



The following Management's Discussion and Analysis ("MD&A") is current as of February 28, 2017, and provided in accordance with section 2.2.1 of Form 51-102F1 for a venture issuer to provide "Quarterly Highlights".

This MD&A contains a review and analysis of financial results for Candente Gold Corp. ("Candente Gold") and its subsidiaries (collectively, the "Company") for the nine months ended December 31, 2016.

This MD&A supplements, but does not form part of the consolidated financial statements of the Company and notes thereto for the twelve months ended March 31, 2016, and consequently should be read in conjunction with the afore-mentioned consolidated financial statements which are presented in accordance with International Financial Reporting Standards ("IFRS").

All amounts, unless specifically identified as otherwise, both in the Company's consolidated financial statements and this MD&A are expressed in US dollars.

## **FORWARD-LOOKING STATEMENTS**

This MD&A contains certain "forward-looking information" which may include, but is not limited to, statements with respect to future events or future performance, management's expectations regarding the Company's growth, results of operations, estimated future revenues, requirements for additional capital, production costs and revenue, future demand for and prices of gold and precious metals, business prospects and opportunities. In addition, statements relating to mineral estimates or mineralized material of recoverable gold and precious metals are forward-looking information, as they involve implied assessment, based on certain estimates and assumptions, that the gold and precious metals can be profitably produced in the future. Such forward-looking information reflects management's current beliefs and is based on information currently available to management. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "targets", "aims", "anticipates" or "believes" or variations (including negative or grammatical variations) of such words and phrases or may be identified by statements to the effect that certain actions "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. A number of known and unknown risks, uncertainties and other factors may cause the actual results or performance to materially differ from any future results or performance expressed or implied by the forward-looking information. Such factors include, among others, general business, economic, competitive, political and social uncertainties; development and/or exploration activities and the accuracy of probability simulations prepared to predict prospective mineral resources; changes in project parameters as plans continue to be refined; political instability or insurrection or war; labor force availability and turnover; delays in obtaining governmental approvals and permits or in the completion of development or construction activities or in the commencement of operations; as well as those factors discussed in the section entitled "Risks Factors" in this MD&A. These factors should be considered carefully and readers of this MD&A should not place undue reliance on forward-looking information.

Although the forward-looking information contained in this MD&A is based upon what management believes to be reasonable assumptions, there can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on forward-looking information. Such forward-looking information is made as of the date of this MD&A and, other than as required by applicable securities laws, the Company assumes no obligation to update or revise such forward-looking information to reflect new events or circumstances.

## **USE OF NON-GAAP MEASURES**

In this document, we refer to terms that do not have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS"). Usage of these terms may vary from the usage adapted by other



companies and cannot be reconciled to comparable terms in the issuer's, consolidated financial statements for the twelve months ended March 31, 2016.

In this document and in the Company's consolidated financial statements, unless otherwise noted, all financial data is prepared in accordance with IFRS.

## **BUSINESS OVERVIEW**

The Company is principally engaged in the exploration and development of mineral properties in Mexico and Peru. The Company is in the exploration stage as its properties have not yet reached commercial production and none of its properties is beyond the preliminary exploration stage. All work presently planned by the Company is directed at defining mineralization and increasing understanding of the characteristics of, and economics of, that mineralization.

### **Matters in prior periods related to the ongoing development of the various projects have been disclosed in previous MD&A filed on SEDAR.**

On February 3, 2017, Mr. Andres Milla resigned as independent Director for personal reasons.

On February 6, 2017, the Company announced that Mr. Ian Ward has been appointed an independent director of the Company. Mr. Ward is a professional engineer (Ontario) and metallurgist with extensive experience in the processing of gold and base metal ores and industrial minerals.

