

CANDENTE COPPER CORP.
(Formerly Candente Resource Corp.)

Consolidated Financial Statements
June 30, 2010

(Expressed in U.S. Dollars)

Unaudited- Prepared by Management

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Consolidated Balance Sheets
Unaudited – Prepared by Management
(Expressed in U.S. Dollars)

	June 30, 2010	December 31, 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 4,069,410	\$ 992,400
Investments (Note 4)	397,098	360,451
Amounts receivable (Note 8)	244,551	303,170
Prepaid expenses and deposits	599,062	66,098
	5,310,121	1,722,119
Candente Gold shares receivable (Note 6)	-	4,422,011
Investment in Candente Gold (Note 6)	3,485,317	1,239,158
Equipment	301,300	351,550
Mineral properties (see Consolidated Schedule of Mineral Properties and Note 7)	37,491,488	36,103,660
	\$ 46,588,226	\$ 43,838,498
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 1,133,295	\$ 1,253,054
	1,133,295	1,253,054
SHAREHOLDERS' EQUITY		
Share capital (Notes 9, 10 & 11)	51,540,149	52,103,487
Contributed surplus (Note 12)	10,293,352	8,194,464
Deficit	(18,392,989)	(17,692,861)
Accumulated other comprehensive income (loss) (Note 6)	2,014,419	(19,646)
	45,454,931	42,585,444
	\$ 46,588,226	\$ 43,838,498

Nature and continuance of operations and going concern (Note 1)

On Behalf of the Board of Directors:

"Klaus M. Zeitler"

Director

"Andres Milla"

Director

See accompanying notes to the consolidated financial statements

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Consolidated Statements of Operations and Comprehensive (Loss) Income

Unaudited - Prepared by Management

(Expressed in U.S. Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
GENERAL AND ADMINISTRATIVE				
Amortization	\$ 5,281	\$ 7,957	\$ 10,563	\$ 15,446
Audit and tax	23,779	46,552	26,228	94,118
Bank charges and interest	1,753	3,299	6,858	5,958
Consulting	-	16,340	2,936	16,340
Corporate development	11,671	7,702	22,233	17,356
Legal	74,439	25,912	94,115	33,712
Salaries and management fees	99,537	57,709	185,781	147,347
Office, rent and miscellaneous	42,270	33,651	78,435	73,981
Travel and accommodations	19,765	3,744	34,494	13,858
Regulatory and filing fees	19,956	9,557	59,361	35,719
Shareholder communications	16,545	15,638	42,770	20,486
Stock-based compensation	26,515	46,129	94,652	136,123
Interest and other income	(43,207)	(4,059)	(55,235)	(23,025)
(Gain) loss on foreign exchange	125,529	(450,014)	96,937	(371,808)
(Loss) earnings for the period	(423,833)	179,883	(700,128)	(215,611)
Other comprehensive (loss) income :				
Unrealized (loss) gain on available-for-sale marketable securities and Candente Gold shares	(654,295)	(20,666)	2,034,065	3,831
Comprehensive (loss) income for the period	\$ (1,078,128)	\$ 159,217	\$ 1,333,937	\$ (211,780)
Loss per share:				
Basic and diluted	\$ (0.01)	\$ -	\$ (0.01)	\$ -
Weighted-average number of shares outstanding:				
Basic and diluted	96,607,642	80,943,127	98,902,323	80,943,127

See accompanying notes to the consolidated financial statements

CANDENTE RESOURCE CORP.

Consolidated Statements of Deficit and Accumulated Other Comprehensive (Loss) Income

Unaudited - Prepared by Management

(Expressed in U.S. Dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Deficit, beginning of period	\$ (17,969,156)	\$ (16,542,115)	\$ (17,692,861)	\$ (16,146,621)
(Loss) earnings for the period	(423,833)	179,883	(700,128)	(215,611)
Deficit, end of period	\$ (18,392,989)	\$ (16,362,232)	\$ (18,392,989)	\$ (16,362,232)
Accumulated other comprehensive income (loss), beginning of period	\$ 2,668,714	\$ (7,875)	\$ (19,646)	\$ (32,372)
Unrealized (loss) gain on available-for sale- Candente Gold shares	(643,062)	-	2,044,290	-
Unrealized (loss) gain on available-for-sale marketable securities	(11,233)	(20,666)	(10,225)	3,831
Accumulated other comprehensive income (loss), end of period	\$ 2,014,419	\$ (28,541)	\$ 2,014,419	\$ (28,541)

See accompanying notes to the consolidated financial statements

CANDENTE RESOURCE CORP.

Consolidated Statements of Cash Flows
 Unaudited - Prepared by Management
 (Expressed in U.S. Dollars)

CASH PROVIDED BY (USED IN):	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
OPERATING ACTIVITIES				
Net earnings (loss) for the period	\$ (423,833)	\$ 179,883	\$ (700,128)	\$ (215,611)
Items not affecting cash:				
Amortization	5,281	7,489	10,563	7,489
Foreign exchange loss	14,419	(158,327)	(233)	(157,848)
Stock-based compensation	26,515	46,129	94,652	136,123
Changes in non-cash working capital items:				
Decrease (increase) in amounts receivable	(115,913)	(236,371)	58,619	(240,729)
Decrease (increase) in prepaid expenses and deposits	(532,583)	(13,394)	(532,964)	(28,958)
Increase (decrease) in accounts payable and accrued liabilities	20,391	309,224	95,229	171,161
Net cash provided by (used in) operating activities	(1,005,723)	134,633	(974,262)	(328,373)
INVESTING ACTIVITIES				
Decrease (increase) in investments	(35,418)	(1,564)	(46,639)	(13,563)
Proceeds from sale (purchase) of equipment	-	(7,791)	23,689	20,269
Value added tax	(54,586)	(46,690)	(132,763)	(54,176)
Expenditures on mineral properties:				
Acquisition	(101,023)	(336,749)	(101,023)	(372,006)
Exploration	(372,162)	(727,822)	(1,353,032)	(1,075,791)
Net cash used in investing activities	(563,189)	(1,120,616)	(1,609,768)	(1,495,267)
FINANCING ACTIVITIES				
Issuance of common shares for:				
Private placements, net proceeds net of restricted cash	1,585,385	-	5,648,648	-
Exercise of stock options	-	-	12,392	-
Net cash provided by financing activities	1,585,385	-	5,661,040	-
Net increase (decrease) in cash and cash equivalents	16,473	(985,983)	3,077,010	(1,823,640)
Cash and cash equivalents, beginning of period	4,052,937	2,610,665	992,400	3,448,322
Cash and cash equivalents, end of period	\$ 4,069,410	\$ 1,624,682	\$ 4,069,410	\$ 1,624,682
Supplemental Cash Flow Information				
Non-cash investing and financing activities:				
Exploration expenditures included in accounts payable	\$ 883,312	\$ 1,259,046	\$ 883,312	\$ 1,259,046
Cash received for interest	6,774	9,165	7,820	2,262

See accompanying notes to the consolidated financial statements

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Consolidated Schedule of Mineral Properties (Note 7)

(Expressed in U.S. Dollars)

	Balance at December 31, 2009	Additions QE March 31, 2010	Balance at March 31, 2010	Additions QE June 30, 2010	Balance at June 30, 2010
PERU					
Cañariaco Property					
Acquisition costs	\$ 346,663	\$ -	\$ 346,663	\$ 38,370	385,033
Exploration costs					
Assays	1,790,368	10,000	1,800,368	101,962	1,902,330
Camp, field supplies & travel	7,185,731	11,912	7,197,643	33,721	7,231,364
Drilling	9,032,894	-	9,032,894	-	9,032,894
Equipment maintenance & rental	879,985	14,076	894,061	29,617	923,678
Engineering studies	3,281,235	14,768	3,296,003	611,442	3,907,445
Field support & personnel	5,495,648	23,888	5,519,536	145,775	5,665,311
Geological and geophysical	2,590,677	49,875	2,640,552	47,861	2,688,413
Mapping	263,625	1,445	265,070	1,543	266,613
	30,866,826	125,964	30,992,790	1,010,291	32,003,081
Other Peruvian Properties					
Acquisition costs	2,339,366	-	2,339,366	62,653	2,402,019
Exploration costs					
Assays	235,571	-	235,571	-	235,571
Camp, field supplies & travel	653,310	1,137	654,447	627	655,074
Drilling	700,417	-	700,417	-	700,417
Equipment maintenance & rental	304,373	234	304,607	1,291	305,898
Field support & personnel	2,092,222	17,933	2,110,155	(4,480)	2,105,675
Geological and geophysical	1,871,478	16,654	1,888,132	22,072	1,910,204
Mapping	139,154	689	139,843	-	139,843
Property option payments received	(1,980,153)	-	(1,980,153)	-	(1,980,153)
Write-down of mineral properties	(263,051)	-	(263,051)	-	(263,051)
Transfer of properties (Note 6)	(4,663,250)	-	(4,663,250)	-	(4,663,250)
	1,429,437	36,647	1,466,084	82,163	1,548,247
Value Added Tax Credits	3,807,397	78,177	3,885,574	54,586	3,940,160
Total of Mineral Properties	\$ 36,103,660	\$ 240,788	\$ 36,344,448	\$ 1,147,040	\$ 37,491,488

