

CANDENTE COPPER CORP.

Interim Condensed Consolidated Financial Statements
Quarter and Six Months ended June 30, 2011

(UNAUDITED AND SUBJECT TO YEAR-END ADJUSTMENTS)

(Expressed in U.S. Dollars)

NOTICE

The accompanying unaudited interim condensed consolidated financial statements of Candente Copper Corp. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CANDENTE COPPER CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

UNAUDITED – PREPARED BY MANAGEMENT

(Expressed in U.S. Dollars)

| | June 30, 2011 | December 31, 2010 (Note 11) |
|---|-------------------|-----------------------------------|
| | \$ | \$ |
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | 29,687,982 | 1,690,908 |
| Amounts receivable | 342,614 | 480,479 |
| Prepaid expenses and deposits | 136,823 | 140,639 |
| Other current assets | 460,020 | 425,542 |
| | 30,627,439 | 2,737,568 |
| Non-current assets | | |
| Available-for-sale financial assets (Note 5) | 2,979,539 | 5,627,152 |
| Equipment | 250,009 | 273,261 |
| Unproven mineral interests (Note 6) | 44,103,327 | 41,782,236 |
| | 77,960,314 | 50,420,217 |
| TOTAL ASSETS | 77,960,314 | 50,420,217 |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | 987,848 | 594,173 |
| | 987,848 | 594,173 |
| TOTAL LIABILITIES | 987,848 | 594,173 |
| SHAREHOLDERS' EQUITY | | |
| Common shares (Note 8) | 82,179,110 | 51,724,116 |
| Reserves (Note 8) | 11,410,760 | 10,607,342 |
| Deficit | (18,936,432) | (16,629,849) |
| Accumulated other comprehensive income (loss) | 2,319,028 | 4,124,435 |
| | 76,972,466 | 49,826,044 |
| TOTAL SHAREHOLDERS' EQUITY | 76,972,466 | 49,826,044 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 77,960,314 | 50,420,217 |

Approved by the Board of Directors and authorized for issuance on
August 11, 2011:

"Klaus M. Zeitler"

Director

"Andres Milla"

Director

See accompanying notes to the interim condensed consolidated financial statements

CANDENTE COPPER CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

UNAUDITED – PREPARED BY MANAGEMENT

(Expressed in U.S. Dollars)

| | Three months ended June 30, | |
|--|-----------------------------|------------------|
| | 2011 | 2010 (Note 9) |
| GENERAL AND ADMINISTRATIVE | | |
| Depreciation | \$ 4,965 | \$ 5,281 |
| Audit and accounting | 8,779 | 23,779 |
| Bank charges and interest | 2,211 | 1,753 |
| Consulting | 3,269 | - |
| Corporate development | 12,395 | 11,671 |
| Legal | 123,236 | 74,439 |
| Management and office salaries and benefits | 138,167 | 99,537 |
| Office, rent and miscellaneous | 45,883 | 42,270 |
| Travel and accommodations | 20,960 | 19,765 |
| Regulatory and filing fees | 7,877 | 19,956 |
| Shareholder communications | 17,567 | 16,545 |
| Share-based payment expense (Note 8) | 922,634 | 28,503 |
| Interest and other income | (121,045) | (43,207) |
| Loss on foreign exchange | 36,846 | (307,674) |
| (Loss) income for the period | \$ (1,223,744) | \$ 7,382 |
| Other comprehensive loss: | | |
| Unrealized loss on available-for-sale financial assets | (1,552,619) | (654,295) |
| Translation adjustment | (140,232) | (540,075) |
| | (1,692,851) | (1,194,370) |
| Comprehensive loss for the period | \$ (2,916,595) | \$ (1,186,988) |
| Loss per common share: | | |
| Basic and diluted | \$ (0.01) | \$ - |
| Weighted average number of shares outstanding: | | |
| Basic and diluted | 118,193,926 | 96,607,642 |

See accompanying notes to the interim condensed consolidated financial statements

CANDENTE COPPER CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

UNAUDITED – PREPARED BY MANAGEMENT

(Expressed in U.S. Dollars)

| | Six months ended June 30, | |
|---|---------------------------|------------------|
| | 2011 | 2010 (Note 9) |
| GENERAL AND ADMINISTRATIVE | | |
| Depreciation | \$ 9,840 | \$ 10,563 |
| Audit and accounting | 39,770 | 26,228 |
| Bank charges and interest | 4,684 | 6,858 |
| Consulting | 3,269 | 2,936 |
| Corporate development | 24,564 | 22,233 |
| Legal | 145,113 | 94,115 |
| Management and office salaries and benefits | 257,175 | 185,781 |
| Office, rent and miscellaneous | 95,487 | 78,435 |
| Travel and accommodations | 103,303 | 34,494 |
| Regulatory and filing fees | 68,176 | 59,361 |
| Shareholder communications | 55,025 | 42,770 |
| Share-based payment expense (Note 8) | 1,341,730 | 93,511 |
| Interest and other income | (167,675) | (55,235) |
| Loss on foreign exchange | 326,122 | (341,944) |
| Loss for the period | \$ (2,306,583) | \$ (260,106) |
| Other comprehensive (loss) income: | | |
| Unrealized (loss) gain on available-for-sale financial assets | (2,647,613) | 1,565,998 |
| Translation adjustment | 842,206 | (451,123) |
| | (1,805,407) | 1,114,875 |
| Comprehensive (loss) income for the period | \$ (4,111,990) | \$ 854,769 |
| Loss per common share: | | |
| Basic and diluted | \$ (0.02) | \$ - |
| Weighted average number of shares outstanding: | | |
| Basic and diluted | 113,953,000 | 98,902,323 |

See accompanying notes to the interim condensed consolidated financial statements

CANDENTE COPPER CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

UNAUDITED – PREPARED BY MANAGEMENT

(Expressed in U.S. Dollars)

| | Number of shares | Amount | Reserves | Deficit | Other Comprehensive Income (Loss) | Total Shareholders Equity |
|---|---------------------|-------------------|-------------------|---------------------|---|---------------------------------|
| Balance on January 1, 2010 | 81,068,127 | 52,103,487 | 8,194,464 | (14,639,006) | (19,646) | 45,639,299 |
| Common shares issued for: | | | | | | |
| Financing | 17,794,196 | 3,633,106 | - | - | - | 3,633,106 |
| Exercise of share options | 40,000 | 23,698 | (11,306) | - | - | 12,392 |
| Distribution of Candente Gold shares as return on capital | - | (5,590,906) | - | - | - | (5,590,906) |
| Options vested | - | - | 93,511 | - | - | 93,511 |
| Warrants issued on financing | - | - | 2,015,542 | - | - | 2,015,542 |
| Net loss for the period | - | - | - | (260,106) | - | (260,106) |
| Cumulative translation adjustment | - | - | - | - | (451,123) | (451,123) |
| Unrealized gains on available-for-sale financial assets | - | - | - | - | 1,565,998 | 1,565,998 |
| Balance on June 30, 2010 (Note 11) | 98,902,323 | 50,169,385 | 10,292,211 | (14,899,112) | 1,095,229 | 46,657,713 |
| Balance on January 1, 2011 | 101,169,598 | 51,724,116 | 10,607,342 | (16,629,849) | 4,124,435 | 49,826,044 |
| Common shares issued for: | | | | | | |
| Financing | 14,719,415 | 28,837,225 | - | - | - | 28,837,225 |
| Exercise of warrants | 1,852,731 | 1,200,655 | (373,161) | - | - | 827,494 |
| Exercise of share options | 552,500 | 417,114 | (165,151) | - | - | 251,963 |
| Options vested | - | - | 1,341,730 | - | - | 1,341,730 |
| Net loss for the period | - | - | - | (2,306,583) | - | (2,306,583) |
| Cumulative translation adjustment | - | - | - | - | 842,206 | 842,206 |
| Unrealized gains on available-for-sale financial assets | - | - | - | - | (2,647,613) | (2,647,613) |
| Balance on June 30, 2011 (Note 11) | 118,294,244 | 82,179,110 | 11,410,760 | (18,936,432) | 2,319,028 | 76,972,466 |

See accompanying notes to the interim condensed consolidated financial statements.

