



## THE EL ORO GOLD DISTRICT, MEXICO

Joanne C. Freeze, P.Geo. is the Qualified person responsible for preparation of all technical Information included

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# El Oro District, Mexico



# El Oro Gold-Silver Project Highlights

## ▶ *One of Mexico's highest grade historic gold and silver past producer*

- Historic Production of **8M ounces** of gold equivalent also from only **2** of more than **50** known veins

- Historic production was over an average of only **200 metres** vertically

## ▶ *With Potential for more....*

- Extension of gold-silver mineralization proven along strike and at depth in main veins, key now is determining controls to higher grades

- Potential for discovery of new veins near past production areas

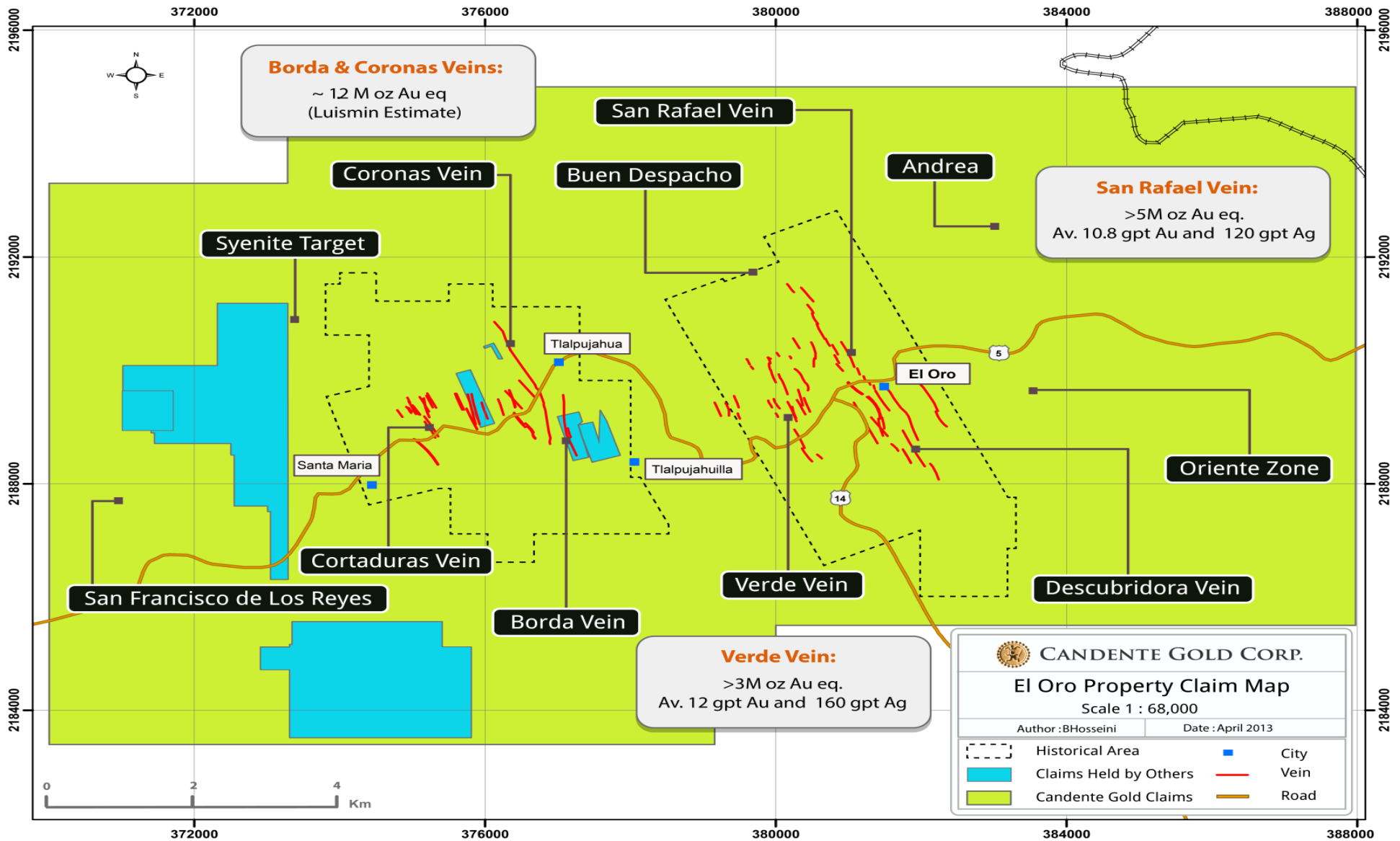
- Potential Remnant gold-silver mineralization in Historical Conceptual Exploration Targets