See accompanying notes to the consolidated financial statements

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Notes to the Consolidated Financial Statements
Quarter and Six Months Ended June 30, 2010 (Unaudited)
Expressed in U.S. Dollars, Unless Otherwise Noted

1. Nature and Continuance of Operations and Going Concern

Candente Copper Corp. ("Candente Copper") was incorporated under the Business Corporations Act (British Columbia). Candente Copper and its subsidiary companies (collectively, the "Company") are engaged in base-metals exploration in Peru. Candente Copper's common shares are listed on the Toronto and Lima Stock Exchanges under the trading symbol "DNT".

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

The accompanying unaudited consolidated financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which in general terms means having the necessary cash resources to meet projected expenditures for a period of at least twelve months from the date of the financial statements. The Company has made an assessment of its ability to continue as a going concern and is aware of several material adverse conditions as set out below that cast significant doubt on the validity of this assumption. At June 30, 2010, the Company had no source of operating cash flow, accumulated losses of \$18,392,989 and working capital of \$4,176,826 (December 31, 2009: \$469,065). During the quarter ended March 31, 2010, the Company completed a financing for gross proceeds of \$6,060,695 (Cdn\$6,227,969) which enabled the Company to resume feasibility level work on its Cañariaco project and meet working capital requirements. The Company currently estimates that given projected remaining expenditures at Cañariaco, its other Peruvian properties and working capital requirements, it may require to raise additional financing towards the end of the quarter ending on December 31, 2010.

During 2009 management made the strategic decision to complete a plan of arrangement that included the transfer of the Company's interests in its precious metals properties to a newly incorporated company, Candente Gold Corp. ("Candente Gold") in exchange for consideration that included shares in Candente Gold. The Company transferred to Candente Gold properties where the precious metal component was considered dominant or essential to making the project economic, based on then current metal prices and the Company's geological knowledge of the properties. On April 30, 2009 and on December 17, 2009 respectively, the Company completed the transfer of its interests in the El Oro property and its Peruvian silver-gold properties to Candente Gold (Note 7). The arrangement included a distribution of a portion of the Company's shares in Candente Gold to the Company's shareholders, and allows the Company to dedicate its resources to copper exploration and development, specifically the Cañariaco property. The arrangement also allowed the Company's shareholders to retain their Company shares and receive additional shares in Candente Gold.

Despite the benefits derived from the plan of arrangement and the financing completed in March 2010, the Company's ability to continue as a going concern remains contingent upon its ability to obtain additional financing in the future.

The Company's unaudited consolidated financial statements do not include any adjustments to the recoverability and classification of recorded assets, or the amounts and classification of liabilities, all of which would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

The amounts shown as mineral properties and related deferred costs represent costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon a number of factors, including 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 the properties, and on the potential profitable disposition in future of the Company's interests in such properties.

2. Basis of Presentation

The financial statements of the Company have been prepared in accordance with Canadian Generally Accepted Accounting Principles for interim financial statements and therefore do not include all of the information and notes required for annual financial statements. These statements follow the same accounting policies and methods of application as the most recent annual financial statements. Accordingly, they should be read in conjunction with Candente Copper's audited financial statements for the year ended December 31, 2009.

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Notes to the Consolidated Financial Statements
Quarter and Six Months Ended June 30, 2010 (Unaudited)
Expressed in U.S. Dollars, Unless Otherwise Noted

3. Accounting Pronouncements

Business Combinations, Consolidated Financial Statements and Non-controlling interest

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 IFRS 3 "Business Combinations" and International Accounting Standard IAS 27 "Consolidated and Separate Financial Statements" respectively. The impact of adopting these new standards has not yet been assessed and cannot reasonably be estimated at this time.

4. Investments

Investments of a short-term nature include marketable securities and gold bullion.

At June 30, 2010, marketable securities consisted of 210,000 common shares of Orex Minerals Inc. (December 31, 2009: 210,000 common shares) acquired by the Company through property option agreements at a total cost of \$47,715 with a market value of \$24,037 (December 31, 2009: \$34,029).

At June 30, 2010, the Company held gold bullion worth \$373,061 (December 31, 2008: \$326,422).

5. Valued Added Tax Credits

Expenses incurred by the Company in Peru, including deferred exploration expenses, are subject to Peruvian Value Added Tax ("VAT").

The VAT is not currently refundable to the Company, but can be used in the future to offset amounts due to the Peruvian taxation authorities by the Company resulting from VAT charged to clients on future sales. The VAT in Peru has been classified as a component of mineral properties. As at June 30, 2010 VAT tax credits in Peru were \$3,940,160 (December 31, 2009: \$3,807,397).

6. Transfer of Silver and Gold Properties to Candente Gold

During 2009 management made the strategic decision to complete a plan of arrangement (the "Arrangement") that included the transfer of the Company's interests in its precious metals properties to a newly incorporated company, Candente Gold, which was incorporated by the Company and Canaco Resources Inc. ("Canaco") on April 24, 2009. Candente Gold's focus is on exploration and development of precious metals projects in Latin America.

On April 30, 2009, the Company and Canaco transferred to Candente Gold their respective 50% interests in Minera CCM, S.A. de C.V., the Mexican company that holds an option on the El Oro gold property in Mexico, for consideration that included 5 million Candente Gold common shares (recorded at a nominal value of \$1) and a promissory note to each of the Company and Canaco. Each promissory note had a principal amount of Cdn\$1,300,000. The Company converted its promissory note into 3,250,000 Candente Gold shares and 1,625,000 Candente Gold warrants on December 31, 2009, recorded at the exchange value of \$1,239,157. The Candente Gold warrants have an exercise price of Cdn\$0.60 per common share to January 4, 2012. In connection with the transfer of the El Oro property the Company recorded an increase to deficit of \$146,073.

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Notes to the Consolidated Financial Statements
Quarter and Six Months Ended June 30, 2010 (Unaudited)
Expressed in U.S. Dollars, Unless Otherwise Noted

6. Transfer of Silver and Gold Properties to Candente Gold (continued)

On December 17, 2009, the Company transferred its Peruvian silver and gold properties to Candente Gold. In connection with this transaction the Company received Court, regulatory and shareholder approval of the Arrangement.

On January 6, 2010, the Company and Candente Gold implemented the final steps of the Arrangement, which included the issuance of 13,500,000 shares of Candente Gold to the Company for the transfer of the Company's Peruvian silver-gold properties and the distribution by the Company to its shareholders of a total of 16,213,627 Candente Gold shares as a return of capital, on the basis of one Candente Gold share distributed for every five shares of the Company held by each shareholder. The transaction was valued at \$4,220,142. Also in connection with the transfer of these properties, Candente Gold granted a copper net smelter return royalty to the Company. The properties were transferred at their carrying value of \$4,663,250.

On January 4, 2010, Candente Gold's common shares were listed on the TSX. Adjustments to the fair value of the shares are required at each balance sheet date. Given that the Company's investment in Candente Gold is designated as "available for sale" for accounting purposes, which means it is an investment that is not held for trading, gains or losses arising from changes in fair value are recorded in Accumulated Other Comprehensive Income (Loss) in the Company's Balance Sheet until the investment is sold or management determines that an other than temporary impairment in the value of the investment has occurred, at which time gains or losses are transferred into earnings. At June 30, 2010 Candente Gold's closing share price was Cdn\$0.66 and the fair value of the Company's investment was \$3,485,317. The Company recorded other comprehensive loss of \$643,062 for the fair value depreciation of this investment during Q2-2010 and other comprehensive income of \$2,044,290 for the fair value appreciation of this investment during the six months ended June 30, 2010.