CANDENTE COPPER CORP.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED – PREPARED BY MANAGEMENT

(Expressed in U.S. Dollars)

| CASH PROVIDED BY (USED IN): | Six months ended June 30, | |
|--|---------------------------|-------------|
| | 2011 | 2010 |
| | \$ | \$ |
| OPERATING ACTIVITIES | | |
| Loss for the period | (2,306,583) | (260,106) |
| Items not affecting cash: | | |
| Amortization | 9,840 | 10,563 |
| Share-based compensation expense | 1,341,730 | 93,511 |
| Changes in non-cash working capital items: | | |
| Decrease in amounts receivable | 137,865 | 58,619 |
| Decrease (increase) in prepaid expenses and deposits | 3,816 | (532,964) |
| Increase in accounts payable and accrued liabilities | 132,346 | 95,229 |
| Total operating activities | (680,986) | (535,148) |
| INVESTING ACTIVITIES | | |
| Change in other current assets | (34,478) | (46,639) |
| (Purchase) sale of equipment | (11,519) | 23,689 |
| Value added tax paid | (173,887) | (132,763) |
| Expenditures on mineral interests: | | |
| Acquisition | (176,330) | (101,023) |
| Exploration | (1,525,318) | (1,353,032) |
| Total investing activities | (1,921,532) | (1,609,768) |
| FINANCING ACTIVITIES | | |
| Issuance of common shares for: | | |
| Sale of common shares | 28,837,225 | 5,648,648 |
| Exercise of warrants | 827,494 | - |
| Exercise of stock options | 251,963 | 12,392 |
| Total financing activities | 29,916,682 | 5,661,040 |
| Net change in cash and cash equivalents | 27,314,164 | 3,516,124 |
| Effect of exchange rate changes on cash | 682,910 | (439,114) |
| Cash and cash equivalents at beginning of period | 1,690,908 | 992,400 |
| Cash and cash equivalents at end of period | 29,687,982 | 4,069,410 |

See accompanying notes to the interim condensed consolidated financial statements

CANDENTE COPPER CORP.

INTERIM CONDENSED SCHEDULE OF UNPROVEN MINERAL INTERESTS

UNAUDITED – PREPARED BY MANAGEMENT

(Expressed in U.S. Dollars)

| | Cañariaco | Other Peruvian | Value Added Tax | Total |
|--|------------------|-----------------------|--------------------|--------------|
| Balance, January 1, 2010 | 32,070,330 | 1,429,437 | 3,807,397 | 37,307,164 |
| Exploration expenditures: | | | | |
| Assays | 192,109 | 8,904 | - | 201,013 |
| Camp, field supplies & travel | 91,251 | 13,252 | - | 104,503 |
| Equipment maintenance & rental | 107,313 | 5,931 | - | 113,244 |
| Engineering studies | 2,337,039 | - | - | 2,337,039 |
| Field support and personnel | 736,151 | 99,104 | - | 835,255 |
| Geological & geophysical | 250,883 | 49,477 | - | 300,360 |
| OTHER ITEMS: | | | | |
| Acquisition cost and payments | 38,370 | 75,480 | - | 113,850 |
| Value added tax | - | - | 229,234 | 229,234 |
| Impairment of unproven mineral interests | - | (11,404) | - | (11,404) |
| Exchange differences | 246,938 | 5,040 | - | 251,978 |
| Balance, December 31, 2010 | 36,070,384 | 1,675,221 | 4,036,631 | 41,782,236 |
| | Cañariaco | Other Peruvian | | Total |
| Balance, January 1, 2011 | 36,070,384 | 1,675,221 | 4,036,631 | 41,782,236 |
| Exploration expenditures | | | | |
| Assays | 6,260 | 1,288 | - | 7,548 |
| Camp, field supplies & travel | 55,262 | 8,552 | - | 63,814 |
| Equipment maintenance & rental | 95,427 | 2,557 | - | 97,984 |
| Engineering studies | 673,243 | - | - | 673,243 |
| Field support & personnel | 566,105 | 54,688 | - | 620,793 |
| Administration | 166,298 | 55,705 | - | 222,003 |
| Geological and geophysical | 71,396 | 59,296 | - | 130,692 |
| OTHER ITEMS: | | | | |
| Acquisition cost and payments | 97,358 | 78,972 | - | 176,330 |
| Value added tax | - | - | 173,887 | 173,887 |
| Exchange differences | 147,927 | 6,870 | - | 154,797 |
| Balance, June 30, 2011 | 37,949,660 | 1,943,149 | 4,210,518 | 44,103,327 |

See accompanying notes to the interim consolidated financial statements

CANDENTE COPPER CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 – UNAUDITED – PREPARED BY MANAGEMENT

Expressed in U.S. Dollars, Unless Otherwise Noted

1. GENERAL BUSINESS DESCRIPTION

Candente Copper Corp. ("Candente Copper") was incorporated under the Business Corporations Act (British Columbia) and established as a legal entity on May 1, 1997. Candente Copper and its subsidiary companies (collectively, the "Company") are engaged in base-metals exploration. The Company's unproven mineral interests are located in Peru.

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

The Company's principal office is located at Suite 1650-400 Burrard Street, Vancouver, British Columbia, V6C 3A6, Canada.

These consolidated interim financial statements were authorized for issue by the board of directors on August 11, 2011.

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards, and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the company commenced reporting on this basis in its 2011 condensed consolidated interim financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These condensed consolidated interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting, and IFRS 1, First-time Adoption of International Financial Reporting Standards. The accounting policies followed in these condensed consolidated interim financial statements are the same applied in the Company's condensed consolidated interim financial statements for the period ended March 31, 2011. The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect. Note 9 discloses the impact of the transition to IFRS on the Company's financial position as at June 30, 2010 and comprehensive income and loss for the three and six months ended June 30, 2010, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010.

The accounting policies applied in these condensed consolidated interim financial statements are based on IFRS effective for the year ended December 31, 2011, issued and outstanding as of August 11, 2011, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these condensed consolidated interim financial statements, including transition adjustments recognized on change-over to IFRS.

These condensed consolidated interim financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended December 31, 2010, and the Company's condensed consolidated interim financial statements for the quarter ended March 31, 2011 prepared in accordance with IFRS applicable to interim financial statements.

3. APPLICATION OF NEW AND REVISED IFRS

The IASB has issued the following standards which have not yet been adopted by the Company: IFRS 9, Financial Instruments - Classification and Measurement (IFRS 9), IFRS 10, Consolidated Financial Statements (IFRS 10), IFRS 11, Joint Arrangements (IFRS 11), IFRS 12, Disclosure of Interests in Other Entities (IFRS 12), IAS 27, Separate Financial Statements (IAS 27), IFRS 13, Fair Value Measurement (IFRS 13) and amended IAS 28, Investments in Associates and Joint Ventures (IAS 28). Each of the new standards is effective for annual periods beginning on or after January 1, 2013 with early adoption permitted. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

CANDENTE COPPER CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 – UNAUDITED – PREPARED BY MANAGEMENT

Expressed in U.S. Dollars, Unless Otherwise Noted

The following is a brief summary of the new standards:

IFRS 9 – Financial instruments - classification and measurement

This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost and fair value.

IFRS 10 – Consolidation

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

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received on the sale of an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

4. AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | June 30, 2011 | December 31, 2010 |
|------------------------|------------------|-------------------------|
| | \$ | \$ |
| Start of period | 5,627,152 | 7,534,029 |
| Exchange differences | 136,763 | 426,820 |
| Return of capital | - | (5,590,906) |
| Changes in fair value | (2,784,376) | 3,257,209 |
| End of period | 2,979,539 | 5,627,152 |

CANDENTE COPPER CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 – UNAUDITED – PREPARED BY MANAGEMENT

Expressed in U.S. Dollars, Unless Otherwise Noted

Available-for-sale financial assets include the following:

| | June 30, 2011 \$ | December 31, 2010 \$ |
|---------------------|------------------------|----------------------------|
| Candente Gold Corp. | 2,947,291 | 5,590,619 |
| Orex Minerals Ltd | 32,248 | 36,533 |
| | 2,979,539 | 5,627,152 |

a) As of January 4, 2010, the Company had received a total of 21,750,000 shares of Candente Gold Corp. ("Candente Gold"), an issuer listed on the TSX, following Candente Gold's spinout from Candente Copper. Candente Copper returned a total of 16,213,627 shares to Candente Copper's shareholders, as a return of capital with a value of \$5,590,906, and retained a total of 5,536,373 shares of Candente Copper. Subsequent adjustments to fair value of these shares, required at each balance sheet date, are recorded in accumulated other comprehensive income, as the Company's investment in Candente Gold is designated as "available for sale" for accounting purposes. At June 30, 2011, Candente Gold's closing share price was Cdn\$0.52 and the fair value of the Company's investment in Candente Gold was \$2,947,291.

b) The Company also holds 42,000 common shares of Orex Minerals Inc. ("Orex"), an issuer listed on the TSX Venture Exchange. Adjustments to fair value of these shares, required at each balance sheet date, are recorded in accumulated other comprehensive income, as the Company's investment in Orex is designated as "available for sale" for accounting purposes. At June 30, 2011, Orex's closing share price was Cdn\$0.75 and the fair value of the Company's investment in Orex was \$32,248.