## **Mexico**

### *El Oro Property*

The Company's principal asset is the El Oro gold-silver property located in the states of Mexico and Michoacan, Mexico ("El Oro Property"). As of the date of this MD&A, the Company now holds a 100% interest in the El Oro Property, having recently purchased the remaining 30% from a wholly-owned subsidiary of Goldcorp Inc. Management has been reviewing all previous exploration results on the project and re-focusing targets for future exploration. One key area is the border zone of the historical Esperanza and Mexico Mines where several high grade gold-silver intersections in several veins and structures were intersected by previous drilling by the Company. Since this area was drilled, a structural study identified northeasterly controls to high grades, which fits the nature of this border zone. Future drilling will target this border area as well as 31 other recently identified exploration targets. In addition to the El Oro Property, the Company has the right to process several tailings deposits left from pre-1930s milling of ores from mines on the San Rafael vein in the El Oro District ("Tailings Project"). The Company has been evaluating the potential for the historic tailings to generate near-term cash flow. One of these, the Mexico Mine Tailings, have had extensive historic assessments including drill testing and metallurgical test work. These tailings, lie within the town of El Oro and is adjacent to existing road access, power and water services.

Studies by the Company have determined that the Mexico Mine Tailings contain an Inferred Resource\* of 1,267,400 tonnes grading 2.94 Au g/t, 75.12 Ag g/t containing 119,900 ounces of gold and 3,061,200 ounces of silver.

\*Note: Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the accuracy of the estimate. For more information see "National Instrument 43-101 Technical Report on the Inferred Mineral Resource Estimate of the Mexico Mine Tailings" prepared by Nadia Cairra, P.Geo. and Allan Reeves, P.Geo., dated August 25, 2014 with an effective date of July 8, 2014 (the "Technical Report") available at [www.sedar.com](http://www.sedar.com).



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In March of 2016 the Company signed an Option Agreement with Sun River Gold, which gives Sun River Gold the right to earn a 51% interest in the Tailings Project by:

Making payments of \$30,000 on signing and \$3,000 each month subsequently to the first 3 months.

To demonstrate a technically viable process for treatment of Mexico Mine Tailings, which achieves an Internal Rate of Return (“IRR”) that meets Company management criteria for development. Upon achieving satisfactory results the Company and Sun River Gold will form a joint venture whereby the Company will hold 49% and Sun River Gold will hold 51% of Candente Gold Mexico Jales (BVI) Ltd., an entity wholly owned by the Company which owns Minera CCM El Oro Jales S.A. de C.V., the entity that entered into a work contract with the Municipality of El Oro to process the Tailings Project. The joint venture would reclaim and treat the Mexico Mine Tailings, as well as other potentially economically treatable tailings material, which the Company has the right to process in the El Oro District of Mexico.

In September of 2016, Sun River Gold delivered test results and advised the Company that it has identified a treatment process, which it believes could be the basis for a viable gold and silver recovery operation on the Tailings Project. The Company continues to work with Sun River Gold to assess the most appropriate path forward.

In January of 2017, the Company announced it had entered into a Purchase and Sale Agreement pursuant to which it has acquired the remaining 30% interest in the El Oro Project from Desarrollos Mineros San Luis, S.A. de C.V. (“DMSL”), a subsidiary of Goldcorp Inc. Upon closing of the acquisition of the Transferred Interest, the Company now holds 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 (the “Shares”), with 1,000,000 (issued) Shares to be issued concurrently with the acquisition of the Transferred Interest and with further tranches of 1,000,000 Shares to be issued to DMSL (or its nominee) on the four successive anniversary dates of the Agreement, with Candente Gold having the right but not the obligation to issue any or all of such 4,000,000 Shares in advance of such anniversary dates in its sole discretion.

Bi-annual land holding payments previously made by Goldcorp are now the responsibility of the Company and as at the end of January 2017 approximately \$92,000 is owed to the Mexican government for land holding costs.

## **Peru**

As at December 31, 2016, the Company has maintained in good standing portions of the Tres Marias and Lunahuana properties. These properties are early-stage gold and gold-silver exploration projects in Peru.



