CANDENTE GOLD CORP.

TSX:CDG

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED
MARCH 31, 2011

DATED: JUNE 29, 2011

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FORM 51-102F2
ANNUAL INFORMATION FORM

CANDENTE GOLD CORP.

PRELIMINARY NOTES

In this Annual Information Form (the "**AIF**"), unless the context otherwise requires, the terms the **"Company**" and "**Candente Gold**" refer to Candente Gold Corp.

Documents Incorporated by Reference

Incorporated by reference into this AIF are the following documents:

1. consolidated audited financial statements of the Company for the year ended March 31, 2011; and
2. management discussion and analysis of the Company for the year ended March 31, 2011,

copies of which can be obtained online from SEDAR at www.sedar.com.

Date of Information

All information in this AIF is as of March 31, 2011 unless otherwise indicated.

Currency and Exchange

The Company's financial statements are expressed in United States (U.S.). This AIF contains references to U.S. dollars and to Canadian dollars. All dollar amounts referenced, unless otherwise indicated, are expressed in U.S. dollars. Canadian dollars are referred to as "**C$**". The high, low and closing exchange rate for the Canadian dollar in terms of U.S. dollar for the financial year ended March 31, 2011, as quoted by the Bank of Canada, were as follows:

	Year Ended March 31, 2011
High	$0.9218
Low	$1.0340
Close	$1.0314

On June 28, 2011, the noon spot rate for the Canadian dollar in terms of U.S. dollars, as quoted by the Bank of Canada, was C$1.00 – $0.9821.

Metric Equivalents

For ease of reference, the following factors for converting imperial measurements into metric equivalents are provided:

To convert from imperial	To metric	Multiply by
Acres	Hectares	0.404686
Feet	Metres	0.30480
Miles	Kilometres	1.609344

To convert from imperial	To metric	Multiply by
Tons	Tonnes	0.907185
Ounces (troy)/ton	Grams/Tonne	34.2857

Caution Regarding Reference to Resources and Reserves

National Instrument 43-101 *Standards of Disclosure of Mineral Projects* ("**NI 43-101**") is a rule developed by the Canadian Securities Administrators which establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Unless otherwise indicated, all reserve and resource estimates contained in or incorporated by reference in this AIF have been prepared in accordance with NI 43-101 and the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the "**CIM**") Standards on Mineral Resource and Mineral Reserves, adopted by the CIM Council on November 14, 2004 (the "**CIM Standards**") as they may be amended from time to time by the CIM.

Caution Regarding Historical Results

Historical results of operations and trends that may be inferred from the discussion and analysis in this AIF may not necessarily indicate future results from operations. In particular, the current state of the global securities markets may cause significant reductions in the price of the Company's securities and render it difficult or impossible for the Company to raise the funds necessary to continue operations. See "Risk Factors".

FORWARD-LOOKING INFORMATION

This AIF contains "forward looking information" within the meaning of applicable Canadian securities legislation. Such forward looking information concerns the Company's anticipated operations in future periods, planned exploration and development of its properties, and plans related to its business and other matters that may occur in the future. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as, "expects", "anticipates", "plans", "believes", "estimates", "intends", "targets", "projects", "forecasts", "seeks", "likely", or negative versions thereof and other similar expressions, or future conditional verbs such as "may", "will", "should", "would" and "could". This information relates to analyses and other information that is based on expectations of future performance and planned work programs. Statements concerning mineral resource estimates may also be deemed to constitute forward looking information to the extent that they involve estimates of the mineralization that will be encountered if a mineral property is developed.

Forward looking information is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitation:

- exploration hazards and risks;
- risks related to exploration and development of natural resource properties;
- uncertainty in the Company's ability to obtain funding;
- precious and base metal price fluctuations;

- recent market events and conditions;
- risks related to the uncertainty of mineral resource calculations and the inclusion of Inferred Mineral Resources in economic estimation;
- risks related to governmental regulations;
- risks related to obtaining necessary licenses and permits;
- risks related to the Company's business being subject to environmental laws and regulations;
- risks related to the Company's mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title;
- risks relating to competition from larger companies with greater financial and technical resources;
- risks relating to the Company's inability to meet its financial obligations under agreements to which it is a party;
- ability to recruit and retain qualified personnel; and
- risks related to the Company's directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interests.

This list is not exhaustive of the factors that may affect the Company's forward-looking information. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information. The Company's forward-looking information is based on beliefs, expectations and opinions of management on the date the statements are made and the Company does not assume any obligation to update forward-looking information if circumstances or management's beliefs, expectations or opinions change, except as required by law. A number of important facts could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, the risks described under the heading "Description of the Business – Risk Factors" below. For the reasons set forth above, investors should not place undue reliance on forward-looking information.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") on April 24, 2009. The Company's common shares (the "**Common Shares**") started trading on the Toronto Stock Exchange ("**TSX**") on January 4, 2010.

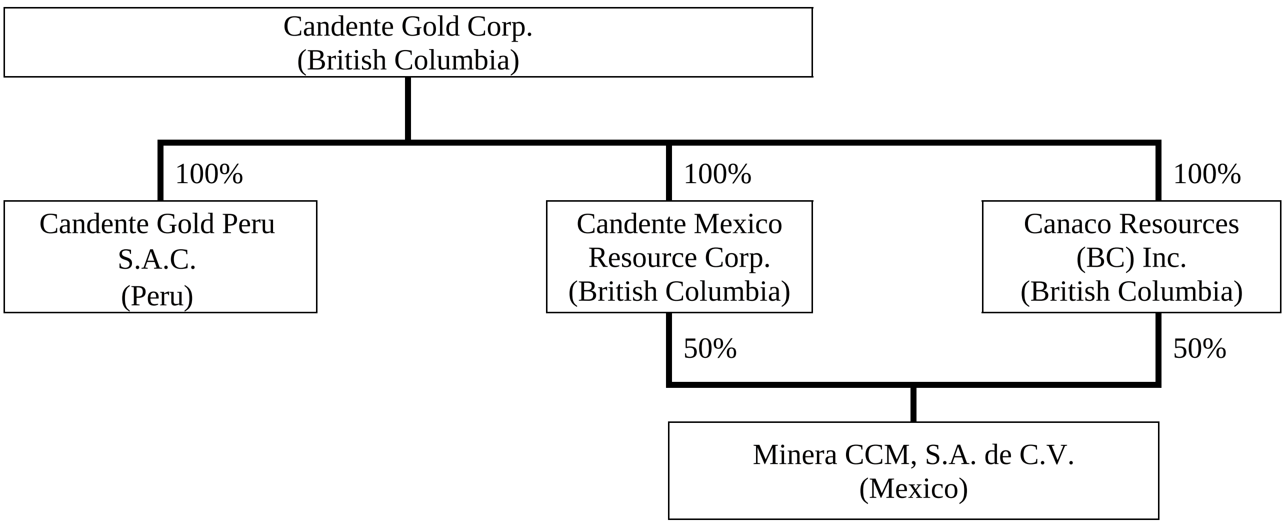
The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. All shares of the Company rank equally as to voting, and there are no special preference, conversion or redemption rights attached to any of the shares of the Company.

The Company's head office and registered and records office is located at Suite 1650-400 Burrard Street, Vancouver, British Columbia, Canada V6C 3A6. The Company's contact person is Maria Eugenia (Lola)

Montagne, Corporate Secretary and Treasurer. The Company maintains a website at www.candentegold.com.

Intercorporate Relationships

The Company has four active, direct or indirect, wholly-owned subsidiaries: Candente Mexico Resource Corp. ("**CMRC**") incorporated under the BCBCA; Canaco Resources (BC) Inc. ("**CRBI**") incorporated under the BCBCA; Minera CCM, S.A. de C.V. (Mexico) ("**Minera CCM**"), incorporated under the laws of Mexico; and Candente Gold Perú S.A.C. ("**CGPS**"), incorporated under the laws of Perú . The following diagram sets out the intercorporate relationship among the Company and each of its subsidiaries and the percentage of votes attaching to all voting securities of each subsidiary beneficially owned or controlled by or directed, directly or indirectly by the Company as at March 31, 2011:



Note:
[1] In accordance with Peruvian law, one share of Candente Gold Perú S.A.C. is held by Joanne Freeze, the Company's President, Chief Executive Officer and director.

Throughout this AIF, references made to the "Company" refer to Candente Gold and, where context requires, its consolidated subsidiaries, CMRC, CRBI, Minera CCM and CGPS.

GENERAL DEVELOPMENT OF THE BUSINESS

General

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

The Common Shares are listed on the TSX and the Bolsa de Valores de Lima (the "**BVL**") under the symbol "CDG".

The Company's principal asset is its 50% undivided interest, and option to earn an additional 20% working interest, in the El Oro gold-silver property located in the States of Mexico and Michoacan, Mexico (the "**El Oro Property**"). In addition to the El Oro Property, the Company has the Tres Marias, Fredito, Lunahuana, Oro Queropalca, Alto Dorado/Toril, Las Brujas, Picota, Las Sorpresas and El Tigre properties in Perú. See “General Development of the Business – Three Year History” and “Description of the Business – Mineral Exploration Projects” for further information on the Company’s assets.

Three Year History

As the Company was incorporated on April 24, 2009, it does not yet have a full three-year history. Since incorporation, the Company has been involved in the exploration of natural resource properties.

Financial Period Ended March 31, 2010

On April 14, 2009, Candente Copper Corp. (“**Candente Copper**”), formerly Candente Resource Corp., and Canaco Resources Inc. (“**Canaco**”) each agreed to transfer its respective 50% interest in the El Oro Property (collectively, the “**El Oro Interests**”) to the Company. Additionally, Candente Copper agreed to transfer its Peruvian gold-silver properties (the “**Peruvian Properties**”) to the Company.

As consideration for the transfer of the El Oro Interests, the Company issued 5 million Common Shares and a promissory note, payable in cash or convertible into Common Shares of the Company, to each of Candente Copper and Canaco. Each promissory note had a principal amount of C$1,300,000 ($1,239,157 at December 31, 2009), which was payable in cash or convertible into units of Candente Gold, based on the same terms and conditions as the private placement financing Candente Gold completed in the quarter ended December 31, 2009. On December 31, 2009, Candente Copper converted its C$1,300,000 promissory note into 3,250,000 Common Shares and 1,625,000 Common Share purchase warrants of the Company. The warrants have an exercise price of C$0.60 per Common Share to January 4, 2012. Canaco advised the Company that it would not convert its promissory note (the “**Canaco Note**”) and the Company paid C$350,000 of the principal on June 30, 2010. The C$950,000 that remains outstanding on the Canaco Note is currently due by April 30, 2011.

As consideration for the transfer of the Peruvian Properties, the Company issued to Candente Copper 13.5 million Common Shares and agreed to issue a further 10 million Common Shares if and when a cumulative total of $5 million is spent on the Peruvian Properties. The Company also granted to Candente Copper a copper net smelter return (“**NSR**”) royalty on certain of the Peruvian Properties.

The transfers of the Peruvian Properties were completed as part of to a plan of arrangement (the “**Arrangement**”), which was subject to both court and shareholder approval. Under the Arrangement, in addition to the transfer of assets, Candente Copper’s shareholders were issued one (1) Common Share of the Company for every five (5) shares of Candente Copper held.

On May 8, 2009, Candente Copper and Canaco completed the transfer to the Company of their respective 50% interests in Minera CCM, the Mexican company that holds the option (under Luismin, S.A. de C.V. (“**Luismin**”), a subsidiary of Goldcorp Inc.(“**Goldcorp**”)) on the El Oro Property in Mexico.

At Candente Copper’s Annual General and Special Meeting held on July 10, 2009, Candente Copper’s shareholders ratified and approved the Arrangement.

On December 17, 2009 under the terms of the Arrangement, Candente Copper transferred ownership of the Peruvian Properties to the Company.

By virtue of its acquisition of the El Oro Interests, the Company became party to the option agreement (the “**2006 Agreement**”) among Candente Copper, Minera CCM, Canaco, Luismin and Desarrollos Mineros San Luis, S.A. de C.V. (“**Desarrollos**”). The 2006 Agreement provides Minera CCM with an option (the "**Option**") which, if exercised, allows Minera CCM to earn up to an undivided 70% working interest in and to the El Oro Interests, which are comprise of certain exploration and exploitation concessions situated in the Municipalities of El Oro and Tlalpujahua, Mexico and Michoacán States, Mexico. The Option is comprised of an option to initially acquire a 50% interest in the El Oro Property (the "**First Option**") and a further 20% interest in the El Oro Property (the "**Second Option**"). The exercise of both the First Option and the Second Option are conditional on the Company completing certain issuances of Common Shares and certain levels of exploration expenditures within specific time frames, as further set out below.

In 2009, the parties to the 2006 Agreement entered into two letter agreements setting out certain amendments to the 2006 Agreement (as amended, the "**El Oro Agreement**"). In accordance with the terms of the El Oro Agreement each of Candente Copper and Canaco committed to issue to Luismin 125,000 common shares in their respective share capital on or before November 30, 2009, and agreed that the Company would:

- issue to Luismin 250,000 Common Shares on or before November 30, 2009 (completed) and 250,000 Common Shares on or before May 30, 2010 (completed);

- issue to Luismin 250,000 Common Shares on or before November 30, 2010 (completed) and 250,000 Common Shares on or before November 30, 2011 (completed), in order to pay the required share consideration for the exercise of the First Option;

- make exploration expenditures of an additional $1,500,000 to be completed on or before May 30, 2010 (completed);

- make an additional $2,500,000 in exploration expenditures on or before November 30, 2011 in order to complete the required expenditure consideration for the exercise of the First Option (completed);

- issue to Luismin 500,000 Common Shares on or before November 30, 2012 and 500,000 Common Shares on or before November 30, 2013 in order to pay the required share consideration for the exercise of the Second Option;

- make an additional $2,500,000 in exploration expenditures on or before November 30, 2012 and an additional $2,500,000 in exploration expenditures on or before November 30, 2013 in order to complete the required expenditure consideration for the exercise of the Second Option; and

- once the Second Option has been exercised by the Company, Luismin will have 90 days to make elections regarding the following: (a) to participate at its then existing 30% right title and working interest in all of the property; (b) to earn back a 40% interest (to a total of 70%) in the exploration area only (non-historic area) by incurring exploration expenditures totalling 2.5 times the amount spent by the Company in the same area and participate at its then existing 30% right title and working interest in the historic area of the property; or (c) revert to a 6.5% net profits interest in all of the property.

During the quarter ended December 31, 2009, the Company completed a private placement (the "**Private Placement**") for gross proceeds of $8,508,378 (C$9,028,130) from the sale of units ("**Units**") consisting of one Common Share and one-half Common Share purchase warrant (each full warrant, a "**Warrant**"). Pursuant to the Private Placement, the Company issued a total of 22,570,327 Common Shares and certificates representing 11,285,162 Warrants. Each full Warrant is exercisable at a price of C$0.60 per common share until January 4, 2012. The Company also paid to agents assisting in the Private Placement a total of $298,528 (C$313,186) in cash commissions and issued to the agents 735,345 Common Share purchase warrants (the "**Agents' Warrants**"). The cash commissions and Agents' Warrants equal 6.5% of the aggregate number of Units sold by the agents pursuant to the Private Placement. Each of the Agents' Warrants is exercisable for a period of 24 months to purchase one additional Common Share of at a price of C$0.60 per share.

Pursuant to the policies of the TSX, on January 6, 2010, the Company was deemed to have issued 872,890 Company warrants to warrant holders of Candente Copper on the basis of one Company warrant for every five warrants in Candente Copper. The 4,364,450 Candente Copper warrants (the "**Copper Warrants**") had exercise prices ranging from C$1.75 to C$2.00 and expired on June 26, 2010. The Company would have received 24.06% of the exercise price on the exercise of the Copper Warrants.

Pursuant to the policies of the TSX, on January 6, 2010, the Company was deemed to have issued 1,638,350 Company options to option holders of Candente Copper on the basis of one Company option for every five options in Candente Copper. The 8,191,750 Candente Copper options (the "**Copper Options**") have exercise prices ranging from C$0.42 to C$1.40 and expiry dates from January 3, 2011 to November 24, 2014. 474,600 of these options were forfeited before March 31, 2010. The Company will receive or has received 24.06% of the exercise price on the exercise of the Copper Options.

Financial Year Ended March 31, 2011

On April 6, 2010, the Company commenced exploration and underground work on the El Oro Property. On May 20, 2010, the Company commenced surface exploration drilling on the El Oro Property and on June 22, 2010, commenced drilling from within the underground workings of the San Rafael vein on the El Oro Property.

On August 23, 2010, the Company announced the listing of the Common Shares in Perú on the BVL under the symbol "CDG".

On October 20, 2010, the Company executed an agreement (the "**Casua Agreement**") with Minera Silex Peru S.R.L. ("**Minera Silex**") whereby it acquired from Minera Silex a 100 hectare Casua claim (the "**Casua Claim**") in the Puno District of Southern Perú. The Casua Claim is surrounded by the Company's Tres Marias prospect. The consideration for the Casua Claim included the payment of $10,000 to Minera Silex on signing of the definitive agreement, the issuance of 30,000 Common Shares to Minera Silex on signing of the definitive agreement and the issuance of an additional 30,000 Common Shares to Minera Silex within 6 months of signing of the definitive agreement.

On February 14, 2011, the Company notified and received acknowledgement from Goldcorp, S.A. de C.V. (formerly Luismin) that the Company had fulfilled all requirements necessary to exercise the First Option and acquire an undivided 50% interest in the El Oro Property and that it had elected to earn an additional 20% interest in the El Oro Property.

Recent Developments

On April 12, 2011, the Company closed a bought deal short form prospectus financing, including the overallotment option, underwritten by Stonecap Securities Inc., PI Financial Corp., and Wellington West Capital Markets Inc. originally announced on March 10, 2011. The Company issued 9,241,250 units at a price of C$0.80 per unit and 51,250 warrants at a price of C$0.06 per warrant for gross proceeds of C$7,396,075. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at a price of C$1.10 for a period of 24 months from the closing date.

Bankruptcy and Similar Proceedings

There is no bankruptcy, receivership or similar proceedings against the Company, nor is the Company aware of any such pending or threatened proceedings. There have not been any voluntary bankruptcy, receivership or similar proceedings by the Company since its incorporation or completed or currently proposed for the current financial year.

Reorganizations

Other than the Arrangement between the Company, Canaco and Candente Copper described above under the heading “General Development of the Business – Three Year History”, there have been no reorganizations of or involving the Company since its incorporation.

Significant Acquisitions

During the financial year ended March 31, 2011, there were no significant acquisitions completed by the Company.

DESCRIPTION OF THE BUSINESS

General

The Company is a Canadian-based mineral resources exploration company and currently has interests in mineral exploration properties in Mexico and Perú. The Company’s principal asset is its undivided 50% interest, with an option to earn an additional 20% interest in, the El Oro Property in the States of Mexico and Michoacán, Mexico. The Company also has 100% interests in additional early to mid-stage projects in Perú. See “Description of the Business – Mineral Exploration Projects – Peruvian Properties” below for information regarding these projects.

The Company is in the exploration stage and there is no assurance that commercially viable ore deposits exist in any of its properties until further exploration work is done and comprehensive economic evaluation based upon that work is concluded.

On March 14, 2011, the Company filed an amended technical report on the El Oro Property titled “Amended Technical Report on Candente Gold Corp.’s El Oro Project in the states of Mexico / Michoacán ” (the “**Technical Report**”) that is compliant with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”). The Technical Report is dated effective February 28, 2011 and was prepared by Mark J. Pryor, Vice President, Exploration of the Company and a “Qualified Person” as defined in NI 43-101. For a complete description of assumptions, qualifications and procedures associated with the information in the Technical Report, reference should be made to the full text of the Technical Report, which is available for review under the Company’s profile on SEDAR at www.sedar.com.

See “Description of the Business – Mineral Exploration Projects – Mexican Property” below for information regarding the El Oro Property and the Technical Report.

Specialized Skill and Knowledge

All aspects of the Company’s business require specialized skills and knowledge. Such skills and knowledge include the areas of geology, drilling, logistical planning, geophysics, metallurgy and mineral processing, implementation of exploration programs and accounting. While recent increased activity in the resource mining industry has made it more difficult to locate competent employees and consultants in such fields, the Company has found that it can locate and retain such employees and consultants and believes it will continue to be able to do so.

Management is composed of a team of individuals who have extensive expertise in the mineral exploration industry and exploration finance and are complemented by a strong Board. See “Directors and Officers”.

Employees

As of March 31, 2011, the Company and its subsidiaries had 1 employee and 6 contractors in Canada, 4 employees and 4 contractors in Perú and 11 contractors in Mexico. The Company also received services from 5 Candente Copper employees and was billed by Candente Copper for these services. The operations of the Company are managed by its directors and officers. The Company relies to a large degree upon reputable consulting firms and contractors to carry on many of its activities and, in particular, to supervise and carry out the work programs on its mineral properties. However, should the Company expand its activities, it is likely that it will choose to hire additional employees.

Environmental Protection

The Company currently conducts exploration and development activities in Mexico and Perú. All phases of the Company’s operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company’s operations. There is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties. The Company is currently engaged in exploration with minimal environmental impact.

Asset-backed Securities

The Company has never distributed or held any asset-backed securities.

Risk Factors

Resource Exploration and Development is Generally a Speculative Business: Resource exploration and development is a speculative business and involves a high degree of risk, including, among other things, unprofitable efforts resulting both from the failure to discover mineral deposits and from finding mineral deposits which, though present, are insufficient in size and grade at the then prevailing market conditions to return a profit from production. The marketability of natural resources which may be acquired or discovered by the Company will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations, the proximity and capacity of natural resource markets, government regulations, including regulations relating to prices, taxes, royalties, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There are no known reserves and, other than historical resource estimates for the El Oro Property which are not compliant with NI 43-101, there are no known resources, on any of the Company's properties. The majority of exploration projects do not result in the discovery of commercially mineable deposits of ore. Substantial expenditures are required to establish ore reserves through drilling, metallurgical and other testing techniques, determination of metal content and metallurgical recovery processes to extract metal from the ore, and to construct, renovate or expand mining and processing facilities. No assurance can be given that any level of recovery of ore reserves will be realized or that any identified mineral deposit, even if it is established to contain an estimated resource, will ever qualify as a commercial mineable ore body which can be legally and economically exploited. **Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.**

Fluctuation of Commodity Prices: Even if commercial quantities of mineral deposits are discovered by the Company, there is no guarantee that a profitable market will exist for the sale of the minerals produced. The Company's long-term viability and profitability depend, in large part, upon the market price of minerals which have experienced significant movement over short periods of time, and are affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns and speculative activities. The recent price fluctuations in the price of all commodities for which the Company is presently exploring is an example of a situation over which the Company has no control and may materially adversely affect the Company in a manner that it may not be able to compensate for. The supply of and demand for minerals are affected by various factors, including political events, economic conditions and production costs in major producing regions. There can be no assurance that the price of any minerals produced from the Company's properties will be such that any such deposits can be mined at a profit.