In the six months ended June 30, 2011, the Company recorded other comprehensive loss of \$2,647,613 (six months ended June 30, 2010: other comprehensive income of \$1,565,998) for the changes in the fair value of these investments.

5. UNPROVEN MINERAL INTERESTS

The Company's unproven mineral interests consist of various early-stage exploration projects as follows:

Cañariaco Property

The Company has a 100% interest in 21 mineral claims (2009: 21 mineral claims) comprising approximately 17,200 hectares (2009: 17,200 hectares) located in Lambayeque, Peru. Refer to the Interim Schedule of Unproven Mineral Interests for a summary of capitalized mineral property expenditures by major expenditure type for the Cañariaco Property.

Other Peruvian Properties

Other Peruvian properties are: Don Gregorio, Arikepay, Miraflores, Las Pavas, La Grama, Yasica, La Cuesta, Los Acos, El as de Zinc, Jehuamarca and El Naranjo. The Company has a 100% interest in a total of 27 claims (2009: 27 claims) comprising approximately 20,200 hectares (2009: 20,200 hectares) located throughout Peru.

CANDENTE COPPER CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 – UNAUDITED – PREPARED BY MANAGEMENT

Expressed in U.S. Dollars, Unless Otherwise Noted

6. 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, 2011, VAT tax credits in Peru were \$4,210,518 (December 31, 2010: \$4,036,631).

7. CAPITAL AND RESERVES

Capital

At June 30, 2011, Candente Copper's authorized share capital consisted of an unlimited number of common shares without par value. All issued common shares are fully paid.

On February 17, 2011, the Company completed a financing by way of a bought deal private placement (the "Bought Deal Offering") with a syndicate of underwriters (the "Underwriters") for total gross proceeds of \$27,316,722 (Cdn\$26,969,800, inclusive of the proceeds from the full exercise of the over-allotment option granted to the Underwriters. The Company issued an aggregate of 13,156,000 common shares in the capital of the Company (the "Shares") at a purchase price of Cdn\$2.05 per Share. In consideration for their services with respect to the closing of the Bought Deal Offering, the Underwriters received a cash commission equal to 5% of the gross proceeds of the sale of Shares in the Bought Deal Offering.

In addition to the Bought Deal Offering, the Company completed a non-brokered private placement issuing 1,563,415 Shares at a price per Share of Cdn\$2.05 for gross proceeds of \$3,246,228 (Cdn\$3,205,001) (the "Non-Brokered Offering"). In consideration for their services with respect to the closing of the Non-Brokered Offering, agents received a cash commission equal to 5% of the gross proceeds of the sale of Shares in the Non-Brokered Offering. The securities issued under the offerings are subject to a four month hold period in Canada.

Total issue costs on the Bought Deal Offering and the Non-Brokered Offering, inclusive of cash commissions, were \$1,725,725.

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 \$1,586,411 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.

In the six months ended June 30, 2011, the Company received cash proceeds of \$827,494 and \$251,963 from the exercise of stock purchase warrants and stock purchase options, respectively.

CANDENTE COPPER CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 – UNAUDITED – PREPARED BY MANAGEMENT

Expressed in U.S. Dollars, Unless Otherwise Noted

In 2010, the Company received cash proceeds of \$683,167 and \$407,141 from the exercise of stock purchase warrants and stock purchase options, respectively.

Reserves

Reserves consist of the accumulated fair value of common share options and share purchase warrants recognized as share-based compensation.

Candente Copper has an incentive share option plan (the "Plan"). Under the Plan a total of 10% of Candente Copper's outstanding common shares are reserved for the issuance of share options to directors, officers, employees and consultants. The terms of each option award is fixed by the directors at the time of grant. Share options awarded have a maximum term of five years. Share options vest immediately upon award.

Share options were awarded during 2011 and 2010 as follows:

| | <u>Options outstanding</u> |
|-------------------------------------|--------------------------------|
| Balance on January 1, 2010 | 8,721,750 |
| Awarded | 3,322,000 |
| Exercised | (913,750) |
| Expired | (530,000) |
| Forfeited | <u>(2,373,000)</u> |
| Balance on December 31, 2010 | 8,227,000 |
| Awarded | 1,175,000 |
| Exercised | (552,500) |
| Expired | (100,000) |
| Forfeited | <u>(25,000)</u> |
| Balance on June 30, 2011 | <u>8,724,500</u> |

The weighted average exercise price as at June 30, 2011 for the options awarded and outstanding is \$0.78 (2010 - \$0.62).

The following summarizes information about share options outstanding at June 30, 2011:

| | <u>Exercise price (Cdn\$)</u> | <u>Number outstanding</u> | <u>Expiry date</u> | <u>Weighted average remaining contractual life</u> |
|----|---------------------------------------|-------------------------------|--------------------|--|
| \$ | 0.33 | 65,000 | May 31, 2012 | 0.92 |
| | 0.42 | 2,505,000 | September 4, 2014 | 3.18 |
| | 0.42 | 200,000 | November 24, 2014 | 3.40 |
| | 0.42 | 150,000 | March 5, 2015 | 3.68 |
| | 0.42 | 2,152,000 | August 12, 2015 | 4.12 |
| | 0.74 | 125,000 | November 2, 2015 | 4.34 |
| | 0.80 | 1,000,000 | September 16, 2013 | 2.22 |
| | 0.85 | 50,000 | October 3, 2011 | 0.26 |
| | 0.85 | 270,000 | November 10, 2015 | 4.37 |
| | 0.85 | 100,000 | November 15, 2015 | 4.38 |
| | 1.40 | 562,500 | June 11, 2012 | 0.95 |
| | 1.43 | 300,000 | December 13, 2015 | 4.46 |
| | 1.62 | 325,000 | May 20, 2016 | 4.91 |
| | 1.80 | 45,000 | September 18, 2012 | 1.25 |
| | 1.82 | 25,000 | December 23, 2015 | 4.48 |
| | 2.15 | <u>850,000</u> | January 24, 2016 | 4.57 |
| | | <u>8,724,500</u> | | |

CANDENTE COPPER CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 – UNAUDITED – PREPARED BY MANAGEMENT

Expressed in U.S. Dollars, Unless Otherwise Noted

The fair value of share options awarded to employees, directors and consultants was estimated on the dates of award using the Black-Scholes option pricing model with the following assumptions for the periods presented below:

| | Six months ended June 30, 2011 | Year ended December 31, 2010 |
|---------------------------|--------------------------------------|------------------------------------|
| Risk-free interest rate | 2.20% | 2.29% |
| Estimated volatility | 98.23% | 92.18% |
| Expected life | 3.87 years | 3.84 years |
| Estimated forfeiture rate | 0% | 0% |

The average fair value of share options awarded during the six months ended June 30, 2011, estimated using the Black-Scholes option pricing model, was Cdn\$1.36 per option. The average fair value of share options awarded during the period ended December 31, 2010, estimated using the Black-Scholes option pricing model, was Cdn\$ 1.56 per option.

The Black-Scholes option pricing model was developed for use in estimating the fair value of share options that have no vesting provisions and are fully transferable. Also, option-pricing models require the use of estimates and assumptions including the expected volatility. Candente Copper uses expected volatility rates which are based upon historical volatility rates. Changes in the underlying assumptions can materially affect the fair value estimates.

