CANDENTE GOLD CORP.
(An exploration stage company)

Audited Consolidated Financial Statements
Years ended March 31, 2011 and 2010

(Expressed in U.S. Dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Candente Gold Corp. and its subsidiaries, the Management Discussion and Analysis and the information contained in the Company's annual filing are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements necessarily include some amounts that are based on management's best estimates, which have been made using careful judgement.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial and operating data elsewhere in the annual filing are consistent with the information contained in the financial statements.

In fulfilling their responsibilities, management of Candente Gold Corp. and its subsidiaries have developed and continue to maintain systems of internal accounting controls, and segregation of duties and responsibilities whenever possible.

Although no cost effective system of internal control will prevent or detect all errors and irregularities, these systems are designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, transactions are properly recorded and the financial records are reliable for preparing the consolidated financial statements.

The Board of Directors carries out its responsibility for the consolidated financial statements in this annual filing principally through its Audit Committee, consisting of non-executive directors. The Audit Committee meets periodically with management and with the external auditors to discuss the results of audit examinations with respect to the adequacy of internal accounting controls, and to review and discuss the consolidated financial statements and financial reporting matters.

The consolidated financial statements have been audited by D&H Group LLP, Chartered Accountants, who have full access to the Audit Committee, with and without the presence of management.

"Joanne C. Freeze"	*"Aurora Davidson"*
Joanne C. Freeze Chief Executive Officer	Aurora Davidson Chief Financial Officer
June 29, 2011	June 29, 2011

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Candente Gold Corp.

We have audited the accompanying consolidated financial statements of Candente Gold Corp., which comprise the consolidated balance sheets as at March 31, 2011 and 2010, the consolidated statements of operations and comprehensive loss, statements of deficit and accumulated other comprehensive loss and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Candente Gold Corp. as at March 31, 2011 and 2010, and its financial performance and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, B.C.
June 28, 2011

"D&H Group LLP"
Chartered Accountants

CANDENTE GOLD CORP.

Consolidated Balance Sheets
(Expressed in U.S. Dollars)

	March 31, 2011	March 31, 2010
ASSETS		
Current		
Cash and cash equivalents	$ 8,643,417	$ 6,944,999
Amounts receivable (Note 7)	446,558	101,323
Prepaid expenses and deposits	79,832	312,851
	9,169,807	7,359,173
Equipment (Note 4)	96,767	12,157
Value added tax receivable	28,899	4,562
Mineral properties (Notes 5 and 6)	7,962,459	6,908,284
	$ 17,257,932	$ 14,284,176
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 453,515	$ 206,828
Promissory note payable (Notes 5 and 18)	977,165	1,275,510
	1,430,680	1,482,338
SHAREHOLDERS' EQUITY		
Share capital (Notes 8, 9 and 10)	18,792,231	12,344,896
Contributed surplus (Note 11)	4,956,307	2,080,485
Deficit	(7,921,286)	(1,623,543)
	15,827,252	12,801,838
	$ 17,257,932	$ 14,284,176

Nature and continuance of operations (Note 1)
Subsequent events (Note 18)

On Behalf of the Board of Directors:

"Andres Milla"	"Larry Kornze"
Director	Director

See accompanying notes to the consolidated financial statements

CANDENTE GOLD CORP.

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in U.S. Dollars)

	Year ended March 31, 2011	Period from April 24, 2009 to March 31, 2010
GENERAL AND ADMINISTRATIVE		
Depreciation	$ 10,674	$ 2,121
Audit and tax advisory	55,854	43,497
Bank charges	8,439	2,056
Consulting fees	-	6,868
Corporate development	116,611	86,899
Legal fees	39,223	148,977
Management fees, salaries and benefits (Note 7)	279,117	150,272
Office, rent and miscellaneous	160,733	76,670
Regulatory and filing fees	105,289	106,652
Shareholder communications	44,251	31,055
Stock-based compensation	1,431,199	404,244
Travel expense	42,187	55,118
Interest and other income	(43,903)	(12,005)
Foreign exchange (gain) loss	(43,163)	108,841
	2,206,511	1,211,265
EXPLORATION		
Depreciation	13,587	4,655
Assays	105,977	559
Administration	716,467	45,995
Camp, field supplies and travel	576,779	49,296
Drilling	1,911,906	9,582
Equipment maintenance and rental	103,105	8,317
Field support and personnel	90,917	7,947
Geological and geophysical (Note 7)	572,494	285,927
	4,091,232	412,278
Loss and comprehensive loss for the year	$ 6,297,743	$ 1,623,543
Loss per share:		
Basic and diluted	$ 0.13	$ 0.15
Weighted average number of shares outstanding		
Basic and diluted	50,317,732	11,064,543

See accompanying notes to the consolidated financial statements

CANDENTE GOLD CORP.

Consolidated Statements of Deficit and Accumulated Other Comprehensive Loss
(Expressed in U.S. Dollars)

	Year Ended March 31, 2011	Period from April 24, 2009 to March 31, 2010
Deficit, beginning of year	$ (1,623,543)	$ -
Loss for the year	(6,297,743)	(1,623,543)
Deficit, end of year	$ (7,921,286)	$ (1,623,543)
Accumulated other comprehensive loss, beginning and end of year	$ -	$ --

See accompanying notes to the consolidated financial statements

CANDENTE GOLD CORP.

