Candente Gold Corp.
(An exploration company)
Consolidated Financial Statements
For the Years Ended March 31, 2013 and 2012
(Expressed in United States dollars, unless otherwise stated)

Deloitte.

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Independent Auditor's Report

To the Shareholders of
Candente Gold Corp.

We have audited the accompanying consolidated financial statements of Candente Gold Corp., which comprise the consolidated statements of financial position as at March 31, 2013 and March 31, 2012, and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Candente Gold Corp. as at March 31, 2013 and March 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred a net loss of $1.8 million for the year ended March 31, 2013 and has working capital of $0.4 million as at March 31, 2013. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

(Signed) Deloitte LLP

Chartered Accountants
June 27, 2013
Vancouver, Canada

Candente Gold Corp.

(An exploration company)

Consolidated statements of financial position

At March 31, 2013 and March 31, 2012

(Expressed in United States dollars unless otherwise noted)

	Notes		March 31, 2013		March 31, 2012
Assets					
Current assets					
Cash and cash equivalents	6	$	**647,357**	$	2,364,289
Trade and other receivables			**263,886**		684,505
Prepaid expenses and deposits			**53,447**		47,096
Total current assets		$	**964,690**	$	3,095,890
Non-current assets					
Value-added tax credit			**63,908**		55,244
Unproven mineral right interests	4		**12,802,274**		12,077,844
Equipment	5		**62,997**		83,329
Total non-current assets		$	**12,929,179**	$	12,216,417
Total assets		$	**13,893,869**	$	15,312,307
Liabilities					
Current liabilities					
Trade payables and accrued liabilities		$	**561,147**	$	342,497
Total current liabilities		$	**561,147**	$	342,497
Share capital	7	$	**22,711,269**	$	22,414,373
Reserves	7		**5,146,440**		5,315,588
Deficit			**(14,524,987)**		(12,760,151)
Total equity		$	**13,332,722**	$	14,969,810
Total liabilities and equity		$	**13,893,869**	$	15,312,307

General information and going concern (Note 1)
Commitments and contingencies (Note 8)
Events after the reporting period (Note 14)

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

Approval on behalf of the Board of Directors

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

Andres Milla — **Larry Kornze**

Director — **Director**

Candente Gold Corp.

(An exploration company)

Consolidated statements of comprehensive loss

for the Years ended March 31, 2013 and 2012

(Expressed in United States dollars unless otherwise noted)

	Notes		Year Ended March 31, 2013		Year Ended March 31, 2012
Expenses					
Exploration expenses	**10**	**$**	**1,414,114**	$	3,957,912
General and administrative expenses	**10**		**721,957**		839,540
		$	**2,136,071**	$	4,797,452
Other income					
Gain on foreign exchange		**$**	**(310,663)**	$	(116,601)
Interest and other income			**(60,572)**		(41,379)
Net loss		**$**	**(1,764,836)**	$	(4,639,472)
Other comprehensive loss					
Cumulative translation adjustment		**$**	**(212,347)**	$	(327,394)
Comprehensive loss			**(1,977,183)**		(4,966,866)
Loss per share attributable to shareholders					
Basic and diluted		**$**	**(0.03)**	$	(0.08)
Weighted average number of common shares outstanding			**62,120,867**		61,150,045

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

Candente Gold Corp.

(An exploration company)

Consolidated statements of changes in equity

for the Years ended March 31, 2013 and 2012

(Expressed in United States dollars unless otherwise noted)

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

	Share Capital		Reserves					
	Total common shares	**Share Capital**	**Equity settled employee compensation and warrants**	**Surplus on Acquisition of El Oro**	**Foreign currency reserve**	**Total reserves**	**Deficit**	**Total**
Balance at April 1, 2011	60,644,547	$ 22,006,615	$ 5,207,350	$ 52,046	$278,887	$5,538,283	$(8,120,679)	$19,424,219
Financing, net of issue costs	400,000	296,754	14,427	-	-	14,427	-	311,181
Acquisition of unproven mineral right interests	30,000	25,000	-	-	-	-	-	25,000
Exercise of warrants	85,713	66,762	(13,374)	-	-	(13,374)	-	53,388
Exercise of stock options	16,500	19,242	(3,780)	-	-	(3,780)	-	15,462
Share-based payment	-	-	107,426	-	-	107,426	-	107,426
Net loss	-	-	-	-	-	-	(4,639,472)	(4,639,472)
Cumulative translation adjustment	-	-	-	-	(327,394)	(327,394)	-	(327,394)
Balance as at March 31, 2012	61,176,760	$22,414,373	$ 5,312,049	$ 52,046	$(48,507)	$5,315,588	$ (12,760.151)	$ 14,969,810

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

Candente Gold Corp.