Recent market events and conditions: From 2007 into early 2010, the U.S. credit markets experienced serious disruption due to a deterioration in residential property values, defaults and delinquencies in the residential mortgage market (particularly, sub-prime and non-prime mortgages) and a decline in the credit quality of mortgage backed securities. These problems led to a slow-down in residential housing market transactions, declining housing prices, delinquencies in non-mortgage consumer credit and a general decline in consumer confidence. These conditions caused a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by the U.S. and foreign governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. In addition, general economic indicators have deteriorated, including declining consumer sentiment, increased unemployment and declining economic growth and uncertainty about corporate earnings.

While these conditions appear to have improved slightly in late 2010 and continue to show signs of improvement in early 2011, unprecedented disruptions in the credit and financial markets have had a significant material adverse impact on a number of financial institutions and have limited access to capital and credit for many companies. These disruptions could, among other things, make it more difficult for the Company to obtain, or increase its cost of obtaining, capital and financing for its operations. The Company's access to additional capital may not be available on terms acceptable to it or at all.

General Economic Conditions: The recent unprecedented events in global financial markets have had a profound impact on the global economy. Many industries, including the gold and base metal mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates, and tax rates may adversely affect the Company's growth and profitability. Specifically:

- the global credit/liquidity crisis could impact the cost and availability of financing and the Company's overall liquidity
- the volatility of gold and other base metal prices may impact the Company's future revenues, profits and cash flow
- volatile energy prices, commodity and consumables prices and currency exchange rates impact potential production costs
- the devaluation and volatility of global stock markets impacts the valuation of the Common Shares, which may impact the Company's ability to raise funds through the issuance of Common Shares

These factors could have a material adverse effect on the Company's financial condition and results of operations.

Share Price Volatility: From 2008 to 2010, worldwide securities markets, particularly those in the United States and Canada, experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration or development stage companies, experienced unprecedented fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. Most significantly, the share prices of junior natural resource companies experienced an unprecedented decline in value and there had been a significant decline in the number of buyers willing to purchase such securities. In addition, significantly higher redemptions by holders of mutual funds forced many of such funds (including those holding the Company's securities) to sell such securities at any price. While the global securities markets have recovered significantly in recent months, there are no guarantees that current market conditions will continue. **As a consequence, market forces may render it difficult or impossible for the Company to secure placees to purchase new share issues at a price which will not lead to severe dilution to existing shareholders, or at all.** Therefore, there can be no assurance that significant fluctuations in the trading price Common Shares will not occur, or that such fluctuations will not materially adversely impact on the Company's ability to raise equity funding without significant dilution to its existing shareholders, or at all.

Permits and Licenses: The operations of the Company will require licenses and permits from governmental authorities in Perú and Mexico. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects, on reasonable terms or at all. Delays or a failure to obtain such licenses and permits, or a failure to comply with the terms of any such licenses and permits that the Company does obtain, could have a material adverse effect on the Company. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in resource exploration may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations. Large increases in capital expenditures resulting from any of the above factors could force the Company to cease operations.

Acquisition of Mineral Properties under Agreements: The El Oro Agreement pursuant to which the Company recently delivered notice that it had fulfilled all requirements to acquire a 50% interest, and has elected to earn an additional 20% interest, in the El Oro Property provides that the Company must make a series of cash payments and/or share issuances over certain time periods, expend certain minimum amounts on the exploration of the El Oro Property. Failure by the Company to make such payments, issue such shares or make such expenditures in a timely fashion may result in the Company losing its interest in the El Oro Property. There can be no assurance that the Company will have, or be able to obtain, the necessary financial resources to be able to maintain the El Oro Agreement in good standing, or to be able to comply with all of its obligations thereunder, with the result that the Company could forfeit its interest in the El Oro Property. Pursuant to the El Oro Agreement, Goldcorp / Luismin also maintain the right to earn back in to a 70% interest in the exploration area (non-historic claims) of the El Oro Property by spending 2.5 times the amount expended by the Company in the same area of the property within a four-year period.

Title Matters: The acquisition of title to mineral properties in Mexico and Perú is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. While the Company has diligently investigated title to all mineral properties in which it has an interest and, to the best of its knowledge, title to all such properties is in good standing or, where not yet granted, the application process appears to be proceeding normally in all the circumstances, this should not be construed as a guarantee of title or that any such applications for concessions will be granted. Title to mineral properties may be affected by undetected defects such as aboriginal or indigenous peoples' land claims, or unregistered agreements or transfers. The Company has not obtained title opinions for the majority of its mineral properties. Not all the mineral properties in which the Company has an interest have been surveyed, and their actual extent and location may be in doubt.

Surface Rights and Access: Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for the purpose of carrying on mining activities, however, the enforcement of such rights through the courts can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in the applicable jurisdiction, the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate. This is a particular problem in many areas of both Mexico and Perú, where blockades of access to the Company's properties, hostile actions by local communities and the potential unwillingness of local police or governmental officials to assist a foreign company against its own citizens can result in the Company being unable to carry out any exploration activities despite being legally authorized to do so and having complied with all applicable local laws and requirements.

No Assurance of Profitability: The Company has no history of production or earnings and due to the nature of its business there can be no assurance that the Company will be profitable. The Company has not paid dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. All of the Company's properties are in the exploration stage and the Company has not defined or delineated any proven or probable reserves on any of its properties. None of the Company's properties are currently under development. Continued exploration of its existing properties and the future development of any properties found to be economically feasible, will require significant funds. The only present source of funds available to the Company is through the sale of its equity securities or the sale or optioning of a portion of its interest in its mineral properties. Even if the results of exploration are encouraging, the Company may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists. The Company has a deficit of $7,921,286 to March 31, 2011. Deficit means the amount of accumulated losses incurred by the Company since inception to March 31, 2011, and does not represent amounts due by the Company. The Company does not know if it will ever generate material revenue from mining operations or if it will ever achieve self-sustaining commercial mining operations. While the Company may generate additional working capital through further equity offerings or through the sale or possible syndication of its properties, there is no assurance that any such funds will be available on favourable terms, or at all. At present, it is impossible to determine what amounts of additional funds, if any, may be required. Failure to raise such additional capital could put the continued viability of the Company at risk.

Uninsured or Uninsurable Risks: Exploration, development and mining operations involve various hazards, including environmental hazards, industrial accidents, metallurgical and other processing problems, unusual or unexpected rock formations, structural cave-ins or slides, flooding, fires, metal losses and periodic interruptions due to inclement or hazardous weather conditions. These risks could result in damage to or destruction of mineral properties, facilities or other property, personal injury, environmental damage, delays in operations, increased cost of operations, monetary losses and possible legal liability. The Company may not be able to obtain insurance to cover these risks at economically feasible premiums or at all. The Company may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration and production activities.

Government Regulation: Any exploration, development or mining operations carried on by the Company will be subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. The Company cannot predict whether or not such legislation, policies or controls, as presently in effect, will remain so, and any changes therein (for example, significant new royalties or taxes), which are completely outside the control of the Company, may materially adversely affect to ability of the Company to continue its planned business within any such jurisdictions.

Political Risk in Mexico and Perú: The Company has mineral properties located in Mexico and Perú. Perú in particular has a history of certain political instability and may be considered a country with potential political risk. Mineral exploration and mining activities in Perú may be affected in varying degrees by political or economic instability, expropriation of property and changes in government regulations such as tax laws, business laws, environmental laws and mining laws. Any changes in regulations or shifts in political conditions are beyond the control of the Company and may materially adversely affect it business, or if significant enough, may make it impossible to continue to operate in Perú. Operations in both Mexico and Perú may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, foreign exchange restrictions, export controls, income taxes, expropriation of property, environmental legislation and mine safety. The Company does not have, nor does it plan to purchase, any type of political risk insurance. Additionally, these factors could pose serious potential problems associated with the Company's ability to raise additional capital which will be required to continue exploration activities.

Dependence Upon Others and Key Personnel: The success of the Company's operations will depend upon numerous factors, many of which are beyond the Company's control, including (i) the ability of the Company to enter into strategic alliances through a combination of one or more joint ventures, mergers or acquisition transactions; and (ii) the ability to attract and retain additional key personnel in exploration, mine development, sales, marketing, technical support and finance. These and other factors will require the use of outside suppliers as well as the talents and efforts of the Company. There can be no assurance of success with any or all of these factors on which the Company's operations will depend. The Company has relied and may continue to rely, upon consultants and others for operating expertise. The Company also strongly depends on the business and technical expertise of its management and key personnel, particularly that of its CEO and President, Joanne Freeze and Vice President, Sean Waller. There is little possibility that this dependence will decrease in the near term. The Company maintains management agreements with each of the CEO and President and Vice President. The Company does not carry key person life insurance on any of the key members of its management. The loss of any of its management would have a negative effect on the Company's operations.

Exploration and Mining Risks: Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are other risks involved in the operation of mines and the conduct of exploration programs. Substantial expenditures are required to establish reserves through drilling, to develop metallurgical processes, to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economics of developing mineral properties is affected by many factors including the cost of operations, variations of the grade of ore mined, fluctuations in the price of gold or other minerals produced, costs of processing equipment and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Short term factors, such as the need for orderly development of ore bodies or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in geological resources, grades, stripping ratios or recovery rates may affect the economic viability of projects.

Currency Fluctuations: The Company's reporting currency is the U.S. Dollar. Due to the nature of its operations in such countries, the Company maintains accounts in U.S. dollars, Canadian dollars, Mexican Pesos and Peruvian Nuevo Sol. The Company's operations and its proposed payment commitments and exploration expenditures under many of the agreements pursuant to which it holds, or has a right to acquire, an interest in its mineral properties, including the El Oro Agreement, are denominated in U.S. dollars, making it subject to foreign currency fluctuations. Such fluctuations are out of its control and may materially adversely affect the Company's financial position and results. The Company does not engage in any hedging programs with respect to currencies.

Environmental Restrictions: The activities of the Company are subject to environmental regulations promulgated by government agencies in Perú from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into the air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, antiquities and endangered species and reclamation of lands disturbed by mining operations. Certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations.

Regulatory Requirements: The activities of the Company are subject to extensive regulations governing various matters, including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development of mines, production and post-closure reclamation, exports, price controls, taxation, regulations concerning business dealings with indigenous peoples, labour standards on occupational health and safety, including mine safety, and historic and cultural preservation. Failure to comply with applicable laws and regulations may result in civil or criminal fines or penalties, enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions, any of which could result in the Company incurring significant expenditures. The Company may also be required to compensate those suffering loss or damage by reason of a breach of such laws, regulations or permitting requirements. It is also possible that future laws and regulations, or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of the Company's operations and delays in the exploration and development of the Company's properties.

Limited Experience with Development-Stage Mining Operations: The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise when and if it places its resource properties into production.

Estimates of Mineral Reserves and Resources and Production Risks: The mineral resource estimates presented in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time are based upon estimates made by Company personnel and independent geologists, and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified reserve or resource will ever qualify as a commercially mineable (or viable) deposit which can be legally and economically exploited. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Company's estimates. Accordingly, there can be no assurance that:

- these estimates will be accurate;
- reserves, resource or other mineralization figures will be accurate; or
- this mineralization could be mined or processed profitably.

Because the Company has not commenced production at any of its properties, and has not defined or delineated any proven or probable reserves on any of its properties, mineralization estimates for the

Company's properties may require adjustments or downward revisions based upon further exploration or development work or actual production experience. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. There can be no assurance that minerals recovered in small-scale tests will be duplicated in large-scale tests under on-site conditions or in production scale. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. Short term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have a material adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. The estimated resources described in the Company's filings with securities regulatory authorities, press releases and other public statements that may be made from time to time should not be interpreted as assurances of mine life or of the profitability of future operations. Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in applicable commodity prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for gold, silver or base metals, increased production costs or reduced recovery rates or other factors may render any particular reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The failure to establish proven and probable reserves could restrict the Company's ability to successfully implement its strategies for long-term growth.

Enforcement of Civil Liabilities: As most of the assets of the Company are located outside of Canada, and certain of the directors and officers of the Company are resident outside of Canada, in the United States or Perú, and as such it may be difficult or impossible to enforce judgments granted by a court in Canada against the assets of the Company or the directors or officers of the Company resident outside of Canada.

Mining Industry is Intensely Competitive: The Company's business of the acquisition, exploration and development of mineral properties is intensely competitive. The Company may be at a competitive disadvantage in acquiring additional mining properties because it must compete with other individuals and companies, many of which have greater financial resources, operational experience and technical capabilities than the Company. The Company may also encounter increasing competition from other mining companies in efforts to hire experienced mining professionals. Competition for exploration resources at all levels is currently very intense, particularly affecting the availability of manpower, drill rigs and helicopters. Increased competition could adversely affect the Company's ability to attract necessary capital funding or acquire suitable producing properties or prospects for mineral exploration in the future.

Mineral Exploration Projects

Following is a description of the Company's mineral properties in Mexico and Perú and its interest in such properties. Currently, the Company considers El Oro Property in Mexico as its material exploration project. As of March 31, 2011, a total of $4,218,864 has been spent by the Company in exploration on the El Oro Project.

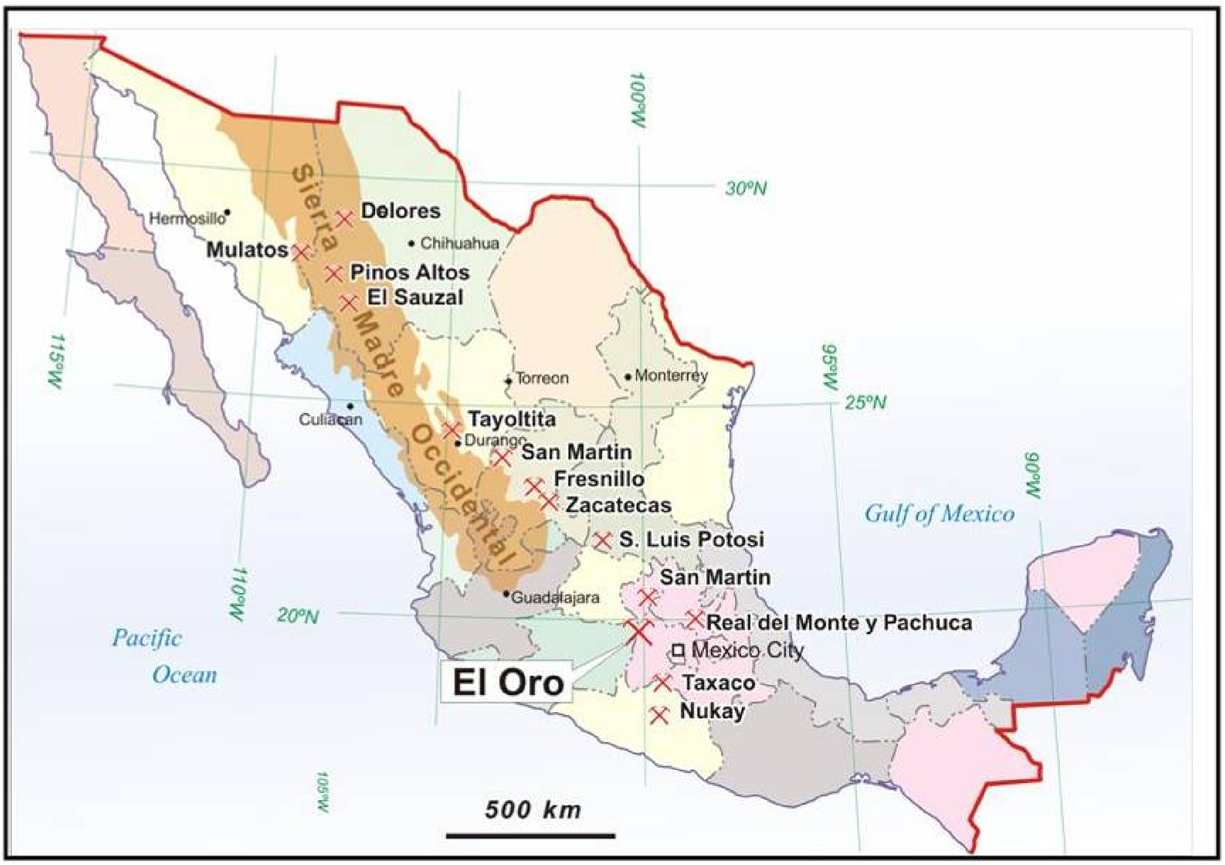
El Oro Project, Mexico

The following information is summarized from the Technical Report dated March 14, 2011 entitled "Technical Report on Candente Gold Corp.'s El Oro Project in the states of Mexico/Michoacán" prepared by Mark Pryor, the Company's Vice-President Exploration, and filed on SEDAR at www.sedar.com on March 14, 2011. Sections 10.2.3, 10.3, 10.4 and 11.3.2 and the subsections contained therein, are specifically incorporated by reference herein

Project Description and Location

The El Oro Property is located approximately 120 km west-northwest of Mexico City in the states of Mexico and Michoacán. The El Oro Property consists of 23 claim blocks totalling 14,950 hectares.

El Oro Property Location Map



On May 5, 2006, Candente Resource Corp. (now Candente Copper) and Canaco entered into the 2006 Agreement to jointly acquire up to a 70% interest in the 67 square kilometre El Oro Property from Luismin, a 100% owned subsidiary of Goldcorp and Desarollas, a wholly-owned subsidiary of Luismin.

The terms of the 2006 Agreement were as follows:

1. Minera CCM could earn a 50% interest by expending $5,000,000 on exploration and by Canaco and Candente Copper each issuing 250,000 common shares over a three-year period; and

2. Minera CCM could earn an additional 20% interest by expending an additional $5,000,000 ($10,000,000 total for 70% total interest) on exploration and development over an additional two years;

3. Desarollas retains the right to earn-back in to a 70% interest by spending $25,000,000 within four years on additional exploration and development; and

4. Desarollas has the right to participate in future equity financings by each company, up to the greater of: (i) their current percentage interest held in each company or (ii) 10% of the financing.

On February 2, 2009, Candente Copper, Minera CCM, Canaco, Luismin and Desarollas agreed to one-year extensions to all option payments (the "**Amendments**") set out in the 2006 Agreement.

In consideration for the Amendments, each of Candente Copper and Canaco:

1. Committed to issue to Luismin on or before November 30, 2009 the 125,000 common shares in their share capital as provided for in the 2006 Agreement, whether or not Minera CCM continued to make the option payments called for in the 2006 Agreement; and

2. Agreed to add a requirement for the issuance by each of Candente Copper and Canaco of an additional 125,000 common shares in their share capital on or before November 30, 2010 as a term for the exercise of the first option provided for in the 2006 Agreement.

On April 14, 2009, Candente Copper and Canaco agreed to transfer its respective 50% interest in the El Oro Property to the Company. In addition, Candente Copper agreed to transfer its Peruvian gold-silver properties to the Company.

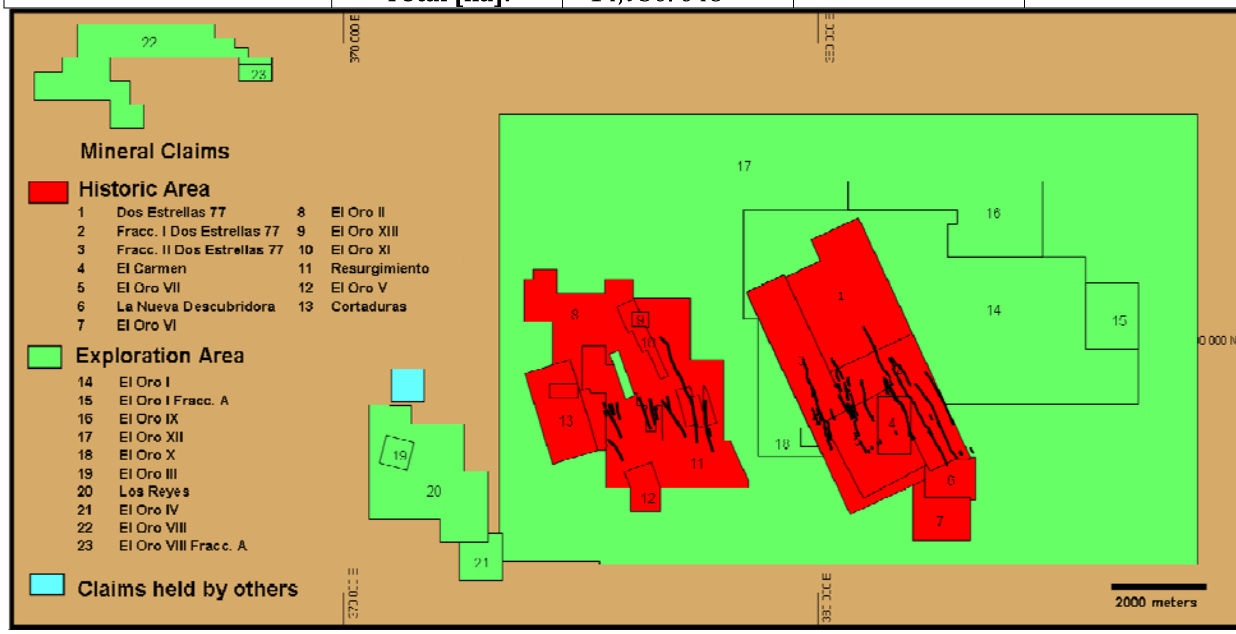
As consideration for the transfer of the El Oro Interests, the Company issued 5 million Common Shares and a promissory note, payable in cash or convertible into Common Shares of the Company, to each of Candente Copper and Canaco. Each promissory note had a principal amount of $1.3 million.

On February 14, 2011, the Company delivered notice to Luimin that it has fulfilled all requirements necessary to exercise the First Option to earn an initial 50% interest in the El Oro Property. Luisman has subsequently acknowledged and confirmed that the Company has satisfied the requirements to exercise the First Option.

The details of each claim and the El Oro Property claim map are below:

Claim Name	Claim No.	Surface [ha]	Expiration Date	Claim Type
El Carmen	156873	84.0000	5/9/2022	Mining
Resurgimiento	177586	412.7565	5/31/2036	Mining
Cortaduras	179074	182.0056	11/16/2036	Mining
Los Reyes	179519	499.3463	12/9/2036	Mining
Fracc. II Dos Estrellas 77	191267	380.3055	12/18/2041	Mining
Fracc. I Dos Estrellas 77	191268	330.3153	12/18/2041	Mining
Dos Estrellas 77	191269	478.3939	12/18/2041	Mining
La Nueva Descubridora	226074	79.2594	11/15/2055	Mining

Claim Name	Claim No.	Surface [ha]	Expiration Date	Claim Type
El Oro III	215271	36.0000	2/13/2052	Mining
El Oro VIII Fracc. A	215302	24.1920	2/13/2052	Mining
El Oro V	215303	59.9117	2/13/2052	Mining
El Oro IV	215329	77.9797	2/13/2052	Mining
El Oro X	215533	62.4890	2/27/2052	Mining
El Oro I Fracc. A	215534	155.3469	2/27/2052	Mining
El Oro VI	215535	115.8852	2/27/2052	Mining
El Oro I	215536	1,846.8273	2/27/2052	Mining
El Oro IX	215537	439.6603	2/27/2052	Mining
El Oro VIII	216708	416.8080	5/16/2052	Mining
El Oro II	216935	734.7005	6/4/2052	Mining
El Oro VII	217504	203.1999	7/15/2002	Mining
El Oro XI	221779	43.7478	9/17/2052	Mining
El Oro XII	219142	8,278.4633	2/13/2053	Mining
El Oro XIII	219719	8.5056	4/2/2053	Mining
El Oro XI A	220784	1.6999	10/1/2053	Mining
	Total [ha]:	14,950. 048		



Royalties and other payments

Luismin holds 100% right, title, and interest in and to the existing concessions subject to the following royalties in respect of all concessions except the “El Oro XI”, “El Oro XII” and “El Oro XIII” concessions which do not have any royalties:

- as to the El Carmen, Resurgimiento, Cortaduras, Los Reyes, La Nueva Descubridora, Frac. I Dos Estrellas 77, Frac II Dos Estrellas 77, Dos Estrellas 77, El Oro I, El Oro I Frac. A, El Oro II, El Oro III, El Oro IV, El Oro V, El Oro VI, El Oro VII, El Oro VIII, El Oro VIII Frac. A, El Oro IX and El Oro X concessions a 3% net smelter return royalty (NSR) payable to Corporación Turística Desarollas, S.A. de C.V.