Consolidated Statements of Cash Flows
(Expressed in U.S. Dollars)

CASH PROVIDED BY (USED IN):	Year ended March 31, 2011	Period from April 24, 2009 to March 31, 2010
OPERATING ACTIVITIES		
Loss for the year	$ (6,297,743)	$ (1,623,543)
Items not affecting cash:		
Depreciation	24,261	6,776
Unrealized foreign exchange loss	35,179	366,830
Stock-based compensation	1,431,199	404,244
Changes in non-cash working capital items:		
(Increase) decrease in amounts receivable	(345,235)	98,328
Decrease (increase) in prepaid expenses and deposits	233,019	(312,851)
Increase (decrease) in accounts payable and accrued liabilities	202,462	(39,229)
Net cash used in operating activities	(4,716,858)	(1,099,445)
INVESTING ACTIVITIES		
Acquisition of mineral properties:		
Cash (used for) received on acquisition	(484,249)	22,247
Purchase of plant and equipment	(108,871)	(9,707)
Value added tax credits	(24,337)	(4,562)
Net cash (used in) provided by investing activities	(617,457)	7,978
FINANCING ACTIVITIES		
Issuance of common shares for:		
Equity financing, net of share issue costs	6,468,877	8,032,555
Exercise of stock options and warrants	897,380	3,911
Repayment of promissory note	(333,524)	-
Net cash provided by financing activities	7,032,733	8,036,466
Net increase in cash and cash equivalents	1,698,418	6,944,999
Cash and cash equivalents, beginning of year	6,944,999	-
Cash and cash equivalents, end of year	$ 8,643,417	$ 6,944,999

Supplementary Cash Flow Information (Note 16)

See accompanying notes to the consolidated financial statements

1. Nature of Operations and Continued Operations

Candente Gold Corp. ("Candente Gold" or "the Company") was incorporated under the Business Corporations Act (British Columbia) on April 24, 2009. Candente Gold and its subsidiary companies are engaged in precious metals exploration in Mexico and Peru.

The Company has not yet determined whether its mineral properties contain reserves that are economically recoverable.

The accompanying consolidated financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern. At March 31, 2011, the Company had no source of operating cash flow, a deficit of $7,921,286 (2010: $1,623,543) and working capital of $7,739,127 (2010: $5,876,835). Operations for the year ended March 31, 2011 were funded from cash at hand provided by a private placement completed in the period ended March 31, 2010. In fiscal 2011, the Company also completed an equity financing through public offering of shares.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Adverse conditions may cast substantial doubt upon the validity of this assumption. In the event the Company is unable to raise adequate future financing to fund operations and meet contractual obligations, the carrying value of the Company's assets could be subject to material adjustments. The accompanying financial statements do not reflect adjustments to the carrying values of assets and liabilities which may be required should the Company be unable to continue as a going concern.

The amounts shown as mineral properties represent acquisition costs to date and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production of proceeds from the disposition of the mineral property interests.

2. Summary of Significant Accounting Policies

These consolidated financial statements are prepared in U.S. dollars, unless otherwise noted, in accordance with generally accepted accounting principles in Canada ("Canadian GAAP").

(a) Principles of Consolidation

These consolidated financial statements include the accounts of Candente Gold's wholly-owned subsidiaries, Canaco Resources (BC) Inc., Candente Mexico Resource Corp., Minera CCM, S.A. de C.V. and Candente Gold Peru S.A.C. All significant intercompany transactions and balances have been eliminated on consolidation.

(b) Use of Estimates

The presentation of consolidated financial statements in conformity with Canadian GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported in these financial statements and related notes. Management regularly reviews the estimates and assumptions that affect the consolidated financial statements, although actual results may be materially different from these estimates and assumptions. Areas where significant estimates and assumptions are required by management include the determination of impairment for capitalized mineral property expenditures and equipment, asset retirement obligations, future income taxes and the variables for use in calculating stock-based compensation.

(c) Impairment of Long-Lived Assets

Long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. The amount of any impairment loss is determined as the excess of the carrying value of the asset over its fair value and is charged to the results of operations.

2. Summary of Significant Accounting Policies (continued)

(d) Asset Retirement Obligations

Asset retirement obligations refer to the recognition of any statutory, contractual or other legal obligation, related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be determined. These obligations are measured initially at fair value and the resulting costs are capitalized as part of the carrying value of the related assets. In subsequent periods, the liability is adjusted for the accretion of the discount and any changes in the amount or timing of the underlying future cash flows. These costs would be amortized to the results of operations over the life of the asset. As at March 31, 2011 and 2010, the Company had no asset retirement obligations.

(e) Foreign Currency Translation

The Company's primary currency of measurement and reporting is the U.S. dollar, its functional currency. Monetary assets and liabilities denominated in currencies other than the U.S. dollar ("Foreign Currencies") are translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities denominated in Foreign Currencies are translated at the exchange rate in effect at the transaction date. Revenues and expenses denominated in Foreign Currencies are translated at the average rate in effect during the period, with the exception of depreciation and amortization which are translated at historical rates. Gains and losses arising from the translation of monetary assets and liabilities in Foreign Currencies are included in the results of operations.