As a result of the Arrangement the Company is now in a position to dedicate its resources to copper and base metals exploration and development, specifically the Cañariaco property, while continuing to hold an interest in Candente Gold. The Arrangement also allowed the Company's shareholders to retain their Company shares and to receive shares in Candente Gold, and mitigated the risk to the Company's shareholders resulting from funding the obligations of the silver-gold properties.

7. Mineral Properties

At June 30, 2010, mineral properties are comprised of interests in mineral claims and mining concessions located in Peru. These interests are held by the Company, or through option agreements under which the Company has a right to acquire an interest in mineral properties.

Refer to the Schedule of Mineral Properties for a summary of capitalized mineral property expenditures incurred during 2010 and 2009 by major expenditure type.

Cañariaco Property

The Company has a 100% interest in 21 mineral claims comprising approximately 17,200 hectares located in Lambayeque, Peru. Refer to the Consolidated Schedule of Mineral Properties for a summary of capitalized mineral property expenditures by major expenditure type for the Cañariaco Property.

Other Peruvian Properties

Other Peruvian properties are: Jehuamarca, El Naranjo, Yasica, El As de Zinc, Las Pavas, Los Acos, La Grama, La Cuesta, Miraflores, La Huaca (Los Cedros) and Arikepay (Cerro Colorado). The Company has a 100% interest in a total of 27 claims comprising approximately 20,200 hectares located throughout Peru.

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Notes to the Consolidated Financial Statements
Quarter and Six Months Ended June 30, 2010 (Unaudited)
Expressed in U.S. Dollars, Unless Otherwise Noted

8. Related Party Transactions

During the six months ended June 30, 2010 ("YTD-2010"), a total of \$63,164 (YTD-2009: \$69,590) for geological consulting services rendered was paid or accrued to directors or officers, or to private companies associated with directors and officers of the Company. These amounts are included as a component of deferred exploration costs.

During YTD-2010 \$72,532 (YTD-2009: \$84,649) was paid as salaries to various officers of the Company and \$40,535 (YTD-2009: \$29,766) was paid or accrued to private companies associated with directors and officers of the Company for management services rendered. These amounts are included in general and administrative expenses.

Included in accounts receivable at June 30, 2010 is \$5,267 (December 31, 2009: \$2,455) owed to the Company by certain officers for expense advances. Included in accounts payable and accrued liabilities at June 30, 2010 is \$33,317 (December 31, 2009: \$68,975) owed by the Company to certain officers and directors of the Company for services rendered, reimbursement of expenses and directors' fees.

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.

At June 30, 2010, a director and three officers of the Company acted as a director and as officers of Candente Gold (Note 6). During YTD-2010, the Company and Candente Gold shared certain office and administrative expenses and the Company made certain payments on behalf of Candente Gold. As of June 30, 2010, a total of \$145,121 was due from Candente Gold to the Company for reimbursement of shared general and administrative expenses.

9. Share Capital

- a) Authorized: Unlimited number of common shares without par value
- b) Issued and Outstanding:

	Number of Common Shares	Amount
Balance at December 31, 2008	80,943,127	\$ 52,051,699
Issued for mineral property acquisition (f)	125,000	51,788
Balance at December 31, 2009	81,068,127	\$ 52,103,487
Issued for Cash:		
Private placement	17,794,196	3,633,106
Exercise of options	40,000	12,392
Fair value of stock options exercised	-	11,306
Distribution of Candente Gold shares as return on capital (Note 6)	-	(4,220,142)
Balance at June 30, 2010	98,902,323	\$ 51,540,149

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Notes to the Consolidated Financial Statements

Quarter and Six Months Ended June 30, 2010 (Unaudited)

Expressed in U.S. Dollars, Unless Otherwise Noted

9. Share Capital (continued)

c) Private Placement

On March 9, 2010, the Company completed a private placement (the "Offering") of 12,938,011 units ("Units") and 4,856,185 special warrants ("Special Warrants"), for gross proceeds of \$6,060,695 (Cdn\$6,227,969). The Units and Special Warrants were sold for a price of Cdn\$0.35 each. Each Unit consisted of one common share in the capital of the Company ("Share") and one half of one share purchase warrant ("Warrant"). Each whole Warrant is exercisable for the 3 year period from the date of closing to purchase one Share at a price of Cdn\$0.50 per Share.

The Warrants issued were valued by the Company at \$1,325,501 and the Warrants attached to the Special Warrants were valued by the Company at \$497,517 (Note 12).

The \$1,654,015 (Cdn\$1,699,665) in gross proceeds from the sale of the Special Warrants was deposited into and held in escrow pending shareholder approval, which was obtained at the Company's annual general meeting held on May 13, 2010. On May 14, 2010 each Special Warrant was automatically converted into one Unit at no additional cost to the holder, and the net proceeds of \$1,585,385 (Cdn\$1,629,142) were released to the Company from escrow.

In connection with the Offering, the Company paid a 6% cash commission of \$412,047 and issued 661,876 broker/finder warrants ("Broker Warrants") and 242,602 special broker/finder warrants ("Special Broker Warrants") on all of the brokered portions of the offering and on part of the non-brokered portion of the offering. Each Broker Warrant is exercisable for a period of 36 months from closing to purchase one share at a price of Cdn\$0.45 per share. Each of the Special Broker Warrants was automatically converted into one Broker Warrant on May 14, 2010. The Broker Warrants and Special Broker Warrants were valued by the Company at \$192,524.

d) Exercise of stock options

During the six months ended June 30, 2010, a total of 40,000 share purchase options were exercised for \$12,392 in proceeds to the Company.

e) Return on capital

On January 6, 2010, the Company distributed to its shareholders as a return of capital a total of 16,213,627 Candente Gold shares (Note 6). The distribution of the shares was valued at \$4,220,142.

f) Mineral Properties

During 2009 the Company issued 125,000 common shares in connection with the Company's remaining obligations with respect to the El Oro property. These shares were issued at a price of Cdn\$0.44 per share, for a total value of Cdn\$55,000 (\$51,788) that was recorded to mineral properties and as an increase to deficit.

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Notes to the Consolidated Financial Statements
Quarter and Six Months Ended June 30, 2010 (Unaudited)
Expressed in U.S. Dollars, Unless Otherwise Noted

10. 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 June 30, 2010, the Company had options outstanding to purchase a total of 5,928,750 of its common shares, and was entitled to issue options to purchase 8,906,598 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.

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

	Six months ended June 30, 2010		Year ended December 31, 2009	
	Number of Common Shares	Weighted- Average Exercise Price (CAD\$/Share)	Number of Common Shares	Weighted- Average Exercise Price (CAD\$/Share)
Balance, beginning period	8,721,750	\$0.87	7,901,500	\$1.13
Granted	150,000	\$0.42	3,270,000	\$0.42
Exercised	(40,000)	\$0.42	-	-
Expired	(530,000)	\$0.70	(1,904,750)	\$0.88
Forfeited	(2,373,000)	\$1.47	(545,000)	\$1.95
Balance, end of period	5,928,750	\$0.63	8,721,750	\$0.87

A summary of stock options outstanding and exercisable at June 30, 2010 is presented below:

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Prices per Share (CAD\$)	Stock Options Outstanding to Purchase Common Shares	Weighted- Average Exercise Price (CAD\$/Share)	Weighted- Average Remaining Contractual Life (Years)	Stock Options Exercisable to Purchase Common Shares	Weighted- Average Exercise Price (CAD\$/Share)
\$0.33 to \$0.48	3,445,000	\$0.42	4.11	3,270,000	\$0.42
\$0.69 to \$0.85	1,876,250	\$0.77	1.96	1,876,250	\$0.77
\$1.09 to \$1.55	562,500	\$1.40	1.95	562,500	\$1.40
\$1.80 to \$2.05	45,000	\$1.80	1.26	45,000	\$1.80
	5,928,750	\$0.63	3.20	5,753,750	\$0.64

Stock options outstanding expire between January 2011 and March 2015.