- New gold-silver targets recently identified within the district

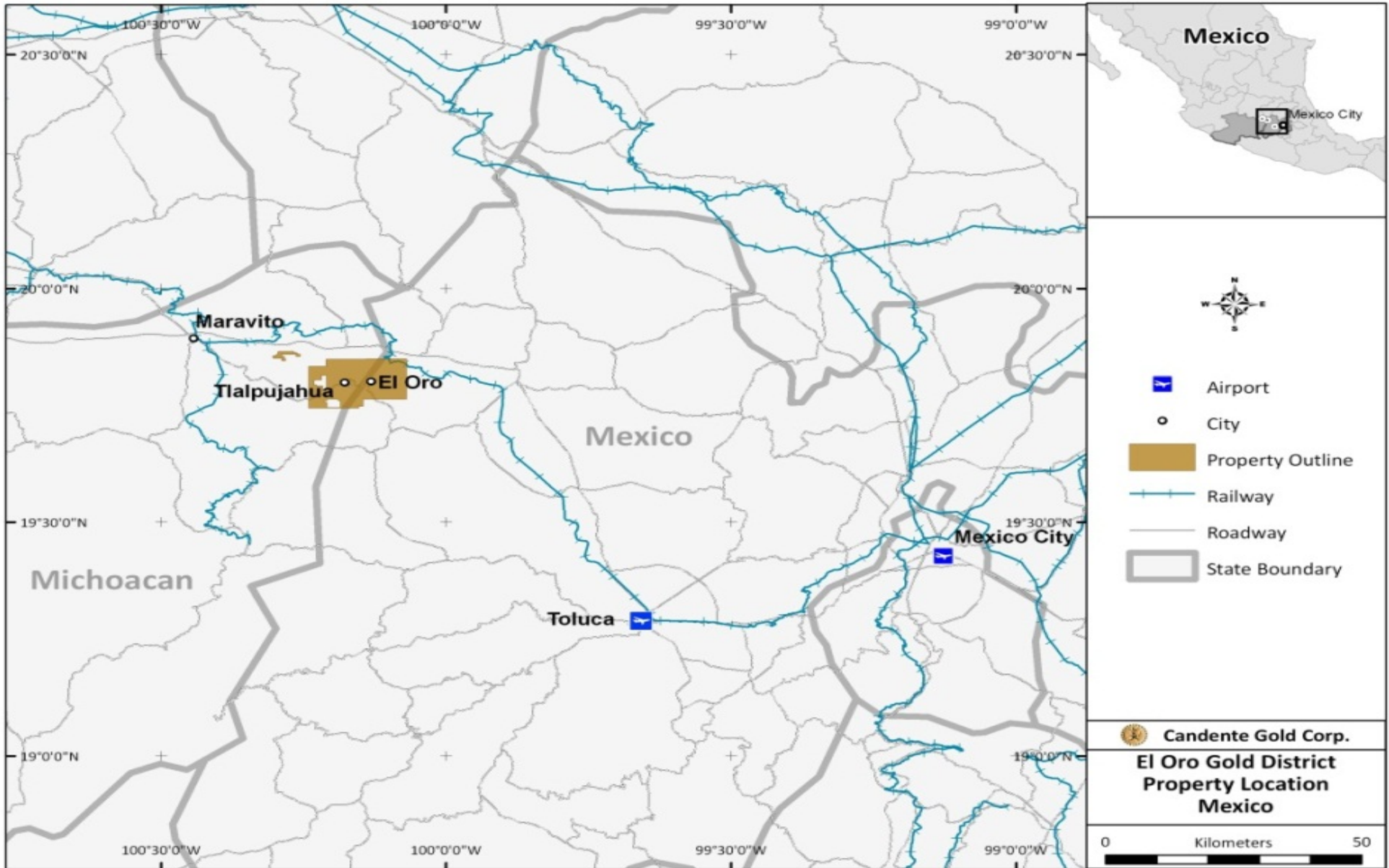
# Mining History El Oro

- ▶ Spaniards discovered Borda – Corona Veins in outcrop in 1500's – silver dominated production
- ▶ Development of three different profitable mines on the San Rafael vein by late 1800's – 5 M oz Au production ~ 10:1 Ag:Au
- ▶ Blind Discovery and bonanza payout by Dos Estrellas on Veta Verda – 3 M oz Au eq production
- ▶ Several Smaller mines on other veins
- ▶ Years 1925 to 1937:
  - In 1925 all mines and properties acquired by Dos Estrellas and mineral processed in a new crushing, grinding and cyanide processing plant built on the Dos Estrellas site
- ▶ Years 1937 to 1960:
  - Minera Dos Estrellas operating as a (worker owned cooperative) salvage operation mining stope fill, backfill and exploitation of in-situ higher grade pillars from the San Rafael/Veta Verde Veins