- as to El Oro I, El Oro I Frac. A., El Oro II, El Oro III, El Oro IV, El Oro V, El Oro VI, El Oro VII, El Oro VIII, El Oro VIII Frac. A, El Oro IX and El Oro X concessions, a 3% NSR payable to Servicio Geológico Mexicano (SGM).

Environmental Liabilities

Neither the author of the Technical Report nor the Company knows of any environmental liabilities related to the El Oro Property. Due to minimal surface disturbance caused by the Company exploration programs there was no requirement to file any environmental assessment reports or to obtain additional permits, under the current law (NORMA - 120), although the Company has contracted environmental consultants to prepare environmental assessment reports covering the exploration drilling programs in the states of Mexico and Michoacán.

A separate Environmental Impact Assessment ("**EIA**") was recently (May 2011) granted for the North Portal where underground work is expected to commence later this year and although only in exploration phase, this work requires 'patios' for the transfer and storage of underground material.

The El Oro district has been mined for many years since the Spanish first discovered the outcropping veins in the Tlalpujahua area in 1529. There are historic waste dumps and tailings and other pre-existing environmental impacts on the property. In the El Oro Agreement with Luismin, no environmental liabilities have been disclosed to the Company, and the Company is not aware of any environmental liabilities related to the El Oro Property. In 2002, Placer Dome Ltd. ("**Placer**") completed an environmental review that stated that there were no liabilities at that time.

Under Mexican environmental law, all historic work (mines/tailings/waste dumps, etc.) performed prior to 1988 is exempt and not the responsibility of the current concession holder. Candente Copper and Canaco obtained the Option in 2006 and transferred it into Minera CCM. In April of 2009, the Company purchased Minera CCM from Candente Copper and Canaco.

Neither Minera CCM nor the Company have performed any mining activities that have included extraction and/or processing of ores or other material or storage of waste material from mining activities on the El Oro Property. The Company and Minera CCM are not aware of any mining activities by others (other than exploration activities) on the El Oro Property since 1988. There is currently a private individual that intermittently mines one of the internal licences, not held by Minera CCM, on the Borda Vein in Tlalpujahua.

Location of mineralized zones, mine workings and tailings

The El Oro Property is located within a historical mining district. The majority of the more recent historic gold and silver production came from two principal veins: the Veta San Rafael (State of Mexico) and the Veta Verde (State of Michoacán). Company personnel have located many historical shafts and adits in the field. A significant number of the underground mine records, plans and sections were digitized from the historical maps.

The historical mine workings of the San Rafael and Veta Verde veins are located below the post mineral volcanic cover of up to 300m in thickness. The surface facilities of the historic workings are limited to a number of vertical access shafts and adits within the town limits of El Oro and Tlalpujahua.

Tailings from past production are present on the surface and can be found in several locations on the El Oro Property. The Company does not own these tailings but they are available for purchase if desired.

Permitting

All claim maintenance and property payments are completed by Luismin. The Company is responsible for all environmental, municipal and state approvals for the exploration activity being conducted by the Company.

The exploration work being conducted at the El Oro Property, including drilling from surface and drilling from existing underground workings falls under the protocols of Norma-120-SEMARNAT-1997 ("**Norma-120**") regulations, the Company is currently in compliance with Norma-120.

As required by Norma-120, the Company has developed the Bitácora de Complimientos (one for the State of Mexico and one for Michoacán State). The Bitácora de Complimientos outlines "how" the Company is developing its exploration activities and how these activities will remain in accordance with Norma-120. These documents are not filed with SEMARNAT and no additional documents are required to remain in compliance with Norma-120.

At the North portal exploration site, activities will include the development of a new underground tunnel. This activity falls outside of the Norma-120 and therefore an environmental permit and an explosive permit are required. The Company has recently (May 2011) been granted all the required environmental permits for this work to commence.

The Company was previously issued the "Movimiento de tierras" on July 14, 2010 by the municipal government for the earth that was moved when building the patio and road at North Portal.

Surface rights

Surface rights within the El Oro mineral concessions are held by private owners and communities (Ejidos). For the 2010 exploration programs, the Company obtained permissions from the individual property owners as well as representatives of Ejidos to access and conduct exploration activity on their land. Compensation for road construction and drilling was also agreed upon.

Luismin in the 1970's purchased the surface rights to 12 hectares over an area within the Cortaduras project, an area of interest lying in the south-western corner of the El Oro Property.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The El Oro Property is located approximately 120 km west-northwest of Mexico City and 80 km northwest of Toluca. The property has excellent road access and can be reached by paved highway from the Mexico City International Airport in 3-4 hours or Toluca International Airport in 2 to 2.5 hours.

The town of El Oro is located in the central part of the concession. The second biggest town in this concession is Tlalpujahua. The town of El Oro has a population of approximately 50,000, and has one university and a hospital. The closest airport is located in Toluca, approximately a two hour drive from El Oro. Gas, food, and basic camp supplies can be purchased locally in El Oro. Larger towns include Atlacomulco which is 45 minutes away by car and Toluca, a two-hour drive from El Oro. El Oro has a power line, several hotels, restaurants, internet access and cellular phone coverage.

The elevations in the El Oro Property area range from approximately 2,200 m to almost 3,000 m. The landscape consists of rolling hills. Vegetation in the area comprises mainly of cedar and oak forests with pine being less common.

There are two main seasonal climate changes. In Winter, from November to January, the climate is cooler and frost is common at night, occasionally snow accumulates. Summer, from July to August, is the rainy season. At this time of the year, unpaved roads can be difficult to access, and at times roads can be washed out. Access to water can be limited and is easier to secure during the rainy season, however the main creeks can provide year-round water supply. The best time for field exploration activities is the dry season which lasts from November to May.

History

The El Oro Mines have collectively been described as some of the most significant high-grade, gold-silver producers in the history of Mexican mining, with past production of approximately eight million gold equivalent ounces from the San Rafael and Veta Verde veins. Historic production from the Borda and Corona veins is poorly documented although estimates have indicated an historic production from the Spanish era of $200 million pesos and $36 million pesos for the period 1743 to 1751. The veins on the El Oro Property have been worked since the Spanish first discovered the veins in 1529 and more recently in the late 1700s (Corona and Borda vein systems). The height of the mining activity began in 1896 and in the span of 33 years four companies mined predominantly the San Rafael and Veta Verde veins producing in excess of 17.5 million tonnes of ore grading 11.9 g/t gold and 121 g/t silver (6.4 million ounces gold and 74 million ounces silver).

<u>1500s</u>
Evidence of pre-Hispanic mining of near surface, high grade veins accessible with open pit methods.

<u>1700s</u>
Development of pumps and explosives for use in mining allowed deeper mining on exposed veins such as Borda and Corona.

<u>1890</u>
Discovery of the major blind veins under the post mineral volcanic cover started with the intercept of San Rafael Vein in crosscut (San Juan).

<u>1902</u>
Discovery of Veta Verde Vein under the post-mineral volcanic cover by crosscut (Dos Estrellas).

<u>1896 - 1925</u>
Three main companies, El Oro Gold Mining & Railway Company, Esperanza Mining and Mexican Mining, operated at the height of mining on the San Rafael Vein during this time period. The Veta Verde Vein was held and mined by Las Dos Estrellas Mining Company.

<u>1925 – 1937</u>
In 1925, all of the mines and properties were acquired by Dos Estrellas. Higher grade backfill, pillars and intermediate veins were mined at this time. A new crushing and processing plant was built to process this ore. In 1937, poor economic conditions coupled with the tragic failure of the main tailings impoundment facility forced Dos Estrellas to close operations.

<u>1937 – 1960</u>
Mining laws dictated that Dos Estrellas turn the mines over to the mine workers as debt payment in 1937. La Cooperativa Las Dos Estrellas en el Oro y Tlalpujahua (the "**Cooperative**") was formed and continued operating the mines predominantly as a salvage operation with the mining of backfill and exploitation of in-situ higher grade pillars. The Cooperative was administered and subsidized by a commission of the

Mexican government, however, this eventually proved uneconomic and resulted in closure of the mines in 1959.

1969-1971

Two exploration holes were drilled by More Mines Limited. One hole was drilled south of Buen Despacho and was aimed to intersect the San Rafael vein, and the second hole was drilled along the main road connecting the towns of El Oro and Tlalpujahua and intended to test the Veta Verde vein. Both holes were lost before reaching the target depth and the company left the El Oro area.

1977 – 1992

In 1977, the mineral rights over the El Oro veins came open and a private company, Minera Mexico Michoacán S.A. de C.V. ("**MMM**"), acquired the exploration rights to the El Oro property. In 1980, Luismin acquired a majority interest in the property from MMM.

1983-1992

Luismin drilled 33 holes with the main objective to confirm remaining in situ and backfill mineral resources. The Pomoca area was tested with 12 holes, 1 hole tested the San Francisco de Reyes zone, 3 holes tested the Zapateros area, 1 hole tested the Lillie vein, 10 holes tested the Cortaduras area, 3 holes tested the Oriente area, and 3 holes tested the San Rafael vein.

1993

Minera Hillsborough drilled 8 diamond drill holes ("**DDH**") in the San Rafael vein with the objective to verify the Luismin resource estimate. In addition, 4 diamond drill holes were completed to test the San Francisco de Los Reyes zone.

1995

Minera Santa Fe drilled 15 reverse circulation holes ("**RC**") north of San Francisco de Los Reyes. There are no collar locations, geological or geochemical information available for these holes.

1996-1997

Teck Cominco Ltd. ("**Teck**") ran IP resistivity and chargeability surveys along the northern extension of the Veta Verde and San Rafael veins and east of the San Rafael vein (Oriente south area). A total of 13 holes were drilled: 3 holes in the Cortaduras area, 6 holes in the northern extension of the Veta Verde vein, and 4 holes in the Oriente south area.

2002-2004

Placer completed a geochemical survey in the Oriente area and took measurements of gas vapors (CO_2). Three of the geochemical targets were drilled. One DDH and one RC drill hole tested the down dip extensions of the Corona vein, four DDH holes tested the San Rafael and the north extension of the Descubridora vein in the Buen Despacho area, and one hole was drilled in the Oriente area.

The Placer exploration program for the San Rafael Vein included digitizing all the 2600 assay level plans from El Oro Mining and creating a grade model in Vulcan. The modeling process defined four main higher grade ore shoots over a 1 km section of the San Rafael vein. A four-hole diamond drill program was laid out to test the down dip potential of the defined ore shoots at the bottom of (but not below) the historic workings. Due to difficult drilling conditions, several holes were lost before hitting their target depths.

2004

Luismin was purchased by Wheaton River Minerals, which later merged with Goldcorp Inc.

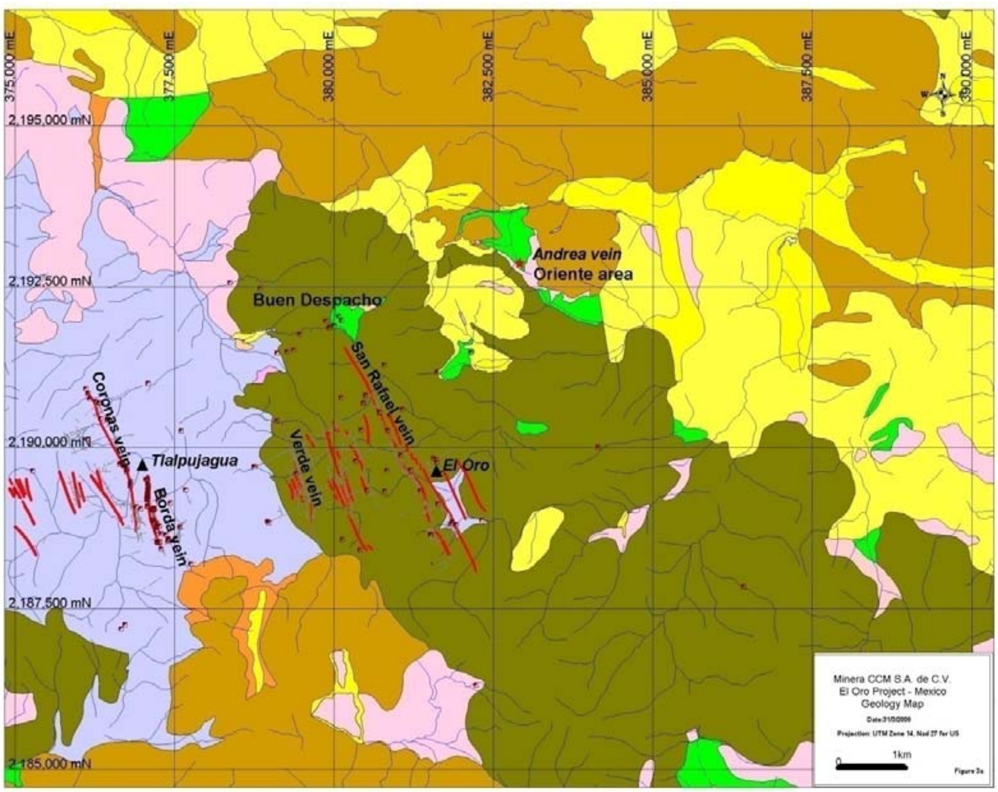
2006-2007
Candente Copper and Canaco acquired the option to earn an interest in the property in 2006 and formed the joint venture company, Minera CCM. Minera CCM carried out exploration work on the property in 2007. The objective of this programme was to test the down dip extensions of ore shoots underneath the old workings in four historic main veins (San Rafael, Veta Verde, Borda and Corona) as well as to explore for new veins in the Oriente area.

Minera CCM conducted surface geochemical sampling, Natural Source Audio-frequency Magnetotelluric geophysical survey (NSAMT) and diamond drilling.

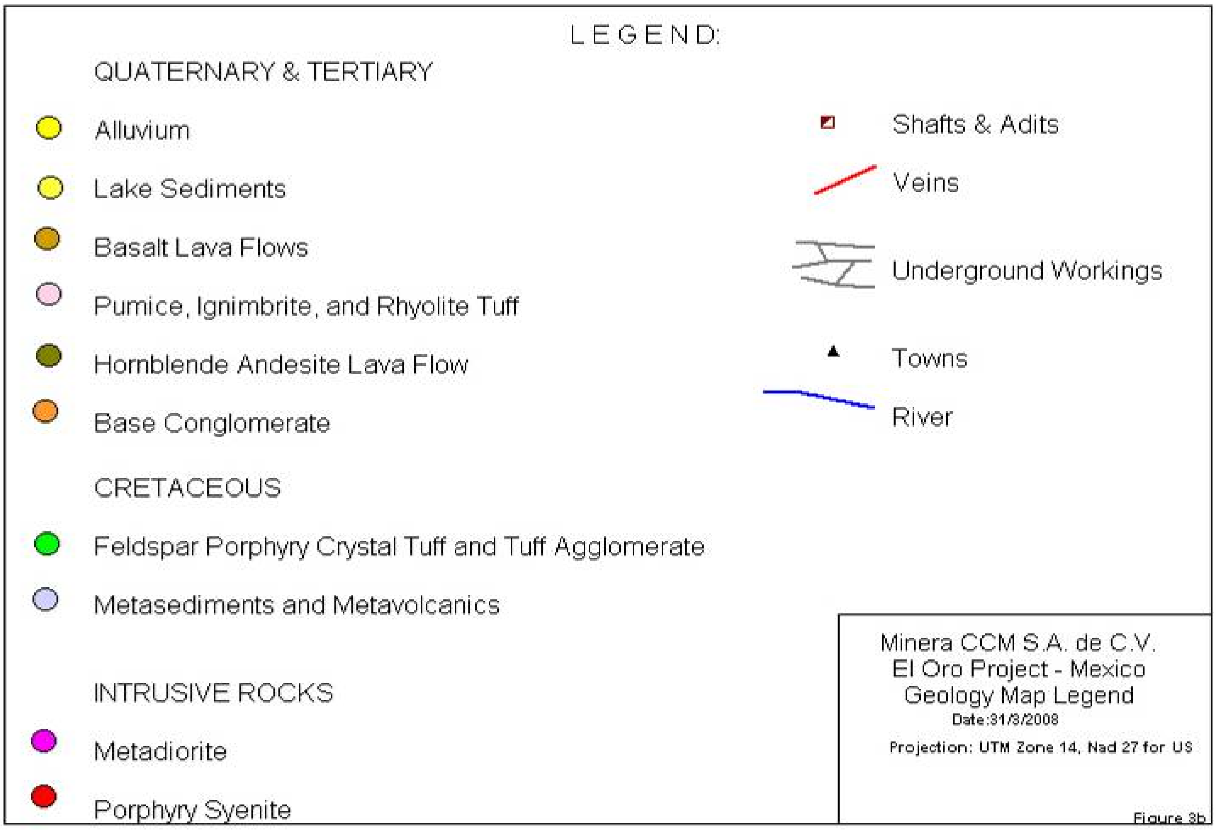
In 2006 and 2007, Minera CCM drilled 4,096 m in 11 holes. Eight holes intersected the targeted down-dip extensions of veins. Three holes were drilled over a 2.8 km strike length on the San Rafael vein; one hole tested the Borda vein; three holes were drilled over a 0.6 km strike length on the Coronas vein; and one hole was completed along the Verde vein. The other three holes were lost and did not reach their respective targets.

Geological Setting

The El Oro property is located in the east-west trending Trans-Mexican volcanic belt in the central part of Mexico. The belt consists mainly of Tertiary and Quaternary andesitic flows and tuffs underlain by Cretaceous and Jurassic meta-sediments and meta-volcanic rocks.



Property Geology Map



Property Geology Map – Legend

Tertiary and Quaternary volcanic rock sequences are represented by flows and tuffs of mainly andesitic composition with dacitic and rhyolitic compositions being less common. Cretaceous meta-sediments are represented by black meta-siltstones, meta-sandstones, and phylites. Meta-volcanics are mainly represented by andesitic tuffs and less commonly flows. The above-mentioned rocks are locally intruded by andesite dikes, dacite porphyries, diorite, and porphyry syenite.

The historically productive veins of the El Oro area are hosted in the Cretaceous and older meta-sediments and meta-volcanics. In most of the area, these rocks are covered by post-mineral Tertiary and younger rock units. In the Tlalpujahua area, the older, pre-mineral rocks and veins are exposed on the surface. The same Cretaceous and older rocks with quartz-carbonate veins are exposed in erosional windows within the younger Tertiary volcanic rock units south of the town of El Oro (Descubridora vein) and in some parts of the Oriente area. Initial mining in the El Oro – Tlalpujahua area started in veins out-cropping in these erosional windows (Corona, Borda, Descubridora veins).

Exploration

In February 2010, the Company began a systematic exploration program focused on:

- deep drilling of the San Rafael vein via the rehabilitation of the San Juan adit;
- the sampling of all material (back and stope fill) removed from the historic workings in order to confirm the historic “Remnant Resource”' grades;

- the (surface) diamond drilling of the Zona Oriente with focus on the depth extension of the Veta Andrea and the coincident geochemical/geophysical anomalies;
- reconnaissance exploration/evaluation of the other targets in the district that may be the focus of future drilling programs; and
- the surface diamond drilling for the depth extension of the San Rafael vein in the Buen Despacho, El Oro and Esperanza sections.

Underground Exploration

With the rehabilitation of the San Juan adit, access to areas of veining and stope/backfill were exposed. These zones were mapped and sampled and where prospective were drilled. During the rehabilitation of the San Juan adit, unsafe ground conditions were encountered in area of extensive backfill and as a result rehabilitation was suspended.

San Rafael Underground Sampling

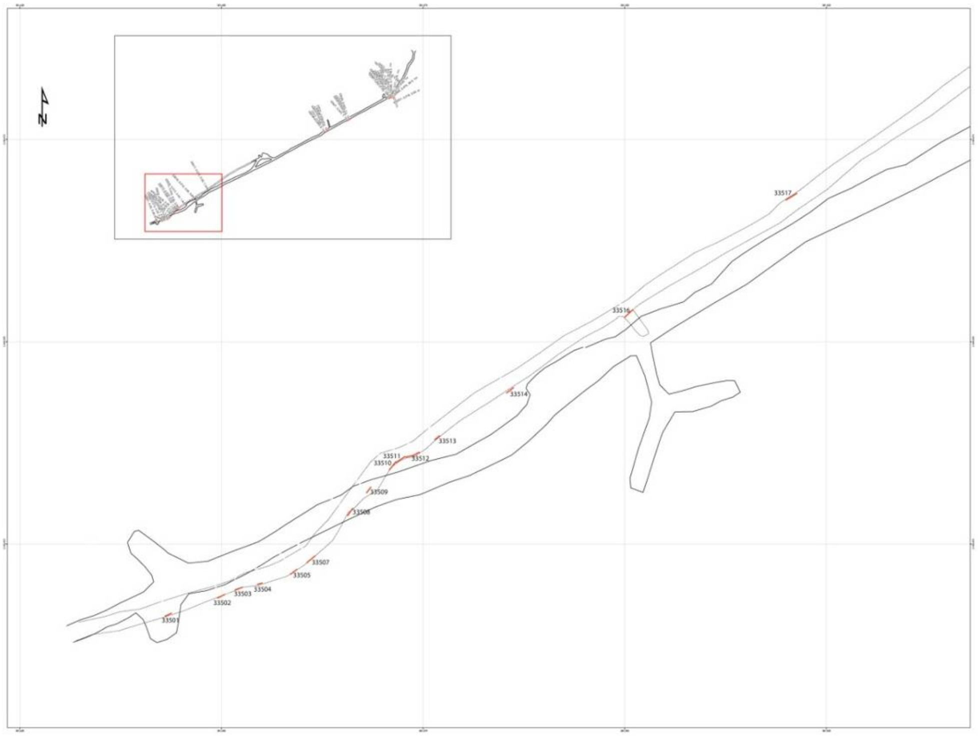
During the re-equipping and rehabilitation of the San Juan adit, mapping and sampling of alteration and veining of the San Juan 75 and 72 levels was completed.

No further zones outside of the three know veins (San Rafael, Calera and Descubridora) were intersected. This confirmed that only minor mineralization/alteration occurs within the black shale host rock either side of the principal veins.