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Notes to the Consolidated Financial Statements
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Expressed in U.S. Dollars, Unless Otherwise Noted

10. 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:

	Six Months Ended June 30, 2010	Year Ended December 31, 2009
Risk-free interest rate	2.26%	2.33%
Expected stock price volatility	93.46%	95.96%
Expected life	3.45 years	3.45 years
Expected dividend yield	-	-
Weighted-average fair value per share under options granted	\$0.28	\$0.28

11. Share Purchase Warrants

Share purchase and special warrants were issued as part of private placements of units or as agent's warrants relating to private placements. A continuity summary of warrants issued is presented below:

	Six Months Ended June 30, 2010		Year Ended December 31, 2009	
	Number of Common Shares	Weighted- Average Exercise Price (Cdn\$/Share)	Number of Common Shares	Weighted- Average Exercise Price (Cdn\$/Share)
Balance, beginning of period	4,364,450	\$1.98	4,925,042	\$1.91
Issued	7,373,482	\$0.49	-	-
Expired	(4,364,450)	\$1.98	(560,592)	\$1.37
Balance, end of period	7,373,482	\$0.49	4,364,450	\$1.98

4,364,450 share purchase warrants expired in June 2010. The remaining 7,373,482 warrants expire in March 2013.

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 in 2010 is Cdn\$0.21 calculated using the following weighted-average assumptions: 1.19% risk-free interest rate; expected stock price volatility of 97.64%; expected life of 2.07 years; and no expected dividend yield.

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12. Contributed Surplus

A continuity summary of contributed surplus is presented below:

	Six Months Ended June 30, 2010	Year Ended December 31, 2009
Balance, beginning of period	\$ 8,194,464	\$ 7,103,443
Stock-based compensation as a result of stock options vested	94,652	1,091,021
Stock-based compensation as a result of share purchase warrants issued	2,015,542	-
Value of stock options assigned to share capital upon exercise of stock options	(11,306)	-
Balance, end of period	\$ 10,293,352	\$ 8,194,464

CANDENTE COPPER CORP.
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INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Candente Copper Corp. ("Candente Copper") and its subsidiary companies (collectively, the "Company") is prepared as of August 12, 2010 and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto for the quarter and six months ended June 30, 2010, and the audited consolidated financial statements and the notes thereto for the year ended December 31, 2009, which were prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

All the financial information presented in this document is expressed in U.S. dollars, unless otherwise noted.

Candente Copper's common shares are listed on both the Toronto and Lima Stock Exchanges under the trading symbol "DNT".

Additional information on the Company can be found in the Company's Annual Information Form ("AIF"), filed with the Canadian regulators and available on SEDAR at www.sedar.com.

DESCRIPTION OF BUSINESS

Candente Copper is a Vancouver, Canada, based mineral exploration company that conducts its operations through wholly-owned subsidiaries. The Company currently has projects in Peru and is primarily focused on copper properties.

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

Cañariaco is the Company's most advanced and highest priority project.

An independent, updated Mineral Resource estimate on the Cañariaco Norte deposit was released on May 29, 2008, updated to include gold and silver values, and then re-released on September 18, 2008. On December 12, 2008, the Company filed a NI 43-101 compliant Preliminary Economic Assessment report for Cañariaco Norte.

None of the Company's other properties contains a National Instrument 43-101 mineral resource.

CORPORATE DEVELOPMENTS

The 2008-2009 worldwide economic crisis had a significant effect on the Company's operations during those years. Management made the strategic decision to complete a Plan of Arrangement (the "Arrangement") that included the transfer of the Company's interests in its precious metals properties to a newly incorporated company, Candente Gold Corp. ("Candente Gold") in exchange for consideration that included shares in Candente Gold. The Company transferred to Candente Gold properties whose precious metal component was considered dominant or essential to making the properties economic, based on then current metal prices and the Company's geological knowledge of the properties. On April 30, 2009 and on December 17, 2009 respectively, the Company completed the transfer of its interests in the El Oro property and its Peruvian silver-gold properties to Candente Gold. Candente Gold's shares started trading on the Toronto Stock Exchange ("TSX") on January 4, 2010.

The arrangement allows the Company to dedicate its resources to copper and base metals exploration and development, specifically the Cañariaco property, and allowed management to complete a financing for gross proceeds of \$6,060,694 (Cdn\$6,227,969) in the quarter ended March 31, 2010. Please refer to *Liquidity and Capital Resources*.

The Company resumed work on Cañariaco and its other Peruvian projects during Q1-2010. In the quarter and six months ended June 30, 2010, the Company incurred capitalized mineral acquisition and development costs of \$1,378,828, including \$1,136,255 at Cañariaco.

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The Company posted a net loss of \$423,833 in the quarter ended June 30, 2010 ("Q2-2010"), compared to earnings of \$179,883 in the quarter ended June 30, 2009 ("Q2-2009"), mainly due to variances in foreign exchange losses and gains. The Company posted earnings in the comparative period due to a foreign exchange gain of \$450,014, while in the current quarter it posted a foreign exchange loss of \$125,529.

Other comprehensive loss in Q2-2010 was \$654,295, for unrealized fair value adjustments to marketable securities and Candente Gold shares (Q2-2009: loss \$20,666). Please see *Transfer of Silver and Gold Properties to Candente Gold*, below.

Loss per share was \$0.01 in Q2-2010 and \$nil in Q2-2009.

TRANSFER OF SILVER AND GOLD PROPERTIES TO CANDENTE GOLD

During 2009 the Company completed the Arrangement that included the transfer of the Company's interests in its precious metals properties to Candente Gold, which was incorporated by the Company and Canaco Resources Inc. ("Canaco") on April 24, 2009. Candente Gold focuses on exploration and development of precious metals projects in Latin America.

On April 30, 2009, the Company and Canaco completed the transfer to Candente Gold of their respective 50% interests in Minera CCM, S.A. de C.V., the Mexican company that holds an option on the El Oro gold property in Mexico, for consideration that included 5 million Candente Gold common shares (recorded at a nominal value of \$1) and a promissory note to each of the Company and Canaco. Each promissory note had a principal amount of Cdn\$1,300,000. The Company converted its promissory note into 3,250,000 Candente Gold shares and 1,625,000 Candente Gold warrants on December 31, 2009, recorded at the exchange value of \$1,239,157. The Candente Gold warrants have an exercise price of Cdn\$0.60 per common share to January 4, 2012. In connection with the transfer of the El Oro property the Company recorded an increase to deficit of \$146,073.

On December 17, 2009, the Company transferred its Peruvian silver and gold properties to Candente Gold. In connection with this transaction the Company received Court, regulatory and shareholder approval of the Arrangement.

On January 6, 2010, the Company and Candente Gold implemented the final steps of the Arrangement, which included the issuance of 13,500,000 shares of Candente Gold to the Company for the transfer of the Company's Peruvian silver-gold properties and the distribution by the Company to its shareholders of a total of 16,213,627 Candente Gold shares, on the basis of one Candente Gold share distributed for every five shares of the Company held by each shareholder. The transaction was valued at \$4,220,142. Also in connection with the transfer of these properties, Candente Gold granted a copper net smelter return royalty to the Company. The properties were transferred at their carrying value of \$4,663,250.

On January 4, 2010, Candente Gold's common shares were listed on the TSX. Adjustments to the fair value of the shares are required at each balance sheet date. Given that the Company's investment in Candente Gold is designated as "available for sale" for accounting purposes, which means it is an investment that is not held for trading, gains or losses arising from changes in fair value are recorded in Accumulated Other Comprehensive Income (Loss) in the Company's Balance Sheet until the investment is sold or management determines that an other than temporary impairment in the value of the investment has occurred, at which time gains or losses are transferred into earnings. At June 30, 2010 Candente Gold's closing share price was Cdn\$0.66 and the fair value of the Company's investment was \$3,485,317. The Company recorded other comprehensive loss of \$643,062 for the fair value depreciation of this investment during Q2-2010 and other comprehensive income of \$2,044,290 for the fair value appreciation of this investment during the six months ended June 30, 2010.

As a result of the Arrangement the Company is now in a position to dedicate its resources to copper and base metals exploration and development, specifically the Cañariaco property, while continuing to hold an interest in Candente Gold. The Arrangement also allowed the Company's shareholders to retain their Company shares and receive shares in Candente Gold, and mitigated the risk to the Company's shareholders resulting from funding the obligations of the silver-gold properties.

