



CANDENTE GOLD CORP

Interim Condensed Consolidated Financial Statements
As at and for the three months ended June 30, 2016 and 2015
(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 June 30, 2016 and March 31, 2016

(expressed in United States dollars unless otherwise noted)

	Notes	June 30, 2016	March 31, 2015
Assets			
Current assets			
Cash	\$	29,484	\$ 9,561
Trade and other receivables		5,406	1,920
Prepaid expenses and deposits		12,694	16,624
		47,584	28,105
Non-current assets			
Unproven mineral right interests	3	8,422,378	8,443,769
Equipment		6,696	6,768
Total non-current assets		8,429,074	8,450,537
Total assets	\$	8,476,658	\$ 8,478,642
Liabilities			
Current liabilities			
Trade payables and accrued liabilities	4,6	\$ 1,112,979	\$ 1,258,717
Total liabilities		1,112,979	1,258,717
Equity			
Share capital	5	23,804,489	23,804,489
Reserves	5	5,750,827	5,607,069
Accumulated deficit		(22,191,637)	(22,191,633)
Total equity		7,363,679	7,219,925
Total liabilities and equity	\$	8,476,658	\$ 8,478,642
General information and going concern	1		
Subsequent events	10		

Approved on behalf of the Board of Directors on August 29, 2016

(signed) Andres Milla
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 Loss
For the three months ended June 30, 2016 and 2015
(expresses in United States dollars unless otherwise noted)

		Three months ended June 30,	
	Notes	2016	2015
Expenses			
Exploration expenses	8	\$ (10,911)	\$ 48,740
General and administrative expenses	8	181,060	80,674
		170,149	129,414
Other expenses			
Gain on forgiveness payable	6	(171,518)	-
Impairment of unproven mineral right interest - Peru	3	-	1,185,000
Loss on foreign exchange		1,373	36,718
Net loss before other items		\$ (4)	\$ (1,351,132)
Other comprehensive loss			
Cumulative translation adjustment		11,130	25,161
Comprehensive income (loss)		\$ 11,126	\$ (1,325,971)
Loss per share attributable to shareholders			
Basic and diluted		\$ 0.00	\$ (0.01)
Weighted average number of common shares outstanding: basic and diluted		96,206,923	96,206,923

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 three months ended June 30, 2016 and 2015

(expressed in United States dollars unless otherwise noted)

	Share Capital		Reserves				Deficit	Total
	Total common shares	Share capital	Equity settled employee compensation and warrants	Other reserve	Foreign currency reserve	Total reserves		
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
Share-based payment	-	-	133,000	-	-	133,000	-	133,000
Net loss	-	-	-	-	-	-	(4)	(4)
Cumulative translation adjustment	-	-	-	-	10,758	10,758	-	10,758
Balance as at June 30, 2016	96,206,923	23,804,489	5,857,106	52,046	(158,325)	5,750,827	(22,191,637)	7,363,679

	Share Capital		Reserves				Deficit	Total
	Total common shares	Share capital	Equity settled employee compensation and warrants	Other reserve	Foreign currency reserve	Total reserves		
Balance at March 31, 2015	77,140,260	\$ 23,804,489	\$ 5,702,991	\$ 52,047	\$ (174,679)	\$ 5,580,359	\$ (20,578,936)	\$ 8,805,912
Share-based payment	-	-	8,029	-	-	8,029	-	8,029
Net loss	-	-	-	-	-	-	(1,351,132)	(1,351,132)
Cumulative translation adjustment	-	-	-	-	25,161	25,161	-	25,161
Balance as at June 30, 2015	77,140,260	23,804,489	5,711,020	52,047	(149,518)	5,613,549	(21,930,068)	7,487,970

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 three months ended June 30, 2016 and 2015
(expresses in United States dollars unless otherwise noted)