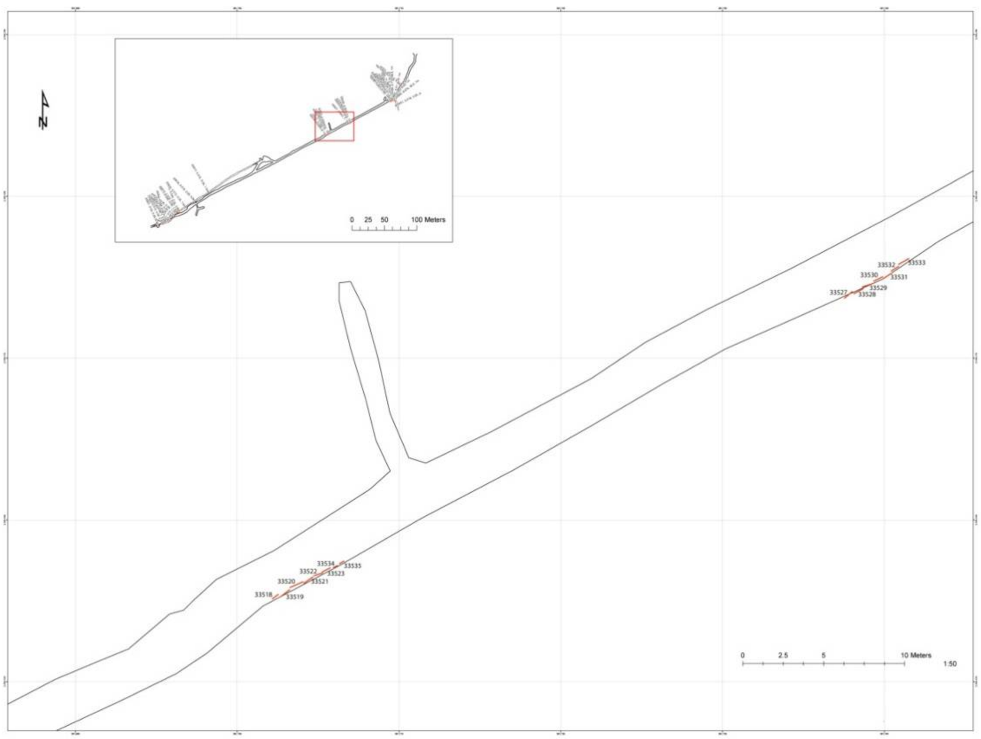
Results of this sidewall sampling are presented in the table below.

Location	**Sample Type**	**Width (m)**	**Au g/t**	**Ag g/t**	**Remarks**
75 Level sidewall	Sidewall Channel	42.70	All values <0.1g/t	Minor veins with values >1.0 and <16.0 g/t	Weakly altered and veined black shales
72 Level sidewall	Channel	43.50	All values <0.1g/t	All values <1.0g/t	Weakly altered and veined black shales
San Juan 75 Level sidewall	Channel	24.00	Values range from 0.29g/t to 0.47g/t	Values up to 36.50 g/t Ag over 1.00m	Veined (Quartz/ calcite) black shales

The Results of the Sampling/Mapping from the San Juan Adit



Sidewall Sampling Plan – 72 Level



Sidewall Sampling Plan – San Juan Adit, in Vicinity of Veta Descubridora

San Rafael Backfill Sampling

As the rehabilitation and cleaning of the material used to backfill the adit and infill the old San Rafael stopes advanced, systematic sampling of this material was carried out. Within the adit samples were collected on a daily and/or 1m advance basis.

Stope fill material was collected as cleaning and support was installed as the adit passed through the three old stopes that where intersected.

Results of this sampling are presented below:

75 Level Backfill	Grab	51 samples	0.47 g/t Au	7.14 g/t Ag	Altered shale and vein material
75 Level Stope Fill	Grab	28 samples	0.29 g/t Au	5.93 g/t Ag	Altered shales
72 Level Backfill	Grab	17 samples	4.73 g/t Au	53.49 g/t Ag	Altered shale and vein material
75 Level Stopefill	Grab	10 samples comprising 5 rock samples 5 samples of fines	1.95 g/t Au 1.69 g/t Au 2.22 g/t Au	17.20 g/t Ag 15.78 g/t Ag 18.62 g/t Ag	Quartz material with altered clays and minor black shales
75 Level Stopefill	Grab	3 samples	10.45 g/t Au	57.00 g/t Ag	Quartz blocks from the fall of ground at the face of the drift.

Assay Results from San Juan Adit- Levels 75 and 72 Backfill

San Rafael Underground Sampling

Currently, the only accessible location to see and sample an un-mined portion of the San Rafael vein in its upper section is within the Consuelo adit sub-level.

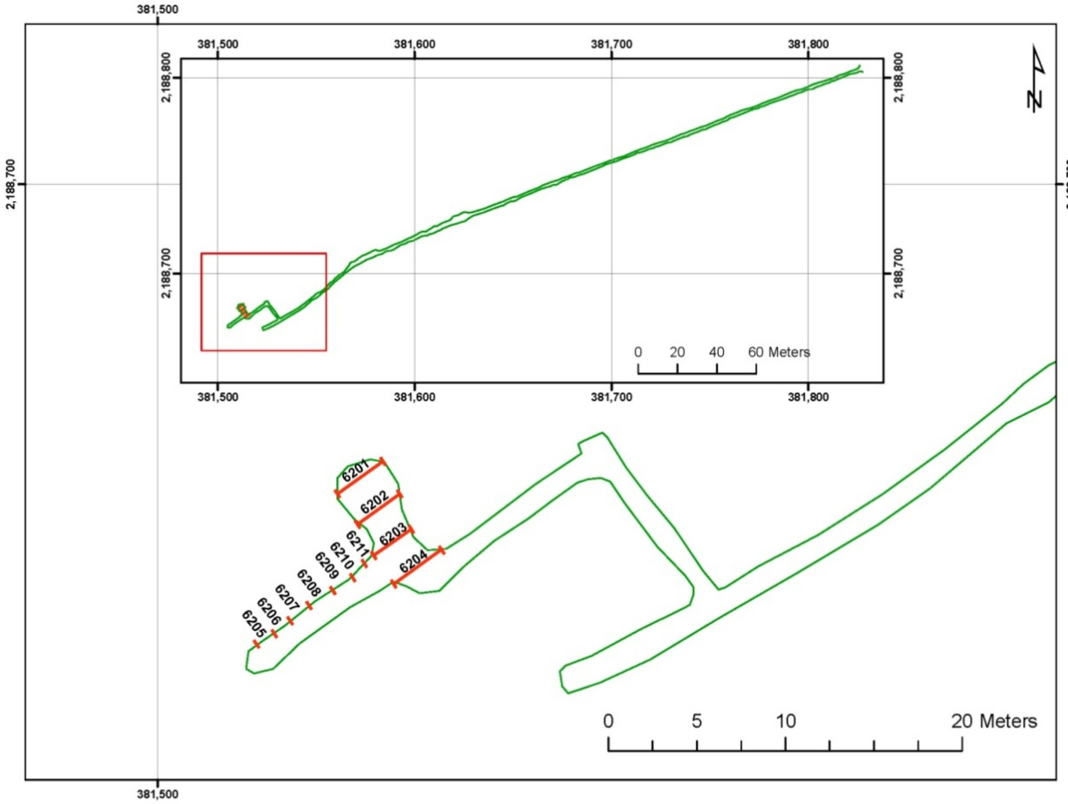
Mapping and sampling of the sub-level access, stope and crosscut is summarized in the table below.

The vein in the sub-level averages 2.50 m in width and is exposed over a 10 m strike. Values in channel sampling perpendicular to strike range from 1.13 to 14.64 g/t gold over the 2.50 m vein width.

The vein is composed of cream to greenish tinged quartz and white quartz replacing calcite on fracture surfaces bladed quartz after calcite is also noted.

Location	**Sample Type**	**Width (m)**	**Au g/t**	**Ag g/t**	**Remarks**
Consuelo Sub-level	Channel	10.00 Incl. 2.50	7.16 14.64	33.00 40.00	San Rafael Vein
Consuelo Sub-Level	Channel	7.00	0.12	5.69	Altered hanging wall Shales

Assay Results from Consuelo Sub-Level – San Rafael Vein Sampling



Consuelo Sub-Level – Mapping and Sampling of Veta San Rafael

Mineralization

The El Oro – Tlalpujahua mining district is known for gold and silver mineralization hosted in low sulphidation, epithermal veins. Historically these systems were thought to produce gold and silver over an average vertical extent of 250 to 300 metres. More recently several discoveries in other mines in Mexico have demonstrated that they have stacked boiling systems which produce gold and silver mineralization over 800 to 1200 metres vertically. The mineralization at El Oro shows strong evidence of a stacked boiling system. Mineralization is associated with massive saccharoidal, crystalline quartz and to a lesser extent with calcite. Bladed textures (quartz after calcite) and drusy quartz filled vugs are common, as well as banded colloform textures being present. In general, the mineralization is sulphide poor with sulphide content rarely exceeding 1%. Sulphides are mostly pyrite accompanied with lesser amounts of galena, sphalerite and chalcopyrite and trace or minor amounts of argentite, proustite and native silver and gold. Gold is very finely disseminated and rarely visible.

Descriptions of vein textures and fluid inclusion petrography completed for the Company on 16 samples of 2007 drill core from vein intercepts below the lowest level of historic mining indicate that the majority of the samples (12 of the 16) came from above or at the boiling level in the epithermal system. In typical low-sulphidation epithermal models precious metal deposition occurs above the boiling level. The results of the textural study indicated that many of the samples from the El Oro Property had characteristics of either the Chalcedonic superzone or the Crustiform-Colloform superzone using the textural model of Morrison et al. (1990). In Morrison's textural model the precious metal interval in low-sulphidation epithermal systems essentially corresponds to the Crustiform-Colloform superzone and the boiling level is approximately at the base of the Crustiform-Colloform superzone.

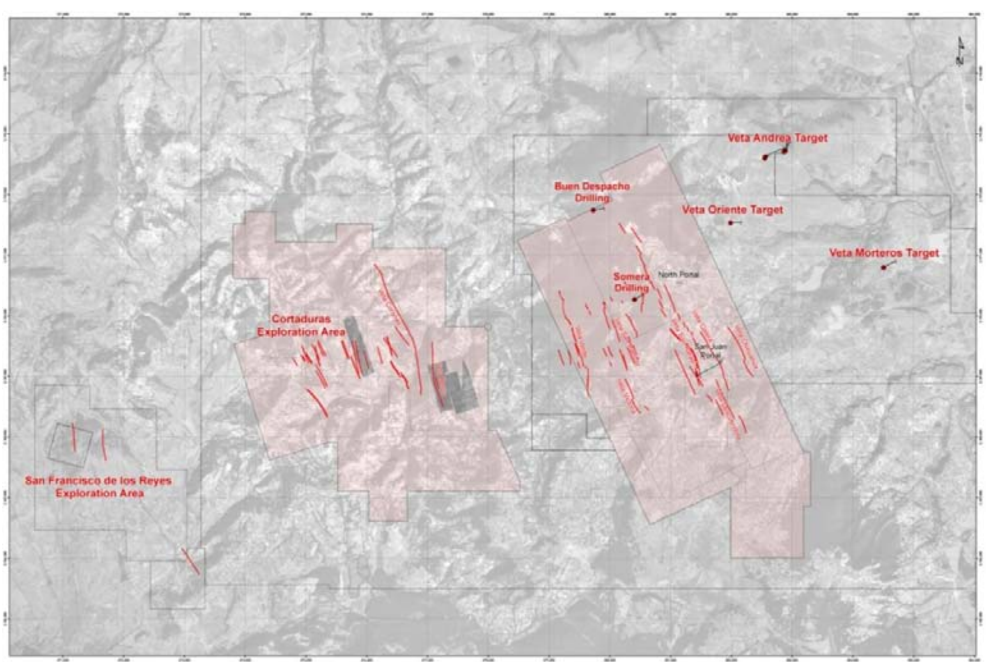
In San Rafael, oxidation can reach depths of 400 m and in the other veins (Veta Verde, Borda and Corona) the oxidation is shallower. The ratio of gold to silver varies from 1 to 6.5 in the oxidized ore and from 1 to 15 in the sulphidic ore. The average assay value in the upper level of the San Rafael vein was reported at 10.88 gpt (0.350) for gold and 155.52 gpt (5 oz) for silver, with maximum reported values reaching up to 466 gpt (14.98 dwt) of gold and 6,221 gpt (200 oz) for silver. Several veins (Negra, Neuva) branching from the main veins (San Rafael, Veta Verde, Borda, Corona) had higher grades than the main veins. Faults cross cutting the veins are interpreted as post mineral and there is no apparent relation between ore grade and faulting.

The most productive veins in recent history in the El Oro/Tlalpujahua district were the San Rafael and Veta Verde veins and associated off-shoots, branches, and parallel veins. These two vein systems do not crop out as they are covered by post-mineral andesite flows and tuffs. The San Rafael vein was discovered by an exploration cross cut driven westwards from the out-cropping Descubridora vein, and the Veta Verde vein was discovered by another exploration cross cut driven eastwards from the town of Tlalpujahua. Many other veins in the El Oro area were discovered through similar blind exploration cross cuts.

Productive veins of the El Oro area (San Rafael and Veta Verde veins) are mainly hosted in black meta-sediments and less commonly in meta-andesite tuffs. Veins are usually steeply dipping. They vary in thickness from less than 1 to over 70 m, and can be traced for over 3.5 km along strike. Most of the known veins in the El Oro district strike NW-SE with a steep dip (65-80 degrees) to the west in the veins located in the eastern part of the property (San Rafael and Veta Verde veins) and to the east in the veins located in the western part of the property in the Tlalpujahua area (Corona and Borda veins). There are a number of exceptions to this rule. The dip of the veins can be related to local folding (fracturing, axial cleavage, and related structures) within the Cretaceous meta-sediments.

Drilling

<u>Introduction</u>



Location Map Showing Areas of Drilling and Exploration Work – 2011

BDW Drilling de Mexico, S.A. de C.V. ("**BDW**") was contracted to carry out the 2011 drilling program. BDW supplied a LF90 drill rig capable of performing diamond drilling with PQ, HQ and NQ diameters of drill rods for the surface drilling and an LF50 drill rig capable of performing diamond drilling with HQ and NQ diameters of drill rods. Late in 2010 a second drillrig was supplied to speed up the exploration program, G4 drilled borehole SR10-002 after which Major Drilling was contracted to continue the drilling and commenced with borehole SR11-004 (still in progress) in May 2011.

The Somera drillhole (SR10-02) was drilled by the contractor G4, using a Val-Dor 5000 rig capable of performing diamond drilling with HQ and NQ diameter of drill rods.

A total of 2,266.75m of surface (Buen Despacho = 1,283.50m and Somera = 983.25m) and 2,048.60m of underground drilling (San Rafael = 980.60m, Calera = 762.00m and Descubridora = 306.00m) was completed in 2010.

The total cost for drilling is broken down as follows; surface drilling: 4,040.91m at a cost of US$938,923.28 (to the end of March 2011) and a further 2,295.04m drilled from April 1 to June 20, 2011 at a cost of US$341,940.32 (only includes 1,276.00m invoiced to end May - June costs care pending) for a total of 5,316.91m at US$1,280,863.60 (to the end of May 2011) and for underground drilling: 2,048.00m at a cost of US$215,002.00 (includes IVA, but excluding support and assays). . This equates to an average cost of US$240.90/m for surface and US$104.98/m for the underground drilling including additives, water and standby.

2010/11 – Drillhole Data

Target	Hold ID	East	North	Elevation	Azimuth	Dip	EOH
Underground							
San Rafael Footwall	SJUG10-001	381443.00	2189025.00	2710.50	310	0	27.00
San Rafael Footwall	SJUG10-002	381443.00	2189025.00	2710.50	310	45	40.50
San Rafael Footwall	SJUG10-003	381443.00	2189025.00	2710.50	310	-62	250.50
San Rafael Footwall	SJUG10-004	381446.00	2189021.00	2710.50	260	0	55.50
San Rafael Footwall	SJUG10-005	381445.00	2189022.00	2710.50	272	0	19.00
San Rafael Footwall	SJUG10-006	381445.00	2189022.00	2710.50	272	-30	84.60
San Rafael Footwall	SJUG10-007	381443.00	2189016.00	2709.60	230	0	35.50
San Rafael Footwall	SJUG10-008	381443.00	2189016.00	2709.60	200	0	45.60
San Rafael Footwall	SJUG10-009	381443.00	2189016.00	2709.60	200	-30	129.00
San Rafael Footwall	SJUG10-010	381443.00	2189016.00	2709.60	200	30	51.00
San Rafael Footwall	SJUG10-011	381444.00	2189017.00	2709.60	180	-45	242.00
Calera Vein	SJUG10-012	381428.00	2189068.00	2695.00	65	-70	175.50
Calera Vein	SJUG10-013	381428.00	2189068.00	2695.00	65	-45	153.00
Calera Vein	SJUG10-014	381428.00	2189068.00	2695.00	100	-45	174.00
Calera Vein	SJUG10-015	381428.00	2189068.00	2695.00	100	-45	100.5
Calera Vein	SJUG10-016	381428.00	2189068.00	2695.00	30	-70	159

Target	Hold ID	East	North	Elevation	Azimuth	Dip	EOH
Underground							
Descubridora Vein	SJUG10-017	381428.00	2189068.00	2695.00	60	-75	162.00
Descubridora Vein	SJUG10-018	381428.00	2189068.00	2695.00	111.7	-75	93
Descubridora Vein	SJUG10-019	381428.00	2189068.00	2695.00	15.5	-75	51
Surface							
Buen Despacho	SR10-01	379684.00	2191847.00	2696.00	80	-60	753.00
Buen Despacho	SR10-01W	379684.00	2191847.00	2696.00	80	-60	578.00
Buen Despacho	SR10-01W2	379684.00	2191847.00	2696.00	80	-60	555.00
Somera	SR10-02	380407.00	2190270.00	3012.00	60	-70	169.50
Somera	SR10-02A	380407.00	2190270.00	3012.00	58	-68	610.00
Somera	SR10-02W1	380407.00	2190270.00	3012.00	58	-68	596
Buen Despacho	SR10-03	379684.00	2191847.00	2696.00	06	-75	430*
Somera Section SS	SR11-001	380407.00	2190270.00	3012.00	06	-73	51
El Oro	SR11-002	380930.00	2189486	2845.00	06	-55	549
El Oro	SR11-003	380930.00	2189486	2845.00	06	-68	918
El Oro	SR11-004	380010.00	2189304	2830.00	06	-70	707

Note:
* Drilling on hole stopped due to change in priorities - casing left to hole to be completed in the future

Reconnaissance exploration work was also conducted to review and re-assess the areas lying outside of the immediate areas of the San Rafael – Veta Verde veins.

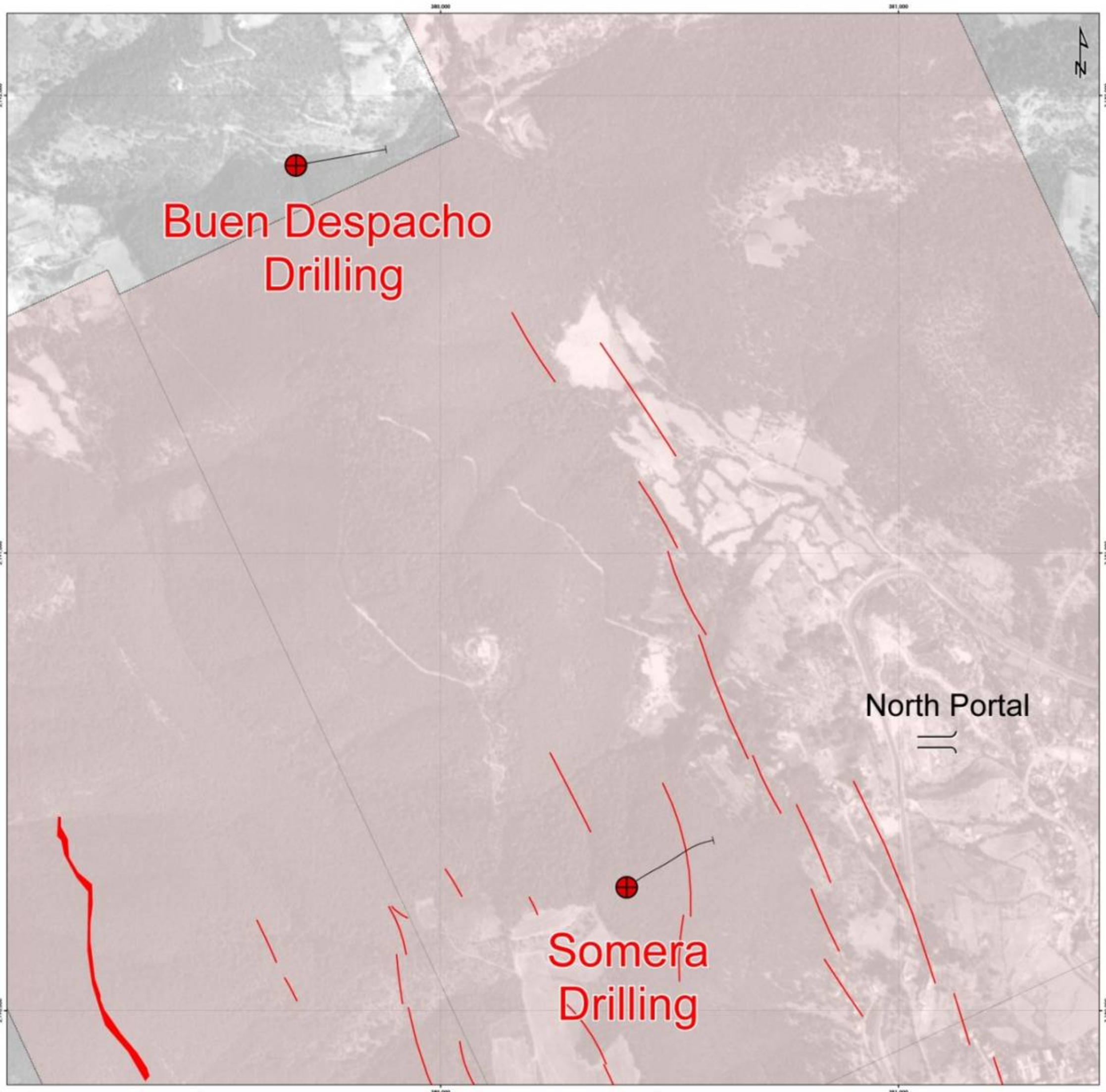
This program included the re-sampling, mapping and re-interpretation of the Cortaduras and San Francisco de Los Reyes zones.

Geochemistry and clay alteration studies are currently ongoing. All drill core is submitted for 30 element MS/ICP analysis and as yet no geochemical signature and/or specific trace element geochemistry can be correlated to the precious metal mineralization associated with the historically mined veins hosted by the meta-sediments. A geochemical study is now focusing on the newly intersected Somera Tuff unit and once sufficient trace element geochemistry is available this meta-volcanic unit will be studied in detail.

An on-site Analytical Spectral Device (ASD) is currently in use to study the clay alteration association related to veining and mineralization. The veining within the shales shows only minor smectite/illite alteration associated with precious metal mineralization.

