

CANDENTE COPPER CORP.
(Formerly Candente Resource Corp.)

Consolidated Financial Statements
September 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)

	September 30, 2010	December 31, 2009
ASSETS		
Current		
Cash and cash equivalents	\$ 2,234,653	\$ 992,400
Investments (Note 4)	410,169	360,451
Amounts receivable (Note 8)	346,214	303,170
Prepaid expenses and deposits	355,630	66,098
	3,346,666	1,722,119
Candente Gold shares receivable (Note 6)	-	4,422,011
Investment in Candente Gold (Note 6)	4,195,037	1,239,158
Equipment	289,051	351,550
Mineral properties (see Consolidated Schedule of Mineral Properties and Note 7)	38,898,868	36,103,660
	\$ 46,729,622	\$ 43,838,498
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 704,242	\$ 1,253,054
	704,242	1,253,054
SHAREHOLDERS' EQUITY		
Share capital (Notes 9, 10 & 11)	51,541,176	52,103,487
Contributed surplus (Note 12)	10,695,792	8,194,464
Deficit	(18,927,223)	(17,692,861)
Accumulated other comprehensive income (loss) (Note 6)	2,715,635	(19,646)
	46,025,380	42,585,444
	\$ 46,729,622	\$ 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 Income (Loss)

Unaudited - Prepared by Management

(Expressed in U.S. Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
GENERAL AND ADMINISTRATIVE				
Amortization	\$ 5,282	\$ 7,420	\$ 15,844	\$ 22,866
Audit and tax	3,173	3,364	29,401	97,482
Bank charges and interest	1,570	1,100	8,428	7,058
Consulting	-	-	2,936	16,340
Corporate development	11,538	8,182	33,771	25,538
Legal	4,961	8,866	99,076	42,578
Salaries and management fees	93,127	42,713	278,908	190,060
Office, rent and miscellaneous	39,553	26,455	117,988	100,436
Travel and accommodations	27,833	96	62,327	13,954
Regulatory and filing fees	15,968	13,241	75,329	48,960
Shareholder communications	3,618	6,773	46,388	27,259
Stock-based compensation	402,440	687,423	497,092	823,546
Interest and other income	(29,613)	(24,120)	(84,847)	(47,145)
Write-down of mineral properties	-	223,208	-	223,208
(Gain) loss on foreign exchange	(45,216)	(170,731)	51,721	(542,539)
Loss for the period	(534,234)	(833,990)	(1,234,362)	(1,049,601)
Other comprehensive income :				
Unrealized gain on available-for-sale marketable securities and Candente Gold shares	701,216	955	2,735,281	4,786
Comprehensive income (loss) for the period	\$ 166,982	\$ (833,035)	\$ 1,500,919	\$ (1,044,815)
Loss per share:				
Basic and diluted	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted-average number of shares outstanding:				
Basic and diluted	98,902,323	80,943,127	93,304,457	80,943,127

See accompanying notes to the consolidated financial statements

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

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

Unaudited - Prepared by Management

(Expressed in U.S. Dollars)

	Three Months Ended June 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Deficit, beginning of period	\$ (18,392,989)	\$ (16,362,232)	\$ (17,692,861)	\$ (16,146,621)
Loss for the period	(534,234)	(833,990)	(1,234,362)	(1,049,601)
Deficit, end of period	\$ (18,927,223)	\$ (17,196,222)	\$ (18,927,223)	\$ (17,196,222)
Accumulated other comprehensive income (loss), beginning of period	\$ 2,014,419	\$ (28,541)	\$ (19,646)	\$ (32,372)
Unrealized gain on available-for sale- Candente Gold shares	709,720	-	2,754,010	-
Unrealized (loss) gain on available-for-sale marketable securities	(8,504)	955	(18,729)	4,786
Accumulated other comprehensive income (loss), end of period	\$ 2,715,635	\$ (27,586)	\$ 2,715,635	\$ (27,586)