(f) Future Income Taxes

Future income taxes are accounted for using the asset and liability method. Under this method, future income tax assets and liabilities are recognized based on differences between the financial statement carrying values of the existing assets and liabilities and their respective income tax bases (temporary differences). Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income during the years in which temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in the results of operations during the period in which the change is substantively enacted. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

(g) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid, short-term money market instruments which, on acquisition, are redeemable within three months of the balance sheet date, and include accrued interest.

(h) Financial Instruments

Cash and cash equivalents are measured at fair value at the end of each period with any resulting gains or losses recognized in operations. Accounts receivable are recorded at amortized cost using the effective interest rate method, which upon their initial measurement is equal to their fair value. Subsequent measurement of receivables is at amortized cost, which usually corresponds to the amount initially recorded less any recoverability allowance. Accounts payable and accrued liabilities are measured at amortized cost using the effective interest rate method.

(i) Equipment

Equipment is recorded at cost and amortized on a straight line basis over its estimated useful lives, at the following rates: 3 and 3.34 years (Mexico) for computer hardware and software; 10 years for office furniture; 4 years for vehicles and field equipment and on a straight-line basis over the term of lease contracts for leasehold improvements.

2. Summary of Significant Accounting Policies (continued)

(j) Mineral Properties

Mineral exploration costs are expensed as incurred. When it is determined that a mineral property can be economically developed as a result of establishing proven and probable reserves (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs incurred to develop such property will be capitalized. Such costs will then be amortized using the units-of-production method over the estimated life of the ore body based on proven and probable reserves.

Payments related to the acquisition of land and mineral rights are capitalized as incurred. Prior to acquiring such land or mineral rights, the Company makes a preliminary evaluation to determine that the property has significant potential to develop an economic ore body. The time between initial acquisition and full evaluation of a property's potential is dependent on many factors including: location relative to existing infrastructure, the property's stage of development, geological controls and metal prices. If a mineable ore body is discovered, such costs are amortized when production begins. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value.

Gains or losses from sales or retirements of assets are included in gain or loss on sale of assets.

(k) Stock-Based Compensation

The Company adheres to CICA Handbook Section 3870: "Stock-Based Compensation and Other Stock-Based Payments" ("Section 3870") which established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. Section 3870 requires a fair value-based method of accounting for stock options granted to employees, including directors, and to non-employees.

(l) Transaction Costs

The Company recognizes transaction costs incurred in connection with the issuance of capital as share issuance costs which are netted against gross proceeds from related transactions rather than being expensed as incurred. Transaction costs for assets and liabilities classified as "held for trading" are expensed as incurred; transaction costs for financial instruments classified as "available for sale" are netted against gross proceeds from related transactions.

(m) Loss per Share

Basic loss per share is computed by dividing loss for the year by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding warrants is reflected in diluted earnings per share by application of the treasury stock method. Basic and diluted loss per share are the same as the effect of potential issuances of shares under warrants would be anti-dilutive.

3. Adoption of New Accounting Standards and Accounting Pronouncements

Accounting Changes

Effective April 24, 2009 the Company adopted the following new accounting standards:

Goodwill and intangible assets
In February 2008, the CICA issued Handbook Section 3064 "Goodwill and intangible assets" which is required to be adopted for fiscal year-ends beginning on or after October 1, 2008. It establishes standards for the recognition, measurement, presentation and disclosure of Goodwill subsequent to its initial recognition and of intangible assets by profit orientated enterprises. The adoption of this new Section did not have any material impact on the Company's financial statements.

Expressed in U.S. Dollars, Unless Otherwise Noted

3. Adoption of New Accounting Standards and Accounting Pronouncements (continued)

Credit Risk and Fair Value of Financial Assets and Liabilities
In January 2009, the CICA issued Emerging Issues Committee Abstracts ("EIC") 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities." This EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. Adoption of this EIC did not have a significant effect on the financial statements (Note 12).

Financial Instruments - Disclosures
The CICA amended Section 3862, "Financial Instruments – Disclosures," in 2009 to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosures. Adoption of this standard did not have a significant effect on the financial statements (Note 12).

Accounting Pronouncements

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

For interim and annual financial statements relating to its fiscal year commencing on or after January 1, 2011, the Company will be required to adopt new Canadian Institute of Chartered Accountants ("CICA") Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". Section 1582 replaces existing Section 1581 "Business Combinations", and Sections 1601 and 1602 together replace Section 1600 "Consolidated Financial Statements." The adoption of Sections 1582 and, collectively, 1601 and 1602 provides the Canadian equivalent to International Financial Reporting Standards "(IFRS") 3 "Business Combinations" and International Accounting Standards ("IAS") 27 "Consolidated and Separate Financial Statements" respectively. The adoption of these new standards will not significantly impact the Company's consolidated financial statements.