		Three month ended June 30,	
	Notes	2016	2015
Cash provided by (used in):			
Loss for the period		\$ (4)	\$ (1,351,132)
Items not affecting cash:			
Depreciation		2,975	8,454
Share-based payment	5	133,000	8,029
Gain on forgiveness of debt		(171,518)	-
Impairment of unproven mineral right interests		-	1,185,000
Loss (gain) on exchange		-	36,718
Changes in non-cash working capital items:			
Decrease (increase) in amounts receivable		(3,486)	(2,270)
Decrease in prepaid expenses and deposits		3,930	(14,584)
Decrease in accounts payable and accrued liabilities		25,778	(4,487)
Net cash used operating activities		(9,325)	(134,272)
Investing			
Value added tax recovered		29,230	-
Addition to unproven mineral rights interests	3	(11,300)	(9,000)
Net cash used in investing activities		17,930	(9,000)
Net change in cash and cash equivalents		8,605	(143,272)
Effect of exchange rate changes on cash		11,318	(12,570)
Cash and cash equivalents at beginning of period		9,561	194,760
Cash and cash equivalents at end of period		\$ 29,484	\$ 38,918

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

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the three months ended June 30, 2016 and 2015

(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 June 30, 2016 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 consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2016.

At the date of these consolidated financial statements, the Company has not yet determined whether any of its mineral right interests contain economically recoverable mineral reserves. Accordingly, the value of mineral right interests represents cumulative acquisition costs incurred to date and does not necessarily reflect present or future values. The recovery of these costs is dependent upon the discovery of economically recoverable mineral reserves and the ability of the Company to obtain the necessary financing to complete their exploration and development and to resolve any environmental, regulatory, or other constraints.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the three months ended June 30, 2016, the Company incurred a loss of approximately \$4, current liabilities exceed current assets by \$1.07 million at June 30, 2016. As at June 30, 2016, the Company had cumulative losses since inception of \$22.19 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 obligations 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 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 assets may be materially less than amounts on the statement of financial position. (See Note 10)

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the three months ended June 30, 2016 and 2015

(Expressed in United States dollars unless otherwise noted)

2. Statement of compliance and basis of presentation

These 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 condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended March 31, 2016, which have been prepared in accordance with IFRS issued by the IASB.

3. Unproven mineral right interests

As of June 30, 2016 and March 31, 2016, the Company’s capitalized unproven mineral right interest costs are as follows:

	Balance at April 1, 2016	Acquisition costs and additions	Impairment of unproven mineral rights interests	Balance at June 30, 2016
Mexico Properties				
El Oro - Hardrock	\$ 8,009,752	\$ -	\$ -	\$ 8,009,752
El Oro mine tailings	118,840	11,300	-	130,140
Peruvian Properties	204,489	-	-	204,489
Value-added tax	110,688	(32,691)	-	77,997
Closing balance	\$ 8,443,769	\$ (21,391)	\$ -	\$ 8,422,378

	Balance at April 1, 2015	Acquisition costs and additions	Impairment of unproven mineral rights interests	Balance at March 31, 2016
Mexico Properties				
El Oro - Hardrock	\$ 8,009,752	\$ -	\$ -	\$ 8,009,752
El Oro mine tailings	82,840	36,000	-	118,840
Peruvian Properties	1,389,489	-	(1,185,000)	204,489
Value-added tax	110,596	92	-	110,688
Closing balance	\$ 9,592,677	\$ 36,092	\$ (1,185,000)	\$ 8,443,769

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 thereafter.

Peruvian properties

The Company entered into an agreement with Inversiones Troy SAC (“Troy”) giving Troy the right to acquire 100% of the Company’s remaining Peruvian property subject to an NSR of 1% as well as option payments totaling \$500,000. Payments are to be made to the Company upon initiating a drilling program and on both of the 12 and 24 month anniversaries of initiating the drilling. Troy retains the right to buy back 50% of the NSR for \$500,000.

Candente Gold Corp.