See accompanying notes to the consolidated financial statements

CANDENTE COPPER CORP. (formerly 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 September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
OPERATING ACTIVITIES				
Net loss for the period	\$ (534,234)	\$ (833,990)	\$ (1,234,362)	\$ (1,049,601)
Items not affecting cash:				
Amortization	5,282	8,494	15,844	22,866
Foreign exchange loss	-	(73,847)	-	(231,697)
Stock-based compensation	402,440	687,423	497,092	823,546
Write-down of mineral properties	-	223,207	-	223,207
Changes in non-cash working capital items:				
Increase in amounts receivable	(101,663)	(96,122)	(43,044)	(336,851)
Decrease (increase) in prepaid expenses and deposits	243,432	(3,212)	(289,532)	(32,170)
Increase (decrease) in accounts payable and accrued liabilities	(117,991)	(75,041)	(22,762)	96,122
Net cash used in operating activities	(102,734)	(163,088)	(1,076,764)	(484,578)
INVESTING ACTIVITIES				
Decrease in investments	(21,575)	(23,193)	(68,447)	(36,756)
Proceeds from sale (purchase) of equipment	(5,325)	-	18,364	40,675
Value added tax	(109,719)	(95,641)	(242,482)	(54,176)
Expenditures on mineral properties:				
Acquisition	(9,645)	(1,318)	(110,668)	(372,006)
Exploration	(1,586,786)	(158,090)	(2,939,817)	(1,075,791)
Net cash used in investing activities	(1,733,050)	(278,242)	(3,343,050)	(1,495,267)
FINANCING ACTIVITIES				
Issuance of common shares for:				
Private placements, net proceeds	1,027	-	5,649,675	-
Exercise of stock options	-	-	12,392	-
Net cash provided by financing activities	1,027	-	5,662,067	-
Net increase (decrease) in cash and cash equivalents	(1,834,757)	(441,330)	1,242,253	(2,264,970)
Cash and cash equivalents, beginning of period	4,069,410	1,624,682	992,400	3,448,322
Cash and cash equivalents, end of period	\$ 2,234,653	\$ 1,183,352	\$ 2,234,653	\$ 1,183,552
Supplemental Cash Flow Information				
Non-cash investing and financing activities:				
Exploration expenditures included in accounts payable	\$ 572,250	\$ 1,172,323	\$ 572,250	\$ 1,172,323
Cash received for interest	7,851	1,036	15,671	10,254

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	Additions QE June 30, 2010	Additions QE Sept. 30, 2010	Balance at Sept. 30, 2010
PERU					
Cañariaco Property					
Acquisition costs	\$ 346,663	\$ -	\$ 38,370	\$ -	\$ 385,033
Exploration costs					
Assays	1,790,368	10,000	101,962	57,090	1,959,420
Camp, field supplies & travel	7,185,731	11,912	33,721	25,090	7,256,454
Drilling	9,032,894	-	-	-	9,032,894
Equipment maintenance & rental	879,985	14,076	29,617	25,697	949,375
Engineering studies	3,281,235	14,768	611,442	967,979	4,875,424
Field support & personnel	5,495,648	23,888	145,775	123,161	5,788,472
Geological and geophysical	2,590,677	49,875	47,861	58,322	2,746,735
Other	-	-	-	3,199	3,199
G.I.S.	263,625	1,445	1,543	854	267,467
	30,866,826	125,964	1,010,291	1,261,392	33,264,473
Other Peruvian Properties					
Acquisition costs	2,339,366	-	62,653	9,645	2,411,664
Exploration costs					
Assays	235,571	-	-	2,418	237,989
Camp, field supplies & travel	653,310	1,137	627	4,081	659,155
Drilling	700,417	-	-	-	700,417
Equipment maintenance & rental	304,373	234	1,291	1,308	307,206
Field support & personnel	2,092,222	17,933	(4,480)	14,389	2,120,064
Geological and geophysical	1,871,478	16,654	22,072	4,219	1,914,423
G.I.S.	139,154	689	-	209	140,052
Property option payments received	(1,980,153)	-	-	-	(1,980,153)
Write-down of mineral properties	(263,051)	-	-	-	(263,051)
Transfer of properties (Note 6)	(4,663,250)	-	-	-	(4,663,250)
	1,429,437	36,647	82,163	36,269	1,584,516
Value Added Tax Credits	3,807,397	78,177	54,586	109,719	4,049,879
Total of Mineral Properties	\$ 36,103,660	\$ 240,788	\$ 1,147,040	\$ 1,407,380	\$ 38,898,868

See accompanying notes to the consolidated financial statements

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Notes to the Consolidated Financial Statements
Quarter and Nine Months Ended September 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 September 30, 2010, the Company had no source of operating cash flow, accumulated losses of \$18,927,223 and working capital of \$2,642,424 (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 will be required to secure additional cash resources towards the end of the quarter ending on December 31, 2010 or early in 2011. Given the recent increase in the Company's share price, it is anticipated that funds will be secured through the exercise of stock purchase options and warrants that are currently in the money.