4. Equipment

		March 31, 2011	
	Cost	Accumulated Amortization	Net Book Value
Computer hardware and software	$ 48,886	$ 15,934	$ 32,952
Furniture	15,559	982	14,577
Vehicles and field equipment	55,726	13,763	41,963
Leasehold improvements	8,236	961	7,275
	$ 128,407	$ 31,640	$ 96,767

		March 31, 2010	
	Cost	Accumulated Amortization	Net Book Value
Computer hardware and software	$ 9,063	$ 2,384	$ 6,679
Furniture	1,085	-	1,085
Vehicles and field equipment	8,785	4,392	4,393
	$ 18,933	$ 6,776	$ 12,157

Expressed in U.S. Dollars, Unless Otherwise Noted

5. Transfer of Gold-Silver Properties from Candente Copper

On April 24, 2009, Candente Copper Corp. ("Candente Copper") and Canaco Resources Inc. ("Canaco") incorporated Candente Gold.

Candente Gold's focus is on exploration and development of precious metals projects in Latin America.

On April 30, 2009, Candente Copper and Canaco completed the transfer to Candente Gold of their respective 50% interests in Minera CCM, S.A. de C.V. ("CCM"), the Mexican company that holds an option on the El Oro gold property ("El Oro") in Mexico (the "Option"). As consideration for the transfer of the El Oro interests, Candente Gold issued 5 million common shares and a promissory note to each of Candente Copper and Canaco. Each promissory note has a principal amount of Cdn$1,300,000 ($1,239,157 at December 31, 2009), payable in cash or convertible into units of Candente Gold, based on the same terms and conditions as the private placement financing completed by Candente Gold in the quarter ended December 31, 2009. On December 31, 2009, Candente Copper converted its Cdn$1,300,000 promissory note into 3,250,000 shares and 1,625,000 warrants of the Company. The warrants have an exercise price of Cdn$0.60 per common share to January 4, 2012 (Note 10). Canaco advised the Company that it would not convert the note; the current repayment terms of the Canaco promissory note are Cdn$350,000 by June 30, 2010 (paid) and Cdn$950,000 by June 30, 2011 (Note 18).

The Company recorded contributed surplus of $52,046 in connection with the transfer of the El Oro Property, as follows:

Assets acquired:		
Cash	$	22,247
Accounts receivable		22,356
Equipment, net		9,226
Mineral properties		2,150,871
Liabilities assumed:		
Accounts payable		(4,817)
Consideration:		
Promissory notes		(2,147,837)
Contributed surplus	$	52,046

In addition, Candente Copper transferred its Peruvian gold-silver properties (the "Properties") to Candente Gold in the quarter ending December 31, 2009 and on January 6, 2010 the Company issued 13,500,000 common shares (Note 8(b)) to Candente Copper in return for the transfer of the Properties. Other consideration for the exchange of the Properties included the granting by the Company of a copper net smelter return royalty to Candente Copper. In addition, Candente Gold agreed to issue to Candente Copper an additional 10,000,000 of its common shares once a minimum of US$5 million has been spent cumulatively by Candente Gold on the Properties.

The Company accounted for consideration in respect of the 13,500,000 Candente Gold shares at a value of $4,422,011, comprised of the Candente Copper carrying cost of $4,663,251 less $241,240 due in cash to Candente Copper in respect of annual license costs paid for the Properties in 2009 by Candente Copper.

Pursuant to Toronto Stock Exchange ("TSX") policy, 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 exercises prices ranging from Cdn$1.75 to Cdn$2.00 and expired unexercised on June 26, 2010. The Company would have received 24.06% of the exercise price on the exercise of the Copper Warrants, based on a predetermined formula that considered the weighted average prices of Candente Copper and Candente Gold on the first five days of Candente Gold's trading on the TSX.

Expressed in U.S. Dollars, Unless Otherwise Noted

5. Transfer of Gold-Silver Properties from Candente Copper (continued)

Also pursuant to TSX policy, 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") had exercise prices ranging from Cdn$0.42 to Cdn$1.40 and expiry dates from January 3, 2011 to November 24, 2014. A total of 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, based on a predetermined formula that considered the weighted average prices of Candente Copper and Candente Gold on the first five days of Candente Gold's trading on the TSX.

6. Mineral Properties

At March 31, 2011, mineral properties were comprised of interests in mineral claims and mining concessions located in Mexico and Peru. These interests are held by the Company, or through option agreements under which the Company, directly or through a joint venture arrangement, has a right to acquire an interest in mineral properties.

Acquisition costs are capitalized. Exploration expenditures are charged to operations in the period they are incurred.

The following are the capitalized mineral property acquisition costs:

	March 31, 2011 $	March 31, 2010 $
El Oro		
Acquisition costs	2,982,268	2,245,033
Peruvian Properties		
Acquisition costs	4,980,191	4,663,251
	7,962,459	6,908,284

On April 30, 2009, the Company completed the transfer of the El Oro property from Candente Copper at a cost of $2,150,871 (Note 5).

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

A total of $1,700,000 in exploration expenditures had been made on El Oro by November 30, 2008, and on or before November 30, 2008 Candente Copper and Canaco issued to Luismin a total of 125,000 shares in each of their respective share capital, all as required by the 2006 Agreement as part of the consideration for the exercise of the First Option.