The Volcanic unit immediately overlying (unconformably) the Cretaceous meta-sediments, a lithic tuff unit, exhibits moderate to strong advanced argillic alteration with locally cross cutting quartz veinlets and zones of strong silicification. This advanced argillic alteration comprises in the main illite + smectite + montmorillonite, but within areas of strong silicication has the clay assembledge illite/buddingtonite, an ammonia clay that in other epithermal systems is associated with the boiling zone of a hydrothermal system lying approximately 300 to 350m above the main zone of precious metal deposition. In the lithic tuff at El Oro, the appearance of buddingtonite is always associated with elevated precious metal values and gives credence to a possible stacked boiling system as found in other epithermal precious metal systems in Mexico (Fresnillo, Guanajuato, Piños Alto and San Sebastian).

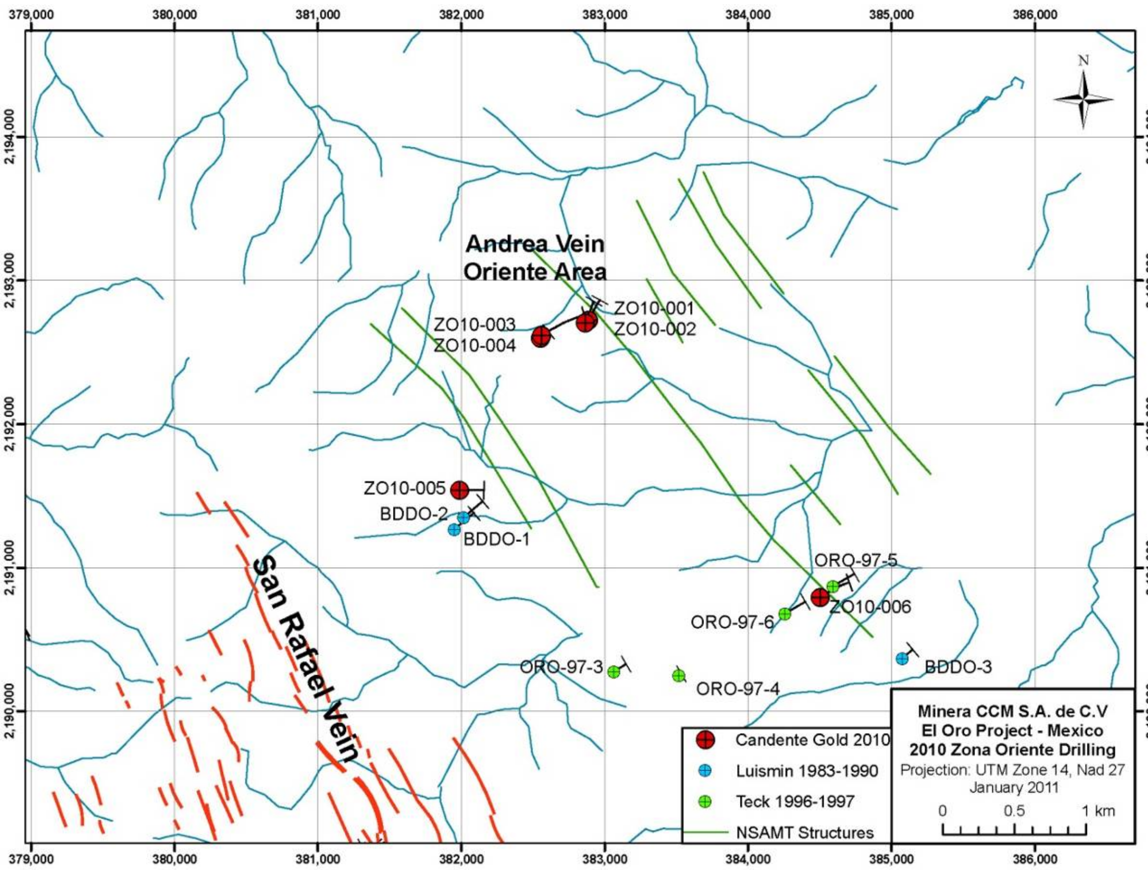
Surface Drilling



Location of the 2010/11 Drilling Program

Zona Oriente Surface Drilling

In 2010, the Company completed 3,336 m of drilling in six holes within the Oriente Zone of the El Oro property. A location map of holes drilled is presented below.



Location Plan of Zona Oriente Drillholes ZO10-01 to 06

Drilling commenced in April 2010 and was completed in September 2010 and amounted to the following costs; US$533,542.63, including core, additives and IVA, but excluding support, assay and water. This equated to an average cost of US$159.94/m.

The drill program to test targets in the Zona Oriente was based on the coincident data from the Placer (2003) and Candente Copper (2007) geochemical soil and soil gas programs coupled with the interpreted NSAMT geophysical study completed by Candente Copper in 2007.

The first priority target was the Andrea vein where geochemistry, geophysics and an outcrop of a chalcedonic high level epithermal breccia zone evidenced a fracture zone with the presence of hydrothermal fluid flow. Drilling to test for the down dip continuity of the vein structure commenced in April.

Andrea Vein	ZO10-001	382886.00	2192726.00	2695.00	030°	-65°	405.00
Andrea Vein	ZO10-002	382864.00	2192705.00	2695.00	030°	-75°	670.00
Andrea Vein	ZO10-003	382551.00	2192602.00	2709.00	060°	-70°	222.00 Abandoned
Andrea Vein	ZO10-004	382560.00	2192618.00	2709.00	060°	-70°	1029.20
Oriente Vein	ZO10-005	381988.00	2191538.00	2713.00	090°	-70°	476.60

Morteros Vein	ZO10-006	384505.00	2190795.00	2713.00	060°	-65°	534.00

Zona Oriente Drillhole Data

A series of three drill holes were planned to intersect the Andrea structure and NSAMT Arroyo structure at increasing depths below surface. The objective was to target the structure within the host shales to the main San Rafael and Veta Verde veins central to the historic El Oro district.

The first drillhole (ZO10-01) was located approximately 100m into the hangingwall of the structure with the objective to intersect the structure at approximately 100m vertically below surface. It is at this point where the NSAMT geophysics indicated the existence of a contact that Company geologists believed to be the volcanic/shale interface, thus confirming the sub-surface geology of this area.

ZO10-01 – Was collared in hornblende andesites (ANHB), passed through into Pre-mineral andesitic tuffs (ANTX/ALTX) and flows (ANVA) at 48.35 to 375.72m. The hole was completed to depth of 405.00m within an ignimbrite/welded tuff (WLT) host. The down dip extension of the Andrea structure was intersected at a down hole depth of 175.00 to 182.00m approximately 100m vertically below surface and the NSAMT structure at 305.00 to 325.00m.

ZO10-02 – Drillhole ZO10-02 was stepped back 50m from hole #1 and the dip increased to -75° in order to target the vein at 200 to 250m below surface within the shales. Pre-mineral andesitic tuffs and flow were intersected at 53.05 to 364.35m, then passed down into the ignimbritic sequence before hitting the shales (LUT) at a depth of 455.75m. The down dip extension of the Andrea vein was intersected at 271.75 to 273.44m approximately 225m vertically below surface. It appears that there is jog in the vein system in this area and a steepening of the structure. The NSAMT structure was intersected at a depth of 627.35 to 639.90m within the shale package. The drillhole was stopped at a depth of 670.00m.

ZO10-03 – This hole was stepped back 200m from holes ZO10-01 and 02 in order to intersect the Andrea vein within the host shales now that the sub-surface geology had been confirmed with more accuracy. The drillhole only reached a depth of 222.00m before being abandoned, a zone of argillic alteration (clays and unconsolidated tuffs) at 222.00m made further advance impractical.

ZO10-04 – The drillhole was collared 2m from hole ZO10-03 using PQ size core and a revised system of Baroid Bentonite and Bentonite Pellets in order to maintain sidewall competency. The hole was targeted to intersect the Andrea vein at 400m below surface (200m below the previous intersection within the pre-mineral volcanics). The volcanic sequence/shale fault contact was intersected at a depth of 421.00m and coincides with a weak/moderate hangingwall geophysical (NSAMT) structure. The main NSAMT hangingwall fault zone being intersected at a depth of 875m and the Andrea structure at 963.20 to 967.50m – the structure having steepen from 75° to 85°. The drillhole was stopped at a depth of 1,029.20m within the shales.

Drillhole No.	**From (m)**	**To (m)**	**Width (m)**	**Au g/t**	**Ag g/t**	**Remarks**
ZO10-01	171.00	181.00	10	<0.1	<1.0	Possible Andrea structure elevated Hg values
	311.00	321.40	10.40	<0.1	<1.0	NSAMT structure anomalous Hg + Sb values

Drillhole No.	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Remarks
ZO10-02	272.00 625.00	273.00 645.00	1.00	<0.1 <0.1	4.50 <1.0	Andrea structure associated with anomalous Hg + Tl NSAMT structure - no anomalous trace element geochemistry
ZO10-03	164.00 192.00 209.70	167.00 194.00 211.40	3.00 2.00 1.70	0.21 0.24 0.16	0.50 1.50 24.50	Brecciated fault zone Calcite veining Quartz/Calcite veinlets with minor FeOx
ZO10-04	265.00 304.10 405.90	270.00 305.35 408.00	5.00 1.25 2.10	0.21 0.26 0.17	1.70 3.00 0.50	Calcite veinlets with altered tuffs Quartz/Calcite veining Quartz/Calcite veinlets in tuffs No anomalous geochemical values reported for the Andrea vein zone.

Results from Veta Andrea Drillholes ZO10-01 to 04

The Andrea vein was composed of quartz/calcite veining occasionally drusy with minor brecciation and in the higher sections chalcedonic partings.

This therefore completed the planned Phase 1 diamond drilling program on the Andrea target with 3 holes testing the depth extension and continuity of the structure.

The results are presented in the table above. All intersections failed to report significant gold or silver values and or anomalous trace element geochemistry worthy of continued drilling at this time.

Drillhole ZO10-05 was drilled to confirm the depth extension and grade of the Veta Oriente previously targeted by Luismin but as yet not intersected (both holes where short and intersected veinlets within the volcanics but were not thought to represent the vein).

This area has reported the best surface values in the Zona Oriente with 14 rock chip samples reporting >0.50 g/t gold as well as a channel sample across the exposed portion of the vein in the

Oriente shaft returning 2.35 g/t gold and 31.00 g/t silver over 1.00m and 0.08 g/t gold + 1.90 g/t silver over 6.00m in an adjacent trench.

ZO10-05 – This hole drilled the now established sequence of volcanics passing into the shales at a depth of 422.80m. The Oriente structure was intersected at a depth of 425.65 to 426.35m close to the shale/volcanic contact and approximately 300m vertically below surface. The vein comprised a zone of stockwork quartz-calcite veining with minor brecciation and disseminated pyrite. The results from this drillhole failed to report any anomalous values.

The results are presented in the table below:

Drillhole No.	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Remarks
ZO10-05	425.65	426.35	0.70	No values >0.1g/t Au	No Values >1.0g/t Ag	Quartz/Calcite veinlets with disseminated pyrite

Results from Veta Oriente Drillhole ZO10-05

The final drillhole in the planned Phase 1 campaign was to drill below the Teck hole – Oro-97-05 that had intersected a narrow silver vein (189.00 g/t silver over 5 cms) within the pre-mineral volcanics. The target was to intersect this Morteros vein at depth within the prospective shale host rock, approximately 200m vertically below the initial intersection. This target zone was also highlighted during the geochemistry and geophysical surveys and therefore seen as a viable target despite the narrow width of the Teck intersection.

ZO10-06 – This hole was drilled approximately 100m west of the Teck hole and again drilled through the now established volcanic sequence intersecting the shales at a depth of 307.00m. The shales are thin in this area and at a depth of 372.30m the drillhole passed into a zone of meta-volcanics/ignimbrites showing variable alteration and silicification.

The down dip extension to the Morteros structure is interpreted to have been intersected at a depth of 466.80 to 492.50m where abundant stockwork veining and disseminated sulphides (pyrite and a fine black mineral) were observed. Samples have been sent for thin sectioning and petrographic analysis in order to identify this mineral phase.

The hole was stopped at 533.00m still within the meta-volcanic sequence.

No significant values were reported from the drillholes.

Buen Despacho Surface Drilling

Drilling commenced in late October 2010 in the northern extension of the San Rafael vein. Luismin had completed three holes here in the 1970s (BDDBD1 to 3), two of which did not intersect the vein and the third was logged as intersecting an old stope.

Sampling of vein material at the Buen Despacho and Regules mine dumps highlighted samples with high level epithermal textures (bladed quartz after calcite) and results reported from this material showed anomalous values of up to (0.3g/t gold and 33.0g/t silver).

SR10-01 and 2 wedges were completed successfully, all intersecting the downdip/northern extension of the San Rafael vein, although here the vein appears as a narrow structure (<1.0m).

A brief log and the results reported are presented below:

Drillhole No.	From (m)	To (m)	Geology	Remarks
SR10-01 -60°/080°	0.00 42.20 251.00 326.00	42.20 251.00 326.00 753.00 EOH	ANHB ANTX WLT LUT	San Rafael Vein @ 508 - 509m with footwall veining
SR10-01W1	318.00 328.50	328.50 578.00 EOW	WLT LUT	San Rafael Vein @ 501 to 502m numerous footwall veins
SR10-01W2	283.50 324.10	324.10 555.00 EOW	WLT LUT	San Rafael Vein @ 537.40m

Summary Log for Borehole SR10-01 and Wedges

Drillhole No.	From (m)	To (m)	Width (m)	Au g/t	Ag g/t
SR10-01	508.00	509.00	1.00	0.03	54.00
SR10-01W1	501.80 513.80	502.40 516.60	0.60 2.80	0.02 0.07	230.50 19.32
SR10-01W2				No Values	No Values

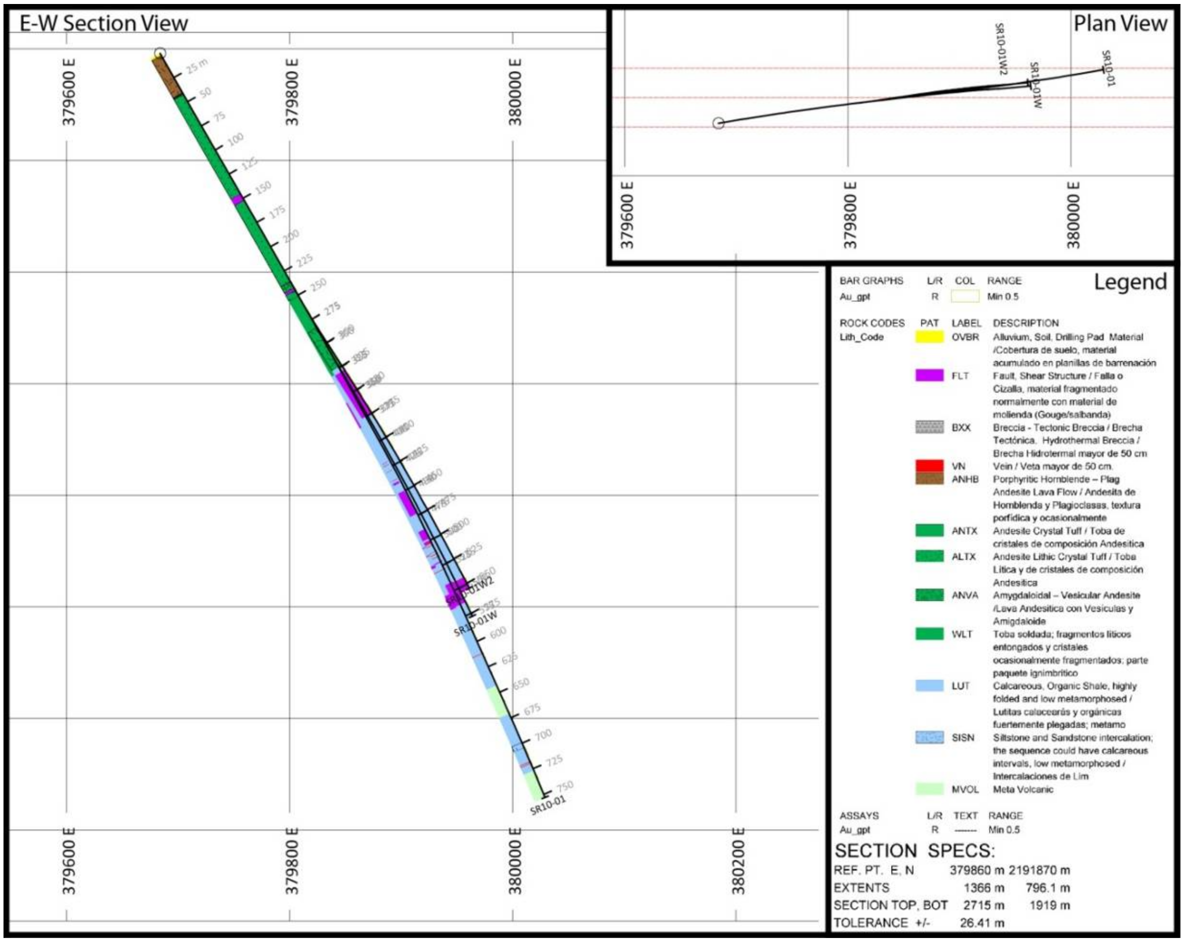
Assay Results - SR10-01

An additional drill hole SR10-03 was started into this Buen Despacho area in December 2010, but due to a change in priorities was halted at a depth of 430.00m, the hole has been cased and the machine moved to the drilling at Cerro Somera.

This hole will be completed once the Somera drilling has been completed.

The results to date indicate that although the vein is present to the north of the old workings it thins and is apparently silver dominant.

Once SR10-03 has been completed, the results will be re-evaluated to determine if any further work is warranted in this area.



Buen Despacho Drilling. Plan and Section SR10-01

<u>San Rafael Surface Drilling (Cerro Somera)</u>

Drilling from the top of Cerro Somera commenced in November 2010, in order to drill the down dip extension of San Rafael vein within the Esperanza section of the vein where historic grades indicated that high grades (>50 g/t gold) remain below the deepest working levels.

This drilling from the top of Somera hill is difficult, previous drilling at this location by Placer in 2003 led to all three drillholes (SR03-01/01A and 01B) being abandoned before hitting target depths. These poor drilling conditions are due to a lack of water return and the well jointed nature of the post-mineral volcanic results in slow drilling rates.

Hole SR10-02 was abandoned at 169m due to excessive deviation (12°).

The second attempt, hole SR10-02A required 2 wedges to keep the hole aligned. This hole was completed to a depth of 610.00m when it intersected old stopes, the hole had deviated thus intersecting the zone of interest at a higher elevation than planned.

On completion of SR10-02A, a further wedge was installed at 390m in order to try to steepen the hole with the aim of intersecting the vein below the old stopes.

Hole SR10-02W1 was abandoned at a depth of 596.00m after the rods broke in the hole.

BDW moved their drill rig from the Buen Despacho drilling to Somera hill and commenced drilling hole SR11-01 which was completed in January 2011.

The brief summary logs and results are presented in the tables below:

Drillhole No.	From (m)	To (m)	Geology	Remarks
SR10-02 -70°/060°	0.00 107.20	107.20 169.30 EOH	ANHB ANTX	Hole abandoned due to deviation of >12°
SR10-02A -68°/058°	0.00 234.00 359.80 448.00	234.00 359.80 448.00 610.00 EOH	ANHB ANTX WLT LUT	Hole abandoned after intersecting old workings
SR10-02A W1	390.00 448.50	448.50 596.00 EOW	WLT LUT	Wedge abandoned due to drill string lost down hole

Summary Log of Borehole SR10-02 and Wedges

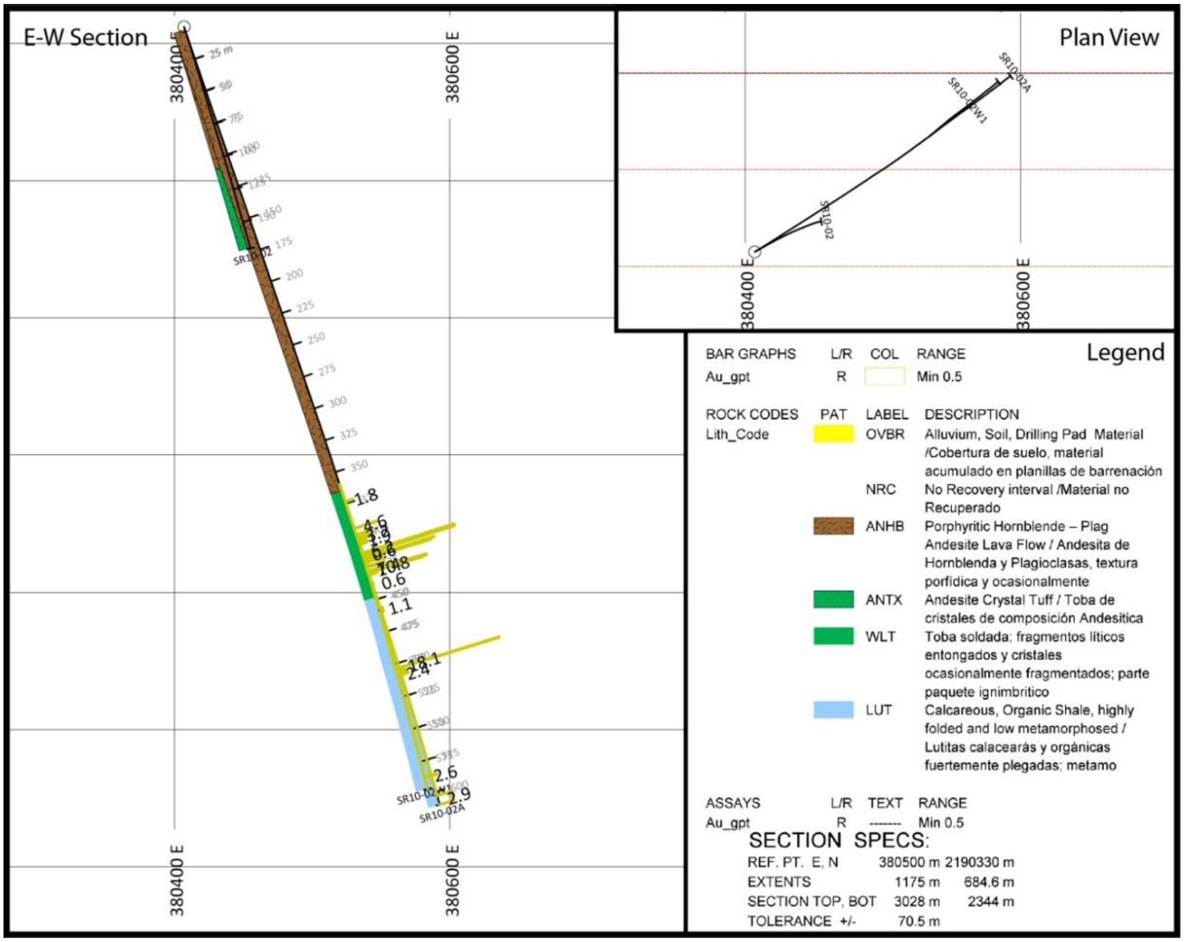
Although drillhole SR10-02A failed to intersect the Deep San Rafael target, the drilling did pass through a zone of silicified and buddingtonite rich lithic tuffs. This zone had previously been intersected during the earlier Placer 2003) and Candente Copper (2007) drilling campaigns, but as this was not the principal target zone these holes were not completely sampled.