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 Nine Months Ended September 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 is not expected to have an impact on the Company's consolidated financial statements.

4. Investments

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

At September 30, 2010, marketable securities consisted of 42,000 common shares of Orex Minerals Inc. (following a 5:1 share consolidation) (December 31, 2009: 210,000 common shares on a pre-consolidation basis) acquired by the Company through property option agreements at a total cost of \$47,715 with a market value of \$15,300 (December 31, 2009: \$34,029).

At September 30, 2010, the Company held gold bullion worth \$394,869 (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 September 30, 2010 VAT tax credits in Peru were \$4,049,879 (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 Nine Months Ended September 30, 2010 (Unaudited)
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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 September 30, 2010 Candente Gold's closing share price was Cdn\$0.78 and the fair value of the Company's investment was \$4,195,037. The Company recorded other comprehensive income of \$709,720 for the increase in fair value of this investment during Q3-2010 and other comprehensive income of \$2,754,010 for the increase in fair value of this investment during the nine months ended September 30, 2010.

As a result of the Arrangement the Company has been able 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 September 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 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 Nine Months Ended September 30, 2010 (Unaudited)
Expressed in U.S. Dollars, Unless Otherwise Noted

8. Related Party Transactions

During the nine months ended September 30, 2010 ("YTD-2010"), a total of \$104,691 (YTD-2009: \$52,524) 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 \$138,737 (YTD-2009: \$103,603) was paid as salaries to various officers of the Company and \$72,935 (YTD-2009: \$43,853) 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 September 30, 2010 is \$5,364 (December 31, 2009: \$2,455) owed to the Company by certain officers for expense advances. Included in accounts payable and accrued liabilities at September 30, 2010 is \$102,286 (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 September 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 September 30, 2010, a total of \$73,507 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	3,634,133
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 September 30, 2010	98,902,323	\$ 51,541,176

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

Notes to the Consolidated Financial Statements
Quarter and Nine Months Ended September 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 nine months ended September 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 Nine Months Ended September 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 September 30, 2010, the Company had options outstanding to purchase a total of 8,830,750 of its common shares, and was entitled to issue options to purchase 6,004,598 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:

	Nine months ended September 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	2,602,000	\$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	8,380,750	\$0.56	8,721,750	\$0.87

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

Range of Exercise Prices per Share (CAD\$)	Stock Options Outstanding			Stock Options Exercisable	
	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	5,897,000	\$0.42	4.36	5,171,500	\$0.42
\$0.69 to \$0.85	1,876,250	\$0.77	1.71	1,876,250	\$0.77
\$1.09 to \$1.55	562,500	\$1.40	1.70	562,500	\$1.40
\$1.80 to \$2.05	45,000	\$1.80	1.05	45,000	\$1.80
	8,380,750	\$0.56	3.61	7,655,250	\$0.56

Stock options outstanding expire between January 2011 and August 2015.

CANDENTE COPPER CORP. (formerly Candente Resource Corp.)

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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:

	Nine Months Ended September 30, 2010	Year Ended December 31, 2009
Risk-free interest rate	2.29%	2.33%
Expected stock price volatility	92.44%	95.96%
Expected life	3.45 years	3.45 years
Expected dividend yield	-	-
Weighted-average fair value per share under options granted	\$0.22	\$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:

	Nine Months Ended September 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	9,801,574	\$0.50	-	-
Expired	(4,364,450)	\$1.98	(560,592)	\$1.37
Balance, end of period	9,801,574	\$0.50	4,364,450	\$1.98

4,364,450 share purchase warrants expired in June 2010. The remaining 9,801,574 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:

	Nine Months Ended September 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	497,092	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	\$ 10,695,792	\$ 8,194,464

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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 November 10, 2010 and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto for the quarter and nine months ended September 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 43-1010 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. The Company subsequently completed 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 nine months ended September 30, 2010, the Company incurred capitalized mineral acquisition and development costs of \$2,795,208, including \$2,397,647 at Cañariaco.