# Past Production El Oro District, Mexico



# Property Location and Access

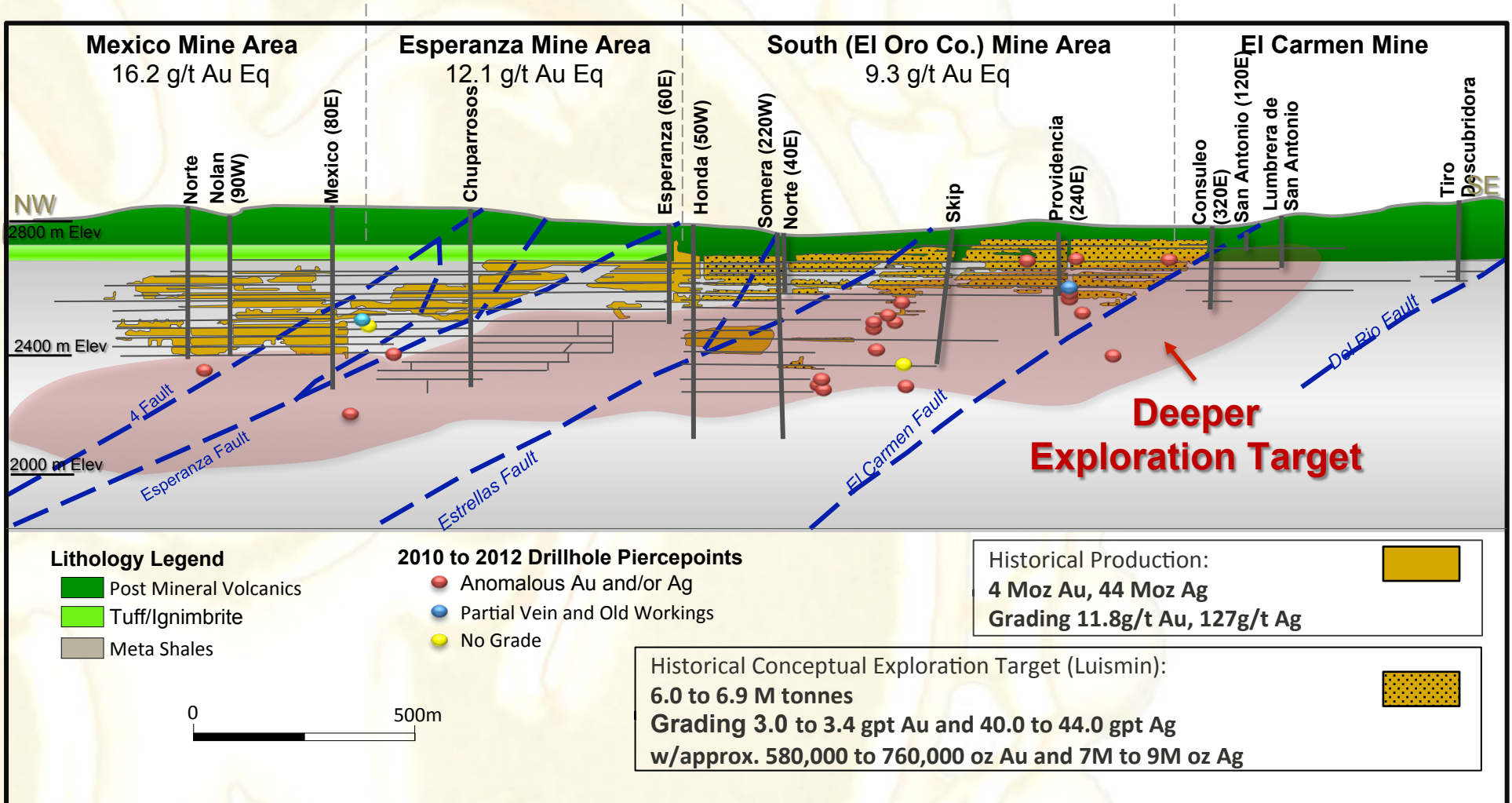


# Candente at El Oro

- March, 2016**      Optioned Tailings Project to Sun River Gold
- July 10, 2014**      El Oro Tailings Inferred Resource contains 119,900 oz Gold and 3M oz Silver
- March 2013**      Development of a 3D gold and silver grade model of El Oro Mining & Railway portion of the San Rafael vein segment  
*\* significantly enhanced understanding of controls on mineralization controls*
- Feb 2013**      Thirty-one exploration targets (9 high priority) ASTER/structural interpret  
*\* district is underexplored*
- May 2012**      70% earn-in achieved from Goldcorp (achieved \$10M in exploration expenditures)
- Feb 2012**      San Rafael Vein extended laterally to 3.5km and vertically to 500m  
*\* established additional potential of San Rafael*
- May 2011**      Gold discovered deep in the San Rafael Vein (13.7 g/t Au over 3.0m)  
*\*confirms high grade gold potential at depth below old workings*
- Feb. 2011**      Unconformity Somera Tuff Discovery (1.17 g/t Au and 5.02 g/t Ag over 54.7m)  
*\*totally new form of gold-silver mineralization – previously unrecognized*