8. SEGMENTED INFORMATION

The Company's operations comprise one reportable segment which carries on business in Canada and Peru. The carrying value of the Company's non-current assets on a country-by-country basis is as follows:

| | June 30, 2011 | | |
|-------------------------------------|---------------|---------------|---------------|
| | Canada | Peru | Total |
| Equipment | \$ 76,640 | \$ 173,369 | \$ 250,009 |
| Unproven mineral interests | - | 44,798,128 | 44,798,128 |
| Available-for-sale financial assets | 2,979,539 | - | 2,979,539 |
| | \$ 3,056,179 | \$ 44,971,497 | \$ 48,027,676 |

| | December 31, 2010 | | |
|-------------------------------------|-------------------|---------------|---------------|
| | Canada | Peru | Total |
| Equipment | \$ 73,309 | \$ 199,952 | \$ 273,261 |
| Unproven mineral interests | - | 41,782,236 | 41,782,236 |
| Available-for-sale financial assets | 5,627,152 | - | 5,627,152 |
| | \$ 5,700,461 | \$ 41,982,188 | \$ 47,682,649 |

CANDENTE COPPER CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 – UNAUDITED – PREPARED BY MANAGEMENT

Expressed in U.S. Dollars, Unless Otherwise Noted

9. ADOPTION OF IFRS

Reconciliations of the statements of financial position

Reconciliations between the Canadian GAAP and IFRS consolidated statements of financial position at June 30, 2010 are provided below:

| | June 30, 2010 | | | |
|---|-------------------|----------------------|------|-------------------|
| | CANADIAN GAAP | TRANSITION IMPACT | NOTE | IFRS |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 4,069,410 | - | | 4,069,410 |
| Amounts receivable | 244,551 | - | | 244,551 |
| Prepays and deposits | 599,062 | - | | 599,062 |
| Other current assets | <u>373,061</u> | - | | <u>373,061</u> |
| | 5,286,084 | - | | 5,286,084 |
| Available-for-sale financial assets | 3,509,354 | - | 1 | 3,509,354 |
| Equipment | 301,300 | 10,359 | 3 | 311,659 |
| Unproven mineral interests | <u>37,491,488</u> | 1,192,423 | 3 | <u>38,683,911</u> |
| TOTAL ASSETS | <u>46,588,226</u> | 1,202,782 | | <u>47,791,008</u> |
| LIABILITIES | | | | |
| Current | | | | |
| Accounts payable and accrued liabilities | <u>1,133,295</u> | - | | <u>1,133,295</u> |
| TOTAL LIABILITIES | <u>1,133,295</u> | - | | <u>1,133,295</u> |
| SHAREHOLDERS' EQUITY | | | | |
| Common shares | 51,540,149 | (1,370,764) | | 50,169,385 |
| Reserves | 10,293,352 | (1,141) | | 10,292,211 |
| Deficit | (18,392,989) | 3,493,877 | 1,3 | (14,899,112) |
| Accumulated other comprehensive loss | <u>2,014,419</u> | (919,190) | | <u>1,095,229</u> |
| TOTAL SHAREHOLDERS' EQUITY | <u>45,454,931</u> | 1,202,782 | | <u>46,657,713</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>46,588,226</u> | 1,202,782 | | <u>47,791,008</u> |

CANDENTE COPPER CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 – UNAUDITED – PREPARED BY MANAGEMENT

Expressed in U.S. Dollars, Unless Otherwise Noted

The following paragraphs explain the significant differences between Canadian GAAP and the current IFRS accounting policies applied by the Company. These differences result in the adjustments presented in the preceding tables.

- Note 1. Under Canadian GAAP, related party transactions are subject to special recognition or measurement requirements, as was the case with the transfer of properties from the Company to Candente Gold Corp. (transferred at their carrying value). Under IFRS there are no special recognition or measurement requirements for related party transactions. The transfer of properties was re-measured under IFRS.
- Note 2. The re-measurement of the transfer of properties as disclosed in the preceding paragraph had an effect in the base value of the investment subject to distribution to the Company's shareholders as a return on capital.
- Note 3. Under Canadian GAAP, the Company and all of its subsidiaries had a U.S. dollar measurement currency. Under IFRS, the functional currency of the parent company is the Canadian dollar. The Company's presentation currency remains the U.S. dollar. The current rate method is required to be applied to all entities where the functional currency is different from the presentation currency, resulting in an adjustment on transition to IFRS and a cumulative translation adjustment on each statement of financial position date.
- Note 4. Under Canadian GAAP, the Company recorded stock based compensation on a straight-line basis over the vesting period. Under IFRS, the Company records share based compensation for each tranche within an award over the vesting period of the corresponding tranche.

Reconciliations of total comprehensive income

Reconciliations between the Canadian GAAP and IFRS total comprehensive income for the three and six months ended June 30, 2010 are provided below.

CANDENTE COPPER CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 – UNAUDITED – PREPARED BY MANAGEMENT

Expressed in U.S. Dollars, Unless Otherwise Noted

| | For the three months ended June 30, 2010 | | | |
|--|--|------------|------|--------------------|
| | CANADIAN | TRANSITION | | |
| | GAAP | IMPACT | NOTE | IFRS |
| Amortization | 5,281 | - | | 5,281 |
| Audit and accounting | 23,779 | - | | 23,779 |
| Bank charges and interest | 1,753 | - | | 1,753 |
| Consulting | - | - | | - |
| Corporate development | 11,671 | - | | 11,671 |
| Legal | 74,439 | - | | 74,439 |
| Management and office salaries and benefits | 99,537 | - | | 99,537 |
| Office, rent and miscellaneous | 42,270 | - | | 42,270 |
| Travel and accommodations | 19,765 | - | | 19,765 |
| Regulatory and filing fees | 19,956 | - | | 19,956 |
| Shareholder communications | 16,545 | - | | 16,545 |
| Share-based compensation expense | 26,515 | 1,988 | | 28,503 |
| Interest and other income | (43,207) | - | | (43,207) |
| Loss (gain) on foreign exchange | <u>125,529</u> | (433,203) | 3 | <u>(307,674)</u> |
| (Loss) income for the period | <u>(423,833)</u> | 431,215 | | <u>7,382</u> |
| Other comprehensive income (loss) | | | | |
| Unrealized loss on available-for-sale financial assets | (654,295) | - | 1 | (654,295) |
| Cumulative translation adjustment | <u>-</u> | (540,075) | 3 | <u>(540,075)</u> |
| | (654,295) | (540,075) | | (1,194,370) |
| Comprehensive income for the period | <u>(1,078,128)</u> | (108,860) | | <u>(1,186,988)</u> |

CANDENTE COPPER CORP.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2011 – UNAUDITED – PREPARED BY MANAGEMENT

Expressed in U.S. Dollars, Unless Otherwise Noted

| | For the six months ended June 30, 2010 | | | |
|--|--|------------|------|-----------|
| | CANADIAN | TRANSITION | | |
| | GAAP | IMPACT | NOTE | IFRS |
| Amortization | 10,563 | - | | 10,563 |
| Audit and accounting | 26,228 | - | | 26,228 |
| Bank charges and interest | 6,858 | - | | 6,858 |
| Consulting | 2,936 | - | | 2,936 |
| Corporate development | 22,233 | - | | 22,233 |
| Legal | 94,115 | - | | 94,115 |
| Management and office salaries and benefits | 185,781 | - | | 185,781 |
| Office, rent and miscellaneous | 78,435 | - | | 78,435 |
| Travel and accommodations | 34,494 | - | | 34,494 |
| Regulatory and filing fees | 59,361 | - | | 59,361 |
| Shareholder communications | 42,770 | - | | 42,770 |
| Share-based compensation expense | 94,652 | (1,141) | 4 | 93,511 |
| Interest and other income | (55,235) | - | | (55,235) |
| Loss (gain) on foreign exchange | 96,937 | (438,881) | 3 | (341,944) |
| Loss for the period | (700,128) | 440,022 | | (260,106) |
| Other comprehensive income (loss) | | | | |
| Unrealized gain on available-for-sale financial assets | 2,034,065 | (468,067) | 2 | 1,565,998 |
| Cumulative translation adjustment | - | (451,123) | | (451,123) |
| | 2,034,065 | (919,190) | | 1,114,875 |
| Comprehensive income for the period | 1,333,937 | (479,168) | | 854,769 |

Statement of cash flows

The IFRS transition adjustments noted above did not have an impact on cash and cash equivalents. There was no change to investing and financing cash flow sub-totals.