6. **Mineral Properties** (continued)

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

- Commit to issue to Luismin 250,000 Candente Gold shares on or before November 30, 2009 and 250,000 Candente Gold shares on or before May 30, 2010 (both completed);
- Be required to issue to Luismin 250,000 Candente Gold shares on or before November 30, 2010 (completed) and 250,000 Candente Gold shares on or before November 30, 2011 (completed);
- Commit to cumulative exploration expenditures totaling $2,500,000 to be completed on or before May 30, 2010 (completed);
- Be required to make an additional $2,500,000 in exploration expenditures on or before November 30, 2011 (completed);

Accordingly, during the year ended March 31, 2011, the Company completed the requirements to earn an undivided 50% interest in the El Oro project.

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

- Required to issue to Luismin 500,000 Candente Gold shares on or before November 30, 2012 and 500,000 Candente Gold shares on or before November 30, 2013; and
- Required to 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.

Fiscal period ended March 31, 2010:

On November 30, 2009, the Company issued 250,000 common shares at a cost of Cdn$100,000 ($94,162) to Luismin (Note 8(b)).

During the quarter ended December 31, 2009, the Company completed the transfer of the Peruvian Properties at a cost of $4,663,251 (Note 5).

Fiscal year ended March 31, 2011:

On May 28, 2010, the Company issued 250,000 common shares to Luismin at a cost of Cdn$125,000 ($118,472) (Note (8(b)).

On October 20, 2010, the Company issued 530,000 common shares to Silex Peru S.R.L. at a cost of Cdn$22,800 ($22,209), for the acquisition of the Casua silver claim, located in Peru (Note 8(b)). The Company incurred a further $7,452 in acquisition costs for this claim in the year.

On November 12, 2010, the Company issued 250,000 common shares to Luismin at a cost of Cdn$167,500 ($167,166) (Note 8(b)).

On February 14, 2011, the Company issued 250,000 common shares to Luismin at a cost of Cdn$215,000 ($217,854) (Note 8(b)).

During the year ended March 31, 2011, the Company incurred acquisition costs of $287,279 and $233,743 to maintain the good-standing of the Peruvian Properties and the El Oro project, respectively.

Expressed in U.S. Dollars, Unless Otherwise Noted

7. Related Party Transactions

During the year ended March 31, 2011, a total of $284,431 (2010: $$201,085) 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 (2010: $ $94,619) was paid as salaries to various officers of the Company and $47,218 (2010: $47,535) 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 (2010: $10,842) owed to the Company by certain officers for expense advances. Included in accounts payable and accrued liabilities at March 31, 2011 is $29,875 (2010: $41,869) 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 (Note 5). During the year 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 (2010: $66,722) 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 (2010: $nil) for its share of proceeds from certain 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.

8. Share Capital

a) Authorized: An unlimited number of Common Shares and an unlimited number of Preferred Shares, all without par value.

b) Issued and Outstanding:

	Number of Common Shares	Amount $
Balance at April 24, 2009	-	-
Issue of shares – private placement, net of issue costs	22,570,327	6,585,655
Issued for mineral property acquisition (Notes 5 and 6)	23,750,000	4,516,173
Issued on conversion of promissory note (Note 5)	3,250,000	1,239,157
Issued on exercise of stock options	8,000	3,911
Balance at March 31, 2010	49,578,327	12,344,896
Issue of shares – financing, net of issue costs	8,841,250	4,842,625
Issued for mineral property acquisition (Notes 5 and 6)	780,000	525,701
Issued on exercise of warrants	1,199,220	721,120
Issued on exercise of stock options	245,750	176,260
Transfer from contributed surplus on exercise of options and warrants	-	181,629
Balance at March 31, 2011	60,644,547	18,792,231

8. Share Capital (continued)

During the year ended March 31, 2011, the Company completed a bought-deal short form prospectus financing (the "Financing") for gross proceeds of $6,659,154 (Cdn$6,500,000). In connection with the Financing, the Company issued 8,125,000 units (the "Units") at a price of Cdn$0.80 per Unit. Each Unit consists of one common share of the Company and one-half of one common share purchase warrant (the "Warrants"). Each whole Warrant entitles the holder thereof to acquire one common share of the Company at a price of Cdn$1.10 to March 30, 2012. The Financing was led by a group of Underwriters, who also exercised a portion of the over-allotment option to acquire an additional 716,250 Units and 51,250 Warrants for additional gross proceeds of $590,180 (Cdn$576,075). In connection with their services, the Underwriters received a cash commission equal to 6.75% of the gross proceeds raised in the Financing and warrants entitling the Underwriters to purchase such number of common shares of the Company in an amount equal to 6% of the number of Units issued at a price of Cdn$0.86 per common share for a period of 2 years, to March 30, 2012. The Agents' Warrants issued as finders' fees were valued by the Company at $198,548.

During the year ended March 31, 2011, the Company issued 1,199,220 shares on exercise of share purchase warrants, for proceeds of $721,120, and issued 245,750 shares on exercise of share purchase options, for proceeds of $176,260.

During the period ended March 31, 2010, the Company completed a private placement (the "Private Placement") for gross proceeds of $8,508,378 (Cdn$9,028,130) from the sale of units ("Units") consisting of one Company common share and one half-warrant ("Warrants). 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 Cdn$0.60 per common share until January 4, 2012. The Warrants issued were valued by the Company at $1,624,195. The Company also paid to the agents assisting in the Private Placement a total of $298,528 (Cdn$313,186) in cash commissions and issued to the Agents 735,345 warrants ("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 the Company at a price of Cdn$0.60 per share. The Agents' Warrants issued as finders' fees were valued by the Company at $105,834.

