | |
| Decrease (increase) in amounts receivable | 856 | (5,109) |
| Decrease (increase) in prepaid expenses and deposits | (178) | 3,960 |
| Increase (decrease) in accounts payable and accrued liabilities | 23,293 | (62,688) |
| Net cash used operating activities | (97,060) | (133,719) |
| Investing | | |
| Value added tax recovered (paid) | (1,847) | 34,404 |
| Addition to unproven mineral rights interests | (2,300) | (14,527) |
| Net cash provided by (used) in investing activities | (4,147) | 19,877 |
| Financing | | |
| Private placement, net of share issuance costs | - | 369,838 |
| Net cash provided by financing activities | - | 369,838 |
| Effect of exchange rate changes on cash | 1,392 | - |
| Net change in cash | (99,815) | 255,996 |
| Cash at beginning of period | 124,923 | 9,561 |
| Cash at end of period | \$ 25,108 | \$ 265,557 |

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

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2017 and 2016

(Expressed in United States dollars unless otherwise noted)

1. Nature of operations and going concern

Candente Gold Corp. and its subsidiaries (the "Company") are engaged in the exploration of mineral right interests in Mexico and Peru. The Company was incorporated on April 24, 2009 under the Business Corporation Act of British Columbia. The principal subsidiaries of the Company as at September 30, 2017 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. | 100% | US Dollars |
| Minera CCM, S.A. de C.V. ("CCM") | 100% | US Dollars |
| Minera CCM El Oro Jales S.A. de C.V. | 100% | US Dollars |
| Candente Mexico Servicios S.A. de C.V. | 100% | US Dollars |

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

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 27, 2017.

At the date of these interim condensed 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 the Company to obtain the necessary financing to complete their exploration and development and to resolve any environmental, regulatory, or other constraints.

These interim condensed 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 six months ended September 30, 2017, the Company had a net loss of \$73,577, and, as at September 30, 2017, current liabilities exceed current assets by \$1.03 million and the Company has cumulative losses since inception of \$22.5 million. The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds through the issuance of securities, resource secured debt or joint venture projects. Although, the Company has been successful in raising funds in the past there can be no assurance that the Company will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business. In addition, the Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation. These factors indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts on the statement of financial position.

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2017 and 2016

(Expressed in United States dollars unless otherwise noted)

2. Statement of compliance and basis of presentation

These interim condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These interim condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended March 31, 2017, which have been prepared in accordance with IFRS issued by the IASB.

3. Unproven mineral right interests

As at September 30, 2017, and March 31, 2017, the Company’s capitalized unproven mineral right interest costs are as follows:

| | Balance at April 1, 2017 | Acquisition costs and additions | Balance at September 30, 2017 |
|---------------------------|--------------------------|---------------------------------|-------------------------------|
| Mexican Properties | | | |
| El Oro - Hardrock | \$ 8,077,850 | \$ - | \$ 8,077,850 |
| El Oro mine tailings | 154,840 | - | 154,840 |
| Peruvian Properties | 207,938 | 2,300 | 210,238 |
| Value-added tax | 84,283 | 1,847 | 86,130 |
| Closing balance | \$ 8,524,911 | \$ 4,147 | \$ 8,529,058 |

| | Balance at April 1, 2016 | Acquisition costs and additions | Balance at March 31, 2017 |
|---------------------------|--------------------------|---------------------------------|---------------------------|
| Mexican Properties | | | |
| El Oro - Hardrock | \$ 8,009,752 | \$ 68,098 | \$ 8,077,850 |
| El Oro mine tailings | 118,840 | 36,000 | 154,840 |
| Peruvian Properties | 204,489 | 3,449 | 207,938 |
| Value-added tax | 110,688 | (26,405) | 84,283 |
| Closing balance | \$ 8,443,769 | \$ 81,142 | \$ 8,524,911 |