CANDENTE COPPER CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

QUARTER AND SIX MONTHS ENDED MARCH 31, 2011

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

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 10, 2011 and should be read in conjunction with the Company's interim condensed consolidated financial statements and related notes for the quarter ended June 30, 2011 ("Q2-2011") and the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2010.

We note that as of January 1, 2011, the Company's financial statements are reported under International Financial Reporting Standards ("IFRS"). The effects of the Company's conversion from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") to IFRS have been identified in Note 11 of the Company's March 31, 2011 unaudited interim condensed consolidated financial statements, in Note 9 of the Company's June 30, 2011 unaudited interim condensed consolidated financial statements and in this MD&A.

The Company's reporting currency is the US Dollar.

Some of the statements in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

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.

The Cañariaco Norte copper project is the Company's highest priority and most advanced exploration project to date. No other properties that the Company is presently exploring or is in possession of contain a National Instrument 43-101 mineral resource.

Subject to the approval of the shareholders of Candente Copper and the Toronto Stock Exchange, amongst other things, Candente Copper intends to carry out a reorganization of its business and capital pursuant to a plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement").

Under the Arrangement, it is proposed that: (i) Candente Copper will amend its articles to redesignate its "common shares" as "class A shares" (the "Class A Shares") and create a new class of shares to be designated as "common shares" (the "New Common Shares"); (ii) Candente Copper will subscribe for common shares of Cobriza, pursuant to a subscription agreement to be entered into between Candente Copper and Cobriza; (iii) Candente Copper will be issued common shares of Cobriza in exchange for the transfer of all of the issued and outstanding shares of Candente Resource (BVI) Corp. ("Candente BVI") currently held by Candente Copper to Cobriza pursuant to a share exchange agreement; (iv) as part of the reorganization of the business and capital of Candente Copper, Candente Copper will distribute certain of such common shares of Cobriza to the holders of Class A Shares on the basis of 1 common share of Cobriza for each 5 Class A Shares held by way of a reduction of the capital of Candente Copper with the result that the shareholders of Candente Copper will own approximately 14% of the Cobriza common shares, which will indirectly own certain exploration properties in Peru through Candente BVI; (v) each Class A Share will then be deemed to be exchanged for a New Common Share and the Class A Shares so exchanged shall be deemed to be cancelled.

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

The Company also intends to subscribe for Cobriza Shares through the Arrangement in order to provide Cobriza with sufficient working capital to fund its operations and exploration for a period of at least eighteen months following completion of the Arrangement.

Following completion of the Arrangement it is anticipated that the Cobriza Shares will be listed for trading on the TSX, however approval of the listing of the Cobriza Shares is required. The transaction is expected to close in August 2011.

PROJECTS UPDATE

Cañariaco

The Cañariaco property (the "Property") is a 13,400 hectare advanced stage porphyry copper exploration and development project located in Northern Peru. The Company's main focus is to progress development of the Cañariaco Norte project through completion of a Definitive Feasibility (Engineering) Study and to conduct an exploratory search for additional mineable mineral deposits within the Cañariaco property.

The Company acquired the Property through an auction process in 2001 and has since made annual property payments 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.

Two separate porphyry systems and one porphyry target have been identified on the property: Cañariaco Norte, Cañariaco Sur and Quebrada Verde, respectively. 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. Quebrada Verde has surface geology, geochemistry and geophysics that are similar to Cañariaco Sur.

The Company started diamond drilling at Cañariaco Norte in 2004 and continued through 2008. By October 31, 2008 the Company had completed 71,162.70 metres of diamond drilling in 244 holes. Total meterage drilled by all companies to date (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.

In May 2007, the Company commissioned a feasibility study and an Environmental Impact Assessment. In May 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 through 2009, work on the 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 in December 2008 based on the updated resource estimate issued in September 2008 ("2008 PEA"). The 2008 PEA demonstrated that the project had very positive economics at a copper price of \$2/lb and robust economics at a copper price of \$2.50/lb.

The ESIA was resumed in February 2010 by AMEC Peru SA. In April 2010, AMEC Americas Ltd ("AMEC") started a pre-feasibility level study ("PFS") and SGS Lakefield of Santiago, Chile resumed feasibility level metallurgical test-work.

Following re-modeling and re-classifying of the Mineral Resource, AMEC issued an updated, significantly larger Resource Estimate on November 1, 2010 (report filed on December 17, 2010), which renders the 2008 resource estimate by SRK as historical. At the base case 0.30% copper cut-off grade, Cañariaco Norte's 2010 Measured and

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

Indicated tonnage increased by 21% and the Measured and Indicated contained copper increased by 16% from the Mineral Resource Estimate released in September 2008.

- 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 modeled. 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: $Cu Eq\% = Cu\% + ((Au\ grade\ g/t \times Au\ price) + (Ag\ grade\ g/t \times Ag\ price)) / (22.0462 \times Cu\ price \times 31.1035\ g/t)$

**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: $Cu Eq\% = Cu\% + ((Au\ grade\ g/t \times Au\ price \times Au\ recovery\ \% \times Au\ smelter\ return\%) + (Ag\ grade\ g/t \times Ag\ price \times Ag\ recovery\ \% \times Ag\ smelter\ return\%)) / (22.0462 \times Cu\ price \times 31.10135\ g/t \times Cu\ recovery\% \times Cu\ smelter\ return\%)$

Pre-Feasibility Study Progress Report:

On January 18, 2011, AMEC reported key results from a Pre-Feasibility Study Progress Report (filed on March 4, 2011). The mine plan is based on Measured and Indicated mineral resources only, with Inferred mineral resources considered as waste. The metallurgical test work, process development and economic analyses have been completed to a pre-feasibility level; however, additional geotechnical drilling and rock quality assessment is required to complete the open pit slope design to a level consistent with generally accepted prefeasibility requirements and therefore, this report does not meet the criteria of a Pre-Feasibility Study and is considered to be a PEA under NI 43-101. Additional geotechnical drilling and investigations are planned for 2011 as part of the Definitive Feasibility Study.

Both the 2008 PEA and the 2010 Pre-Feasibility Study Progress Report propose 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. A roasting process designed by Outotec Oyj ("Outotec") of Finland has been incorporated to reduce arsenic levels in the final concentrate to below penalty levels. Copper concentrate will be 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.

Principal Changes in the January 2011 Pre-Feasibility Study Progress Report from the 2008 PEA:

- Production rate was increased from 75,000 to 95,000 tonnes per day with only minimal increase to overall capital expenditures.
- Selection of a concentrate roasting process by Outotec to reduce the arsenic content in the copper concentrate to non-penalty levels. This process technology has also been selected by CODELCO for a similar application at its new Ministro Hales mine in northern Chile.

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

- A proposed new port site has been selected for a copper concentrate load-out facility for Cañariaco Norte project. The new port is located close to Eten in northern Peru and is under development by Lumina Copper SAC (owner of the El Galeno copper project). Lumina Copper SAC has stated that they plan to make this load-out facility available for use by Candente Copper and possibly other users. This facility is much closer to the Cañariaco Norte project than the Port of Salaverry which was specified for the PEA, and will significantly reduce life-of-mine concentrate transport costs.