(An exploration company)

Consolidated statements of cash flows

for the Years ended March 31, 2013 and 2012

(Expressed in United States dollars unless otherwise noted)

	Notes		Year Ended March 31, 2013		Year Ended March 31, 2012
Net loss		$	(1,764,836)	$	(4,639,472)
Items not affecting cash:					
Amortization	5		20,757		38,164
Share-based payment	7		54,431		107,426
Changes in non-cash working capital:					
Trade and other receivables			420,619		(239,423)
Prepaid expenses and deposits			(6,351)		32,090
Trade payables and accrued liabilities			218,650		(161,369)
Cash flows used in operating activities		$	(1,056,730)	$	(4,862,584)
Investing					
Purchase of equipment	5	$	(425)	$	(25,203)
Addition to unproven mineral right interests	4		(459,412)		(454,219)
Value added taxes paid			(8,664)		(26,345)
Net cash used in investing activities		$	(468,501)	$	(505,767)
Financing					
Proceeds from issue of common shares for cash on financing		$	-	$	311,181
Exercise of warrants	7		-		53,388
Exercise of stock options			20,646		15,462
Repayment of promissory note			-		(977,165)
Net cash provided by (used in) financing activities		$	20,646	$	(597,134)
Effect of exchange rate changes on cash and cash equivalents			(212,347)		(313,643)
Net decrease in cash and cash equivalents			(1,716,932)		(6,279,128)
Cash and cash equivalents at the beginning of the year			2,364,289		8,643,417
Cash and cash equivalents at the end of the year	6	$	647,357	$	2,364,289

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

(Expressed in United States dollars unless otherwise noted)

1. General information and going concern

Candente Gold Corp. and its subsidiaries (the "Company" or "Candente Gold") are engaged in the exploration of mineral property interests in Mexico and Peru. The Company was incorporated on April 24, 2009 under the Business Corporation Act of British Columbia and its principal office is located at Suite 1650-400 Burrard Street, Vancouver British Columbia, V6C 3A6.

The principal subsidiaries of the Company as at March 31, 2013 are as follows:

Subsidiary	Interest	Functional Currency
Candente Mexico Resource Corp.	100%	CDN Dollars
El Oro (BC) Exploration Inc.	100%	CDN Dollars
Candente Gold Peru S.A.C.	100%	US Dollars
Minera CCM, S.A. de C.V. ("CCM")	100%	US Dollars

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

These consolidated financial statements were authorized for issue by the Board of Directors on June 27, 2013.

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

Uncertainty also exists with respect to the recoverability of the carrying value of certain mineral right interests. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and confirmation of the Company's title to the mineral right interests.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. For the years ended March 31, 2013 and March 31, 2012, the Company incurred losses of approximately $1.8 million and $4.6 million respectively, has working capital of $0.4 million at March 31, 2013 and as at March 31, 2013 the Company had $14.5 million of cumulative losses since inception. In addition, the Company is subject to sovereign risk, including political and economic instability, changes in existing government regulations relating to mining, as well as currency fluctuations and local inflation. The Company does not generate cash flows from operations and accordingly, Candente Gold will need to raise additional funds through the issuance of securities or resource secured debt. Although, Candente Gold has been successful in raising funds in the past there can be no assurance Candente Gold will be able to raise sufficient funds in the future, in which case the Company may be unable to meet its obligations as they come due in the normal course of business.

1. General information and going concern (continued)

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

2. Statement of compliance and basis of presentation

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

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

3. Significant accounting policies

a. Significant accounting estimates and judgments

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

(a) Critical accounting estimates

i. Valuation of share-based payments and warrants

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

3. Significant accounting policies (continued)

a. Significant accounting estimates and judgments (continued)

iii. Income taxes

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each applicable jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize a deferred tax asset could be materially impacted.