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(Expressed in United States dollars unless otherwise noted)

4. Trade payables and accrued liabilities

	June 30, 2016	March 31, 2016
Trade payables	\$ 1,012,516	\$ 1,167,255
Accrued liabilities	100,463	91,462
	\$ 1,112,979	\$ 1,258,717

5. Capital and equity reserve

a. Shares authorized

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

b. Common share issues

There was no change in common shares issued in the three months ended June 30, 2016.

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 five years.

On May 20, 2016, the Company granted a total of 5,250,000 incentive stock options to certain directors, officers, members of management and key consultants. The grant was made to provide a one-time long term incentive grant to retain and reward future performance of certain key senior management, directors and consultants during challenging market conditions (see News Release 054, dated May 24, 2016). These options are exercisable in whole or part until May 20, 2026 at an exercise price of CDN\$0.05 and are subject to the terms and conditions of the Company's incentive stock option plan.

During the three months ended June 30, 2016, 205,000 incentive stock options expired unexercised.

Changes in stock options were as follows:

	Number of Options	Weighted Average Exercise Price (CDN\$)
Options outstanding, March 31, 2015	5,295,000	\$0.13
Options expired	(800,000)	\$0.25
Options outstanding, March 31, 2016	4,495,000	\$0.17
Options granted	5,250,000	\$0.05
Options expired	(205,000)	\$0.49
Options outstanding, June 30, 2016	9,540,000	\$0.10

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5. Capital and equity reserve (continued)

As at June 30, 2016, 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	1,235,000	\$0.25	1,235,000	February 15, 2018
August 27, 2014	\$0.10	2,705,000	\$0.10	2,366,875	August 27, 2019
September 10, 2014	\$0.10	100,000	\$0.10	87,500	September 10, 2019
May 20, 2016	\$0.05	5,250,000	\$0.05	5,250,000	May 20, 2026
	\$0.17	9,540,000	\$0.10	9,189,375	

Company used the Black-Scholes option-pricing model under the following weighted average assumptions and recorded total stock based compensation for the three months ended June 30, 2016 and 2015 of \$133,000 and \$8,029 respectively:

	Three months ended June 30, 2016	Year ended March 31, 2016
Dividend yield	0.00%	0.00%
Risk-free interest rate	1.36%	1.52-1.62%
Volatility range	112.85%	98%
Expected life	10 years	5 years
Forfeiture rate	0	2.5%

d. Warrants

	Number of Warrants	Weighted Average Exercise Price (CDN\$)
Warrants outstanding, March 31, 2015	847,400	\$0.05
Expired	(629,000)	0.05
Warrants outstanding, March 31, 2016 and June 30, 2016	218,400	\$0.05

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.

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5. Capital and equity reserve (continued)

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. Loss per share

Calculation of basic and diluted loss per share for the three months ended June 30, 2016 and June 30, 2015 was based on the loss attributed to common shareholders of \$4 (2015 - \$1,351,132) and the weighted average number of common shares outstanding of 96,206,923 (2015 - 96,206,923).

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.

a. Related party transactions

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

	Three months ended	
	June 30, 2016	June 30, 2015
Salaries and management and exploration fees (Note 10)	\$ 29,886	\$ 32,040
Share-based payment (Note 10)	124,939	5,530
	\$ 154,825	\$ 37,570

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

Company does not remunerate directors of the Company unless market capitalization is greater than \$75 million. During the three months ended June 30, 2016, the Company paid \$nil in directors fees (2015 - \$nil).

b. Balance owing

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at June 30, 2016 included approximately \$169,003 (March 31, 2016 - \$308,510) owing to directors and officers and \$583,606 (March 31, 2016 - \$580,902) owing to Candente Copper Corp., a shareholder of the Company. During the three month period ended June 30, 2016 management forgave fees owed to them in the amount of \$171,518.

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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 consolidated financial statements.