Mexican Properties

El Oro – Hardrock

On January 31, 2017, the Company acquired the remaining 30% interest in the El Oro Project (the “El Oro Project”) in Mexico (the “Transferred Interest”) from Desarrollos Mineros San Luis, S.A. de C.V. (“DMSL”), a subsidiary of Goldcorp Inc. (“Goldcorp”). The Company now holds a 100% interest in the El Oro Project as it had previously earned a 70% interest in the El Oro Project from Goldcorp. As consideration for the acquisition of the Transferred Interest, the Company agreed to issue to DMSL (or its nominee) an aggregate of 5,000,000 common shares of the Company. 1,000,000 common shares were issued on the date of acquisition of the Transferred Interest (issued with a fair value of \$26,861 (CDN\$35,000)) (Note 6) and further tranches of 1,000,000 common shares are to be issued to DMSL (or its nominee) on the four successive anniversary dates, with the Company having the right but not the obligation to issue any or all of such 4,000,000 common shares in advance of such anniversary

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2017 and 2016

(Expressed in United States dollars unless otherwise noted)

3. Unproven mineral right interests (continued)

dates in its sole discretion. The 4,000,000 common shares were fair valued at \$107,444 (CDN\$140,000) and were recorded as an obligation to issue shares as at March 31, 2017.

El Oro Mine Tailings

During the year ended March 31, 2014, the Company signed an agreement with the municipality of El Oro that provides the Company with the access and processing rights to tailings deposits. Upon signing the agreement, \$25,000 was due and paid with monthly contributions of \$3,000 (paid). The Company is obligated to pay \$3,000 per month for the life of the agreement.

(See Note 10)

Peruvian properties

As at September 30, 2017, the Company has maintained in good standing a portion of the Tres Marias and Las Brujas properties. These properties are early stage gold and gold-silver exploration projects in Peru.

4. Trade payables and accrued liabilities

| | September 30, 2017 | March 31, 2017 |
|---------------------|---------------------|---------------------|
| Trade payables | \$ 951,471 | \$ 913,596 |
| Accrued liabilities | 104,179 | 118,761 |
| | \$ 1,055,650 | \$ 1,032,357 |

5. Capital and equity reserve

a. Shares authorized

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

b. Common share issues

At September 30, 2017, the Company had 107,206,923 (March 31, 2017 – 107,206,923) common shares issued and outstanding.

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2017 and 2016

(Expressed in United States dollars unless otherwise noted)

5. Capital and equity reserve (continued)

c. Share options

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

| | Number of Options | Weighted Average Exercise Price (CDN\$) |
|---|----------------------|--|
| Options outstanding, March 31, 2017 and September 30, 2017 | 9,390,000 | \$0.09 |

As at September 30, 2017, the following options were exercisable and outstanding:

| Grant date | Outstanding | | Exercisable | | Expiry date |
|--------------------|------------------------|-------------------|------------------------|-------------------|--------------------|
| | Exercise price (CDN\$) | Number of options | Exercise price (CDN\$) | Number of options | |
| December 5, 2012 | \$0.25 | 250,000 | \$0.25 | 250,000 | December 5, 2017 |
| February 15, 2013 | \$0.25 | 1,085,000 | \$0.25 | 1,085,000 | February 15, 2018 |
| August 27, 2014 | \$0.10 | 2,405,000 | \$0.10 | 2,405,000 | August 27, 2019 |
| September 10, 2014 | \$0.10 | 100,000 | \$0.10 | 100,000 | September 10, 2019 |
| May 20, 2016 | \$0.05 | 5,000,000 | \$0.05 | 5,000,000 | May 20, 2026 |
| February 28, 2017 | \$0.05 | 550,000 | \$0.05 | 550,000 | February 28, 2027 |
| | | 9,390,000 | \$0.09 | 9,390,000 | |

The Company used the Black-Scholes Option-Pricing Model under the following weighted average assumptions and recorded total stock based compensation for the six months ended September 30, 2017 and 2016 of \$Nil and \$133,203 respectively:

| | Six months ended September 30, 2017 | Year ended March 31, 2017 |
|-------------------------|--|------------------------------|
| Dividend yield | - | 0.00% |
| Risk-free interest rate | - | 1.39% |
| Volatility range | - | 115.36% |
| Expected life | - | 10 years |
| Forfeiture rate | - | 0.00% |

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2017 and 2016

(Expressed in United States dollars unless otherwise noted)

5. Capital and equity reserve (continued)

d. Warrants

| | Number of Warrants | Weighted Average Exercise Price (CDN\$) |
|---|--------------------|---|
| Warrants outstanding, March 31, 2017 and September 30, 2017 | 5,000,000 | \$0.10 |

e. Reserves

Other reserve:

Other reserve records the reserve resulting from the acquisition of subsidiaries.