Principal Outcomes from the January 2011 Pre-Feasibility Study Progress Report:

- After-tax NPV of \$1,063.4 million for base case with long-term metal prices of \$2.25 per pound copper, \$1,015 per ounce gold, \$15.85 per ounce silver, and eight percent discount rate
- After-tax IRR of 18.8 percent for base case with \$2.25 per pound copper, \$1,015 per ounce gold, and \$15.85 per ounce silver
- Payback of preproduction capital in 2.9 years (on a pre-tax basis) and 4.1 years (on an after-tax basis)
- Cash operating cost of \$0.99 per pound of copper including all on-site and offsite costs, toll treatment and refinery (TCRC) charges, net of by-product credits
- Average metal production of 262 million pounds (119,000 tonnes) copper per year, 37,000 ounces of gold per year, and 850,000 ounces of silver per year.
- Average production of 295 million pounds (139,000 tonnes) copper per year for the first three years of production
- Pre-production capital cost of \$1.437 billion based on leased mining equipment and including contingency of 20 percent
- All-in capital cost of \$1.565 billion based on leased mining equipment and including working capital, life-of-mine sustaining capital, and closure costs
- Processing rate of 95,000 tonnes per day using conventional crush/grind and flotation technology
- Waste to ore strip ratio of 0.98 to 1
- Average life-of-mine metal recoveries of 89.7 percent for copper, 55 percent for gold and 50 percent for silver
- Concentrate grades average approximately 30 percent copper, three grams per tonne gold and 73 grams per tonne silver
- 22 year mine life, with potential for extension by mining additional resources identified below proposed pit
- Cañariaco Norte is located at a moderate elevation with pit centroid and process plant at approximately 3,000 metres above sea level;
- Connection to Peruvian national power grid; distance of approximately 57 kilometres
- New access road to major paved highway; distance of approximately 42 kilometres
- Significant potential for discovery of additional resources.

The results of the January 2011 Pre-Feasibility Study Progress Report enabled the Company to complete a financing of Cdn\$30,174,800 in February 2011. Use of proceeds will include completion of a Definitive Feasibility Study on

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

Cañariaco Norte and significant exploration drilling on the Cañariaco Sur and Quebrada Verde targets on the Cañariaco Norte Project, as well as drilling on several other 100% owned Candente Copper properties in Peru.

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.

Don Gregorio (formerly La Huaca)

The property is located in northern Peru in the department of Cajamarca and consists of six mineral claims totaling 2,700 hectares. The property is located approximately 30 km northeast of the Cañariaco Norte porphyry Cu-Au deposit (M & I resource at 0.3% Cu cut-off: 752Mt at 0.45% Cu, 0.07 g/t Au and 1.9 g/t Ag). Previous exploration dates back to the 1970's and includes mapping, rock and soil sampling, limited induced polarization (IP) surveying and drilling. Twelve drill holes totaling 1,648m partially tested coincident IP chargeability and copper-gold rock geochemical anomalies. All holes drilled intersected disseminated and veined porphyry style Cu-Au mineralization returning Cu and Au grades up to 0.79% and >0.2 g/t, respectively. In addition a poorly defined supergene sulphide zone was intersected in several holes. Most holes were drilled to depths of <100m and only two holes were drilled to 300m. IP chargeability and copper-gold rock geochemical anomalies indicate that the mineralized system could be much more extensive than currently known. The property is situated in a very favourable location with respect to other porphyry Cu-Au deposits in northern Peru and the Company considers the property to be under-explored as mineralization remains open laterally and at depth.

Though outcrop exposures are limited due to soil and vegetation cover, the Company plans to map in greater detail the area of interest. From this work, 10 to 15 drill holes, ranging in depth from 300m to 500m, will be drilled to further characterize the system and test the mineralization potential. In addition, a modern and expanded IP survey will be considered to help define the edges of the system and to direct drilling.

Arikepay

The property is located in southern Peru in the Department of Arequipa and consists of six mineral concessions totaling 4,000 hectares. Previous work in the 1990's included a local geophysical survey and 4 drill holes testing a limited area of the concession. The details or results of this work are not available to the Company. Though outcrop exposure is poor, the Company has done reconnaissance mapping over the entire concession area as well as surface rock sampling. Results from this work indicate the potential for porphyry Cu style mineralization and that previous work did not adequately test this potential. A preliminary drill test is under consideration for Arikepay.

Miraflores

The property is located in northern Peru in the department of La Libertad and consists of four mineral concessions totaling about 1,800 hectares. No previous geophysical surveying or drilling has been done on the property. The Company has carried out reconnaissance mapping and surface rock sampling. Results from this work indicate potential for porphyry Cu style mineralization. Miraflores is at a very early exploration stage and more detailed mapping and surface rock sampling needs to be completed prior to any geophysical surveying or drill testing.

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 reconnaissance mapping and surface rock sampling and results indicate potential for porphyry Cu style mineralization. Las Pavas is at a very early exploration stage and more detailed surface work, including geophysics, needs to be done prior to any drilling.

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

La Grama

The property is located in northern Peru in the department of Cajamarca and consists of a single claim totaling 800 hectares. No previous drilling appears to have been done on this property. The Company has carried out reconnaissance mapping and collected 18 surface rock samples and from this work has identified potential for porphyry style Cu mineralization. Additional mapping and sampling will be done to further evaluate the potential of La Grama.

Yasica

The property is located in southern Peru in the department of Tacna and consists of one mineral concession totaling 1,000 hectares. No previous drilling appears to have been done on this property. The Company has carried out reconnaissance mapping and rock sampling. No further work is currently planned for Yasica.

La Cuesta

The property is located in northern Peru in the department of Cajamarca and consists of four mineral concessions totaling 1,600 hectares. No previous drilling appears to have been done on this property. The Company has carried out reconnaissance mapping and rock sampling and has recognized potential for Cu skarn mineralization. Further mapping and sampling will be done at La Cuesta.

Los Acos

The property is located in southern Peru between the departments of Ayacucho and Ica and consists of one mineral concession totaling 400 hectares. No previous exploration appears to have been done and the Company has carried out reconnaissance mapping and rock sampling. No further work is currently planned for Los Acos.

El As de Zinc

The property is located in central Peru in the department of Huanuco and consists of eight mineral concessions totaling 6,000 hectares. The target is stratabound Pb-Zn mineralization in carbonate rocks. Previous work includes mapping, rock sampling, local IP surveying and drilling. Only minor Pb-Zn mineralization was encountered and potential for significant mineralization is considered low. No further work is currently planned for El As de Zinc.

Jhuamarca

The property is held jointly with ASC Silver (Silex S.A.) and is located in northern Peru in the department of Lambayeque. It consists of four mineral concessions totaling 3,600 hectares located adjacent to the Canariaco porphyry Cu-Au deposit. The Company controls rights to any porphyry style mineralization and Silex controls rights to any precious metal epithermal style mineralization. The Company has done only reconnaissance mapping and no porphyry style mineralization has been recognized to date. Epithermal style veins have been encountered at the Jhuamarca prospect and have been previously drilled tested by other companies in the 1990's.

El Naranjo

The property is located in northern Peru in the department of Lambayeque, approximately 22 km southwest of the Cañariaco porphyry Cu-Au deposit. It consists of two mineral concessions totaling 2,000 hectares. The Company has done no work on the property and reconnaissance mapping and rock sampling is planned.

RESULTS OF OPERATIONS – QUARTER ENDED JUNE 30, 2011

During Q2-2011, the Company posted a loss for the period of \$1,223,744, compared to income of \$7,382 in the quarter ended June 30, 2010 ("Q2-2010"). The Company is in the exploration stage, with no significant sources of revenue.

The major variances between the two comparative quarters were an increase in stock-based compensation expense of \$894,131, a decrease of \$344,520 in foreign exchange gains in Q2-2011 and an increase of \$77,838 in interest income. Stock-based compensation expense increased due to a higher number of options being granted YTD-2011 compared to YTD-2010 and also due to higher stock volatility in the reporting quarter. Foreign exchange losses are mostly of an unrealized nature. All other expenses combined increased by \$51,573 in Q2-2011, compared to Q2-2010, due mostly to an increase in legal fees of \$48,797 due to expenses incurred in connection with the proposed spin-out transaction of Cobriza.

The Company posted other comprehensive loss of \$1,692,851 in Q2-2011 (Q2-2010: other comprehensive loss of \$1,194,370). There are two components of other comprehensive loss for the Company: the unrealized losses on

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

available-for-sale financial assets, most notably the Company's investment in Candente Gold, and the cumulative translation adjustment that results from translating Candente Copper's financial statements from Canadian dollars (Candente Copper's functional currency) to the U.S. dollar (the Company's reporting currency). Fair value adjustments on available-for sale investments resulted in a loss of \$1,552,619 in Q2-2011 (Q2-2010: loss of \$654,295); the cumulative translation adjustment was a loss of \$140,232 in Q2-2011 and a loss of \$540,075 in Q2-2010.