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The Company posted a net loss of \$534,234 in the quarter ended September 30, 2010 ("Q3-2010"), compared to a loss of \$833,990 in the quarter ended September 30, 2009 ("Q3-2009"). The major variance drivers between the two quarters were lower stock-based compensation expense, lower foreign exchange gains and the absence of charges to earnings for write-downs of mineral properties in Q3-2010.

Other comprehensive income in Q3-2010 was \$701,216, for unrealized fair value adjustments to marketable securities and Candente Gold shares (Q3-2009: \$955). Please see *Transfer of Silver and Gold Properties to Candente Gold*, below.

Loss per share was \$nil in Q3-2010 and \$0.01 in Q3-2009.

TRANSFER OF SILVER AND GOLD PROPERTIES TO CANDENTE GOLD

The Company and Canaco Resources Inc. ("Canaco") incorporated Candente Gold on April 24, 2009. Candente Gold focuses on exploration and development of precious metals projects in Latin America.

As part of the Arrangement, 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. The Company will receive an additional 10,000,000 Candente Gold shares upon Candente Gold having incurred exploration expenditures totaling US\$5 million on the Peruvian silver-gold properties.

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 September 30, 2010 Candente Gold's closing share price was Cdn\$0.78 and the fair value of the Company's investment was \$4,195,037. The Company recorded other comprehensive income of \$709,720 for the increase in fair value of this investment during Q3-2010 and other comprehensive income of \$2,754,010 for the increase in fair value of this investment during the nine months ended September 30, 2010.

As a result of the Arrangement the Company has been able 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, through the Candente Gold shares distributed to them, continue to have upside potential in respect of the silver-gold properties without direct exposure to the risks of developing the 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 yet in production, 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 has a 100% interest in the mineral rights of the Property and is in discussions with the local communities regarding long term surface rights.

The Cañariaco porphyry system lies within a belt of porphyry copper deposits, which follow a northwesterly trend 350 km from Cajamarca 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 started diamond drilling at Cañariaco Norte in 2004. Drilling continued through 2008, and as of December 31, 2009 the Company had completed 71,162.70 metres of diamond drilling in 244 holes. Total meterage drilled by all companies since 1973 is 74,072.31 m. Since the inception of drilling and other exploration activities, the Company 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 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. An Environmental Impact Assessment was also a key aspect of the feasibility study. On May 29, 2008 an updated resource estimate was completed on Cañariaco Norte by SRK Consultants Canada ("SRK").

Due to the severe downturn in the world economy in late 2008 and 2009, in Q4-2008 work on the definitive feasibility study and the Environmental and Social Impact Assessment ("ESIA") for Cañariaco Norte was suspended. An updated, NI 43-101 compliant Preliminary Economic Assessment ("PEA") was completed by SRK for the Cañariaco Norte project in December 2008, however, 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, including open pit mining 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 private placement completed by the Company in March 2010.

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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 have a target completion date of Q4-2010.

AMEC's initial scope is focused 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.

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 assessed the various processing technologies currently available to reduce the arsenic content in the copper concentrate and has proposed utilizing a concentrate roasting process offered by Outotec Oyj ("Outotec") of Finland. This process technology is currently in use for a similar application at CODELCO's 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.

Subsequent to September 30, 2010, AMEC has re-modelled and re-classified the Mineral Resource and issued an updated, significantly larger Resource Estimate which renders the 2008 resource estimate by SRK historical.

Highlights of the 0.30% copper cut-off Resource Estimate:

At the base case 0.30% copper cut-off grade, Cañariaco Norte's Measured and Indicated tonnage has increased by 21% and the Measured and Indicated contained copper has increased by 16% from the Mineral Resource Estimate released in September 2008 (refer to the Company's news release dated September 18, 2008).

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- Measured and Indicated: 752.4 million tonnes ("Mt") grading 0.45% copper containing 7.53 billion pounds of copper (0.52% copper equivalent*; 0.49% copper equivalent with gold and silver recoveries applied**).
- Inferred: 157.7 Mt grading 0.41% copper containing 1.43 billion pounds of copper (0.47% copper equivalent*; 0.44% copper equivalent with gold and silver recoveries applied**).

To show sensitivity of the estimate to cut-off grade, a 0.20% copper cut-off grade was also modelled. Using this cut-off grade, Cañariaco Norte's Measured and Indicated tonnage increased by 22% and contained copper increased by 18% from the 2008 Mineral Resource Estimate.