(b) Critical accounting judgments

Unproven mineral rights interests

Unproven mineral rights interests, include the cost of acquiring licenses. The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist, the rights of tenure are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area or alternatively by sale of the property. Management is required to exercise significant judgment in determining the timing of the determination of the technical and economic feasibility of the mineral resource.

b. Basis of consolidation

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

Subsidiaries are entities over which the Company has the power directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Company. Consolidation ceases from the date that the Company no longer has control.

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

3. Significant accounting policies (continued)

c. Foreign currency translation

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

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

d. Unproven mineral rights interests

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

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

Costs include the cash consideration and the fair value of shares issued on the acquisition of mineral rights. Rights acquired under option or joint venture agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. Proceeds from property option payments received by the Company are netted against the costs of the related mineral rights, with any excess being included in operations. No option payments were received during the years ended March 31, 2013 and 2012. There may be material uncertainties associated with the Company's title and ownership of its unproven mineral right interests. Ordinarily the Company does not own the land upon which an interest is located, and title may be subject to unregistered prior agreements or transfers or other undetected defects.

3. Significant accounting policies (continued)

e. Equipment

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

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

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

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

f. Financial instruments

Financial assets

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

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

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

3. Significant accounting policies (continued)

f. Financial instruments (continued)

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

Financial liabilities

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

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

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

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

g. Income taxes

Current taxation

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

Deferred taxation

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

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

3. Significant accounting policies (continued)

g. Income taxes (continued)

tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Additional income taxes that arise from the distribution of dividends are recognized at the same time that the liability to pay the related dividend is recognized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where, the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

h. Share based payment

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

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

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

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

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

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

3. Significant accounting policies (continued)

i. Provisions

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

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

j. Impairment

Impairment of financial assets

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

Assets measured at amortized cost

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

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

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

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

3. Significant accounting policies (continued)

j. Impairment (continued)

Impairment of non-financial assets

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

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

k. Cash and cash equivalents

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

l. Loss per share

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

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

- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

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

3. Significant accounting policies (continued)

m. Related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount, which is determined on a cost recovery basis.

n. New accounting standards or interpretations issued but not yet applied

Certain accounting standards and interpretations are in issue but not adopted for the current period. As at the date of these financial statements, the following standards and interpretations are in issue or will be in issue but not yet effective.

International Financial Reporting Standard 9, Financial Instruments (IFRS 9)

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments - Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted. The Company has not yet assessed the impact of the standard.

International Financial Reporting Standards 10, Consolidation (IFRS 10)

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation-Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements. This standard is required to be applied for

3. Significant accounting policies (continued)

n. New accounting standards or interpretations issued but not yet applied (continued)

accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard.

International Financial Reporting Standard 11, Joint Arrangements (IFRS 11)

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures, IFRS 11 supersedes IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities - Non-monetary Contribution by Venturers. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard.

International Financial Reporting Standard 12, Disclosure of Interests in Other Entities (IFRS 12)

IFRS 12 establishes disclosure requirements for interests in other entities, such as, joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard.

International Financial Reporting Standard 13, Fair Value Measurement (IFRS 13)

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard.

International Accounting Standard 27, Consolidated and Separate Financial Statements (IAS 27)

IAS 27 has been updated to require an entity presenting separate financial statements to account for those investments at cost or in accordance with *IFRS 9 Financial Instruments*. The new IAS 27 excludes the guidance on the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent, which is within the scope of the current IAS 27 Consolidated and Separate Financial Statements, and is replaced by IFRS 10. The Company has not yet assessed the impact of the standard.

(Expressed in United States dollars unless otherwise noted)

3. Significant accounting policies (continued)

n. New accounting standards or interpretations issued but not yet applied (continued)

International Accounting Standard 28, Investments in Associates and Joint Ventures: *(IAS 28)*:

IAS 28 has been updated and it is to be applied by all entities that are investors with joint control of, or significant influence over, an investee. The scope of the current IAS 28 Investments in Associates does not include joint ventures. The Company has not yet assessed the impact of the standard.