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PROJECTS UPDATE

Cañariaco

The Cañariaco property (the "Property") is a 13,400 hectare advanced stage porphyry copper exploration project located in Northern Peru. The Property is not a producing property, and the Company's main focus is the completion of a preliminary engineering assessment of the Cañariaco Norte deposit and an exploratory search for additional mineable mineral deposits.

The Company acquired the Property through an auction process in 2001 and since June 2002 has made annual property payments of \$17,500 to maintain the Property in good standing. The Company is currently in the process of renewing its Exploration Permits on the Property, as required by the Ministry of Energy and Mines of Peru. The Company has a 100% interest in the mineral rights of the Property and is in discussions with the local communities regarding surface rights.

The Cañariaco porphyry system lies within a belt of porphyry copper deposits which extend 350 km from Cajamarca north by northwest to the Ecuadorian border. The known porphyry deposits within this belt comprise two types: porphyry copper-molybdenum and porphyry copper-gold deposits.

Three separate porphyry systems have been identified on the Property: Cañariaco Norte, Cañariaco Sur and Quebrada Verde. Mineralization at Cañariaco Norte is copper-gold and is associated with a composite, multiphase porphyry stock and breccias with a well developed fine to medium grained quartz-sulphide stockwork. Copper mineralization at Cañariaco Norte occurs mainly as primary hypogene chalcopyrite, chalcocite and minor bornite, covellite, and lesser enargite and tennantite. Copper mineralization at Cañariaco Sur is primarily chalcopyrite and bornite in intrusive rocks and breccias similar to those which host the bulk of the copper mineralization at the Cañariaco Norte deposit.

The Company has not performed field exploration or development work on Cañariaco Norte, Cañariaco Sur or Quebrada Verde since 2008. Work completed previous to 2009 is summarized below.

The Company started diamond drilling at Cañariaco Norte in 2004. Drilling continued through 2008, and as of December 31, 2009 total diamond drilling at Cañariaco Norte by Candente was 71,162.70 m in 244 holes. Total meterage drilled by all companies since 1973 is 74,072.31 m. A total of 213 holes (60,580 metres) were used for resource estimation; 3,891.10 m for resource confirmation and geotechnical studies; 3,551.05 m for metallurgical samples and 6,350.95 m were used in resource definition drilling including deep infill and lateral extension (post resource estimate).

Exploration work was also carried out at Cañariaco Sur during 2008 including 1:2000 scale geological mapping, rock and soil geochemistry, IP/Resistivity and magnetics surveys and diamond drilling.

A total of 1,040.60 m were drilled in two diamond drill holes at Cañariaco Sur during 2008. Results from the first hole (CS08-001) intersected average grades of 0.35% copper, 0.15 grams per tonne gold and 1.43 grams per tonne silver from 180 to 535 m. Within this 354 m interval, drilling intersected 0.41% copper, 0.17 grams per tonne gold and 1.59 grams per tonne silver from 300 to 400 m. Diamond drill hole CS08-002 (collared 320m north of CS08-001), also within the Cañariaco Sur deposit, intersected 83 m (166 to 249 m) of 0.47% copper, 0.15 grams per tonne gold and 1.63 grams per tonne silver within a larger 176 m intersection (73 to 249 m) averaging 0.40% copper, 0.13 grams per tonne gold and 1.54 grams per tonne silver. The lower 257 m drilled (from 249 m to end of hole at 506 m depth) intersected weak copper and gold mineralization outside of the main mineralized zone.

A 20 line km IP/Resistivity survey and Magnetic survey was completed over the southern extension of Cañariaco Sur and Quebrada Verde. This survey extended the original IP/Resistivity and Magnetic surveys completed by Billiton over Cañariaco Sur in 1999.

Targets for future drilling at Cañariaco Sur are based on a coincident magnetic high, Induced Polarization (IP) chargeability high and resistivity low and copper, gold and molybdenum soil anomalies. At Quebrada Verde drill targets are based on coincident magnetic highs (2), IP chargeability high centered on a resistivity low anomaly and copper, gold and molybdenum soil anomalies over an area of 0.8 km by 2.0 km.

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Soil geochemistry sampling was carried out on the geophysics grid and rock geochemistry sampling was carried out during detailed geological mapping. A total of 392 soil samples and 355 rock samples were analyzed.

Since the inception of drilling and other exploration activities by the Company, Candente Copper has applied Quality Assurance and Quality Control protocols. The sampling, analysis, and security/chain of custody procedures are all conducted to industry standards, overseen by qualified professionals and conducted by registered professional consultants and certified laboratories.

On May 29, 2008 an updated resource estimate was completed on Cañariaco Norte by SRK Consultants Canada ("SRK"). At a cut-off grade of 0.3% Cu, the Measured Resource was estimated at 237 MT averaging 0.51% Cu and the Indicated Resource at 385 MT averaging 0.45% Cu. Together the Measured and Indicated Resource was 622 MT at an average grade of 0.47% Cu, containing 6.46 billion pounds of copper. The Inferred Resource was estimated at 128 MT averaging 0.43% Cu at a cut-off grade of 0.3% Cu.

On September 18, 2008 the resource estimate was updated by SRK to include gold and silver values.

In addition to the copper resource stated above, the Measured Resource of 237 MT was estimated to average 0.08 g/t gold and 1.94 g/t silver. The Indicated Resource was estimated to average 0.07 g/t gold and 1.76 g/t silver. Together the Measured and Indicated Resource was 622 MT averaging 0.07 g/t gold and 1.83 g/t silver containing 1.43 million ounces of gold and 36.5 million ounces of silver. The Inferred Resource of 128 MT was estimated to average 0.06 g/t gold and 1.64 g/t silver.

The resource estimate is classified as a Measured, Indicated and Inferred Mineral Resource, consistent with the Canadian Institute of Mining, Metallurgy and Petroleum definitions for Mineral Resources and Mineral Reserves. Mineral resources, which are not mineral reserves, have not demonstrated economic viability. Candente is not aware of any environmental, permitting, legal, title, taxation, socio-political, marketing or other issues which may materially affect its estimate of mineral resources.

On May 14, 2007, the Company selected various engineering firms to conduct a feasibility study on the Cañariaco Norte copper project. The objective of the definitive feasibility study was to develop a comprehensive evaluation of mining, processing, tailings containment, power sources, water sources, access, and capital and operating costs for the Cañariaco Norte project. The completion of the Environmental Impact Assessment was also a key aspect of the feasibility study.

Due to the severe downturn in the world economy in late 2008 and 2009, work on the definitive feasibility study and the Environmental and Social Impact Assessment ("ESIA") for Cañariaco Norte were postponed in Q4-2008. Given the stage of the various feasibility studies, an updated, NI 43-101 compliant Preliminary Economic Assessment ("PEA") was completed by SRK for the Cañariaco Norte project in December 2008, based on the updated resource estimate issued in September 2008.

The PEA proposed a large scale mining and processing operation utilizing proven industry technology to produce copper concentrate. Mining would be by open pit utilizing trucks and shovels. Processing would utilize primary crushing, semi-autogenous and ball mill grinding followed by rougher and cleaner flotation for copper recovery and concentrate production. Copper concentrate would be dewatered at site and transported by truck to a load-out port on the Peruvian coast to be loaded onto vessels for trans-ocean shipment to offshore smelters for refining.

The PEA issued December 12, 2008 can be found on SEDAR (www.sedar.com) and on the Candente Copper website (www.candentecopper.com).

Feasibility level assessment work resumed in Q1-2010 subsequent to the completion of a private placement in March 2010.

In February 2010, the Company authorized AMEC Peru SA to resume the Environmental and Social Impact Assessment for the Cañariaco Norte project.

In April 2010, the Company selected AMEC Americas Ltd ("AMEC") to lead a pre-feasibility level study ("PFS") and SGS Lakefield of Santiago, Chile to resume the feasibility level metallurgical test-work program for the Cañariaco Norte project. The pre-feasibility study and NI43-101 compliant technical report has a target completion date of Q4-2010.

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AMEC's initial scope will focus on the execution of several key trade-off studies designed to identify the optimal base-case for PFS assessment. Overall, AMEC's PFS scope includes resource quality assurance and control peer review, mine design optimization and reserve estimate, plant design including infrastructure, power systems and the tailings storage facility, hydrological assessment and water management definition, site-wide geotechnical assessment review and interpretation, process flow-sheet development and recovery definition, and financial analysis including capital and operating cost estimation.