The significance of this zone has only recently been highlighted with the added assistance of ASD clay alteration identification.

Values reported are compiled below:

Drillhole No.	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Remarks
SR10-02 A	373.10 503.50 603.00	448.00 503.90 610.00	74.90 0.40 7.00	0.96 18.14 2.95	5.06 137.00 20.50	WLT Quartz Vein Old Stope
SR10-02 A-W1	391.00 508.50 586.56	460.20 509.00 587.26	69.20 0.50 0.70	1.06 2.41 2.59	7.93 372.00 21.00	WLT Hangingwall Vein Hangingwall Vein

Assay Results - SR10-02



Somera Drilling, Plan and Section SR10-02

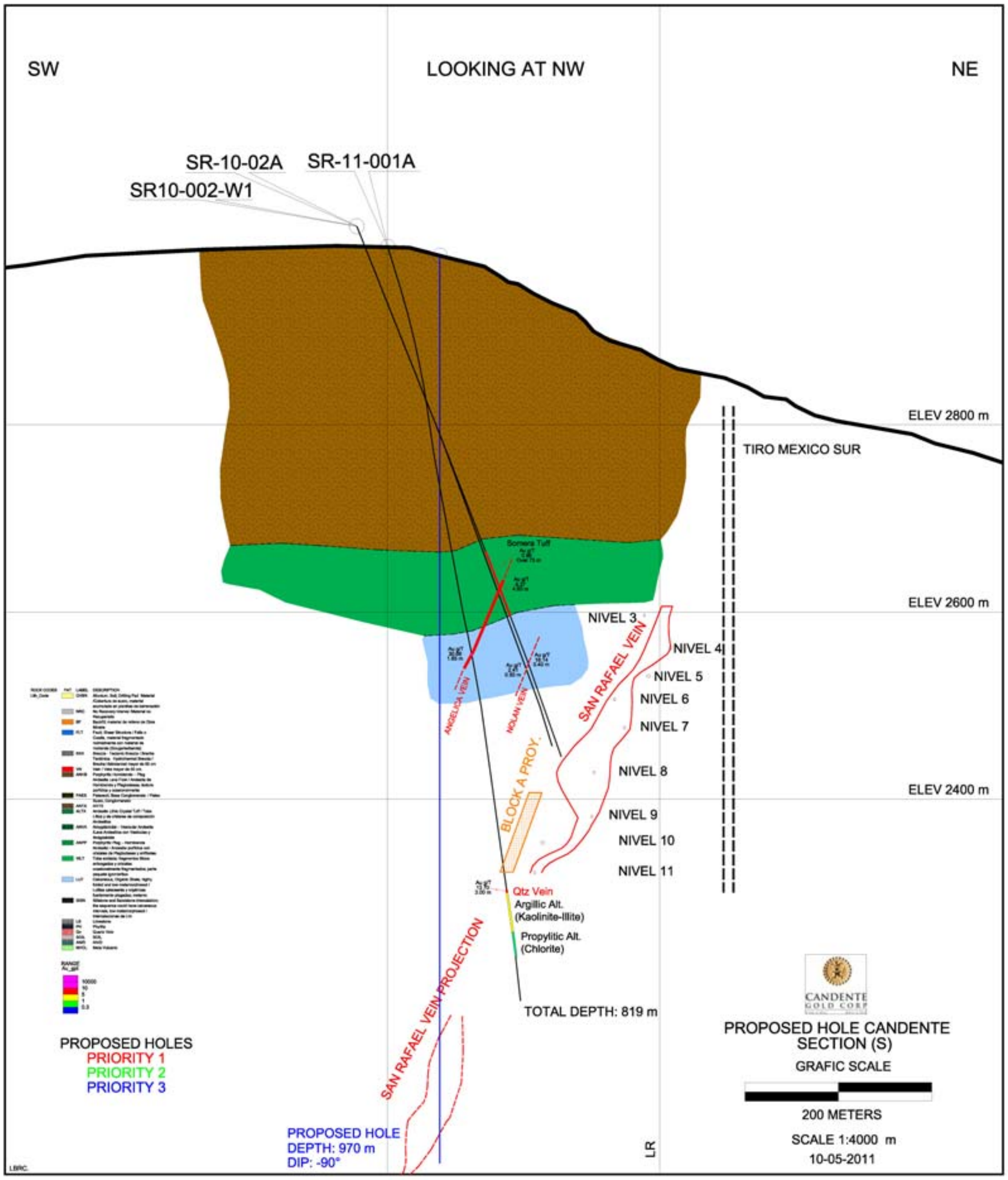
Two further boreholes were drilled from the hole of Somera hill to try to intersect the Esperanza section of the San Rafael vein; the brief logs are presented below:

Drillhole No.	From (m)	To (m)	Geology	Remarks
SR11-001 SR11-001A -73°/060°	0.00 0.00 333.00 421.00	51.00 333.00 421.00 819.00 EOH	ANHB ANHB ANTX LUT	Hole abandoned
SR11-001W1 -70/081	574. 50	619.50 EOW	LUT	
SR11-002 -55°/065°	0.00 176.50 189.60	176.50 189.60 546.00 EOH	ANHB ANTX LUT	Hole abandoned after intersecting old workings
SR11-003 -68/065 SR11-003W1	0.00 152.05 165.65	152.05 165,65 918.00 EOH	ANHB ANTX LUT	In process

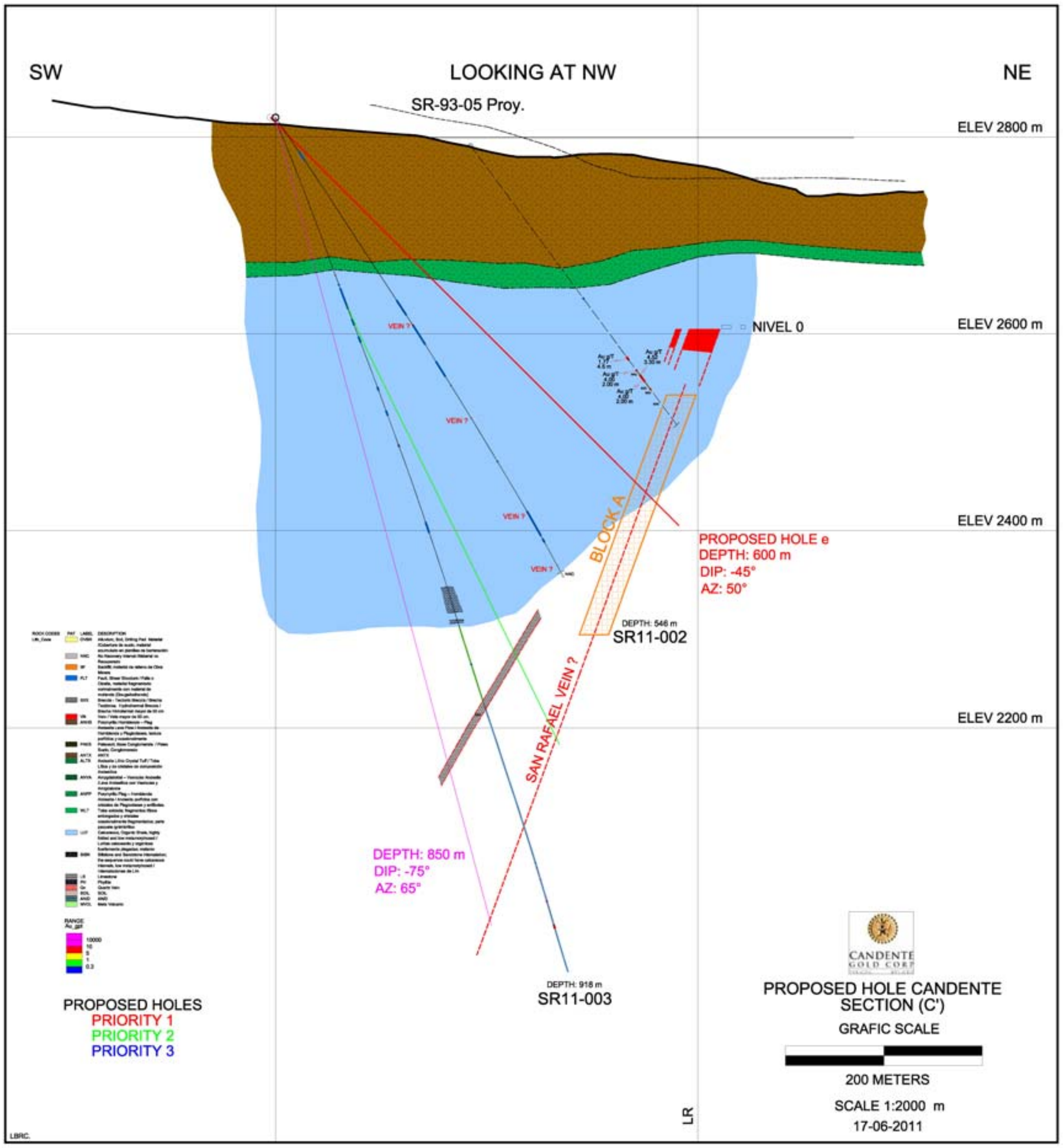
Drillhole No.	From (m)	To (m)	Geology	Remarks
SR11-004 -70/061	0.00 59.70 118.87	59.70 118.87 570.80 EOH	ANHB ANTX LUT	

Summary Log of Boreholes SR11

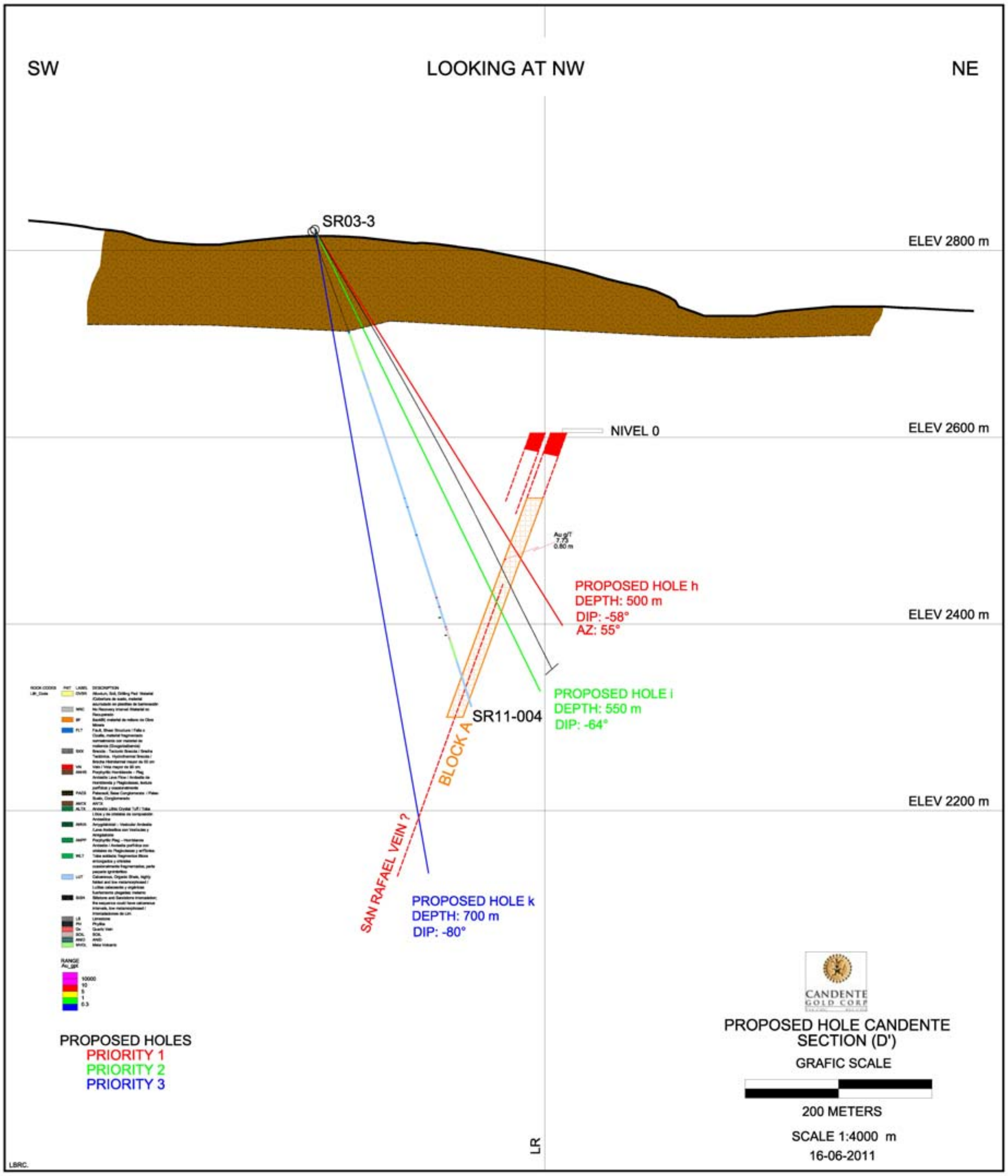
Section SR11-001/002 with veining and assay values.



Section SR11-002 and 003



Section SR11-004



	From (m)	To (m)	Width (m)	Gold (g/t)	Silver (g/t)	Remarks
SR11-001A	444.50	446.50	2.00	30.66	3.00	Angelica vein
SR11-001A	699.30	702.30	3.00	13.7	6.5	San Rafael vein
SR10-002A	503.50	503.90	0.40	18.14	137.00	Nolan vein
SR10-002A-W1	508.70	509.00	0.30	2.41	372.00	Nolan vein

Underground Drilling

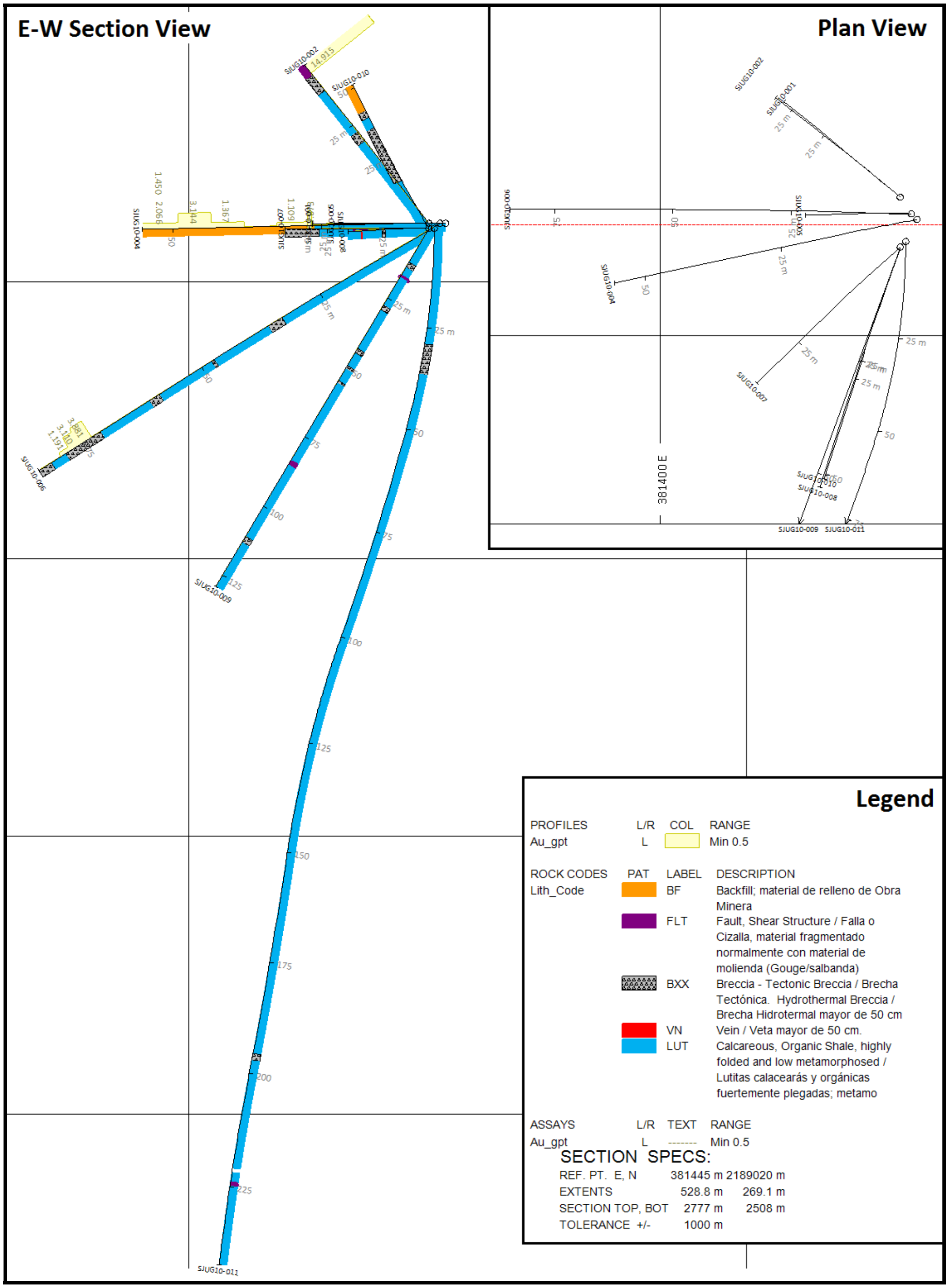
San Rafael Underground Drilling

A total of 11 holes were drilled in an approximate fan array from the footwall of the San Rafael vein in order:

(a) intersect the San Rafael vein and confirm widths and grades from the historic plans; and

(b) assist in the engineering design for the planned rehabilitation of the old stopes and cross cut though the vein.

A total of 980.60m were drilled, holes SJUG10-03 and 11 were stopped due to the drillholes deviating and beginning to parallel the vein. The majority of the remaining holes were abandoned due to intersecting old stopes – backfilled and/or open space.



San Rafael Underground Drilling- Plan and Section SJUG10-01 to 12

The geological summary for the holes is presented below:

Drillhole No.	From (m)	To (m)	Geology	Values	Remarks
SJUG10-01 0°/310°	0.00	27.00	Shales black carbonaceous with minor alteration + Quartz/Calcite veinlets	All values <0.10g/t Au + <1.00g/t Ag	Hole abandoned at 27.10m in open stope.
SJUG10-02 45°/310°	0.00 21.10 23.50 34.00	21.10 23.50 34.00 40.51	Shales black carbonaceous Breccia Zone with veining Black shales Breccia/fault zone – abundant veining	See results table	Hole abandoned at 40.51m in open stope
SJUG10-03 -60°/310°	0.00	250.50	Black carbonaceous shales with minor Quartz/calcite veinlets	All values <0.10g/t Au + <1.00g/t Ag	Hole abandoned at 250.50m paralleling vein
SJUG10-04 0°/260°	0.00 25.00	25.00 55.50	Black carbonaceous shales with minor Quartz/calcite veinlets Backfill	See results table	Hole abandoned at 55.50m in backfill
SJUG10-05 0°/270°	0.00	19.51	Black carbonaceous shales with minor Quartz/calcite veinlets	See results table	Hole abandoned at 19.51m in open stope
SJUG10-06 -30°/270°	0.00 69.00	69.00 84.50	Black carbonaceous shales with minor Quartz/calcite veinlets Breccia zones with Quartz/Calcite veining intercalated with unaltered black shales	See results table	Hole abandoned at 84.61m in open stope
SJUG10-07 0°/230°	0.00 27.00	27.00 35.51	Black carbonaceous shales with minor Quartz/calcite veinlets Backfill	See results table	Hole abandoned at 35.51m in open stope
SJUG10-08 0°/200°	0.00 40.50	40.50 45.60	Black carbonaceous shales with minor Quartz/calcite veinlets Backfill	See results table	Hole abandoned at 45.60m in open stope
SJUG10-09 -30°/180°	0.00	129.00	Black carbonaceous shales with minor Quartz/calcite veinlets	All values <0.10g/t Au + <1.00g/t Ag	Hole abandoned at 129.00m in old working

Drillhole No.	From (m)	To (m)	Geology	Values	Remarks
SJUG10-10 30°/200°	0.00	51.00	Black carbonaceous shales with minor Quartz/calcite	See results table	Hole abandoned at 51.00m due to fault zone and hole collapse
SJUG10-11 -45°/180°	0.00	242.00	Black carbonaceous shales with minor Quartz/calcite veinlets	See results table	Hole abandoned at 242.00m due to hole deviating parallel to the vein

Summary Log of San Rafael Underground Drillholes - SJUG10-01 to 11

Results from the San Rafael drilling are tabled below:

Drillhole No.	From (m)	To (m)	Width (m)	Au g/t	Ag g/t	Remarks
SJUG10-01						All values <0.1g/t Au + 1.00g/t Ag
SJUG10-02	38.40	40.50	2.10	14.92	117.00	Footwall of San Rafael vein stope
SJUG10-03						All values <0.1g/t Au + 1.00g/t Ag
SJUG10-04	25.00	55.50	30.50	1.49	32.94	Backfill material along drive/historic working
SJUG10-05	17.00	19.50	2.50	<0.10	5.50	Altered shales at footwall to open stope
SJUG10-06 Incl.	69.00 73.50	84.50 80.00	15.50 6.50	1.33 2.82	45.74 96.08	Altered shales with abundant brecciation and veining Quartz/Calcite veining + brecciation
SJUG10-07	29.00	30.00	1.00	3.67	14.50	Backfill in stope
SJUG10-08	10.00	12.00	2.00	<0.10	57.00	Quartz vein with unaltered black shales
SJUG10-09						All values <0.10 g/t Au + 1.00g/t Ag
SJUG10-10	18.00 41.00	28.00 51.00	10.00 10.00	0.11 0.50	3.10 27.30	Zones of altered shales with breccias and associated Quartz/carb veining
SJUG10-11	69.00 221.15 228.50	71.00 221.80 230.00	2.00 0.65 1.50	3.27 0.75 0.14	6.00 9.50 1.00	Zones of altered shales with breccias and associated Quartz/carb veining

Assay Results from the San Rafael Underground Drilling

Sampling Method and Approach

All drill supervision, logging and sampling was conducted by Candente Gold personnel and geologists.

Sampling

The drilling of the El Oro Property – Oriente Zone was initially performed using HQ diamond core drilling from collar to base of hole, but following the abandonment of hole ZO10-03 due to poor ground conditions a large diameter PQ size was used for drilling the volcanics to an average depth of approximately 220m. Additional modifications were made and a more intensive Baroid Bentonite/Pellet additive system was implemented. This along with more stable near surface and drill hole wall ground conditions allowed reduction to HQ size core at depth.

The overlying post mineral Tertiary rocks were drilled using the PQ core and no sampling was undertaken. Once the hole reached the pre-mineral suite of rocks and good ground conditions were encountered, the core diameter was reduced to HQ and sampling initiated in zones of alteration/veining and silicification. Initially, the entire pre-mineral and sediment package was sampled but as the geology became better understood the sampling was reduced to the vein/alteration and contact zones.

The core was sampled selectively based on existing knowledge of the geology and known zones that are anticipated to be mineralized based on previous mining. Only quartz veins and the adjacent wallrock were sampled. Sample intervals were not less than 25 cm and not more than 4.0m unless there was excessive core loss and/or old workings/voids intersected.