**CONSOLIDATED FINANCIAL HIGHLIGHTS**

*Consolidated Financial Performance and Financial Position for the Nine Months Ended December 31, 2016*

	Interim Consolidated Statements of Financial Position		
	December 31, 2016	March 31, 2016	Change
Cash and cash equivalents	\$ 184,240	\$ 9,561	\$ 174,679
Unproven mineral rights interest	\$ 8,372,906	\$ 8,443,769	\$ (70,863)
Total Assets	\$ 8,573,147	\$ 8,478,642	\$ 94,505
Share Capital	\$ 24,174,327	\$ 23,804,489	\$ 369,838
	December 31, 2016	December 31, 2015	Change
Net gain (loss)	\$ 172,795	\$ (1,556,906)	\$ 1,729,701
Loss per share	\$ (0.00)	\$ (0.02)	\$ 0.02
Management fees, office salaries and benefits	\$ 66,260	\$ 40,294	\$ 25,966
Share-based payments	\$ 130,371	\$ 18,230	\$ 112,141
Regulatory and filing fees	\$ 16,705	\$ 30,184	\$ (13,479)
Audit and tax advisory	\$ 21,272	\$ 29,692	\$ (8,420)

Total cash and cash equivalents as of December 31, 2016, increased from March 31, 2016 by \$174,679 as a result of the Company's successful closing of a private placement during the nine months ended December 31, 2016.

Total assets increased from \$8,478,642 to \$8,573,147, an increase of \$94,505. The decrease was mainly the result of an increase of cash (explained above).

Net loss decreased from the same period in 2015 by \$1,729,701, largely due to the impairment recorded in 2015, net of the decrease in exploration and general and administrative expenditures.

Below is an explanation of the variances of amounts included in total general and administrative expenses for the period ended December 31, 2016:

- Management fees, office salaries and benefits are personnel costs incurred at the Company's offices in Vancouver and Peru. These costs had an increase by \$25,966 from the same period in 2015.
- Share-based payment expense for the period ended December 31, 2016 was \$130,371. This was an increase from the same period in 2015 of \$112,141 as a result of stock options granted and vested during the nine month period ended December 31, 2016 than for the same period in 2015.
- Regulatory and filing fees decreased from the same period in 2015 by \$16,705 as a result of the Company reduced activity.



**CONSOLIDATED FINANCIAL HIGHLIGHTS**

*Consolidated Financial Performance for the Three Months Ended December 31, 2016*

	Interim Consolidated Statements of Financial Position		
	December 31, 2016	March 31, 2016	Change
Cash and cash equivalents	\$ 184,240	\$ 9,561	\$ 174,679
Unproven mineral rights interest	\$ 8,372,906	\$ 8,442,769	\$ (69,863)
Total Assets	\$ 8,573,147	\$ 8,478,642	\$ 94,505
Share Capital	\$ 24,174,327	\$ 23,804,489	\$ 369,838
	December 31, 2016	December 31, 2015	Change
Net gain (loss)	\$ 40,523	\$ (111,961)	\$ 152,484
Loss per share	\$ (0.00)	\$ 0.00	\$ (0.01)
Management fees, office salaries and benefits	\$ 32,471	\$ 9,237	\$ 23,234
Share-based payments	\$ (2,832)	\$ 3,914	\$ (6,746)
Regulatory and filing fees	\$ 14,454	\$ 3,049	\$ 11,405
Audit and tax advisory	\$ 13,192	\$ (13,463)	\$ 26,655

Below is an explanation of the variances of amounts included in total general and administrative expenses for the period ended December 31, 2016:

- Management fees, office salaries and benefits are personnel costs incurred at the Company's offices in Vancouver and Peru. These costs had an increase by \$23,234 from the same period in 2015.
- Regulatory and filing fees increased from the same period in 2015 by \$14,454 as a result of the Company activity.
- Audit and tax advisory increased as a result of a reduced fee in 2015 from a prior consultant.