Subsequent to quarter end, a number of significant improvements to the project have been identified and selected for inclusion in the PFS, including an increase in production rate from 75,000 to 85,000 tonnes per day, the identification of a process for the reduction of arsenic in the concentrate to non-penalty levels, and the initiation of discussions to use a proposed new port near Eten as a shared concentrate shipping facility.

Two key trade-off studies are now complete, and three technical development options have been selected which are expected to significantly improve the project economics.

The first study assessed various process plant capacities and, based on the results, the production rate will be increased to 85,000 tonnes per day. This is a 13% increase over the 75,000 tonnes per day plant capacity specified in the 2008 SRK PEA, and is estimated to result in a corresponding increase in annual copper production. The increase in plant throughput will be achieved by optimizing the PEA grinding circuit design including increasing the size of the secondary ball mills and increasing the projected plant availability by 2%, which reflects current industry experience. The impact on the capital cost of the grinding circuit due to these changes is expected to be minimal as the sizes of the primary crusher and Semi-Autogenous Grinding ("SAG") mill remain unchanged from what was specified in the PEA.

In the second study, AMEC has assessed the various processing technologies currently available to reduce the arsenic content in the copper concentrate to non-penalty levels, and they have proposed utilizing a concentrate roasting process offered by Outotec Oyj ("Outotec") of Finland. This process technology is currently being supplied by Outotec to CODELCO for a similar application at its new Ministro Hales mine in northern Chile. As part of the current metallurgical test work, samples of Cañariaco Norte flotation concentrate will be submitted to Outotec for testing to confirm the applicability of their process to the concentrate

The third development is a proposed new port site near the port of Eten, which has been selected by Candente Copper for a copper concentrate load-out facility. Eten is only 240 kms from the Cañariaco Norte mine site, whereas the port of Salaverry, which was used in the Cañariaco Norte PEA, is 420 kms from the mine site. The shorter distance will significantly reduce life-of-mine concentrate transport costs. The new port near Eten has been proposed by Lumina Copper SAC ("Lumina") for development of a concentrate load-out facility for its El Galeno copper project in Northern Peru. Very significant positive benefits to both projects are anticipated by the development of a shared load-out facility, and Candente Copper and Lumina have initiated discussions regarding the potential of a shared-use facility.

Management is very pleased with the progress to date and with the various significant improvements to the scope of project development identified to date. Additional improvements are anticipated as work continues to develop the Cañariaco Norte project through the Pre-Feasibility Study.

Joanne Freeze, P.Geol., Director and CEO and Sean Waller, P. Eng., Director and President are the qualified persons responsible for the review of the technical information contained under the Cañariaco Property.

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Other Peruvian Properties

The main properties other than Cañariaco are listed below. The following disclosure has been prepared by or under the supervision of Sean I. Waller, President and Director of the Company and Joanne C. Freeze, CEO and Director of the Company, both of whom are qualified persons for the purposes of NI-43-101. All of these properties are 100% owned by the Company and are without reserves.

La Grama

This property is located in Northern Peru in the department of Cajamarca and consists of a single claim totaling 800 hectares. It hosts a copper/molybdenum porphyry system with quartz stockwork and breccias bodies. Previous work on the property includes reconnaissance mapping at 1:10,000 scale and 18 surface rock samples.

Miraflores

The property is located in Northern Peru in the department of La Libertad and consists of single claim called "Las Flores" totaling 796.32 hectares. The limited data that exists on the Miraflores prospect suggests it hosts a copper/molybdenum porphyry of the classic form. Clearly exposed are the oxide zone with copper staining and extensive areas with quartz and pyrite stockwork in phyllic and potassic alteration.

Las Pavas

The property is located in Northern Peru in the department of Ancash and consists of one mineral concession totaling 887.9 hectares. Previous work includes regional mapping and surface rock samples. Las Pavas has the potential to be host to a copper/molybdenum porphyry.

La Huaca (Los Cedros)

The property is located in Northern Peru in the department of Cajamarca and consists of 6 mineral claims (Los Cedros 1 to 6 and 11) totaling 2700 hectares. The property is located approximately 30 km northeast of Cañariaco Norte and has undergone significant previous exploration, including mapping, rock geochemical and induced polarization surveys (IP) and drilling. Twelve drill holes tested a large, coincident IP chargeability and copper-gold rock geochemical anomaly and intersected significant, disseminated and veined copper-gold mineralization over a broad area. Mineralization remains open vertically and laterally in several directions. IP chargeability and copper-gold rock geochemical anomalies suggest the mineralization could be much more extensive.

Yasica

The property is located in Southern Peru in the department of Tacna and consists of one mineral concession of 1,000 hectares. From field mapping, it would appear that the property shows signs of alteration and mineralization that suggest an eroded copper-moly porphyry system.

La Cuesta

The property is located in Northern Peru in the department of Cajamarca. Only preliminary exploration work has been conducted on the property to date.

Los Acos

This property is located in Southern Peru between the departments of Ayacucho and Ica and consists of an area of 400 hectares. Los Acos covers a coastal geological environment with possibilities of hosting a porphyry type deposit and covers soils and rocks with anomalous copper values. Exploration work in the property has been limited to date.

Arikepay (Cerro Colorado)

The property is located in Southern Peru in the department of Arequipa and consists of an area of 1,000 hectares. Arikepay is a copper showing in a porphyry type setting, with good alteration on surface. Limited exploration work has been done to date. Geophysics is required to define the sub-surface expression of the surface showing.

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EI As de Zinc

The property is located in Central Peru in the department of Huanuco and consists of an area of 6,000 hectares. The geological target is carbonate hosted lead-zinc-silver in a stratigraphically controlled setting. Some drilling has been carried out which has shown vertical extents to the lead-zinc mineralization.

Jehuamarca

This 3,600 hectare property is located in Northern Peru in the department of Lambayeque. . It hosts a high sulphidation vein system located adjacent to Cañariaco with a possible genetic relationship to the porphyry systems. The property shows anomalous silver values with associated lead-zinc in a volcanic and sedimentary setting.

EI Naranjo

This property is located in Northern Peru in the department of Lambayeque, approximately 22 km. to the southwest of the Cañariaco project. It consists of two mineral concessions for a total of 2,000 hectares.

RESULTS OF OPERATIONS

Quarter ended June 30, 2010

The Company is in the exploration stage, with no significant sources of revenue, and shares certain general and administrative expenses with Candente Gold.

The Company posted a net loss of \$423,833 in Q2-2010, compared to earnings of \$179,883 in Q2-2009, mainly due to variances in foreign exchange losses and gains. The Company posted earnings in Q2-2009 due to a foreign exchange gain of \$450,014, while in the current quarter it posted a foreign exchange loss of \$125,529. Foreign exchange losses or gains in the periods under review were mostly of an unrealized nature and were derived from changes in monetary assets held by the Company in Canadian dollars and Peruvian soles. These assets must be translated into U.S. dollars at each balance sheet date for financial statement purposes.

As expected, general and administrative expenses increased from 2009 levels as a result of increased activity levels due to the resumption of exploration and engineering activity in Peru.

Salaries and management fees increased to \$99,537 from \$57,709 in Q2-2009, due to increased staffing. Legal expenses of \$74,439 were significantly higher (Q2-2009: \$25,912) as they included most of the legal fees associated with the private placement completed earlier in the year. Although the Company hired additional staff in 2010, it is sharing part of these costs with Candente Gold. Legal expenses are expected to reduce significantly in the remaining quarters of the year.

Other general and administrative expenses are comparable in general terms to Q2-2009 except in the case of travel and accommodations which increased to \$19,765 compared to \$3,744 in Q2-2009, again due to increased corporate activities, regulatory and filing fees which increased from \$9,557 to \$19,956, and interest and other income which increased from \$4,059 to \$43,207 due to the increase in the value of the Company's gold bullion investments and higher interest earned in Q2-2010. Expenses such as audit and tax, consulting and stock-based compensation decreased in Q2-2010 compared to Q2-2009. Stock-based compensation is a non-cash expense, and decreased from Q2-2009 due to a lower number of options vesting in Q2-2010.