Equity settled employee compensation and warrants reserve:

The equity settled employee compensation and warrant reserve recognized as stock-based compensation expense and other warrant payments. At the time that stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

Foreign currency reserve:

Foreign currency reserve records unrealized exchange differences arising on translation of group companies that have a functional currency other than the Company's reporting currency.

f. Obligation to issue shares

Obligation to issue shares consists of the fair value of 4,000,000 common shares that are due to be issued to DMSL for the acquisition of the Transferred Interest (Note 3).

g. Loss per share

The calculation of basic and diluted loss per share for the six months ended September 30, 2017 and 2016 was based on the loss attributed to common shareholders of \$73,577 (2016 – income of \$132,272) and the weighted average number of common shares outstanding of 107,206,923 (2016 – 98,939,163).

6. Related party disclosures

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

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

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2017 and 2016

(Expressed in United States dollars unless otherwise noted)

6. Related party disclosures (continued)

a. Related party transactions

The Company incurred the following fees and expenses with companies owned by key management and directors.

| | Six months ended September 30, | |
|--|--------------------------------|------------|
| | 2017 | 2016 |
| Salaries and management and exploration fees | \$ 18,473 | \$ 29,886 |
| Share-based payments | - | 125,609 |
| | \$ 18,473 | \$ 155,495 |

Share-based payments are the fair value of options expensed to directors and key management personnel during the six months ended September 30, 2017 and 2016.

b. Balance owing

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at September 30, 2017 includes \$176,998 (March 31, 2017 - \$166,974) owing to directors and officers and \$580,607 (March 31, 2017 - \$571,423) owing to Candente Copper Corp., a shareholder of the Company.

7. Segmented information

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

| | September 30, 2017 | | |
|----------------------------------|-----------------------|-------------|-------------|
| | Peru | Mexico | Total |
| Unproven mineral right interests | \$284,659 | \$8,244,399 | 8,529,058 |
| Equipment | 1,066 | 3,529 | 4,595 |
| | \$285,725 | \$8,247,928 | \$8,533,653 |

| | March 31, 2017 | | |
|----------------------------------|----------------|-------------|-------------|
| | Peru | Mexico | Total |
| Unproven mineral right interests | \$282,359 | \$8,242,552 | \$8,524,911 |
| Equipment | 1,066 | 4,158 | 5,224 |
| | \$283,425 | \$8,246,710 | \$8,530,135 |

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2017 and 2016

(Expressed in United States dollars unless otherwise noted)

8. Expenses

| | Three months ended September 30 | | Six months ended September 30, | |
|--|------------------------------------|---------------|-----------------------------------|-------------------|
| | 2017 | 2016 | 2017 | 2016 |
| GENERAL AND ADMINISTRATIVE | | | | |
| Audit and tax advisory fees | \$ 1,927 | \$ 4,709 | \$ 16,522 | \$ 8,080 |
| Bank charges and interest | 137 | 56 | 288 | 186 |
| Depreciation | 237 | 2,105 | 734 | 5,080 |
| Legal | 1,258 | 9,676 | 5,940 | 16,423 |
| Management fees, office salaries and benefits (Note 6) | 9,576 | 3,619 | 19,335 | 33,789 |
| Office, rent and miscellaneous | 3,735 | 2,862 | 12,257 | 2,862 |
| Regulatory and filing fees | 4,402 | 1,159 | 5,090 | 2,251 |
| Share-based payment (Note 5) | - | 203 | - | 133,203 |
| Shareholder communications | 764 | 29,626 | 8,493 | 33,201 |
| Total general and administrative expenses | \$ 22,036 | 54,015 | \$ 68,659 | \$ 235,075 |

| | Three months ended September 30, | | Six months ended September 30, | |
|-----------------------------------|-------------------------------------|----------------|-----------------------------------|--------------------|
| | 2017 | 2016 | 2017 | 2016 |
| EXPLORATION | | | | |
| Exploration | \$ - | \$ (22) | \$ - | \$ 360 |
| Project administration | 1,455 | 5,579 | 7,948 | 17,286 |
| Cost recoveries | - | (9,000) | - | (32,000) |
| Total exploration expenses | \$ 1,455 | (3,443) | \$ 7,948 | \$ (14,354) |

9. 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 make payments of trade payables and commitments from its current working capital and future sources of equity financing. Liquidity risk is considered to be high.