**Liquidity and Capital Resources**

Working capital is negative \$797,726, which includes \$573,092 in amounts due to related parties, which primarily consists of payables due to Candente Copper Corp., a company with shared administrative expenses, common directors and management.

The Company anticipates that during the next year, a substantial portion of available capital resources will be used to pay trade payables and accrued liabilities and commitments related to ongoing exploration activities in Mexico and Peru. The Company anticipates the future need to raise additional capital to further project development in Mexico and Peru as well as receive continued vendor support.

The Company does not generate cash flows from operations and accordingly, the Company will need to raise additional funds by entering into a joint venture agreement or through the issuance of securities or resource secured debt. 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 obligations in the normal course of business. These factors may cast



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

On August 12, 2016, the Company completed its non-brokered private placement ("Private Placement") launched on July 11, 2016 (News Releases No. 056 and 057) raising total proceeds of CDN\$500,000.

The Private Placement comprised of the sale of 10,000,000 units ("Units") at a price of CDN\$0.05 with each Unit consisting of one common share of the Company and one half-share purchase warrant ("Warrant"). Each full warrant will be exercisable for one additional share of the Company's common stock for two years at a conversion price of CDN\$0.10, subject to an acceleration provision triggered if at any time after November 30, 2016, the Company's common shares have a closing price on the TSX Venture Exchange at or above a price of CDN\$0.20 per share for a period of 10 consecutive trading days. A total of 5,000,000 Warrants were issued pursuant to the Private Placement as part of the Units.

Joanne Freeze, President, CEO and a director of the Company, and Paul H. Barry, Chairman of the Board and a director of the Company, collectively, subscribed for 915,000 Units or 9.15% of Units sold pursuant to the Private Placement, which in total value would represent less than 25% of Candente Gold's market capitalization.

## **COMMITMENTS AND CONTINGENCIES**

Company has no material or significant commitments or contingencies.

## **RELATED PARTY TRANSACTIONS**

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

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

The Company incurred the following fees and expenses in the normal course of operations for key management personnel for the nine months ended December 31, 2016 and 2015. Expenses have been measured at the exchange amount that is determined on a cost recovery basis.

	<b>Nine months ended</b>	
	<b>December 31, 2016</b>	December 31, 2015
Salaries and management and exploration fees	<b>\$ 63,636</b>	\$ 94,486
Share-based payment	<b>125,609</b>	12,654
	<b>\$ 191,245</b>	\$ 107,140

Share-based payments are the fair value of options expensed to directors and key management personnel during the nine months ended December 31, 2016.

Company does not remunerate directors of the Company unless market capitalization is greater than \$75 million. During the nine months ended December 31, 2016, the Company paid \$nil in directors fees (2015 - \$nil).



**Balance owing**

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at December 31, 2016 included approximately \$174,745 (March 31, 2016 - \$308,510) owing to directors and officers and \$573,092 (March 31, 2016 - \$580,902) owing to Candente Copper Corp., a shareholder of the Company. During the nine month period ended December 31, 2016 management forgave fees owed to them in the amount of \$171,518.

**DISCLOSURES**

***Additional Information as specified by National Instrument 51-102***

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

***Venture Issuer Without Significant Revenue***

This MD&A supports information disclosed in the Company's financial statements. More information regarding the Company's mineral right interests can be found under Note 3 of the Company's financial statements for the current reporting period.

***Internal Controls Over Financial Reporting ("ICFR")***

There were no changes in the Company's internal control over financial reporting during the period from March 31, 2016 to December 31, 2016 that have materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

**SHARE CAPITAL**

As of February 28, 2017, the Company had 106,206,923 common shares outstanding. As of February 28, 2017, the Company had 5,000,000 warrants outstanding and 10,090,000 outstanding share options.

**APPENDIX A**

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Net gain (loss)	40,523	132,276	(4)	(55,791)	(111,961)	(93,813)	(1,351,132)	(379,257)
Loss Per Share Attributable to Shareholders Basic and Diluted	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.01)