9. Stock Options

The Company has a stock-based compensation plan (the "Plan") that allows for the issuance of options up to a maximum of 15% of the Company's issued and outstanding common shares at any given time. At March 31, 2011, the Company had options outstanding to purchase a total of 4,172,500 of its common shares, and was entitled to issue options to purchase 4,924,182 additional common shares under the Plan.

The purpose of the Plan is to attract, retain and motivate directors, officers, key employees and consultants of the Company and to advance the interests of the Company by providing eligible persons with the opportunity to acquire an increased proprietary interest in the Company. Under the Plan, the grant of all stock options, and vesting provisions, if any, are at the discretion of the Company's board of directors. The term of any stock option granted may not exceed ten years and the exercise price may not be lower than the closing price of the Company's shares on the last trading day immediately preceding the date of grant. In general, stock options granted under the Plan have a term of five years with vesting provisions over a twelve month period.

Expressed in U.S. Dollars, Unless Otherwise Noted

9. Stock Options (continued)

A continuity summary of the stock options granted under the Plan is presented below:

	Number of Common Shares	Weighted-Average Exercise Price (CAD$/Share)
Balance, April 24, 2009	-	-
Granted	2,782,500	0.64
Granted on transfer of gold-silver properties from Candente Copper (Note 5)	1,638,350	0.88 [1]
Exercised	(8,000)	0.42 [1]
Forfeited	(474,600)	1.47 [1]
Balance, March 31, 2010	3,938,250	0.64
Granted	500,000	0.72
Exercised	(245,750)	0.60
Expired	(20,000)	0.70
Balance, March 31, 2011	4,172,500	0.65

[1] Actual weighted average prices of the Candente Options. The Company will receive or has received 24.06% of the exercise proceeds from these options, based on a predetermined formula that considered the weighted average prices of Candente Copper and Candente Gold on the first five days of Candente Gold's trading on the TSX.

A summary of stock options outstanding and exercisable at March 31, 2011 is presented below:

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices per Share (Cdn$)	Stock Options Outstanding to Purchase Common Shares	Weighted-Average Exercise Price (Cdn$/Share)	Weighted-Average Remaining Contractual Life (Years)	Stock Options Exercisable to Purchase Common Shares	Weighted-Average Exercise Price (Cdn$/Share)
$0.33 to $0.48	554,000	$0.42	3.40	554,000	$0.42
$0.64 to $0.85	3,472,000	$0.66	3.86	3,347,000	$0.59
$1.40 to $1.80	146,500	$1.36	1.82	127,750	$1.41
	4,172,500	$0.65	3.73	4,028,750	$0.59

Pursuant to TSX policy, 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 Copper Options have exercise prices ranging from Cdn$0.42 to Cdn$1.40 and expiry dates from January 3, 2011 to November 24, 2014. The Company will receive or has received 24.06% of the exercise price on the exercise of the Copper Options.

Stock options outstanding expire between October 2011 and January 2016.

Expressed in U.S. Dollars, Unless Otherwise Noted

9. Stock Options (continued)

The fair value-based method of accounting is applied to stock options granted to employees, including directors, and non-employees. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year ended March 31, 2011	From April 24, 2009 to March 31, 2010
Risk-free interest rate	2.58%	2.52%
Expected stock price volatility	90%	90%
Expected life	5 years	5 years
Expected dividend yield	-	-
Weighted-average fair value per share under options granted	$0.47	$0.63

10. Share Purchase Warrants

In addition to the 11,285,162 Warrants and Agents' Warrants referred to in Note 8(b), on December 31, 2009, the Company issued 1,625,000 warrants ("Copper Warrants") to Candente Copper pursuant to the conversion of a promissory note. The Copper Warrants have an exercise price of Cdn$0.60 per common share to January 4, 2012.

Pursuant to TSX policy, 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 Copper Warrants have exercise prices ranging from Cdn$1.75 to Cdn$2.00 and expire on June 26, 2010. The Company will receive 24.06% of the exercise price on the exercise of the Copper Warrants.

A continuity summary of the warrants outstanding at March 31, 2011 and 2010 is presented below:

	Outstanding warrants	Weighted average exercise price Cdn$
Outstanding, April 24, 2009	-	-
Granted	13,645,507	0.60
Granted on transfer of gold-silver properties from Candente Copper (Note 5)	872,890	1.98 [1]
Outstanding and exercisable, March 31, 2010	14,518,397	0.68
Granted	5,002,350	1.07
Exercised	(1,199,220)	0.60
Expired	(872,890)	1.98
Outstanding and exercisable, March 31, 2011	17,448,637	0.74

[1] Actual weighted average prices of the Candente Warrants. The Company will receive 24.06% of the exercise proceeds from these warrants, based on a predetermined formula that considered the weighted average prices of Candente Copper and Candente Gold on the first five days of Candente Gold's trading on the TSX.

The fair value-based method of accounting is applied to the issuance of share purchase warrants on the date of issuance using the Black-Scholes model. The weighted-average fair value of the warrants issued during the year ended March 31, 2011 is Cdn$0.32 calculated using the following weighted-average assumptions: 1.77% risk-free interest rate; expected stock price volatility of 90%; expected life of 2 years; and no expected dividend yield.