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2017 and 2016

(Expressed in United States dollars unless otherwise noted)

9. Financial risk and capital management (continued)

a. Liquidity risk

Maturity analysis of financial instruments

| Financial liabilities | Carrying amount | 2017 | 2018 | 2019 | 2020 |
|--|-----------------|--------------|------|------|------|
| Trade payables and accrued liabilities | \$ 1,055,650 | \$ 1,055,650 | \$ - | \$ - | - |

b. Currency risk

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

c. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligations. Credit risk arises from cash and trade and other receivables. Cash are deposited in highly rated corporations and the credit risk associated with these deposits is low.

d. Fair value hierarchy

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

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).

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2017 and 2016

(Expressed in United States dollars unless otherwise noted)

9. Financial risk and capital management (continued)

d. Fair value hierarchy (continued)

| | Level 1 | Level 2 | Level 3 | Total |
|---------------|-----------|---------|---------|--------|
| Assets | | | | |
| Cash | \$ 25,108 | \$ - | \$ - | 25,108 |

There were no transfers between levels during the six months ended September 30, 2017.

e. 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

Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's operating and capital expenditure requirements are met. The total capital being managed by the Company as of the balance sheet dates, September 30, 2017 and March 31, 2017 is as follows:

| | As at September 30, 2017 | | As at March 31, 2017 | |
|----------------------------------|-----------------------------|------------------|-------------------------|------------------|
| Total working capital deficiency | \$ | (1,025,203) | \$ | (901,417) |
| Total equity | | 7,508,450 | | 7,628,718 |
| Total capital | \$ | 6,483,247 | \$ | 6,727,301 |

There were no changes in the Company's approach to capital management during the period and the Company is not subject to any restrictions on its capital.

10. Subsequent event

On November 9, 2017, the Company entered into a binding letter agreement with Sun River Gold Corp. ("Sun River" or "SRG"), a private Nevada corporation, to grant Sun River the right and option to further test and, if proven economic, develop and operate the Company's tailings project in El Oro Mexico (the "Tailings Project"), through Candente Gold's Mexican subsidiary, CCM EL Oro Jales, S.A. de C.V. ("CCM EL Oro Jales"), according to the agreement CCM EL Oro Jales executed with the Municipality of El Oro, subject to receipt of regulatory approval.

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the six months ended September 30, 2017 and 2016

(Expressed in United States dollars unless otherwise noted)

10. Subsequent event (continued)

In order to exercise the option, Sun River shall make staged payments, over 28 months, totaling US\$500,000 commencing upon signing of the letter agreement (US\$170,000 being committed), bring the mine tailings properties into commercial production within 36 months of the effective date of the option agreement, and grant to the Company a 5% of net profits ("NPI") Life of Mine royalty (the "Candente Royalty") on production from the properties. Upon making the totality of the staged payments and if commercial production has been achieved, Sun River will indirectly acquire a 100% interest in CCM El Oro Jales.

Sun River will also be responsible for the obligation to pay an additional 8% NPI to the Municipality of El Oro (the "El Oro Royalty"). Candente Gold (through its Mexican subsidiary CCM El Oro Jales) has the right to recover all available gold and silver from the Mexico mines tailings deposit and pay to the Municipality of El Oro an 8% Nets Profits Interest royalty, after retaining the first US\$1.5M from the El Oro Royalty (see News Release No. 063 dated September 14, 2017). Sun River must direct the first US\$1.5M from the El Oro Royalty to the Company. Therefore, upon commercial production, the Company will start receiving a 5% NPI royalty and the first US\$1,500,000 of the El Oro Royalty.

If at the end of the option period, commercial production in the tailings retreatment operation has not been achieved, the parties will engage a mediator to confirm that SRG has in fact made its best efforts to bring the tailings retreatment into production. In the event it is determined that best efforts were made by SRG, then the Company will extend the term of the agreement by a further 2 years by the end of which time if production has not started the agreement will terminate and all rights granted to Sun River will terminate, with no further responsibility to Candente Gold.

Sun River Gold is a private mining company registered in Nevada and owned and operated by experienced gold mining investors, mineral economists, metallurgists, metallurgical engineers and business development entrepreneurs. The Board of Sun River Gold currently comprises four owners/Directors most of whom have fifteen or more years working in Mexico exploring, permitting and operating mines.