4. Unproven mineral right interests

As of March 31, 2013 and March 31, 2012, the Company's capitalized unproven mineral right interest costs are as follows:

		Balance at April 1, 2012		Mining property expenditures		Balance at March 31, 2013
El Oro	**$**	**7,625,949**	**$**	**427,613**	**$**	**8,053,562**
Peruvian properties		**4,451,895**		**296,817**		**4,748,712**
Closing balance	**$**	**12,077,844**	**$**	**724,430**	**$**	**12,802,274**

		Balance at April 1, 2011		Mining property expenditures		Balance at March 31, 2012
El Oro	$	7,465,374	$	160,575	$	7,625,949
Peruvian properties		4,092,930		358,965		4,451,895
Closing balance	**$**	**11,558,304**	**$**	**519,540**	**$**	**12,077,844**

El Oro

On May 5, 2006, CCM, Candente Copper and Canaco entered into a letter agreement (the "2006 Agreement") with Goldcorp Mexico, S.A. de C.V. (now Goldcorp S.A. de C.V. ("Goldcorp Mexico") and Desarrollos Mineros San Luis, S.A. de C.V. ("Desarrollos"), subsidiaries of Goldcorp Inc., that provided CCM with an option (the "Option") to acquire up to a 70% undivided interest in El Oro, subject to a 40% back-in right, in 24 mining concessions comprising approximately 14,950 hectares located in the states of Mexico and Michoacan, Mexico. Certain exploration and mining concessions included in El Oro are subject to net smelter returns royalties. The Option is comprised of an initial option to acquire 50% of El Oro (the "First Option") and then a further 20% (the "Second Option") subject to the issuance of shares and the completion of certain levels of exploration expenditures on El Oro are required to exercise the Option.

4. Unproven mineral rights interests (continued)

In two separate letter agreements dated February 2, 2009 (the "February 2009 Agreement") and September 30, 2009 (the "September 2009 Agreement"), the parties agreed to certain amendments to the 2006 Agreement. The most significant change was the removal of Goldcorp Mexico's back in right on the historic mining area that covers all known gold and silver bearing veins. In accordance with the terms of the 2006 Agreement, as amended, each of Candente Copper and Canaco committed to issue to Goldcorp Mexico 125,000 common shares in their respective share capital on or before November 30, 2009 (completed), and agreed that in order to exercise the First Option the Company would:

- Commit to issue to Goldcorp Mexico 1,000,000 Candente Gold shares at various dates on or before November 30, 2011 (completed);
- Commit to cumulative exploration expenditures totaling $5,000,000 to be completed on or before November 30, 2011 (completed);

Accordingly, during the year ended March 31, 2012, the Company completed the requirements of the First Option and acquired a 50% interest in the El Oro project, through the issuance of 1,000,000 Candente Gold shares on or before November 30, 2011, of which 30,000 were issued during the period ended March 31, 2012 and by committing cumulative exploration expenditures totaling $5,000,000 on or before November 30, 2011.

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

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

- Incur an additional $2,500,000 in exploration expenditures on or before November 30, 2012 and an additional $2,500,000 in exploration expenditures on or before November 30, 2013 (both expenditure limits were completed on May 1, 2012).

Included in unproven mineral rights interests is an accrual for $162,595 (2012 - $160,575 paid), for taxes owing on the Company's concession on El Oro.

Peruvian properties

The Company has a 100% interest in nine early to mid-stage gold and gold-silver exploration projects in Peru: Tres Marias, Oro Queropalca, Lunahuana, Fredito, Las Brujas, Picota, Alto Dorado, Cara Cara, Vista Alegre, Rocosa and Las Sorpresas. During the year ended March 31, 2013 the Company paid $296,817 (2012 - $358,965) in concession costs in Peru.

In June 2013, the Company commenced a review of its various concession licenses associated with its Peruvian properties to determine which, if any, were not going to be renewed in the current year. The Company is determining the impact of not renewing these licenses and the amount of an impairment, if any, of its unproven mineral right interests.