Expressed in U.S. Dollars, Unless Otherwise Noted

10. Share Purchase Warrants (continued)

The fair value-based method of accounting is applied to the issuance of share purchase warrants on the date of issuance using the Black-Scholes model. The weighted-average fair value of the warrants issued during the period ended March 31, 2010 is Cdn$0.15 calculated using the following weighted-average assumptions: 1.47% risk-free interest rate; expected stock price volatility of 90%; expected life of 2 years; and no expected dividend yield.

11. Contributed Surplus

A continuity summary of contributed surplus is presented below:

Balance, April 24, 2009	$	-
Stock-based compensation as a result of stock options vested		404,244
Stock-based compensation as a result of share purchase warrants issued		1,624,195
Contributed surplus in association with transfer of El Oro property (Note 5)		52,046
Balance, March 31, 2010	$	2,080,485
Stock-based compensation as a result of stock options vested		1,431,199
Stock-based compensation as a result of share purchase warrants issued		1,626,252
Transferred to share capital on exercise of stock options and warrants		(181,629)
Balance, March 31, 2011	$	4,956,307

12. Accounting for Financial Instruments

Fair Values

The Company's financial instruments include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities and a promissory note payable. Financial instruments are initially recognized at fair value with subsequent measurement depending on classification as described below. Classification of financial instruments depends on the purpose for which the financial instruments were acquired or issued, their characteristics, and the Company's designation of such instruments.

The following table provides a comparison of carrying and fair values of each classification of financial instrument as at March 31, 2011:

	Loans and receivables $	Available for sale $	Held for trading $	Other financial liabilities $	Total fair value $
Cash and cash equivalents	-	-	8,643,417	-	8,643,417
Amounts receivable	446,558	-	-	-	446,558
Accounts payable and accrued liabilities	-	-	-	453,515	453,515
Promissory note payable	-	-	-	977,165	977,165

12. Accounting for Financial Instruments (continued)

The Company has made the following classifications for its financial instruments:

Cash and cash equivalents are classified as “Assets held for trading” and are measured at fair value at the end of each period with any resulting gains or losses recognized in operations. Amounts receivable are classified as “Receivables and loans” and are recorded at amortized cost using the effective interest rate method, which upon their initial measurement is equal to their fair value. Subsequent measurement of receivables is at amortized cost, which usually corresponds to the amount initially recorded less any recoverability allowance. Accounts payable and accrued liabilities and the promissory note payable are classified as “Other financial liabilities” and are measured at amortized cost using the effective interest rate method

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures, was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability directly or indirectly and
- Level 3 – Inputs that are not based on observable market data.

At March 31, 2011, the Company’s financial instruments which are measured at fair value on a recurring basis were cash and cash equivalents. These financial instruments were classified as “level 1” instruments.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. Cash deposits are maintained with financial institutions of reputable credit in Canada, Peru and Mexico and are redeemable on demand. Most of the Company’s cash and cash equivalents are held in Canada and invested in low-risk liquid instruments such as Guaranteed Investment Certificates (“GIC”) issued by British Columbia Credit Unions. The GICs are insured on a no-limit basis under the Credit Union Deposit Insurance Corporation. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company’s maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company’s approach to managing liquidity is to ensure it will have sufficient liquidity to meet liabilities when due. To the extent the Company does not believe it has sufficient liquidity to meet obligations, it will consider securing additional equity funding, or will engage in negotiations to extend terms with creditors. The Company manages liquidity by continuously monitoring and forecasting cash flows. As at March 31, 2011, the Company’s liabilities were comprised of accounts payable and accrued liabilities all due with maturities of less than one year and a promissory note due on demand.

Foreign Exchange Risk

The Company faces certain foreign risk as its general and administrative expenses and certain deferred exploration expenses are incurred either in Canadian dollars, Mexican pesos or Peru soles, and these countries’ currencies may appreciate or depreciate against the US dollar, the Company’s reporting currency. It also has exposure risk with respect to amounts due for property maintenance payments, as these amounts are owed in currencies other than the US dollar. The Company’s major source of cash proceeds is from the issuance of shares and traditionally these funds are received in Canadian dollars. The Company has chosen not to actively manage its foreign exchange risk. Notwithstanding, the Company continuously monitors this exposure to determine if any mitigation strategies become necessary. As at March 31, 2011, with other variables unchanged, a $0.01 strengthening (weakening) of the Canadian dollar against the US dollar would have a $118,722 effect on net loss. There would be no effect on other comprehensive loss.

Interest Rate Risk

Included in the results of operation of the Company is interest income earned on Canadian Dollar cash deposits. Interest income is not material to the Company. The Company has no outstanding debt subject to interest. Accordingly the Company’s opinion is that there currently is no interest rate risk for the Company.

Expressed in U.S. Dollars, Unless Otherwise Noted

13. Capital Risk Management

The Company manages as capital its share capital, cash and cash equivalents, accounts payable and accrued liabilities and to a lesser extent contributed surplus. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to acquire and explore mineral interests. The Company funds operations and exploration activities from the issuance of shares generally through private placements. On occasion, the Company issues shares to make property payments. The Company also issues stock options to incentivize directors, employees, officers and consultants.