Other comprehensive loss in Q2-2010 was \$654,295, for unrealized fair value adjustments to marketable securities and Candente Gold shares (Q2-2009: loss \$20,666).

Six months ended June 30, 2010

During the six months ended June 30, 2010 ("YTD-2010") the Company posted a loss of \$700,128, compared to a loss of \$215,611 in the six months ended June 30, 2009 ("YTD-2009"), an increase in net loss of \$484,517.

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Virtually all of the variance between the two comparative periods is an increase in foreign exchange loss of \$468,745 resulting from the fluctuation of the Canadian dollar and the Peruvian nuevo sol against the U.S. dollar during the two periods, as well as the different "closing rates" at June 30, 2010 and 2009 used to translate the Company's foreign-denominated monetary assets and liabilities.

The Company posted lower audit and tax expenses, consulting and stock-based compensation expenses YTD-2010 compared to YTD-2009. Other expenses increased in connection with the increased level of corporate activity in the current year.

The Company posted other comprehensive income of \$2,034,065 mostly in connection with unrealized fair value gains in the Company's Candente Gold shares in YTD-2010, compared to other comprehensive income of \$3,831 in YTD-2009.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	QE June 30, 2010	QE March 31, 2010	QE Dec. 31, 2009	QE Sept. 30, 2009
Total revenue	\$ -	\$ -	\$ -	\$ -
Net (loss)	(423,833)	(276,295)	(298,778)	(833,990)
Basic and diluted loss per share	(0.01)	-	-	(0.01)
	QE June 30, 2009	QE March 31, 2009	QE Dec. 31, 2008	QE Sept. 30, 2008
Total revenue	\$ -	\$ -	\$ -	\$ -
Net earnings (loss)	179,883	(395,494)	(1,618,647)	(1,248,503)
Basic and diluted loss per share	-	(0.01)	(0.02)	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2010 the Company had cash and cash equivalents of \$4,069,410 and working capital of \$4,176,826, compared to cash and cash equivalents of \$992,400 and working capital of \$469,065 at December 31, 2009.

The Company is in the exploration stage, with no significant source of revenue and has relied on the issuance of share capital to fund acquisitions, exploration activities and general and administrative expenses. As an exploration-stage company, Candente Copper's ability to continue as a going concern remains contingent on its ability to obtain additional financing in the near future.

In Q1-2010, the Company completed a financing for gross proceeds of \$6,060,695 (Cdn\$6,227,969) which enabled the Company to resume feasibility level work on its Cañariaco project and meet working capital requirements. The Company currently estimates that given projected remaining expenditures at Cañariaco, its other Peruvian properties and working capital requirements, it may be required to raise additional funds in Q4-2010.

Operating Activities

Cash used in operations during Q2-2010, including changes in non-cash working capital items, was \$1,005,723 (Q2-2009: cash provided by operations of \$134,633). In the six months ended June 30, 2010, cash used in operations, including changes in non-cash working capital items, was \$974,262, compared to \$328,373 in the six months ended June 30, 2009.

Financing Activities

On March 9, 2010, the Company completed a private placement (the "Offering") of 12,938,011 units ("Units") and 4,856,185 special warrants ("Special Warrants"), for gross proceeds of \$6,060,695 (Cdn\$6,227,969). The Units and Special Warrants were sold for a price of Cdn\$0.35 each. Each Unit consisted of one common share in the capital of

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the Company ("Share") and one half of one share purchase warrant ("Warrant"). Each whole Warrant is exercisable for the 3 year period from the date of closing to purchase one Share at a price of Cdn\$0.50 per Share.

The Warrants issued were valued by the Company at \$1,325,501 and the Warrants attached to the Special Warrants were valued by the Company at \$497,517 (Note 12).

The \$1,654,015 (Cdn\$1,699,665) in gross proceeds from the sale of the Special Warrants was deposited into and held in escrow pending shareholder approval, which was obtained at the Company's annual general meeting held on May 13, 2010. On May 14, 2010 each Special Warrant was automatically converted into one Unit at no additional cost to the holder, and the net proceeds of \$1,585,385 (Cdn\$1,629,142) were released to the Company from escrow.

In connection with the Offering, the Company paid a 6% cash commission of \$412,045 and issued 661,876 broker/finder warrants ("Broker Warrants") and 242,602 special broker/finder warrants ("Special Broker Warrants") on all of the brokered portions of the offering and on part of the non-brokered portion of the offering. Each Broker Warrant is exercisable for a period of 36 months from closing to purchase one share at a price of Cdn\$0.45 per share. Each of the Special Broker Warrants was automatically converted into one Broker Warrant on May 14, 2010. The Broker Warrants and Special Broker Warrants were valued by the Company at \$192,524.

During Q1- 2010, a total of 40,000 share purchase options were exercised for \$12,392 in proceeds to the Company.

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Investing Activities

The mineral property additions summarized in the following table represent costs incurred, not necessarily cash spent, on mineral property expenditures during Q1 and Q2-2010.

	Balance at December 31, 2009 \$	Additions QE March 31, 2010 \$	Balance at March 31, 2010 \$	Additions QE June 30, 2010 \$	Balance at June 30, 2010 \$
Cañariaco Property					
Acquisition costs	346,663	-	346,663	38,370	385,033
Exploration costs					
Assays	1,790,368	10,000	1,800,368	101,962	1,902,330
Camp, field supplies & travel	7,185,731	11,912	7,197,643	33,721	7,231,364
Drilling	9,032,894	-	9,032,894	-	9,032,894
Equipment maintenance & rental	879,985	14,076	894,061	29,617	923,678
Engineering studies	3,281,235	14,768	3,296,003	611,442	3,907,445
Field support & personnel	5,495,648	23,888	5,519,536	145,775	5,665,311
Geological and geophysical	2,590,677	49,875	2,640,552	47,861	2,688,413
Mapping	263,625	1,445	265,070	1,543	266,613
	30,866,826	125,964	30,992,790	1,010,291	32,003,081
Other Peruvian Properties					
Acquisition costs	2,339,366	-	2,339,366	62,653	2,402,019
Exploration costs					
Assays	235,571	-	235,571	-	235,571
Camp, field supplies & travel	653,310	1,137	654,447	627	655,074
Drilling	700,417	-	700,417	-	700,417
Equipment maintenance & rental	304,373	234	304,607	1,291	305,898
Field support & personnel	2,092,222	17,933	2,110,155	(4,480)	2,105,675
Geological and geophysical	1,871,478	16,654	1,888,132	22,072	1,910,204
Mapping	139,154	689	139,843	-	139,843
Property option payments received	(1,980,153)	-	(1,980,153)	-	-
Write-down of mineral properties	(263,051)	-	(263,051)	-	(263,051)
Transfer of properties	(4,663,250)	-	(4,663,250)	-	(4,663,250)
	1,429,437	36,647	1,466,084	82,163	1,548,247
Value Added Tax Credits	3,807,397	78,177	3,885,574	54,586	3,940,160
Total of Mineral Properties	36,103,660	240,788	36,344,448	1,147,040	37,491,488

In Q2-2010, the Company spent cash resources of \$101,023 for acquisition and \$372,162 for exploration costs, respectively. Acquisition costs were incurred in connection with maintaining the Company's properties in good standing in Peru. The Company also recorded an increase of \$35,418 in the value of its gold bullion investments and paid \$54,586 for VAT in Peru. The VAT in Peru is not currently refundable to the Company, but can be used in the future to offset amounts due to the Peruvian taxation authorities by the Company resulting from VAT charged to clients on future sales. The aggregate of these investment activities during Q2-2010 totaled \$563,189.

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On a YTD basis, investing cash outflows have included acquisition costs of \$101,023, exploration costs of \$1,353,032, increases of \$46,639 to gold bullion investments, sale of equipment of \$23,689 and \$132,763 in VAT, for an aggregate use of cash in investing activities of \$1,609,768. As expected, investing activities in 2010 are substantially higher than in 2009.

CRITICAL ACCOUNTING ESTIMATES

There were no changes to the nature or the Company's critical accounting estimates during the six months ended June 30, 2010. The preparation of the Company's financial statements in conformity with generally accepted accounting principles in Canada requires management to make judgments with respect to certain estimates and assumptions. These estimates and assumptions, based on management's best judgment, affect the reported amounts of certain assets and liabilities, including disclosure of contingent liabilities. On an ongoing basis, management re-evaluates its estimates and assumptions. Actual amounts, however, could differ significantly from those based on such estimates and assumptions.