(Expressed in United States dollars unless otherwise noted)

5. Equipment

Equipment acquired for the year ended March 31, 2013 and March 31, 2012 as follows:

	Balance at April 1, 2012	Acquisition and (disposal) of equipment	Amortization	Balance at March 31, 2013
Equipment	**$ 48,701**	**$ 425**	**$ (16,304)**	**$ 32,822**
Vehicles and field equipment	**28,984**	**-**	**(2,806)**	**26,178**
Leaseholds	**5,644**	**-**	**(1,647)**	**3,997**
Closing balance	**$ 83,329**	**$ 425**	**$ (20,757)**	**$ 62,997**

	Balance at April 1, 2011	Acquisition and (disposal) of equipment	Amortization	Balance at March 31, 2012
Equipment	$ 50,198	$ 23,944	$ (25,441)	$ 48,701
Vehicles and field equipment	40,206	-	(11,222)	28,984
Leaseholds	7,485	(214)	(1,627)	5,644
Closing balance	$ 97,889	$ 23,730	$ (38,290)	$ 83,329

(Expressed in United States dollars unless otherwise noted)

6. Cash and cash equivalents

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

Cash Equivalents represent General Investment Certificates “GICs” held with a recognized financial institution earning interest between 1.00% and 1.55% (2012 – 0.65% and 1.55%).

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

		As at March 31, 2013		As at March 31, 2012
Cash at bank	**$**	**197,762**	$	297,431
Cash equivalents		**449,595**		2,066,858
Total cash and cash equivalents	**$**	**647,357**	$	2,364,289

7. Share capital

a. Shares authorized

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

b. Common share issues

Shares issued and outstanding

	Total amount of common shares issued		Total value of common shares issued
Balance as of April 1, 2011	60,644,547	$	22,006,615
Financing, net of issue costs	400,000		296,754
Acquisition of unproven mineral right interests	30,000		25,000
Exercise of warrants	85,713		66,762
Exercise of stock options	16,500		19,242
Balance as of March 31, 2012	61,176,760	$	22,414,373
Acquisition of unproven mineral right interests, (i)	1,000,000		265,018
Exercise of stock options, (ii), (iii) and (iv)	43,000		31,878
Balances as of March 31, 2013	**62,219,760**	**$**	**22,711,269**

7. Share capital (continued)

b. Common share issues (continued)

(i) On May 1, 2012, the Company's issued 1,000,000 common shares to Goldcorp Mexico at a price of Cdn$0.26 per share in order to complete the requirements for the exercise of the second option that provided the Company with the right to earn an additional 20% in the El Oro Project in Mexico (Not 4), resulting in an increase to share capital of $265,018 (CDN$260,000)

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

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

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

(Expressed in United States dollars unless otherwise noted)

7. Share capital (continued)

c. Share options

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

The changes in stock options were as follows:

	Number of options	Weighted average exercise price (CDN$)
Options outstanding, April 1, 2011	4,172,500	$0.65
Options granted	230,000	$0.65
Options forfeited	(910,000)	$0.67
Options exercised	(16,500)	$0.80
Options outstanding, March 31, 2012	3,476,000	$0.65
Options granted	2,200,000	$0.25
Options forfeited	(275,000)	$0.64
Options expired	(121,500)	$0.42
Options exercised	(43,000)	$0.42
Options outstanding, March 31, 2013	**5,236,500**	**$0.47**

As at March 31, 2013, the following options were exercisable and outstanding:

	Outstanding		Exercisable		
Grant date	**Exercise price**	**Number of options**	**Exercise price**	**Number of options**	**Expiry date**
September 4, 2009	$0.42	609,000	$0.42	609,000	September 4, 2014
February 17, 2010	$0.64	2,197,500	$0.64	2,197,500	February 17, 2015
November 2, 2010	$0.80	100,000	$0.49	100,000	November 2, 2015
May 25, 2011	$0.65	130,000	$0.39	130,000	May 25, 2016
December 5, 2012	$0.25	250,000		-	December 5, 2017
February 15, 2013	$0.25	1,785,000		-	February 15, 2018
March 26, 2013	$0.25	165,000		-	March 26, 2013
Weighted average	$0.47	5,236,500	$0.62	3,036,500	

Following the spin-out of Candente Gold from Candente Copper in January 2010, the Company has a commitment to issue shares of Candente Gold upon exercise of certain outstanding Candente Copper options ("Deemed Options"). The Company was deemed to have issued 1,638,350 Deemed Options, representing 8,191,750 options of Candente Copper with exercise prices ranging from Cdn$0.42 to Cdn$1.40 and expiry dates ranging from January 3, 2011 to November 24, 2014. The Deemed Options had a fair value of $476,500 at the date of the spin-out and as of the year end March 31, 2013, 609,000 of these options are outstanding.