RESULTS OF OPERATIONS – SIX MONTHS ENDED JUNE 30, 2011

During the six months ended June 30, 2011 ("YTD-2011"), the Company posted a loss for the period of \$2,306,583, compared to \$260,106 in the six months ended June 30, 2010 ("YTD-2010").

The most significant variances between both quarters are with respect to stock-based compensation expense (an increase of \$1,248,219 on this non-cash expense due to higher options granted in 2011 and higher stock volatility) and with respect to foreign exchange losses. YTD-2011 the Company posted a loss on foreign exchange of \$326,122, whilst YTD-2010 it posted a gain of \$341,944. Foreign exchange gains or losses by the Company are mostly of an unrealized nature.

The Company posted other comprehensive loss of \$1,805,407 in YTD-2011 (YTD-2010: other comprehensive income of \$1,114,875). Fair value adjustments on available-for sale investments resulted in a loss of \$2,647,613 in YTD-2011 (YTD-2010: income of \$1,565,998); the cumulative translation adjustment was an income of \$842,206 in YTD-2011 and a loss of \$451,123 in YTD-2010.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

| | QE June 30, 2011 (IFRS) | QE March 31, 2011 (IFRS) | QE Dec. 31, 2010 (CANADIAN GAAP) | QE Sept. 30, 2010 (CANADIAN GAAP) |
|-------------------------------------|----------------------------|-----------------------------|-------------------------------------|--------------------------------------|
| Total revenue | \$ - | \$ - | \$ - | \$ - |
| Loss for the period | (1,223,744) | (1,082,839) | (503,258) | (534,234) |
| Basic and diluted loss per share | (0.01) | (0.01) | (0.01) | (0.01) |

| | QE June 30, 2010 (IFRS) | QE March 31, 2010 (IFRS) | QE Dec. 31, 2009 (CANADIAN GAAP) | QE Sept. 30, 2009 (CANADIAN GAAP) |
|-------------------------------------|----------------------------|-----------------------------|-------------------------------------|--------------------------------------|
| Total revenue | \$ - | \$ - | \$ - | \$ - |
| Profit (loss) for the period | 7,382 | (262,973) | (298,778) | (833,990) |
| Basic and diluted loss per share | - | (0.00) | (0.00) | (0.01) |

LIQUIDITY AND CAPITAL RESOURCES

At June, 2011, the Company had cash and cash equivalents of \$29,687,982 and working capital of \$29,639,591, compared to cash of \$1,690,908 and working capital of \$2,143,395 at December 31, 2010.

The Company is in the exploration stage and has relied on the issuance of share capital to fund acquisitions, exploration activities and general and administrative expenses.

Operating Activities

Cash used in operations in Q1-2011, including the changes in non-cash working capital items, was \$680,986 (Q1-2010: cash from operations of \$535,148).

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

Financing Activities

On February 17, 2011, the Company completed a financing by way of a bought deal private placement (the "Bought Deal Offering") with a syndicate of underwriters (the "Underwriters") for total gross proceeds of \$27,316,722 (Cdn\$26,969,800, inclusive of the proceeds from the full exercise of the over-allotment option granted to the Underwriters. The Company issued an aggregate of 13,156,000 common shares in the capital of the Company (the "Shares") at a purchase price of Cdn\$2.05 per Share. In consideration for their services with respect to the closing of the Bought Deal Offering, the Underwriters received a cash commission equal to 5% of the gross proceeds of the sale of Shares in the Bought Deal Offering.

In addition to the Bought Deal Offering, the Company completed a non-brokered private placement issuing 1,563,415 Shares at a price per Share of Cdn\$2.05 for gross proceeds of \$3,246,228 (Cdn\$3,205,001) (the "Non-Brokered Offering"). In consideration for their services with respect to the closing of the Non-Brokered Offering, agents received a cash commission equal to 5% of the gross proceeds of the sale of Shares in the Non-Brokered Offering. The securities issued under the offerings are subject to a four month hold period in Canada.

Total issue costs on the Bought Deal Offering and the Non-Brokered Offering, inclusive of cash commissions, were \$1,725,725.

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 \$1,586,411 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.

In the six months ended June 30, 2011, the Company received cash proceeds of \$827,494 and \$251,963 from the exercise of stock purchase warrants and stock purchase options, respectively.

In 2010, the Company received cash proceeds of \$683,167 and \$407,141 from the exercise of stock purchase warrants and stock purchase options, respectively.

CANDENTE COPPER CORP.

Management's Discussion and Analysis
 Quarter and six months ended June 30, 2011
 (Expressed in U.S. Dollars, Unless Otherwise Noted)

Investing Activities

The mineral property additions summarized in the following table represent costs incurred, not necessarily cash spent, on mineral interests in the periods indicated:

| | Cañariaco | Other Peruvian | Value Added Tax | Total |
|--|------------|----------------|--------------------|------------|
| Balance, January 1, 2010 | 32,070,330 | 1,429,437 | 3,807,397 | 37,307,164 |
| Exploration expenditures: | | | | |
| Assays | 192,109 | 8,904 | - | 201,013 |
| Camp, field supplies & travel | 91,251 | 13,252 | - | 104,503 |
| Equipment maintenance & rental | 107,313 | 5,931 | - | 113,244 |
| Engineering studies | 2,337,039 | - | - | 2,337,039 |
| Field support and personnel | 736,151 | 99,104 | - | 835,255 |
| Geological & geophysical | 250,883 | 49,477 | - | 300,360 |
| OTHER ITEMS: | 38,370 | 75,480 | - | 113,850 |
| Acquisition cost and payments | | | | |
| Value added tax | - | - | 229,234 | 229,234 |
| Impairment of unproven mineral interests | - | (11,404) | - | (11,404) |
| Exchange differences | 246,938 | 5,040 | - | 251,978 |
| Balance, December 31, 2010 | 36,070,384 | 1,675,221 | 4,036,631 | 41,782,236 |
| | Cañariaco | Other Peruvian | | Total |
| Balance, January 1, 2011 | 36,070,384 | 1,675,221 | 4,036,631 | 41,782,236 |
| Exploration expenditures | | | | |
| Assays | 6,260 | 1,288 | - | 7,548 |
| Camp, field supplies & travel | 55,262 | 8,552 | - | 63,814 |
| Equipment maintenance & rental | 95,427 | 2,557 | - | 97,984 |
| Engineering studies | 673,243 | - | - | 673,243 |
| Field support & personnel | 566,105 | 54,688 | - | 620,793 |
| Administration | 166,298 | 55,705 | - | 222,003 |
| Geological and geophysical | 71,396 | 59,296 | - | 130,692 |
| OTHER ITEMS: | | | | |
| Acquisition cost and payments | 97,358 | 78,972 | - | 176,330 |
| Value added tax | - | - | 173,887 | 173,887 |
| Exchange differences | 147,927 | 6,870 | - | 154,797 |
| Balance, June 30, 2011 | 37,949,660 | 1,943,149 | 4,210,518 | 44,103,327 |

The Company spent cash resources of \$1,701,648 and \$1,454,055 for exploration expenditures and acquisitions on mineral interests in the six months ended June 30, 2011 and 2010, respectively. The Company also recorded an increase of \$34,478 on its gold bullion investments (YTD-2010: \$46,639), made payments of \$11,519 for the purchase of equipment (YTD-2010: net receipts from sale of equipment of \$23,689) and paid \$173,887 for VAT in Peru (YTD-2010: \$132,763). 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 investment activities in YTD-2011 totaled \$1,921,532 (YTD-2010: \$1,607,768).

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

TRANSACTIONS WITH RELATED PARTIES

During YTD-2011, a total of \$114,505 (YTD-2010: \$63,164) for geological consulting services rendered was paid or accrued to corporations controlled by various directors and officers and to an individual director of the Company. These amounts are included as a component of deferred exploration costs.

During YTD-2011, \$102,864 (YTD-2010: \$84,649) was paid as salaries to various officers of the Company and \$51,585 (Q1-2010: \$40,535) was paid or accrued to corporations controlled by various officers and a director of the Company for management services rendered. These amounts are included in general and administrative expenses.

Included in accounts receivable at June 30, 2011 is \$3,592 (December 31, 2010: \$5,520) owed to the Company by certain officers for expense advances. Included in accounts payable and accrued liabilities at June 30, 2011 is \$31,172 (December 31, 2010: \$71,539) owed by the Company to certain officers and directors of the Company for services rendered and reimbursement of expenses.