- Measured and Indicated: 1.003 billion tonnes grading 0.40% copper containing 8.94 billion pounds of copper (0.46% copper equivalent*; 0.44% copper equivalent with gold and silver recoveries applied**).
- Inferred: 293.3 million tonnes grading 0.33% copper containing 2.16 billion pounds of copper (0.38% copper equivalent*; 0.36% copper equivalent with gold and silver recoveries applied**).

*Copper equivalent grade including gold and silver values and based on 100% metal recoveries. Copper grade equivalent calculation: $Cu\ Eq\% = (Cu\ \% + ((Au\ grade\ x\ Au\ price) + (Ag\ grade\ x\ Ag\ price)) / (22.0462\ x\ Cu\ price\ x\ 31.0135\ g/t))$

**Copper equivalent grade including gold and silver, metal recoveries (gold 55%; silver 50%) and smelter returns (copper 96.5%; gold 93%; silver 90%) applied. Copper grade equivalent calculation: $Cu\ Eq\% = (Cu\ \% + ((Au\ grade\ x\ Au\ price\ x\ Au\ recovery\ x\ Au\ smelter\ return\%) + (Ag\ grade\ x\ Ag\ price\ x\ Ag\ recovery\ x\ Ag\ smelter\ return\%)) / (22.0462\ x\ Cu\ price\ x\ 31.0135\ g/t\ x\ Cu\ recovery\ x\ Cu\ smelter\ return\%))$

This updated mineral resource estimate is based on 229 drill holes and includes the results of 16 drill holes completed after the previous estimate by SRK in September 2008, as well as a review of the deposit lithology, alteration and specific gravities. Metal prices used by AMEC for the updated resource estimate are: copper \$2.50/lb, gold \$1,035/oz and silver \$17.25/oz. This updated estimate will form the basis for the Cañariaco Norte Pre-Feasibility Study currently underway, and it is anticipated that it will have a very positive effect on the value of the Cañariaco Norte deposit.

Mineral Resource Statement

The effective date of this mineral resource estimate is September 10, 2010, which represents the cut-off date for the most recent scientific and technical information used in the resource estimate. The mineral resources reported herein have been estimated using criteria consistent with the Canadian Institute of Mining and Metallurgy ("CIM") Definition Standards (2005) and in conformity with the CIM "Estimation of Mineral Resources and Mineral Reserves Best Practice" (2003) guidelines. AMEC produced an updated resource estimate for the Cañariaco Norte deposit based on drilling information and geological interpretation provided by the Company. AMEC undertook quality assurance and quality control studies on the mineral resource data for the Cañariaco Norte project. AMEC concludes that the collar, assay and lithology data are adequate to support resource estimation. The updated resource model includes 16 additional drill holes completed subsequent to the previous estimate conducted by SRK in September 2008. Resources in Table 2 are categorized and tabulated within a constraining economic resource pit shell based on costs and prices evaluated by AMEC.

The marginal economic Grade cut-off calculated at 0.14% Cu is based on prices and costs reviewed by AMEC. The open pit mineral constrained resource is reported at a cut-off grade of 0.30% copper within a Lerch-Grossman resource pit shell optimized on copper, gold and silver. Copper recoveries vary from 58.8% at a copper grade of 0.10% to 93.1% recovery at a copper grade of 0.60%. Gold and silver recoveries are: 55% and 50% respectively. The metal prices used are: copper \$2.50/lb, gold \$1,035/oz and silver \$17.25/oz. The contained metal figures shown are in situ. No assurance can be given that the estimated quantities will be produced. All figures have been rounded to reflect accuracy and to comply with securities regulatory requirements.

David Thomas, P. Geo. is an employee of AMEC Americas Limited and is a Qualified Person as defined by National Instrument 43-101. Mr. Thomas is responsible for the mineral resources reported above and he has reviewed and approved disclosure of these mineral resources.

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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.Geo., 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.

Other Peruvian Properties

The Company's 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 Miraflores 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 property 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

Yasica 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.

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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.

El 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.