(Expressed in United States dollars unless otherwise noted)

7. Share capital (continued)

c. Share options

The Company used the Black-Scholes option-pricing model under the following weighted average assumptions and recorded total share based payment for the years ended March 31, 2013 and 2012 of $54,431 and $107,426 respectively:

	2013	2012
Dividend yield	0%	0%
Risk-free interest rate	1.24%	2.05%
Volatility range	102.16%	85.00%
Expected life	3.46 years	3.57 years
Forfeiture rate	2.86%	1.00%

d. Warrants

	Number of warrants	Weighted average exercise price
Warrants outstanding, April 1, 2011	17,448,637	$1.07
Granted	224,000	$1.07
Exercise of warrants	(85,713)	$0.60
Expiry of warrants	(12,360,574)	$0.60
Warrants outstanding, March 31, 2012	**5,226,350**	$1.07
Expiry of warrants	(5,226,350)	$1.07
Warrants outstanding, March 31, 2013	-	-

8. Commitments and contingencies

The Company entered into the agreements for Operating Leases and Finance Leases. The minimum annual payments required are as follows:

	2014	2015	2016	2017	2018
Facility leases (a)	$ 25,200	$ 25,200	$ 25,200	$ 25,200	$ 25,200
Operating leases (b)	85,661	85,661	85,661	85,661	85,661
Total commitments	$ 110,861	$ 110,861	$ 110,861	$ 110,861	$ 110,861

a. Facility leases

The Company has entered leases of an office, warehouse and an access to adit on the Company's El Oro property with unrelated corporations.

b. Operating leases

The Company has entered into contractual obligations with contractors with respect to its operations in Mexico.

(Expressed in United States dollars unless otherwise noted)

9. Related party disclosures

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

- Ridley Rocks Inc. – CEO, management and exploration fees
- SW Project Management – Vice president, project management and exploration fees
- Michael Thicke Geological Consulting Inc. – Exploration fees for member group of companies
- Delphis Financial Strategies – CFO and management fees to October 27, 2012
- Phoenix One Consulting Inc. – CFO and management fees starting June 20, 2012

a. Related party transactions

The following table details the trading transactions incurred by the Company with its related parties, during the year March 31, 2013 and March 31, 2012:

	For the year ended March 31, 2013	For the year ended March 31, 2012
Ridley Rocks Inc.	**$ 80,266**	$ 136,514
SW Project Management	**12,997**	20,664
Michael Thicke Geologic Consulting Inc.	**6,125**	26,273
Delphis Financial Strategies Inc.	**27,484**	54,155
Phoenix One Consulting Inc.	**38,875**	-
	$ 165,747	$ 237,606

Amounts due to related parties are unsecured, non-interest bearing and due on demand. Accounts payable at March 31, 2013 included $nil, (March 31, 2012- $17,634), amounts due to companies controlled by directors and officers of the Company performing the services above.

(Expressed in United States dollars unless otherwise noted)

9. Related party disclosures (continued)

b. Compensation of key management personnel

The remuneration of directors and key management personnel who have the authority and responsibility for planning, directing and continuing the activities of the Company during the years ended March 31, 2013 and 2012, where as follows:

		For the year ended March 31, 2013		For the year ended March 31, 2012
Salaries and fees	**$**	**165,747**	$	237,606
Share-based payment		**13,671**		-
	$	**179,418**	$	237,606

- Salaries and fees, include the related party transactions disclosed in note 9(a).
- Share-based payments are the fair value of options expensed to directors and key management personnel during the year.
- The Company does not remunerate the directors of the Company unless its market capitalization is greater than $75 million. In 2013, the Company paid $nil in directors fees (2012 - $nil).