The core was transported by truck from the drill sites to the main Candente Gold base in El Oro under the supervision of the project geologist. In El Oro, drill core was logged/photographed and marked by Candente Gold geologists and cut using a rock saw by a Candente Gold trained technician. Half of the core samples were submitted to the assay laboratory for analysis while the remainder were stored in core boxes for future reference at the core storage facility on site for future reference.

Sample descriptions and core recovery were completed before the core was cut.

Channel and grab sampling of the sidewalls underground as well as collection of back and stopefill samples was all conducted under the supervision of Candente Gold geological staff. Samples were collected in tyvex 2kg sample bags and marked and a sample ticket inserted then sealed at the point of collection/sampling. Once sealed the samples were transported to Candente Gold secure core sampling facility in El Oro.

Core recovery from drilling was typically very good with overall core recovery over 90%. Core recovery within the target quartz veins was acceptable (>90%) whereas core recoveries at the contact of the volcanics and sediments at times was significantly lower (<90% and as poor as 46%).

The samples collected are considered representative of the material and or zones sampled and no bias has been observed from sampling or assay results. Gold and silver mineralization hosted within quartz vein type deposits is commonly variable, and as a result a large number of samples and assays will be required to confirm potential mineral resources.

Sample Preparation, Analyses and Security

There was no on-site sample preparation done except for core cutting. The half core samples were placed in bags, sealed and labelled. Up to 6 sample bags (half core or rock chip samples – each sample type having a differing sample number sequence of letters/numbers) were then placed in larger “rice bags” and marked and sealed with numbered security ties under Candente Gold geological supervision. The samples were collected from site by Inspectorate personnel and transported to their sample preparation facility at Durango. The on-site drill core cutting was performed by Candente Gold employees. No other Candente Gold personnel were involved in any aspect of sample preparation.

All rock and core samples were shipped in batches to Inspectorate, an internationally recognized assay service provider. The Inspectorate laboratory is a certified laboratory by the Standards Council of Canada

Associated Laboratories. Sample preparation was done in Durango, Mexico and assay analyses were done in Reno, Nevada U.S.A. A sample list was included with each shipment, and the laboratory confirmed the sample list upon sample arrival at its destination.

In the Inspectorate preparation laboratory, samples were dried, crushed and sieved, and pulps were shipped to Reno. In Reno, the samples were analyzed using the following geochemical procedures:

1. 4 acid digestion – previous work by Placer highlighted that due to the fineness of the gold there is at times silica encapsulation.

2. 30 element ICP.

3. Gold by Fire Assay Atomic Absorption ("**AA**") 2AT – 50 g.

4. Gold by Fire Assay with Gravimetric finish for samples >10 g/t gold.

5. Silver by Fire Assay with Gravimetric finish for samples > 100 g/t silver.

6. Mercury by Cold Vapour AA.

Data Verification

Candente Gold applied quality control checks for core sample analyses. Standards were purchased at WCM Sales Ltd. 7729 Patterson Ave., Burnaby, B.C., CANADA V5J 3P4. Blank samples were prepared by Candente Gold on site in El Oro. Three different standards were used randomly as well as blank samples incorporated into every batch of samples sent to laboratory.

In addition, the analytical laboratory conducted internal quality control and quality assurance procedures including the insertion of blanks and duplicate assaying of every tenth sample.

Assay data received from the laboratory was closely monitored by the Senior Project Geologist and the author. Any concerns related to missing samples, assay results, duplicates, standards, and blanks or analytical technique were immediately discussed and addressed by the laboratory. There were no batches of re-assayed samples. Examination of standards and blanks results demonstrated satisfactory accuracy of assaying.

Further checks were also carried out with the dispatch of all samples ending with 5 being duplicated and sent to ALS-Chemex laboratories for preparation in Guadalajara and analysis in Vancouver, Canada.

These check results are presented below:

Inspectorate

Sample #	1 to 9	
Sample #	10	Duplicate
Sample #	11 to 19	
Sample #	20	Blank
Sample #	21 to 29	
Sample #	30	Duplicate
Sample #	31 to 39	

Inspectorate

Sample #	40	Standard
Sample #	41 to 49	
Sample #	50	Duplicate
Sample #	51 to 59	
Sample #	60	Blank
Sample #	61 to 69	
Sample #	70	Duplicate
Sample #	71 to 79	
Sample #	80	Standard
Sample #	81 to 89	
Sample #	90	Duplicate
Sample #	91 to 99	
Sample #	100	Blank

ALS ALS-Chemex

All samples ending in # 5 are duplicated and send for check analysis. The samples have a different set of sample tickets and have the same duplicate/blank/standard protocol as above.

Sampling Protocol – El Oro, April 2010

The data verification protocols are consistent with industry standard.

Mineral Resource and Mineral Reserves Estimates

Historic Mineral Resource Estimates

A NI 43-101 compliant mineral resource estimate has not been completed for the El Oro Property. Mineral resources quoted are historic in nature. Historic mineral resources of in situ and stope fill material have been estimated mainly for the San Rafael vein as the documentation and data is most complete for this zone. The possible in situ resource remaining in the San Rafael vein is contained in vein material that is predominantly situated lateral to the workings, hanging and footwall material as well as pillars and backfill.

The most comprehensive historic mineral resource estimate was completed by Luismin in 1992. Luismin estimated that the El Oro Mining (Southern) portion of the San Rafael vein hosts an in situ mineral resource of 6.89 million tonnes grading 3.44 g/t gold and 44.00 g/t silver containing 760,000 ounces of gold and 9,750,000 ounces of silver. This in situ mineral resource is contained within pillars, areas not mined; and stope/backfill material in the old workings.

The historic estimate was based on an extensive assessment of historic El Oro Mining mine records including a review of 2,600, 2 m interval mine level plans with gold and silver assay grades, sections and production documentation. The block model uses 2 m blocks with an area of influence of 2 m.

In 1993, Hillsborough, in a joint venture with Luismin, re-evaluated the historic resource calculation and concluded that it was sound and warranted follow-up work. Eight diamond drill holes over a strike length of 1 km were completed by Hillsborough to assess the reliability of the resource estimate. Gold and silver grades obtained from drilling confirmed the grade estimates presented in the 1992 Luismin resource estimate. Drilling also confirmed estimates that only 50 to 60 percent of the actual vein had been mined out. The area of mine workings assessed by Luismin to create the historic resource estimate (El Oro Mining section only) represents approximately 40% of the entire amount of workings on the San Rafael vein.

The positive, probable and potential categories of the 1992 mineral resource estimate by Luismin are not compliant with NI 43-101 Standards for Disclosure of Mineral Resources as they differ from the measured, indicated and inferred categories set out in NI 43-101. The Luismin report categorizes the resource estimate as:

2,625,218 tonnes-positive (3 sides with sample data)
1,763,402 tonnes-probable (2 sides with sample data)
<u>2,500,000 tonnes-potential (estimated from sample sections)</u>
6,888,620 tonnes-total in situ material grading 3.44 g/t gold and 44.00 g/t silver

This historic resource estimate was not completed by a qualified person, as defined by NI 43-101.

Other historic resource estimates prior to the 1992 Luismin estimate are being assessed by the Company. One of the first historic attempts to calculate a mineral inventory in the San Rafael mine was made as early as 1937 by a government commission to assess the assets of the company Los Dos Estrellas before handing over mining to the newly formed Mining Cooperative. A comprehensive re-sampling of underground workings to confirm reported grades by the company was considered but due to the high assay costs a limited amount was completed to confirm grades in both the in situ vein material as well as mine backfill. The calculation was only completed to a rough estimate level and combines estimates of in situ material with stope fill material to give a total of 12,324,394 tonnes grading 2.13 g/t gold and 67.40 g/t silver.

An historic resource of approximately 1.7 million ounces of gold and 38 million ounces of silver (grades from the San Rafael vein were 3.67 g/t gold and 69.43 g/t silver) was estimated for the San Rafael vein by Luismin and published in company reports in 1972. Luismin calculated resources separately for in situ vein and stope fill material and then combined the two numbers. This was based on an extrapolation of the resource calculated just for the El Oro Mining section of the San Rafael vein (40%) to the other 60% of the historic mine workings on the San Rafael vein using broad assumptions.

In 1977 and 1978, MMM completed a historic mineral resource estimate of in situ and mine fill material with grade ranges. This historic resource did not take into consideration geological concepts and is not considered reliable.

With regard to the historic data the author has made a judgment with regard to the general reliability of the underlying data. There exists an extremely large database of historic data that contains detailed maps, plans and sections of the old workings along with extensive production records. The quality and accuracy of the historic data cannot be verified without undertaking a sampling program of the underground workings, but the author is confident the historic data is a fair representation of the old workings, veins systems, gold-silver mineralization and production.

Mining Operations

Exploration and Development

Exploration Plans

1. Continued drilling for the depth extensions of the San Rafael ore shoots along the 2.4k strike below the historic workings;

2. Resampling/relogging of all historic holes that have intersected the pre-mineral tuffs with the potential to host Somera Tuff type clay alteration and mineralization;

3. Step out drilling along strike and dip of the Somera Tuff zone;

4. Completion of the Buen Despacho drilling program;

5. Metallurgical test work of quartz vein material from the old stopes in the San Juan adit; and

6. Reconnaissance exploitation of the Borda/Corona vein systems with mapping and sampling of all accessible adit/underground workings.

Peruvian Properties

The Company also holds 100% interest in the Peruvian Properties, comprised of certain early stage gold-silver exploration properties in Perú which were acquired upon the Company's inception from Candente Copper in exchange for: 1) 13,500,000 Common Shares; 2) the grant by the Company of a copper net smelter charge on one of the properties; and 3) a potential additional issuance of 10,000,000 Common Shares if and when the Company incurs a minimum of $5 million dollars in exploration on the Peruvian Properties. The Company is prioritizing the Peruvian properties to determine where to conduct exploration work during 2011.

The following are the properties in Perú which the Company considers more important at this time although none of the Peruvian Properties are currently material to the Company.

Lunahuana

The Lunahuana property, formerly known as the Columbia property covers 5,387 hectares and is located in central Perú. The Company's current operations consist of an exploratory search for mineable deposits of minerals. The property does not contain any mineral resources nor mineral reserves.

Mining activities at Lunahuana appear to date back to Spanish Colonial period. Historical workings on this property are sporadic and they followed high grade vein mineralization. The Company has not been able to obtain any reliable records of past production. Mineralization on the Lunahuana property can be divided into several target zones: Cata North and Sur, Blanquitos (including Viky area), Santa Rosa, Los Negritos, and Manto Santiago. Mineralized targets comprise mantos and disseminations of copper and gold in Santa Rosa and breccias in Blanquitos which appear to be the highest priority targets followed by the high grade vein mineralization in Viky and Cata areas.

Candente Copper conducted programs of geological mapping and geochemical sampling, trenching and road construction as well as a review of the work conducted by Britannia Gold S.A. in 1996. Anomalous levels of metals, including gold, silver, copper, zinc, and lead have been found in various alteration zones on the property. Several drill targets have been identified and styles of mineralization and alteration are believed to possibly fit an Iron Oxide Copper-Gold (IOCG) style of deposit.

The next phase of work should include drilling with detailed mapping and geochemical and geophysical surface work.

Tres Marias

Tres Marias/San Francisco is a 8,800 hectare property hosting anomalous gold and silver in a combination of low sulphidation veins and high sulphidation alteration in an epithermal system located in the Puno District of southern Peru. The Company’s current operations consist of an exploratory search for mineable deposits of minerals. Original interest stemmed from historical work and exploration reconnaissance.

The principal structure on the Tres Marias property, the “Pataqueña” vein, saw some historical production during the Spanish Colonial period, and there is artisanal underground development that, entering at the elevation of the valley bottom, extends horizontally along strike for roughly 150m. There are limited vertical workings that extend 75m above the main adit level and valley floor. Seasonal flooding during the rainy season and related drainage problems probably explains the absence of workings below the valley floor and corresponding main adit level. There are no production figures available for the most recent period of activity which roughly dates to the mid/late 1800s. The Company has sampled historic mine dumps, the grades of which indicate high silver values (35 – 80 oz/t Ag) although no historic records of grades exist.

The region saw continued exploration and interest over the last 30 years, and a high sulphidation belt was eventually defined by the continued efforts in the region. Work eventually resulted in the discovery of several high sulphidation deposits that are now in production including the Santa Rosa and Aruntani Deposits (MDH) and La Rescatada (Anglo-Ashanti).

Candente Copper first acquired interest in the region as the result of regional reconnaissance work carried out in 2002, and were centered on the original historic workings. Mapping of the area surrounding the claims initially staked in that same year showed good expressions of alteration on surface and continuation of the major structures, and over the next 5 years additional claims were added to the group as they became available. The last few blocks were added in 2007 through government auction as several companies had converged over the same available pieces of ground.

The principal structures show strong mineralization and their historic exploitation has been limited in extension and depth. There is good potential to prove up continued values of silver with associated gold along strike and at depth, as well as to encounter as of yet undiscovered parallel structures. There are also several areas of interest that would appear to be high sulphidation style targets with a chance for larger volume.

On the principal structures, an attempt should be made to enter the underground workings and adequately sample them systematically in order to better ascertain the grades of material remaining. These structures should be followed along strike and subjected to geophysical testing from surface in order to gain insight as to their signatures which could then be applied over new areas in order to identify more structures. The possibility of locating cross cutting perpendicular or sub-parallel structures would also be a benefit of geophysics. These principal structures are ready drill targets and a short program should be considered to test along strike and at depth.

The San Francisco area needs to be adequately mapped at 1: 5000, and sampled (rock and soil) on surface in a systematic manner. A surface grid should be established for control which can later be used for geophysics in order to generate drill targets.

Likewise, the prospective area to the Southeast of the main zone should also be adequately mapped and sampled on surface. Signs of a possible high sulphidation target area exist here and it needs to be adequately explored in order to assess its potential and with an eye towards generating drill targets. The possible existence of bulk tonnage high sulphidation epithermal targets is intriguing and not uncommon in the region.

The Company is compiling and evaluating available geological, geochemical, and geophysical data related to the Tres Marias property and is planning to conduct field work on in 2011.

Surface mapping and sampling completed to date has identified two epithermal systems that show mineralization and alteration which could potentially lead to a resource of interest.

This previous work has produced a proposal for a 20-hole program of diamond drilling to test known targets. The program has been proposed with the principal structures in mind, as well as the testing of high sulphidation targets to the southwest and southeast of the main zone.

Fredito

The Fredito property is without known mineral resources or mineral reserves and the work being carried out by the Company is exploratory in nature. The Fredito property covers 2,500 hectares and is located in the Department of Puno in southern Perú.

Mining at Fredito appears to dates back to the Spanish Colonial period. Historical workings on this property are sporadic and they followed high grade vein mineralization. The last exploitation was conducted in the 1960’s and mine dumps and abandoned camps are still present in the area. The main vein was traced for 1,740 m and its thickness varied between 0.8 m and 5.0 m in the deepest mine workings. The Company has not been able to obtain any reliable records of past production. There are no extensive mine workings of record, nor tailing ponds, waste deposits or significant improvements.

Exploration since 2002 by Candente Copper has included: geological mapping, rock chip sampling and geophysical surveys such as ground magnetic and induced polarization (“**IP**”) surveys.

A high suphidation target was covered by ground magnetic and IP surveys. The magnetic survey showed a low (0.7 km by 1.1 km) proximal to the high sulphidation target in an area of no outcrop. The IP survey showed a high chargeability zone (1.0 km by 0.7 km) over the high sulphidation silica and/or silica-alunite alteration and also within the magnetic low. In high sulphidation systems, gold usually occurs in the silica and silica-alunite alteration zones.

On the Fredito South claims, two targets have been identified: the Fredito low sulphidation Au-Ag-Pb-Cu-bearing vein and an adjacent high sulphidation zone with Au-Ag-bearing veins and breccias.

The high sulphidation target contains advanced argillic alteration and extends over an area 1100m by 2000m. Silica-alunite alteration is associated with domes, breccias, and to a lesser extent andesitic tuffs. Alteration zones correlate with the presence of structures. Veins are composed of vuggy grey silica with alunite, iron oxides, native sulfur, pyrite, locally enargite, and scorodite. Alteration in the wallrock of the veins consists of silica, alunite, dickite, and locally pyrophyllite.

In the western part of the property, a hydrothermal breccia pipe with enargite was mapped. The geological model for this high sulphidation zone as proposed by Greg Corbett, an Australian high sulphidation expert and consultant, is a vuggy silica zone located at the core of a high sulphidation system with silica-alunite at the flanks and top of the zone.

The Fredito low sulphidation vein is located 500m NE of the high sulphidation zone. Mineralization in the vein consists of argentiferous galena, argentite, chalcopyrite, sphalerite, pyrite, and arsenopyrite hosted in gray silica.

Additional mapping and rock chip and soil surveys are needed to properly evaluate the mineral potential of the Fredito North claims.

DIVIDENDS

The Company has not declared any dividends on the Common Shares since its inception on April 24, 2009. There are no restrictions in the Company's articles or notice of articles that limits its ability to pay dividends on the Common Shares. However, the Company does not anticipate declaring and paying dividends to shareholders in the foreseeable future.

DESCRIPTION OF CAPITAL STRUCTURE

General Description of Capital Structure

The Company's authorized capital consists of an unlimited number of Common Shares without par value. All Common Shares of the Company rank equally as to voting, and there are no special preference, conversion or redemption rights attached to any of the shares of the Company. As of March 31, 2011, the end of the Company's most recent fiscal year, there were 60,644,547 Common Shares outstanding. 17,448,637 warrants to purchase Common Shares and 4,172,500 options to purchase Common Shares issued and outstanding.

The Company's Common Shares trade on the TSX and the BVL under the symbol "CDG".

Constraints

There are no constraints imposed on the ownership of securities of the Company to ensure that the Company has a required level of Canadian ownership.

Ratings

The Company has not asked for nor has it received a stability or other rating from any approved rating organizations.

MARKET FOR SECURITIES

Trading Price and Volume

On January 4, 2010, the Company began trading on the TSX under the symbol "CDG". On August 23, 2010, the Company's Common Shares commenced trading on the BVL also under the symbol "CDG".

Trading History

The following table reflects the monthly high and low trading prices, the month-end closing price and the average daily volume for each month on the TSX for the Common Shares from March 1, 2010 until March 31, 2010:

Month	High	Low	Close	Volume
March 2011	$0.91	$0.66	$0.79	2,080,560
February 2011	$1.02	$0.77	$0.84	3,146,254
January 2011	$1.09	$0.77	$0.89	1,756,447
December 2010	$1.01	$0.74	$1.01	1,540,592
November 2010	$0.87	$0.62	$0.80	2,992,733
October 2010	$0.83	$0.71	$0.82	1,445,679
September 2010	$0.85	$0.65	$0.78	2,470,751
August 2010	$0.73	$0.64	$0.66	1,532,947
July 2010	$0.75	$0.58	$0.74	1,326,626
June 2010	$0.80	$0.49	$0.66	3,092,190
May 2010	$0.75	$0.46	$0.51	2,542,807
April 2010	$0.90	$0.70	$0.75	773,871
March 2010	$0.86	$0.55	$0.76	401,270

The price of the Company's Common Shares on the TSX at the close of the business on March 31, 2011 was C$0.79 per share and on June 28, 2011 was C$0.51 per share.

Prior Sales

There are no securities of the Company that were sold but not listed on the TSX during the most recently completed financial year of the Company.

ESCROWED SECURITIES

As at March 31, 2011, there were no escrowed securities or that were subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The Company's current Board of Directors consists of six directors. The term of office for each director expires at the annual general meeting subsequent to that at which he or she was elected. The following is a summary description of the business experience of each director and executive officer for at least the last five years. The description indicates each person's principal occupation during the five-year period, and the name and principal business of the organization by which they were employed or with which he/she is/was involved as an officer, director or beneficial owner of securities with more than a 10% voting position.

Joanne C. Freeze, President and Chief Executive Officer and Director

Ms. Freeze has been a director, Chief Executive Officer and President of the Company since its inception on April 24, 2009. Ms. Freeze obtained a B.A. in Geography from the University of Western Ontario in 1978 and a B.Sc. in Geology from the University of British Columbia in 1981. She is a Fellow Member of the Geological Association of Canada and a member of the Association of Professional Engineers and Geoscientists of British Columbia, Canada. Ms. Freeze is a professional geologist with more than 25 years of exploration, business and entrepreneurial experience throughout North and South America. She has also been a co-owner of Stillwater Enterprises Ltd., since December 1985 and the principal of Ridley Rocks Inc. since January 2010, both private consulting companies. Since entering the mineral exploration business in 1979, Ms. Freeze has managed exploration programs and evaluated projects for both junior and major international mining companies such as Queenstake Resources Ltd., Arequipa Resources Ltd., Mountain Province Mining Inc., Placer Dome Inc., Dia Met Minerals Corp., Hughes/ Lang Group and Utah Mines Ltd. (BHP). Ms. Freeze lived and worked in Perú from 1994 to 1997 where she carried out both project generation work and property evaluations for Canadian and Peruvian companies. In 1997, Ms. Freeze co-founded Candente Copper as a private company, took it public on May 15, 2000, and currently is the President, CEO and a director of Candente Copper.

Peter K.M. Megaw, Independent Director

Mr. Megaw is a professional geologist with more than 30 years of international exploration experience. He is one of the founding principals of IMDEX Inc., a private geological consulting company and has been President since 1988. Mr. Megaw has been instrumental in the discovery of several multi-million ounce silver deposits including Excellon Resources, Inc.'s Platosa mine and MAG Silver Inc.'s Fresnillo, Batopilas and Santa Eulalia properties. Mr. Megaw is a Certified Professional Geologist by the American Institute of Professional Geologists and Arizona Registered Geologists. Mr. Megaw has also been a director of MAG Silver Inc. since 2006.

Mr. Megaw has been a director of the Company since May 12, 2009.

Darin W. Wagner, Independent Director

Mr. Wagner is a professional geologist with 20 years of exploration and corporate development experience. As President of Sydney Resource Corp., Mr. Wagner directed the merger of Sydney and Band-Ore Resources Inc. to form West Timmins Mining Inc. ("**WTM**") in September 2006. As President, CEO and a director of WTM, Mr. Wagner lead exploration through discovery of the high-grade Thunder Creek Zone in Timmins, Ontario and the ultimate sale of WTM to Lake Shore Gold Inc. for $424 million in late 2009. Mr. Wagner currently serves as President, CEO and a director of Balmoral Resources Ltd., a TSX Venture Exchange listed issuer, and as a director of Druk Capital Partners Inc. and GTA Resources and Mining Inc.

Mr. Wagner has been a director of the Company since January 11, 2010.

Andrew L. Smith, Independent Director

Mr. Smith is a professional geologist with more than 20 years of experience successfully exploring, developing and operating gold, silver copper, lead, zinc and gemstone mining projects. In 1998, Mr. Smith began to focus his activities on economic evaluation of advanced exploration and development projects for junior exploration and mining companies. He is co-founder and Chairman of True North Gems Inc. since 2001 and is President and Chief Executive Officer of Canaco Resources Inc. since 2004. From 1985 and 1998 supervised the development of Sleeping Giant and Beaufor gold projects for Aurizon Mines Ltd. In 1994, he was the co-recipient of the Mining Entrepreneur of the Year Award presented by the Quebec Prospector's Association for his work overseeing the exploration and development of Sleeping Giant and Beaufor gold mines.