El 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 September 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 \$534,234 in Q3-2010, compared to a net loss of \$833,990 in Q3-2009. The three main variances between the two comparative periods were a decrease of \$223,208 in write-downs of mineral properties, a decrease of \$284,983 in stock-based compensation expense and a decrease of \$125,515 in foreign exchange gains. In Q3-2009 the Company wrote down the carrying value of certain inactive properties in Peru at a cost of \$233,207; in Q3-2010 there were no such charges. Stock-based compensation expense, a non-cash expense, decreased in Q3-2010 due to a lower number of options vesting in the period and lower stock price volatility affecting the calculation of the fair value attributed to options vested in the period. Foreign exchange gains or losses in a period are 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. The foreign exchange adjustments were lower in Q3-2010 than those required in Q3-2009.

Certain 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. Hiring of additional staff resulted in an increase in salaries and management fees increased to \$93,127 from \$42,713 in Q3-2009. Travel expenses were \$27,833 compared to \$96 in Q3-2009 due to higher corporate activity, and office, rent and miscellaneous expenses increased to \$39,553 from \$26,455 in Q3-2009 due mostly to higher rent costs. Other administrative expenses in the quarter were comparable to, or lower than, those recorded in Q3-2009.

Other comprehensive income in Q3-2010 was \$701,216, the result of unrealized fair value adjustments to marketable securities and Candente Gold shares (Q3-2009: other comprehensive income of \$955).

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Nine months ended September 30, 2010

During the nine months ended September 30, 2010 ("YTD-2010") the Company posted a loss of \$1,234,362, compared to a loss of \$1,049,601 in the nine months ended September 30, 2009 ("YTD-2009"), an increase in net loss of \$254,759.

The major sources of variance between the two comparative periods are a decrease in foreign exchange gains of \$594,260 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 September 30, 2010 and 2009 used to translate the Company's foreign-denominated monetary assets and liabilities; a decrease of \$326,454 in stock-based compensation expense due to a lower number of options vesting in 2010 and lower stock price volatility and the absence of charges to earnings for mineral properties write-downs in 2010 (YTD 2009: \$223,208).

The Company posted other comprehensive income of \$2,735,281 mostly in connection with the unrealized fair value gain in the Company's Candente Gold shares in YTD-2010, compared to other comprehensive income of \$4,786 in YTD-2009.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	QE Sept. 30, 2010	QE June 30, 2010	QE March 31, 2010	QE Dec. 31, 2009
Total revenue	\$ -	\$ -	\$ -	\$ -
Net (loss)	(534,234)	(423,833)	(276,295)	(298,778)
Basic and diluted loss per share	-	(0.01)	-	-
	QE Sept. 30, 2009	QE June 30, 2009	QE March 31, 2009	QE Dec. 31, 2008
Total revenue	\$ -	\$ -	\$ -	\$ -
Net earnings (loss)	(833,990)	179,883	(395,494)	(1,618,647)
Basic and diluted loss per share	(0.01)	-	(0.01)	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2010 the Company had cash and cash equivalents of \$2,234,653 and working capital of \$2,642,424, 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 its working capital requirements and projected remaining expenditures at Cañariaco and at its other Peruvian properties. The Company will be required to secure additional cash resources towards the end of the quarter ending on December 31, 2010 or early in 2011. Given the recent increase in the Company's share price, it is currently anticipated that funds will be secured through the exercise of stock purchase options and warrants, currently in the money.

Operating Activities

Cash used in operations during Q3-2010, including changes in non-cash working capital items, was \$102,734 (Q3-2009: \$163,088).

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In the nine months ended September 30, 2010, cash used in operations, including changes in non-cash working capital items, was \$1,076,764, compared to \$484,578 in the nine months ended September 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 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.

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, Q2 and Q3-2010.