10. Expenses

Included in exploration expenses are the following:

		For the year ended March 31, 2013		For the year ended March 31, 2012
Exploration expenses				
Community relations and sustainability	**$**	**120,133**	$	7,000
Drilling		**47,646**		1,843,723
Exploration		**685,992**		817,048
Project administration		**560,343**		1,290,141
Total exploration expenses	**$**	**1,414,114**	$	3,957,912

(Expressed in United States dollars unless otherwise noted)

10. Expenses (continued)

Included in general and administrative expenses are the following:

		For the year ended March 31, 2013		For the year ended March 31, 2012
General and administrative expenses				
Management fees, office salaries and benefits	**$**	**185,180**	$	305,074
Share-based payment (note 7)		**54,431**		107,426
Office, rent and miscellaneous		**105,210**		145,627
Consulting		**133,314**		2,214
Shareholder communications		**40,402**		41,052
Regulatory and filing fees		**80,643**		76,700
Legal		**43,853**		41,279
Travel and accommodations		**3,153**		36,257
Audit and tax advisory fees		**48,746**		2,179
Amortization (note 5)		**20,757**		38,164
Bank charges and interest		**5,777**		5,381
Corporate development		**491**		38,187
Total general and administration expenses	**$**	**721,957**	$	839,540

During the year ended March 31, 2013, the Company presented the total exploration and general and administrative expenses in the notes to the consolidated financial statements, whereas these expenses had been disclosed on the face of the statement of comprehensive income in 2012.

(Expressed in United States dollars unless otherwise noted)

11. Income Taxes

(a) The Canadian Federal corporate tax rate decreased from 16.5% to 15% in 2013. The reduction in tax rates resulted in an overall decrease in the Company's statutory tax rate from 26.13% (blended rate for 2012 and 2013) to 25%. Income tax expense reported differs from the amount computed by applying the combined Canadian federal and provincial income tax rates, applicable to the Company, to the loss before the tax provision due to the following:

	2013	2012
	$	**$**
Loss before tax	**(1,764,836)**	(4,639,472)
Statutory tax rate	**25.00%**	26.13%
Expected income recovery	**(441,209)**	(1,212,294)
Changes attributable to:		
Share-based payment	**13,608**	27,496
Difference in tax rates between Canada and foreign jurisdictions	**(47,711)**	(134,414)
Tax effect of tax losses and temporary differences not recognized	**764,827**	1,546,582
Other	**(289,515)**	(227,370)
Income tax expense	**$ -**	$ -

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

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

	2013	2012
	$	**$**
Non-capital losses	**8,304,955**	9,415,787
Share issue costs	**411,711**	647,775
Foreign exploration	**6,593,745**	6,067,384
Tax values in excess of net book value of equipment	**8,926**	6,495
Capital losses	**185,870**	185,870
Eligible Capital	**87,237**	88,430
Unrecognized deductible temporary differences	**$ 15,592,444**	$ 16,411,741

(Expressed in United States dollars unless otherwise noted)

11. Income Taxes (continued)

(c) Expiry dates of unused tax losses:

At March 31, 2013, the Company has non-capital operating losses of approximately $3.317 million (2012 - $2.6 million) for deduction against future taxable income in Canada. The operating losses expire as follows:

2030	$	713,788
2031		1,267,346
2032		749,132
2033		586,902
	$	3,317,168

The Company also had net operating loss carry-forwards for tax purposes of approximately $301,000 (2012 - $155,000) and resource related amounts totaling approximately $6.59 million (2012 - $6.07 million), available, subject to certain restrictions, for deduction against future taxable income in Peru. The Company has the option to carry forward all net operating losses for four (4) years or carry the losses forward indefinitely, but only up to 50% of the Company's taxable income for each subsequent year.

Finally, the Company had net operating loss-carry forwards (expiring between 2018 and 2023) for tax purposes of approximately $4.7 million (2012 - $6.7 million) available, subject to certain restrictions, for deduction against future taxable income in Mexico.

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

12. 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.