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, 2011, a director and officer and three officers of the Company acted as a director and officer and as officers of Candente Gold. During the six months ended June 30, 2011 and 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, 2011, a total of \$130,606 was due from Candente Gold to the Company for reimbursement of expenses (December 31, 2010: \$112,716) and \$nil was due to Candente Gold for its share of proceeds from option exercises in June 2011 (December 31, 2010: \$7,367).

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") IMPLEMENTATION PLAN

Effective January 1, 2011, Canadian publicly traded entities were required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date was January 1, 2010.

The Company has completed its IFRS conversion project through implementation. Post-implementation will continue in the following quarters of 2011.

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

Reconciliations of the statements of financial position

Reconciliations between the Canadian GAAP and IFRS consolidated statements of financial position at June 30, 2010 are provided below:

| | June 30, 2010 | | | |
|---|-------------------|----------------------|------|-------------------|
| | CANADIAN GAAP | TRANSITION IMPACT | NOTE | IFRS |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 4,069,410 | - | | 4,069,410 |
| Amounts receivable | 244,551 | - | | 244,551 |
| Prepays and deposits | 599,062 | - | | 599,062 |
| Other current assets | 373,061 | - | | 373,061 |
| | 5,286,084 | - | | 5,286,084 |
| Available-for-sale financial assets | 3,509,354 | - | 1 | 3,509,354 |
| Equipment | 301,300 | 10,359 | 3 | 311,659 |
| Unproven mineral interests | 37,491,488 | 1,192,423 | 3 | 38,683,911 |
| TOTAL ASSETS | 46,588,226 | 1,202,782 | | 47,791,008 |
| LIABILITIES | | | | |
| Current | | | | |
| Accounts payable and accrued liabilities | 1,133,295 | - | | 1,133,295 |
| TOTAL LIABILITIES | 1,133,295 | - | | 1,133,295 |
| SHAREHOLDERS' EQUITY | | | | |
| Common shares | 51,540,149 | (1,370,764) | | 50,169,385 |
| Reserves | 10,293,352 | (1,141) | | 10,292,211 |
| Deficit | (18,392,989) | 3,493,877 | 1,3 | (14,899,112) |
| Accumulated other comprehensive loss | 2,014,419 | (919,190) | | 1,095,229 |
| TOTAL SHAREHOLDERS' EQUITY | 45,454,931 | 1,202,782 | | 46,657,713 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 46,588,226 | 1,202,782 | | 47,791,008 |

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

The following paragraphs explain the significant differences between Canadian GAAP and the current IFRS accounting policies applied by the Company. These differences result in the adjustments presented in the preceding tables.

- Note 1. Under Canadian GAAP, related party transactions are subject to special recognition or measurement requirements, as was the case with the transfer of properties from the Company to Candente Gold Corp. (transferred at their carrying value). Under IFRS there are no special recognition or measurement requirements for related party transactions. The transfer of properties was re-measured under IFRS.
- Note 2. The re-measurement of the transfer of properties as disclosed in the preceding paragraph had an effect in the base value of the investment subject to distribution to the Company's shareholders as a return on capital.
- Note 3. Under Canadian GAAP, the Company and all of its subsidiaries had a U.S. dollar measurement currency. Under IFRS, the functional currency of the parent company is the Canadian dollar. The Company's presentation currency remains the U.S. dollar. The current rate method is required to be applied to all entities where the functional currency is different from the presentation currency, resulting in an adjustment on transition to IFRS and a cumulative translation adjustment on each statement of financial position date.
- Note 4. Under Canadian GAAP, the Company recorded stock based compensation on a straight-line basis over the vesting period. Under IFRS, the Company records share based compensation for each tranche within an award over the vesting period of the corresponding tranche.

Reconciliations of total comprehensive income

Reconciliations between the Canadian GAAP and IFRS total comprehensive income for the three and six months ended June 30, 2010 are provided below.

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

For the three months ended June 30, 2010

| | CANADIAN GAAP | TRANSITION IMPACT | NOTE | IFRS |
|--|--------------------|----------------------|------|--------------------|
| Amortization | 5,281 | - | | 5,281 |
| Audit and accounting | 23,779 | - | | 23,779 |
| Bank charges and interest | 1,753 | - | | 1,753 |
| Consulting | - | - | | - |
| Corporate development | 11,671 | - | | 11,671 |
| Legal | 74,439 | - | | 74,439 |
| Management and office salaries and benefits | 99,537 | - | | 99,537 |
| Office, rent and miscellaneous | 42,270 | - | | 42,270 |
| Travel and accommodations | 19,765 | - | | 19,765 |
| Regulatory and filing fees | 19,956 | - | | 19,956 |
| Shareholder communications | 16,545 | - | | 16,545 |
| Share-based compensation expense | 26,515 | 1,988 | | 28,503 |
| Interest and other income | (43,207) | - | | (43,207) |
| Loss (gain) on foreign exchange | <u>125,529</u> | (433,203) | 3 | <u>(307,674)</u> |
| (Loss) income for the period | <u>(423,833)</u> | 431,215 | | <u>7,382</u> |
| Other comprehensive income (loss) | | | | |
| Unrealized gain on available-for-sale financial assets | (654,295) | - | 1 | (654,295) |
| Cumulative translation adjustment | <u>-</u> | (540,075) | 3 | <u>(540,075)</u> |
| | (654,295) | (540,075) | | (1,194,370) |
| | | - | | |
| Comprehensive income for the period | <u>(1,078,128)</u> | (108,860) | | <u>(1,186,988)</u> |

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

For the six months ended June 30, 2010

| | CANADIAN GAAP | TRANSITION IMPACT | NOTE | IFRS |
|--|------------------|----------------------|------|-----------|
| Amortization | 10,563 | - | | 10,563 |
| Audit and accounting | 26,228 | - | | 26,228 |
| Bank charges and interest | 6,858 | - | | 6,858 |
| Consulting | 2,936 | - | | 2,936 |
| Corporate development | 22,233 | - | | 22,233 |
| Legal | 94,115 | - | | 94,115 |
| Management and office salaries and benefits | 185,781 | - | | 185,781 |
| Office, rent and miscellaneous | 78,435 | - | | 78,435 |
| Travel and accommodations | 34,494 | - | | 34,494 |
| Regulatory and filing fees | 59,361 | - | | 59,361 |
| Shareholder communications | 42,770 | - | | 42,770 |
| Share-based compensation expense | 94,652 | (1,141) | 4 | 93,511 |
| Interest and other income | (55,235) | - | | (55,235) |
| Loss (gain) on foreign exchange | 96,937 | (438,881) | 3 | (341,944) |
| Loss for the period | (700,128) | 440,022 | | (260,106) |
| Other comprehensive income (loss) | | | | |
| Unrealized gain on available-for-sale financial assets | 2,034,065 | (468,067) | 2 | 1,565,998 |
| Cumulative translation adjustment | - | (451,123) | | (451,123) |
| | 2,034,065 | (919,190) | | 1,114,875 |
| Comprehensive income for the period | 1,333,937 | (479,168) | | 854,769 |

Statement of cash flows

The IFRS transition adjustments noted above did not have an impact on cash and cash equivalents. There was no change to investing and financing cash flow sub-totals.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in our internal control over financial reporting

CANDENTE COPPER CORP.

Management's Discussion and Analysis
Quarter and six months ended June 30, 2011
(Expressed in U.S. Dollars, Unless Otherwise Noted)

during the quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

Management has concluded that, as June 30, 2011, the Company's ICFR was not effective due to the existence of material weaknesses, including the requirement to test effectiveness of ICFR and lack of adequate segregation of duties in the financial close process. As of June 30, 2011, the Company's Chief Financial Officer is responsible for preparing, authorizing and reviewing information that is key to 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.

OTHER MD&A REQUIREMENTS

As of August 10, 2011, Candente has outstanding 118,344,244 common shares, 6,555,318 warrants (at prices ranging from Cdn\$0.45 to Cdn\$0.50 per share) and 8,674,500 exercisable options (at prices ranging from Cdn\$0.33 to Cdn\$2.15 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