Significant areas critical in understanding the judgments that are involved in the preparation of the Financial Statements and the uncertainties inherent within them include the determination of impairment of long-lived assets, assets retirement obligations and stock-based compensation.

Impairment of Long-Lived Assets

CICA Handbook Section 3063: "Impairment of Long-Lived Assets" ("Section 3063") established standards for the recognition, measurement and disclosure of impairment of long-lived assets. Long-lived assets are impaired whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable in which case an impairment loss is recognized and charged to operations.

The Company's long-lived assets consist of equipment and mineral properties. Equipment is recorded at cost and depreciated on a declining-balance basis at rates from 20% to 30%. Expenditures relating to mineral properties are capitalized at cost, less recoveries in the pre-production stage, until such time these properties are put into commercial production, sold or abandoned. Upon commencement of production, capitalized mineral property expenditures will be charged to the results of operations over the estimated life of the mine in accordance with the unit-of-production method.

At the end of each accounting period, the Company reviews the carrying value of its long-lived assets based on a number of factors. For capitalized mineral property expenditures, these factors include analysis of exploration results, permitting considerations and current economics. Should the Company determine that an impairment has occurred, it would write-down the recorded value of the long-lived asset to the results of operations.

Stock-Based Compensation

CICA Handbook Section 3870: Stock-Based Compensation and Other Stock-Based Payments ("Section 3870") 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.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model. This model requires the calculation of certain variables, including the volatility of the Company's stock price, requiring various estimates and assumptions be made by management. Actual results may be significantly different from those calculated using this model.

ACCOUNTING PRONOUNCEMENTS

Business Combinations, Consolidated Financial Statements and Non-controlling interest

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 CICA Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests". Section 1582 replaces existing Section 1581

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"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 IFRS 3 "Business Combinations" and International Accounting Standard IAS 27 "Consolidated and Separate Financial Statements" respectively. The impact of adopting these new standards has not yet been assessed and cannot reasonably be estimated at this time.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for designing, establishing and maintaining a system of ICFR to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with generally accepted accounting principles.

The Chief Executive Officer and the Chief Financial Officer have evaluated the effectiveness of the Company's design and operating effectiveness of the Company's internal control over financial reporting as of June 30, 2010.

Management has concluded that, as June 30, 2010, the Company's ICFR was not effective due to the existence of material weaknesses, including the requirement to accommodate for reduced staff levels in Canada, the requirement to test effectiveness of ICFR under a design that is appropriate to the Company's size and operations and lack of adequate segregation of duties in the financial close process in Canada. The Company believes however, that adequate segregation of duties exists in Peru with respect to domestic accounting and with respect to subsidiary reporting to head office, as financial statements produced by the Company's accountants in Peru are subject to a review process by the Company's Chief Financial Officer. As of June 30, 2010, the Company's Chief Financial Officer is responsible for preparing, authorizing and reviewing information for the preparation of financial reports. She is also responsible for preparing and reviewing the resulting financial reports. This weakness has the potential to result in material misstatements in the Company's financial statements and should be considered a material weakness of the Company's system of ICFR.

Management has concluded, and the audit committee has agreed that, taking into account the present stage of the Company's development, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time. Management is in the process of designing ICFR to accommodate for the Company's current level of operations; the Company will also need to test the effectiveness of ICFR

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") IMPLEMENTATION PLAN

In February 2008, the Accounting Standards Board ("AcSB") approved a strategic plan which requires public companies to adopt IFRS for fiscal periods beginning on or after January 1, 2011. The Company will therefore be required to have comparative financial information prepared under IFRS as of January 1, 2010.

The Company has initiated its IFRS conversion project and has set the following timing objectives: to be in a position to convert its December 31, 2009 Canadian GAAP Balance Sheet to IFRS in Q3-2010, to track IFRS-Canadian GAAP differences in its financial statements through 2010 (ongoing) and to produce IFRS financial statements as of January 1, 2011.

In order to meet these objectives the Company's CFO has attended IFRS courses and in-house training sessions in 2009 and 2010. Peruvian accountants are also familiar with IFRS.

The Company believes that the adoption of IFRS will not have a major effect on its overall operations except for the fact that the conversion effort may require additional resources (external) to assist with the documentation process and on an ongoing basis, disclosure requirements will increase substantially. The Company will be able to continue using its current information technology platforms in Canada and Peru.

The Company has identified key areas affected by the conversion to IFRS: functional currency, impairment analysis, related party transactions and measurement of stock-based compensation.

The changes to functional currency are in respect to the fact that the functional currency of the parent company will be the Canadian dollar and not the U.S. dollar; subsidiaries in Peru will need to determine and document their own functional currencies and the Company's presentation currency will continue to be the U.S. dollar. The translation of the financial statements of each company in the group to U.S. dollars under IFRS will be as follows: All assets and liabilities will be translated at closing rates (as opposed to the translation under Canadian GAAP where non-monetary

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assets and liabilities are translated at historical rates) and income and expenses will be translated at average rates (as they are under Canadian GAAP), with all resulting exchange differences recognized as a separate component of equity (as opposed to including translation gains or losses in income as occurs under Canadian GAAP). Equity will be translated at the Company's choice of historical or current rate (under Canadian GAAP, historical rates are used). The choice of policy for translation of equity items will need to be applied consistently and has not yet been determined by the Company. However, it should be noted that if the historical rate is chosen, resulting exchange differences will be recognized in a separate component of equity, so the policy choice has no impact on total equity.

Impairment requirements under IFRS are stronger than under Canadian GAAP. Annual impairment testing will be required in respect of the Company's mineral properties.

Under IFRS there are no special recognition or measurement requirements for related party transactions. Under Canadian GAAP, related party transactions are subject to special recognition or measurement requirements, as was the case with the transfer of properties from Candente Copper to Candente Gold (transferred at their carrying value). The transfer of properties will need to be re-measured under IFRS.

The Company has considered the potential effect of share based payments under IFRS and has concluded that there will be no material impact on its financial statements on adoption of IFRS, as these payments are normally restricted to stock options granted by the Company which all vest within the year granted. Under IFRS, the concept of "graded vesting" frontloads the stock based compensation expense for options granted such that the expense is higher in initial quarters and reduces as options vest, as opposed to "straight line vesting" under Canadian GAAP. However, the effect on annual results is the same under IFRS and Canadian GAAP provided options vest in full within the year granted. The calculation of the underlying fair value under both IFRS and Canadian GAAP is the same and the changes are only with respect to the timing of the allocation of the resulting cost as options vest.

OTHER MD&A REQUIREMENTS

As of August 12, 2010, Candente Copper has outstanding 98,902,323 common shares, 7,373,482 warrants (at prices ranging from Cdn\$0.45 to \$0.50 per share) and 5,928,750 exercisable options (at prices ranging from Cdn\$0.33 to Cdn\$2.05 per share).

Additional information, including the company's most recent Annual Information Form, is available on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT ON FORWARD LOOKING INFORMATION

This Report contains "forward looking statements". These forward looking statements include, but are not limited to, statements regarding the Company's strategic plans, property search and evaluation plans, estimated levels of expenditures, acquisition targets and commitments. Forward-looking statements express, as at the date of this Report, The Company's plans, estimates, forecasts, projections, or beliefs as to future events or results and the Company does not intend, and does not assume any obligation, to update these forward-looking statements. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", or does not expect", "is expected", "budget", "schedule", "estimates", "intends", "anticipates", or "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken, occur", or "be achieved". We caution that forward-looking statements involve a number of risks and uncertainties, and there can be no assurance that such statements will prove to be accurate. Therefore, actual results and future events may differ materially from those anticipated in such statements. Factors that could cause results or events to differ materially from current expectations expressed or implied by the forward – looking statements include, but are not limited to the success of the Company's acquisition criteria, the success in completing further financing and closing on any target acquisitions, currency fluctuations, the ability of the Company to conduct its business in Peru, risks inherent with the mining industry, unexpected regulatory changes, delays in the completion of critical activities and other risks inherent to the Company's activities and other risks more fully described in Candente Copper's Annual Information Form filed with the Securities Commissions of the provinces of Alberta, British Columbia and Ontario which is available on SEDAR at www.sedar.com