(Expressed in United States dollars unless otherwise noted)

12. Financial risk and capital management (continued)

a. Liquidity risk (contined)

Maturity Analysis of Financial Instruments

Financial Liabilities	**Carrying Amount ($'s)**	**2013**	**2014**	**2015**	**2016**
Trade payables and accrued liabilities	$561,147	$561,147	**$ -**	**$ -**	**$ -**

b. Currency risk

Currency risk is the risk that arises on financial instruments that are denominated in a currency, other than the functional currency in which they are measured. The Company operates internationally and is exposed to risks from foreign currency rates. The functional currency of the Company's primary subsidiaries is the United States dollars and some of the subsidiaries transactions are denominated in Nuevo Soles and Mexican Pesos. Total expenditures of this nature for the year ended March 31, 2013 totaled 157,105 Nuevo Sols ($62,219) and 12,465,356 Mexican Pesos ($953,091). The Company determined that a 10% increase or decrease in the U.S. dollar against the Nuevo Sol and the Mexican Peso would result in an increase or decrease in net loss of $95,000 for the period ended March 31, 2013. The Company does not enter into any foreign exchange contracts to mitigate this risk.

c. Capital management

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

The Company's corporate office is responsible for capital management. This involves the use of corporate forecasting models, which facilitate analysis of the Company's financial position including cash flow forecasts to determine the future capital management requirements.

In preparing its budgets and corporate forecasting models, the Company considers operating commitments imposed by its subsidiaries and the stability of the global capital markets. As of the year ended March 31, 2013, the Company is managing its existing working capital to ensure that it will be able to meet its current commitments, however the Company does anticipate it will need to raise additional capital during fiscal 2014, to continue project development in Mexico and Peru.

(Expressed in United States dollars unless otherwise noted)

12. Financial risk and capital management (continued)

c. Capital management

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, March 31, 2013 and 2012 is as follows:

		As at March 31, 2013		As at March 31, 2012
Total working capital	**$**	**403,543**	$	2,753,393
Total equity		**15,803,241**		15,782,754
Total capital (1)	**$**	**16,206,784**	$	18,536,147

(1) Represents cash proceeds received since the Company's inception.

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

d. Fair value hierarchy

The following provides a description of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents	**$ 647,357**	**-**	**-**	**$ 647,357**

(Expressed in United States dollars unless otherwise noted)

13. Segmented information

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

								March 31, 2013
		Canada		Peru		Mexico		Total
Cash and cash equivalents	**$**	**585,056**	**$**	**4,314**	**$**	**57,987**	**$**	**647,357**
Receivables and prepaid expenses		**19,526**		**27,519**		**270,288**		**317,333**
Value-added tax credit		**-**		**63,908**		**-**		**63,908**
Unproven mineral right interests		**-**		**4,748,712**		**8,053,562**		**12,802,274**
Equipment		**11,971**		**6,308**		**44,718**		**62,997**
Closing Balance	**$**	**616,553**	**$**	**4,850,761**	**$**	**8,426,555**	**$**	**13,893,869**

								March 31, 2012
		Canada		Peru		Mexico		Total
Cash and cash equivalents	**$**	**2,212,335**	**$**	**13,870**	**$**	**138,084**	**$**	**2,364,289**
Receivables and prepaid expenses		**41,673**		**12,307**		**677,621**		**731,601**
Value-added tax credit		**-**		**55,244**		**-**		**55,244**
Unproven mineral right interests		**-**		**4,451,895**		**7,625,949**		**12,077,844**
Equipment		**29,895**		**4,149**		**49,285**		**83,329**
Closing Balance	**$**	**2,283,903**	**$**	**4,537,465**	**$**	**8,490,939**	**$**	**15,312,307**

14. Events after the reporting period

On June 12, 2013, the Company signed an agreement with the municipality of El Oro and the State of Mexico that provides the Company with access and processing rights to the tailing deposits. The first stage (Phase I) allows the Company a one year period to carry out the necessary test work to ascertain recoveries and potential economic viability of a tailings reclamation and reprocessing operation, for contributions of US$25,000 upon signing the Agreement and monthly contributions of US$3,000 starting 30 days after signing the Agreement. The contributions will be used to fund social projects agreed to by both the Company and the municipality. If Candente Gold decides to enter into the processing and the reclamation phase (Phase II), then an 8% Net Profits Interest ("NPI") will be paid to the municipality during the period of operation. If during any months of processing, there is no NPI due then a monthly contribution of US$3,000 will be made. The Company is planning to commence the exploration work on the tailings during the first quarter of 2014.