	Balance at December 31, 2009 \$	Additions QE March 31, 2010 \$	Additions QE June 30, 2010 \$	Additions QE Sept. 30, 2010 \$	Balance at Sept. 30, 2010 \$
Cañariaco Property					
Acquisition costs	346,663	-	38,370	-	385,033
Exploration costs					
Assays	1,790,368	10,000	101,962	57,090	1,959,420
Camp, field supplies & travel	7,185,731	11,912	33,721	25,090	7,256,454
Drilling	9,032,894	-	-	-	9,032,894
Equipment maintenance & rental	879,985	14,076	29,617	25,697	949,375
Engineering studies	3,281,235	14,768	611,442	967,979	4,875,424
Field support & personnel	5,495,648	23,888	145,775	123,161	5,788,472
Geological and geophysical	2,590,677	49,875	47,861	58,322	2,746,735
Other	-	-	-	3,199	3,199
G.I.S.	263,625	1,445	1,543	854	267,467
	30,866,826	125,964	1,010,291	1,261,392	33,264,473
Other Peruvian Properties					
Acquisition costs	2,339,366	-	62,653	9,645	2,411,664
Exploration costs					
Assays	235,571	-	-	2,418	237,989
Camp, field supplies & travel	653,310	1,137	627	4,081	659,155
Drilling	700,417	-	-	-	700,417
Equipment maintenance & rental	304,373	234	1,291	1,308	307,206
Field support & personnel	2,092,222	17,933	(4,480)	14,389	2,120,064
Geological and geophysical	1,871,478	16,654	22,072	4,219	1,914,423
G.I.S.	139,154	689	-	209	140,052
Property option payments received	(1,980,153)	-	-	-	(1,980,153)
Write-down of mineral properties	(263,051)	-	-	-	(263,051)
Transfer of properties	(4,663,250)	-	-	-	(4,663,250)
	1,429,437	36,647	82,163	36,269	1,584,516
Value Added Tax Credits	3,807,397	78,177	54,586	109,719	4,049,879
Total of Mineral Properties	36,103,660	240,788	1,147,040	1,407,380	38,898,868

In Q3-2010 the Company spent \$9,645 for acquisition and \$1,586,786 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 \$21,575 in the value of its gold bullion investments and an increase of \$109,719 for VAT credits 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 Company also incurred purchases of equipment and fixed assets in the amount of \$5,325. The aggregate of these investment activities during Q3-2010 totaled \$1,733,050.

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On a YTD basis, investing cash outflows have included acquisition costs of \$110,668, exploration costs of \$2,939,817, increases of \$68,447 to gold bullion investments, proceeds from sale of equipment net of equipment purchases of \$18,364 and \$242,482 in VAT credits, for an aggregate use of cash in investing activities of \$3,343,050. As expected, investing activities in 2010 have been substantially higher than in 2009.

TRANSACTIONS WITH RELATED PARTIES

During YTD-2010 a total of \$104,691 (YTD-2009: \$52,524) was paid or accrued to directors or officers, or to private companies associated with directors and officers of the Company for geological consulting services rendered. These amounts are included as a component of deferred exploration costs.

During YTD-2010 \$138,737 (YTD-2009: \$103,603) was paid as salaries to various officers of the Company and \$72,935 (YTD-2009: \$43,853) 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 September 30, 2010 is \$5,364 (December 31, 2009: \$2,455) owed to the Company by certain officers for expense advances. Included in accounts payable and accrued liabilities at September 30, 2010 is \$102,286 (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 September 30, 2010, a director and three officers of the Company acted as a director and as officers of Candente Gold. 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 September 30, 2010, a total of \$73,507 was due from Candente Gold to the Company for reimbursement of shared general and administrative expenses.

CRITICAL ACCOUNTING ESTIMATES

There were no changes to the nature or the Company's critical accounting estimates during the nine months ended September 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, asset 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 units-of-production method.

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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 "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 is not expected to impact the Company's consolidated financial statements.

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 design and operating effectiveness of the Company's internal control over financial reporting as of September 30, 2010.

Management has concluded that, as of September 30, 2010, the Company's ICFR was not entirely 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 September 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 the Company's current level of operations and the Company will also need to test the effectiveness of its ICFR.

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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 set the following timing objectives: to be in a position to convert its December 31, 2009 Canadian GAAP Balance Sheet to IFRS in Q4-2010, 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 functional currency of the parent company will be the Canadian 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, for presentation purposes, 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 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). The Company has elected to translate equity accounts at historical rates (under Canadian GAAP, historical rates are used), and not at current rates. The Company's choice of using historical rates translation of its equity accounts will have no impact on total equity as the resulting exchange differences will be recognized in a separate component of equity.

Impairment requirements are more stringent under IFRS 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 in most cases all vest within the year granted. There will be differences for certain options whose vesting extends beyond the fiscal year in which they were granted, but these will not be material. 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, as is the case with most of the options granted by the Company. 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.

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OTHER MD&A REQUIREMENTS

As of November 10, 2010, Candente Copper has outstanding 99,452,073 common shares, 9,551,824 warrants (at prices ranging from Cdn\$0.45 to \$0.50 per share) and 8,205,750 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