					June 30, 2016			
	Canada		Peru		Mexico		Total	
Unproven mineral right interests	\$	-	\$	317,447	\$	8,104,901	\$	8,422,378
Equipment		-		1,560		5,136		6,696
	\$	-	\$	319,037	\$	8,110,037	\$	8,429,074

					March 31, 2016			
	Canada		Peru		Mexico		Total	
Unproven mineral right interests	\$	-	\$	315,177	\$	8,128,592	\$	8,443,769
Equipment		-		1,632		5,136		6,768
	\$	-	\$	316,809	\$	8,133,728	\$	8,450,537

8. Expenses

				Three months period ended June 30,			
				2016		2015	
GENERAL AND ADMINISTRATIVE							
Audit and tax advisory fees		\$		3,371	\$		-
Bank charges and interest				130			-
Consulting				-			14,519
Depreciation				2,975			8,454
Legal				6,747			4,528
Management fees, office salaries and benefits				30,170			15,631
Office, rent and miscellaneous				-			12,089
Regulatory and filing fees				1,092			15,206
Share-based payment				133,000			8,029
Shareholder communications				3,575			2,218
Total general and administrative expenses		\$		181,060	\$		80,674

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the three months ended June 30, 2016 and 2015

(Expressed in United States dollars unless otherwise noted)

8. Expenses (continued)

	Three months period ended June 30,	
	2016	2015
EXPLORATION		
Community engagement and initiatives	\$ -	\$ 78
Exploration	382	29,309
Project administration	11,707	19,353
Cost recoveries	(23,000)	-
Total exploration expenses	\$ (10,911)	\$ 48,740

9. Financial risk and capital management

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

a. Liquidity risk

Liquidity risk is risk that the Company will not be able to meet obligations associated with its financial liabilities. 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. Management continually reviews the liquidity position including cash flow forecasts to determine liquidity position and maintain appropriate liquidity levels. Company plans to make payments of trade payables and commitments from current working capital and future sources of equity financing. Liquidity risk is considered to be high.

Maturity analysis of financial instruments

Financial liabilities	Carrying amount	2016	2017	2018	2019
Trade payables and accrued liabilities	\$ 1,112,979	\$ 1,112,979	\$ -	\$ -	\$ -

b. Currency risk

Currency risk is 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. Company operates internationally and is exposed to risks from foreign currency rates. Functional currency of the Company's subsidiaries is United States and Canadian dollars and some subsidiaries transactions are denominated in Mexican Pesos and Nuevo Soles. Company does not enter into any foreign exchange contracts to mitigate risk. Company and its subsidiaries do not have significant transactions or hold significant cash denominated currencies other than the functional currencies. Therefore, risk is considered minimal.

c. Credit risk

Credit risk is 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.

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

For the three months ended June 30, 2016 and 2015

(Expressed in United States dollars unless otherwise noted)

9. Financial risk and capital management (continued)

Cash are deposited in highly rated corporations and credit risk associated with these deposits is low.

d. Capital management

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

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 future capital management requirements.

In preparing budgets and corporate forecasting models, Management considers operating commitments imposed by subsidiaries and stability of 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. Total capital being managed by the Company as of the balance sheet dates, June 30, 2016 and March 31, 2016 is as follows:

	As at June 30, 2016	As at March 31, 2016
Total working capital deficiency	\$ (1,065,395)	\$ (1,230,612)
Total equity	7,363,679	7,219,925
Total capital	\$ 6,298,284	\$ 5,989,313

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.

Fair value hierarchy

The 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.

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 degree to which 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

Candente Gold Corp.

Interim Condensed Consolidated Financial Statements

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(Expressed in United States dollars unless otherwise noted)

9. Financial risk and capital management (continued)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Assets				
Cash	\$ 29,484	\$ -	\$ -	29,484
Total	\$ 29,484	\$ -	\$ -	29,484

There were no transfers between levels during the period.

10. Subsequent events

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.