Mr. Smith has been a director of the Company since April 24, 2009.

Larry D. Kornze, Independent Director

Mr. Kornze is a professional engineer with more than 35 years of international exploration and development experience. He was General Manager Exploration from 1985 until his retirement in 2001 with Barrick Gold Corp. Mr. Kornze was Chief Geologist and Project Development Geologist at the Mercur Gold Mine/Project for Getty Mining Company from 1981 until 1985.

Mr. Kornze has been a director of the Company since May 12, 2009.

Andres J. Milla, Independent Director

Mr. Milla is also a director of Candente Copper Corp., since July 2009. He graduated from Universidad del Pacífico, Lima, Perú and has a Masters Degree in Economics from Boston University. He has over 15 years of experience in investment banking and capital market transactions, and has been an Associate with First Capital Partners, Perú since 2008. He was a member of the Board of the Lima Stock Exchange from 2006 until March 2008 and general manager of Credibolsa SAB, main broker agent of the Peruvian stock market, from 2006 to August 2008. Mr. Milla was also the Capital Markets Project Manager in the Corporate Finance Area of Banco de Crédito del Perú from 2000 to 2005.

Mr. Milla has been a director of the Company since February 10, 2010.

Prior to this, he was a member of the Cabinet of Advisors of the Ministry of Economy and Finance of Perú and Head of Fixed Income of the Analysis Department of the Capital Market Division of Banco de Crédito. Throughout his career, he has participated in several prominent corporate finance operations in Perú, worth in excess of US$2 billion. As part of his involvement with the capital market of Perú, he has been also a Director of the Bolsa de Productos del Perú (Commodity Exchange in Perú) and Director of Cavali ICLV S.A., clearing and settlement institution of the Peruvian Stock Market.

Sean I. Waller, Vice President

Mr. Waller is registered Professional Engineer with more than 25 years of experience in mining project management, evaluation, design and operation. Prior to joining the Company, he was with AMEC Americas Limited Mining Division (AMEC) in Vancouver where he held the positions of Vice President of Business Development and Senior Project Manager. Prior to AMEC, Mr. Waller worked with Knelson Gravity Solutions and SNC-Lavalin's Mining Division in management and senior technical roles. Mr. Waller also previously worked for Freeport-McMoran at its Grasberg operation in Indonesia.

Mr. Waller is a member of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and is the past CIM Vice-President for District 6. Mr. Waller is the President and a director of Candente Copper.

Mr. Waller has been an officer of the Company since May 12, 2009

Mark J. Pryor, VP Exploration

Mr. Pryor, Pr.Sci.Nat., has 25 years of experience in international gold exploration with Anglo American in Southern Africa; Monarch Resources, Viceroy and Minefinders in Mexico; and Placer Dome in Mexico, Africa and Eurasia. He has been exploring for gold in Mexico since 1995, including guiding the discoveries of the San Sebastian, La Pitarrilla and San Agustin gold/silver deposits while Exploration Manager for Monarch Resources.

In addition, Mr. Pryor oversaw the 2002 to 2004 El Oro district wide exploration program for Placer Dome, which led to the ore deposit modeling and projection of potential down dip extensions to the bonanza grade gold and silver ore shoots below the old workings within the El Oro and Esperanza Mine leases.

Mr. Pryor has been an officer of the Company since January 28, 2010.

W. John Foulkes, Vice President Corporate Development

Mr. Foulkes brings to the Company over 10 years of experience managing Corporate Development and Investor Relations programs for Canadian and US public companies. From 2003 through 2008, he was the Manager of Corporate Development for Platinum Group Metals Ltd. (TSX:PTM), where he helped raise over C$40 million and grow the company from an early stage exploration company into one of South Africa's most promising potential platinum producers. Mr. Foulkes was also actively involved in the Corporate Development and Investor Relations programs of MAG Silver (TSX:MAG) and West Timmins Mining, now Lakeshore Gold (TSX:LSG),throughout his tenure with the group.

Prior to his corporate activities, Mr. Foulkes had a notable seven-year career as an exploration geologist, including leading the exploration teams that discovered the Jericho and Gahcho Kué diamond mines in the Canadian Arctic. He holds Bachelor degrees in Geology and Education from the University of British Columbia.

Mr. Foulkes has been an officer of the Company since January 28, 2010.

Aurora Davidson, Chief Financial Officer

Ms. Davidson holds a Certified General Accountant designation from the Certified General Accountants Association of British Columbia and a BSc in Business Administration from Alliant International University in San Diego, California. She has over 21 years of experience in financial and general business management assisting private and public companies in the roles of Chief Financial Officer, Vice-President, Finance and Corporate Controller within the mining and high technology sectors. Since 2003, Ms. Davidson has focused on providing part-time CFO services predominantly to companies in the mining sector, including Amerigo Resources Ltd.

Ms. Davidson has been an officer of the Company since May 12, 2009.

Maria Eugenia (Lola) Montagne, Corporate Secretary/Treasurer

Ms. Montagne has been the Corporate Secretary, Treasurer and Officer of Candente Copper since July 2002. Prior to joining Candente Copper, she held the position of Executive Assistant with Manhattan Minerals Corp. from 1994 until 1998. Ms. Montagne was born and educated in Perú and is fluent in Spanish.

Ms. Montagne has been Corporate Secretary and Treasurer of the Company since May 12, 2009.

The table below sets out certain information with respect to the directors and officers of the Company, which not being within the knowledge for the Company, has been furnished by the respective directors and officers as of June 29, 2011:

Name, Position with the Company and Province / State of Residence	**Principal Occupation During the Past Five Years**	**No. of securities beneficially owned or controlled, directly or indirectly(6)**	
Joanne C. Freeze *President, Chief Executive Officer and Director* British Columbia, Canada	Professional Geologist; CEO, President and director of Candente Gold Corp. and CEO and director of Candente Copper	Shares: Shares: Warrants: Stock options: Total:	**55,300** **534,552(1)** **125,000(2)** **545,000** ***1,259,852***
Peter K.M. Megaw(4) *Independent Director* Arizona, U.S.A.	Certified Professional Geologist, Founder and President of IMDEX Inc. and director of MAG Silver.	Shares: Shares: Warrants: Stock options: Total:	**4,400** **500,000**(3) **250,000** **250,000** ***1,004,400***
Darin W. Wagner(4)(5) *Independent Director* British Columbia, Canada	Professional Geologist; President, CEO and director of Balmoral Resources Ltd.; former President of West Timmins Mining Inc.	Shares: Warrants: Stock options: Total:	**40,000** **NIL** **250,000** ***262,000***
Andrew L. Smith(4) *Independent Director* British Columbia, Canada	Co-founder and Chairman of True North Gems Inc., President and CEO and director of Canaco.	Shares: Warrants: Stock options: Total:	**40,000** **NIL** **170,000** ***210,000***
Larry D. Kornze(5) *Independent Director* Idaho, U.S.A.	Professional engineer. General Manager Exploration at Barrick Gold Corp. until his retirement in 2001.	Shares: Warrants: Stock options: Total:	**302,000** **125,000** **250,000** ***677,000***
Andres J. Milla(5) *Independent Director* Lima, Perú	Member of the Cabinet of Advisors of the Ministry of Economy and Finance of Perú; CEO and Director of Credibolsa SAB, Director of the Bolsa de Valores de Lima (BVL) ; and Director of Cavali ICLV S.A., clearing and settlement institution of the Peruvian Stock Market.	Shares: Warrants: Stock options: Total:	**52,200** **20,000** **200,000** ***272,200***
Sean I. Waller *Vice President* British Columbia, Canada	Professional Engineer; since 2004, he has served in various senior project management and business development capacities at AMEC Americas Limited.	Shares: Warrants: Stock options: Total:	**16,000** **NIL** **400,000** ***416,000***

Name, Position with the Company and Province / State of Residence	**Principal Occupation During the Past Five Years**	**No. of securities beneficially owned or controlled, directly or indirectly[6]**
John Foulkes *Vice President Corporate Development* British Columbia, Canada	Manager of Corporate Development for Platinum Group Metals Ltd.; actively involved in Corporate Development and Investor Relations programs for MAG Silver Corp. and West Timmins Mining Inc. (now Lake Shore Gold Corp.).	Shares: **15,000** Warrants: **NIL** Stock options: **150,000** Total: ***165,000***
Mark J. Pryor *Vice President Exploration* Gloucestershire, United Kingdom	Professional Geologist Consultant to various Canadian Companies, including Placer Dome Former CEO/President of Montero Mining & Exploration Ltd.	Shares: **NIL** Warrants: **NIL** Stock options: **250,000** Total: ***250,000***
Aurora Davidson *Chief Financial Officer* British Columbia, Canada	Certified General Accountant. CFO of the Company and of Candente Copper and various Canadian mining companies.	Shares: **NIL** Warrants: **NIL** Stock options: **95,000** Total: ***95,000***
Maria Eugenia (Lola) Montagne *Corporate Secretary/Treasurer* British Columbia, Canada	Corporate Secretary and Treasurer of the Company and Candente Copper.	Shares: **36,550** Warrants: **NIL** Stock options: **190,000** Total: ***226,550***

(1) Common Shares held indirectly through Freeze Family Holdings Ltd.
(2) Warrants held indirectly through Stillwater Enterprises Ltd.
(3) Common Shares held indirectly through Minera Cascabel.
(4) Member of the Compensation Committee.
(5) Member of the Audit Committee.

The directors and officers of the Company in the aggregate beneficially owned, directly or indirectly, or exercised control or direction or direction of 1,596,002 Common Shares or 2.61% of the issued and outstanding 61,164,760 Common Shares as at June 28, 2011.

Audit Committee

Audit Committee Charter

The Audit Committee Charter is attached as Schedule "A" to this AIF. This charter was adopted by the Audit Committee and the Board of Directors.

Composition of the Audit Committee

The following are the members of the Audit Committee:

Andres J. Milla, Chairman of Committee	Independent Director	Financially Literate	Appointed February 10, 2010
Larry D. Kornze	Independent Director	Financially Literate	Appointed January 20, 2010
Darin W. Wagner	Independent Director	Financially Literate	Appointed January 20, 2010

Relevant Education and Experience

The following table discloses the relevant education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an audit committee member:

Andres J. Milla Audit Committe Chair	Mr. Milla´s main experience is in the finance area, where he has been working during the past 15 years, with extensive knowledge of capital markets. He has been on the board of directors of the BVL (Lima Stock Exchange) and of several publicly listed companies, including Candente Copper. Mr. Milla is currently a member of the audit committee and board of Candente Copper. He is an economist, familiar with project financing and understands the financial statements and financial issues affecting mining companies.
Larry D. Kornze	Mr. Kornze has been in the mining business for more than 40 years and at the senior management level of public companies for in excess of 20 years. He is an economic geological engineer familiar with the evaluation and feasibility of mining projects and understands the financial statements and financial issues affecting mineral exploration and mining companies.
Darin W. Wagner	Mr. Wagner has been in the mineral exploration and development business for more than 20 years and at the senior management level of public companies for close to 10 years. He holds a Masters degree in economic geology and as an experienced economic geologist is familiar with the economic evaluation of exploration and mining projects and understands the financial statements and financial issues affecting mineral exploration and mining companies.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on any of the exemptions in sections 2.4, 3.2, 3.3(2), 3.4, 3.5 or 3.6 of National Instrument 52-110 – Audit Committees ("**NI 51-102**"), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 or on section 3.8 of NI 52-110. No non-audit services were approved pursuant to a de minimis exemption to the pre approval requirement.

Audit Committee Oversight

At no time was a recommendation of the Company's audit committee to nominate or compensate an external auditor not adopted by the board of directors.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the Audit Committee Charter set out in Schedule "A" to this AIF.

External Auditor Service Fees By Category

The table below sets out details concerning all fees billed by the Company's external auditor in respect of fiscal years ended March 31, 2011 and 2010. In the table Audit Fees are fees billed by our external auditor for services provided in auditing our financial statements for the fiscal year. Audit-Related Fees are fees not included in Audit Fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. Tax Fees are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. All Other Fees are fees billed by the auditor for products and services not included in the foregoing categories.

Financial Year Ending	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
March 31, 2011	C$40,000[(1)]	Nil	Nil	$34,000
March 31, 2010	C$32,436	Nil	Nil	Nil

(1) Estimated, final billing pending

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, as at the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company, that:

(a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "**Order**") that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or, has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain of our officers and directors are or may become associated with other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. Our directors and officers are required by law to act honestly and in good faith with a view to our best interests and to disclose any interest which they may have in any of our projects or opportunities. In general, if a conflict of interest arises at a meeting of the board of directors, any director or officer in a conflict will disclose his or her interest and abstain from voting on such matter or, if he or she does vote, his or her vote will not count. In determining whether or not we will participate in any project or opportunity, the directors will primarily consider the degree of risk to which we may be exposed and our financial position at that time.

PROMOTERS

As a result of their role in founding and organizing the Company, Candente Copper may be considered a "promoter" of the Company under applicable Canadian securities laws. Details of the amounts paid to Candente Copper for the acquisition by the Company of the El Oro Interests and the Peruvian Properties are set out above under the heading "General Development of the Business – Three Year History". The value of the consideration paid to Candente Copper was determined by the board of directors of the Company based on and assessments of the assets and liabilities being transferred to the Company, the anticipated exploration expenditures associated with the assets and an allocation of related taxes then payable and transaction costs.

As of the date hereof, Candente Copper beneficially owns, controls or directs, directly or indirectly, 5,536,373 Common Shares of the Company.

The Company reimburses Candente Copper for certain general and administrative expenses as set out below under "Interests of Management In Material Transactions".

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no pending, and the Company knows of no, contemplated legal proceedings, to which our Company is a party or of which any of our properties is the subject.

There are no penalties or sanctions that have been imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the Company's most recently completed financial year, nor any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision. The Company has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority during the Company's most recently completed financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

During the financial year ended March 31, 2011, a total of $284,431 for geological consulting services rendered was paid or accrued to officers or directors or to private companies associated with directors and officers of the Company. These amounts are included as a component of exploration costs. During the year ended March 31, 2011, a total of $168,788 was paid as salaries to various officers of the Company and $47,218 was paid or accrued to private companies associated with officers and directors of the Company for management services rendered. These amounts are included in general and administrative expenses.

Included in accounts receivable at March 31, 2011 is $11,366 owed to the Company by certain officers for expense advances. Included in accounts payable and accrued liabilities at March 31, 2011 is $29,875 owed by the Company to certain officers and directors of the Company for services rendered, reimbursement of expenses and directors' fees.

At March 31, 2011, a director and officer of the Company served as a director and officer of Candente Copper and three of the Company's officers served as officers of Candente Copper. During the period ended March 31, 2011, the Company and Candente Copper shared certain office and administrative expenses and Candente Copper made certain payments on behalf of the Company. As of March 31, 2011, a total of $93,681 was due from the Company to Candente Copper for reimbursement of shared general and administrative expenses and $17,894 was due by Candente Copper to the Company for its share of proceeds from options exercised in March 2011.

The above transactions have been recorded at the exchange amounts agreed to by the related parties. Amounts due to related parties are considered by the Company to be accounts payable and are unsecured and non-interest bearing.

TRANSFER AGENTS AND REGISTRARS

The Company's transfer agent and registrar is Computershare Investor Services Inc., located at 2nd Floor, 510 Burrard Street, Vancouver, B.C., Canada V6C 3B9.

MATERIAL CONTRACTS

There are no material contracts that have been entered into by the Company other than in the ordinary course of the Company's business of mineral property evaluation, acquisition and divestiture and exploration, including raising the funding therefor, entered into since the beginning of the Company's most recently completed financial year that are still in effect, other than the El Oro Agreement and the Casua Agreement. For additional information with respect to the El Oro Agreement and the Casua Agreement see "General Development of the Business – Three Year History" above.

INTEREST OF EXPERTS

Names and Interest of Experts

D+H Group LLP, Chartered Accountants ("**D+H**"), of 10th Floor, 1333 West Broadway, Vancouver, British Columbia, Canada V6H 4C1 are the Company's auditors. D+H audited the annual financial statements of the Company for the year ended March 31, 2011. D+H reports that it is independent from the Company in accordance with the rules of professional conduct in British Columbia.

Mark Pryor, B.Sc (Hons.) FGS, FSEG, Pr.Sci.Nat, and Candente Gold's Vice President Exploration, is a qualified person as defined in NI 43-101. Mr. Pryor held no Common Shares of the Company and 250,000 options to purchase Common Shares in the capital of the Company when he was involved in preparing the Technical Report filed on SEDAR on March 14, 2011. Other than as set out in this AIF, and as disclosed in all other documents filed by the Company on SEDAR, Mark Pryor when or after he prepared the Technical Report, has not received nor is about to receive any registered or beneficial interests, direct or indirect, in any securities or other property of the Company or of one of the Company's associates or affiliates (based on information provided to the Company by them) or is or is expected to be elected, appointed or employed for the first time as an officer of the Company or of any associate or affiliate of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's Information Circular pertaining to its most recent annual meeting of security holders that involves the election of directors. Additional financial information is provided in the Company's financial statements and management discussion and analysis for its most recently completed financial year ended March 31, 2011.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

I. MANDATE

The Audit Committee is elected by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

A. Oversee the process of selecting and appointing an auditor.

B. Oversee the conduct of the audit.

C. Identify and monitor the management of the principal risks that could impact the financial reporting of the Company.

D. Monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance.

E. Ensure the independence of the Company's auditor in accordance with applicable standards and monitor his performance.

F. Provide an avenue of communication among the Company's auditors, management and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the Company's auditors and anyone in the Company that it deems necessary. The Audit Committee has the ability to retain, at the Company's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

II. COMPOSITION AND QUORUM

A. The Audit Committee shall consist of a minimum of three independent directors and shall be elected at the first meeting of the Board after any Annual General Meeting.

B. The Chair of the Audit Committee shall be elected by the Audit Committee from among their number and shall be financially literate.

C. The members of the Audit Committee other than the Chair shall also be financially literate, subject to the exception that the Board of Directors may appoint to the Audit Committee any independent director who is not financially literate on the condition that such director become financially literate within a reasonable amount of time following his or her appointment to the Audit Committee and provided that the Board of Directors at the time of such appointment determine in writing (as evidenced by the Board's consent resolution or minutes of the Board meeting appointing such director to the Audit Committee) that the reliance on such exception from the requirement that all members of the Audit Committee be financially literate will not materially adversely affect the ability of the Audit Committee to satisfy the requirements of applicable corporate and securities laws pertaining to audit committees, including Multilateral Instrument 52-110.

D. A quorum for the transaction of business at all meetings of the Audit Committee shall be a majority of members.

III. DUTIES OF THE CHAIR OF THE AUDIT COMMITTEE

A. Lead the Audit Committee in the performance of its duties and carrying out its responsibilities within the Terms of Reference established by the Board.

B. Report to the Board of Directors on the outcome of the deliberations of the Audit Committee and periodically report to the Board of Directors on the activities of the Audit Committee.

C. Meet regularly and as required with the Chief Financial Officer of the Company and other members of management to review material issues and to ensure that the Audit Committee and the Board are provided in a timely manner with all information necessary to permit the Board to fulfill its statutory and other obligations.

IV. TERMS OF REFERENCE

A. The Audit Committee must recommend to the Board of Directors:

(a) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and

(b) the compensation of the auditor.

B. The Audit Committee must determine the scope and terms of reference of the audit engagement and the process by which and the terms under which the auditor formally reports to the Company.

C. The Audit Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

D. The Audit Committee must pre-approve all non-audit services to be provided to the Company or any subsidiary of the Company by the Company's auditor.

E. The Audit Committee must determine that the audit fees charged by the auditor with respect to the audit are, in the opinion of the Audit Committee, appropriate in relation to the work required to support an audit opinion, without regard to fees that are paid, payable or might be paid to the auditor for other services.

F. The Audit Committee must review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information.

G. The Audit Committee shall prepare annually a report to the shareholders describing the steps it has taken to ensure that the auditor is independent of the Company, including:

(a) the policies and procedures followed so that any contracts for non-audit services with the auditor do not compromise the auditor's independence; and

(b) the nature of any non-audit service contracts with the auditor and the amount of the related fees.

H. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived it from the Company's financial statements, other than the public disclosure referred to in paragraph E above, and must periodically assess the adequacy of those procedures.

I. The Audit Committee will review all post-audit or management letters containing the recommendations of the Company's auditor and management's response/follow-ups in respect of any identified weakness.

J. The Audit Committee will have the right, for the purpose of performing its duties, to inspect all of the books and records of the Company and its affiliates and to discuss such accounts and records and any matters relating to the financial position or condition of the Company with the officers and auditors of the Company and its affiliates.

K. The Audit Committee must establish procedures for:

(a) The receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) Confidential, anonymous submissions by employees of the Company of concerns regarding questionable accounting or auditing matters.

L. The Audit Committee must establish and monitor compliance with the Company's policies regarding:

(a) The auditor's provision of services beyond the scope of the Company's audit; and

(b) The Company's hiring of partners, employees and former partners and employees of the present and former external auditor of the Company to fill senior officer positions of the Company.

M. The Audit Committee will have such other duties, power and authorities, consistent with applicable corporate and securities laws, as the Board may, by resolution, delegate to the Audit Committee from time to time.

V. REGULATIONS

The following regulations shall apply to the proceedings of the Audit Committee:

A. The Audit Committee shall meet on such dates as the Chair of the Audit Committee determines. Notice of any meeting shall be given by letter, telecopy, email or other means of recorded electronic communication or by telephone not less than 24 hours before the time fixed for the meeting. Members may waive in writing notice of any meeting before or after the holding thereof.

B. The business of the Audit Committee shall be transacted either at meetings thereof or by conference telephone or other communications facilities that permit all persons participating in the meeting to hear each other, or by resolution in writing. All questions at a meeting shall be decided in accordance with the vote of a majority of those present and the Chair of the meeting shall not have a second or casting vote.

C. A resolution in writing signed by all members of the Audit Committee entitled to vote on that resolution at a meeting of the Audit Committee shall be as valid as if it has been passed at a duly called and constituted meeting. Such resolutions in writing may be in one or more counterparts, all of which, when taken together, shall be deemed to constitute one resolution.

D. The auditor of the Company shall, at the expense of the Company, be entitled to attend and be heard at any meeting of the Audit Committee.

E. The Audit Committee shall meet with the auditor regularly at a frequency that is reasonable in the circumstances and when otherwise reasonably necessary, without management present, to determine whether there are any disagreements between the auditor and management relating to the Company's financial disclosure and, if so, whether those issues have been resolved to the auditor's satisfaction.

F. The auditor and senior management of the Company shall have the opportunity to meet separately with the Audit Committee.

G. The minutes of the proceedings of the Audit Committee and any resolutions in writing shall be kept in a book provided for that purpose which shall always be open for inspection by any director of the Company.

H. The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and to set and pay the compensation for any such advisors.

I. Subject to the foregoing, the calling, holding and procedure at meetings of the Audit Committee shall be determined from time to time by the Audit Committee.

DATED: June 28, 2010