The Company prepares an annual budget for exploration and operations, and initiates equity offerings or pursues strategic partnerships to ensure it is appropriately funded. The Company attempts to take advantage of favourable equity market conditions to reduce the cost and dilutive effect of equity. If market conditions are not favourable, the Company will extend, delay or cancel exploration programs and reduce discretionary spending.

Surplus cash is invested in low-risk liquid instruments such as secured GICs. There were no changes to the Company's approach to capital management during the year ended March 31, 2011. The Company is not subject to externally imposed capital requirements.

14. Income Taxes

A reconciliation of income taxes at combined statutory rates with the reported taxes and is presented below:

		Year ended March 31, 2011		From April 24, 2009 to March 31, 2010
Loss for the year	$	(6,297,793)	$	(1,623,543)
Income tax recovery at combined basic tax rate		1,794,857		487,063
Effect of change in valuation allowance		(1,391,916)		(329,475)
Effect of non-deductible items		(402,505)		(155,958)
Other		(436)		(1,630)
Income tax recovery	$	-	$	-

The significant tax effects of temporary differences resulting in future income tax assets are presented below:

		March 31, 2011		March 31, 2010
Future income tax assets:				
Non-capital loss carry-forwards	$	850,623	$	336,478
Mineral properties		1,536,320		1,393,094
Equipment		3,848		650
Share issue costs		787,249		99,894
		3,178,040		1,830,116
Valuation allowance		(3,178,040)		(1,830,116)
Future income tax assets	$	-	$	-

Expressed in U.S. Dollars, Unless Otherwise Noted

14. Income Taxes (continued)

At March 31, 2011, the Company had non-capital loss carry-forwards of approximately $2.8 million (2010: $1.1 million and had resource related amounts available, subject to certain restrictions, for deduction against future taxable income in Canada. These losses, if not utilized, will expire annually and are available for use up to the 2030 taxation year.

The Company also had net operating loss carry-forwards for tax purposes of approximately $88,800 (2010: $24,000) and resource related amounts totaling approximately $5.1 million (2010: $4.6 million) available, subject to certain restrictions, for deduction against future taxable income in Peru.

The Company also had net operating loss carry-forwards for tax purposes of approximately $499,000 (2010: $463,000), subject to certain restrictions, for deduction against future taxable income in Mexico.

Management believes that sufficient uncertainty exists regarding the realization of certain future income tax assets and that a valuation allowance is required.

15. Segmented Information

	March 31, 2011	March 31, 2010
Total assets:		
Canada	$ 8,585,001	$ 7,360,481
Peru	5,054,337	4,671,883
Mexico	3,618,594	2,251,812
	$ 17,257,932	$ 14,284,176

16. Supplementary Cash Flow Information

	Year ended March 31, 2011	From April 01, 2010 to March 31, 2010
Cash received during the year for interest	$ 43,903	$ 12,005

Cash and cash equivalents consist of:

	March 31, 2011	March 31, 2010
Cash	$ 7,083,740	$ 162,122
Cash equivalents	1,559,677	6,782,877
	$ 8,643,417	$ 6,944,999

At March 31, 2011, cash equivalents consist of Guaranteed Investment Certificates (“GIC”) issued by British Columbia Credit Unions. The GICs are insured on a no-limit basis by the Credit Union Deposit Insurance Corporation and can be converted into cash at anytime at the option of the Company.

Expressed in U.S. Dollars, Unless Otherwise Noted

16. Supplementary Cash Flow Information (continued)

The significant non-cash transactions during the year ended March 31, 2011 were:

a) The Company issued 780,000 common shares valued at $525,701 in connection with the Company's obligations with respect to the El Oro property and for the acquisition of the Causa property in Peru.

b) The Company recorded stock-based compensation of $1,431,199, calculated using the Black-Scholes pricing model.

The significant non-cash transactions during the period ended March 31, 2010 were:

a) As consideration for the transfer of El Oro and other assets and liabilities assumed, the Company issued 10,000,000 shares at cost of $nil and issued two promissory notes valued at $2,147,837.

b) As consideration for the transfer of the Peruvian Properties, the Company issued 13,500,000 shares valued at $4,422,011.

c) The Company issued 250,000 common shares valued at $94,162 in connection with the Company's obligations with respect to the El Oro property.

d) The Company recorded stock-based compensation of $404,244, calculated using the Black-Scholes pricing model.

17. Commitments

The Company has committed to payments under operating leases for the rental of office spaces and accommodations. The future minimum lease payments are as follows:

Fiscal Year		
2012	$	110,041
2013		80,831
2014		80,831
2015		80,831
2016		37,048
	$	389,582

18. Subsequent Events

Subsequent to March 31, 2011:

a) The underwriters who participated in the March 30, 2011 financing exercised their over-allotment option, raising additional gross proceeds for the Company of Cdn$320,000 (the "Over-Allotment"). The Company issued 400,000 units (the "Units") at a price of Cdn$0.80 per Unit, with each Unit consisting of one common share of the Company and one-half of one common share purchase warrant entitling the holder thereof to acquire one common share of the Company at a price of Cdn$1.10 until March 30, 2013.

b) The Canaco promissory note (Note 5) was repaid in full.