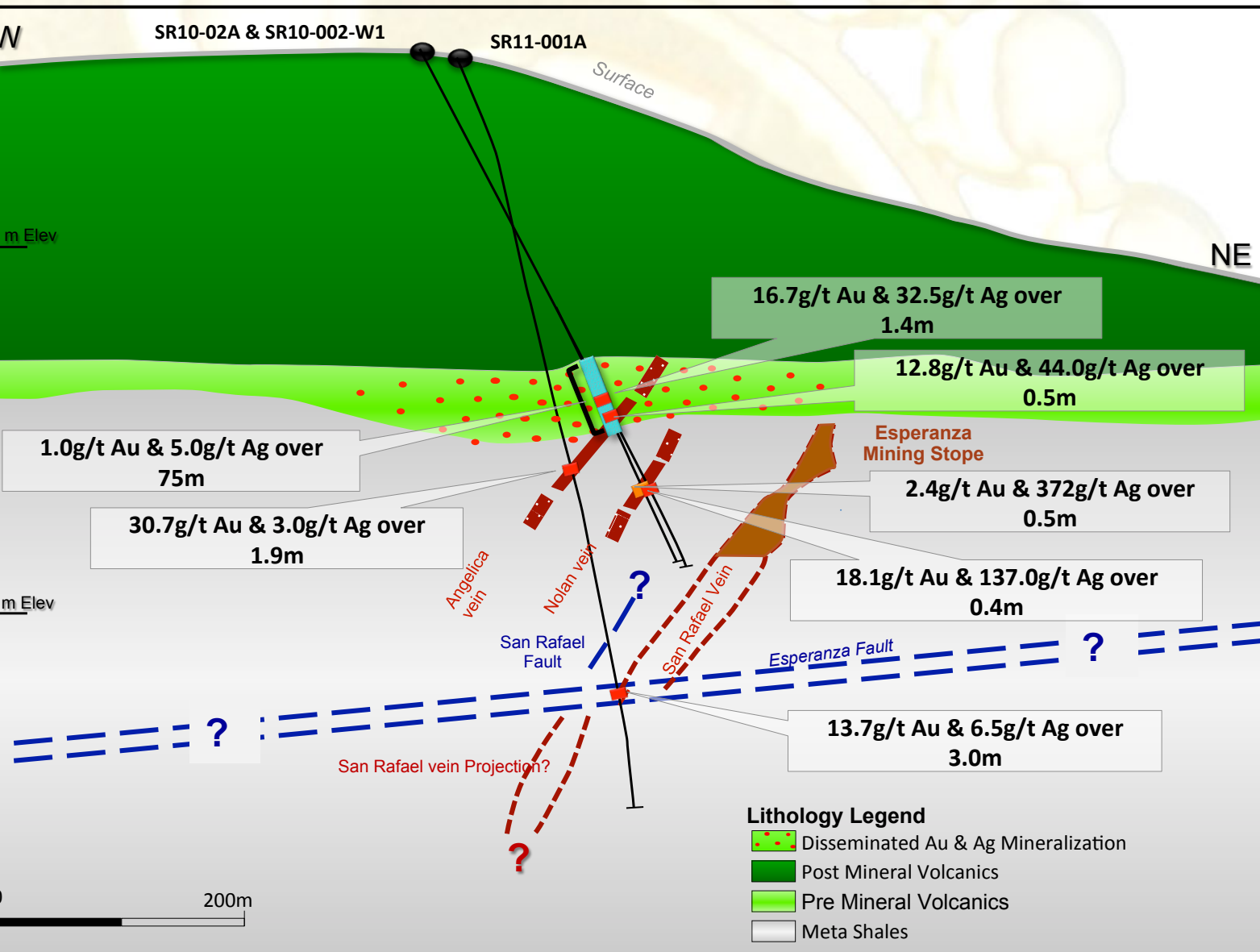


# San Rafael Vein Exploration Potential



The potential quantity and grade of this figure are conceptual in nature, as there has been insufficient exploration to define a mineral resource and it is unknown if further exploration will result in the target being delineated as a mineral resource. Ref NI-43-101 Section 2.3 (2).

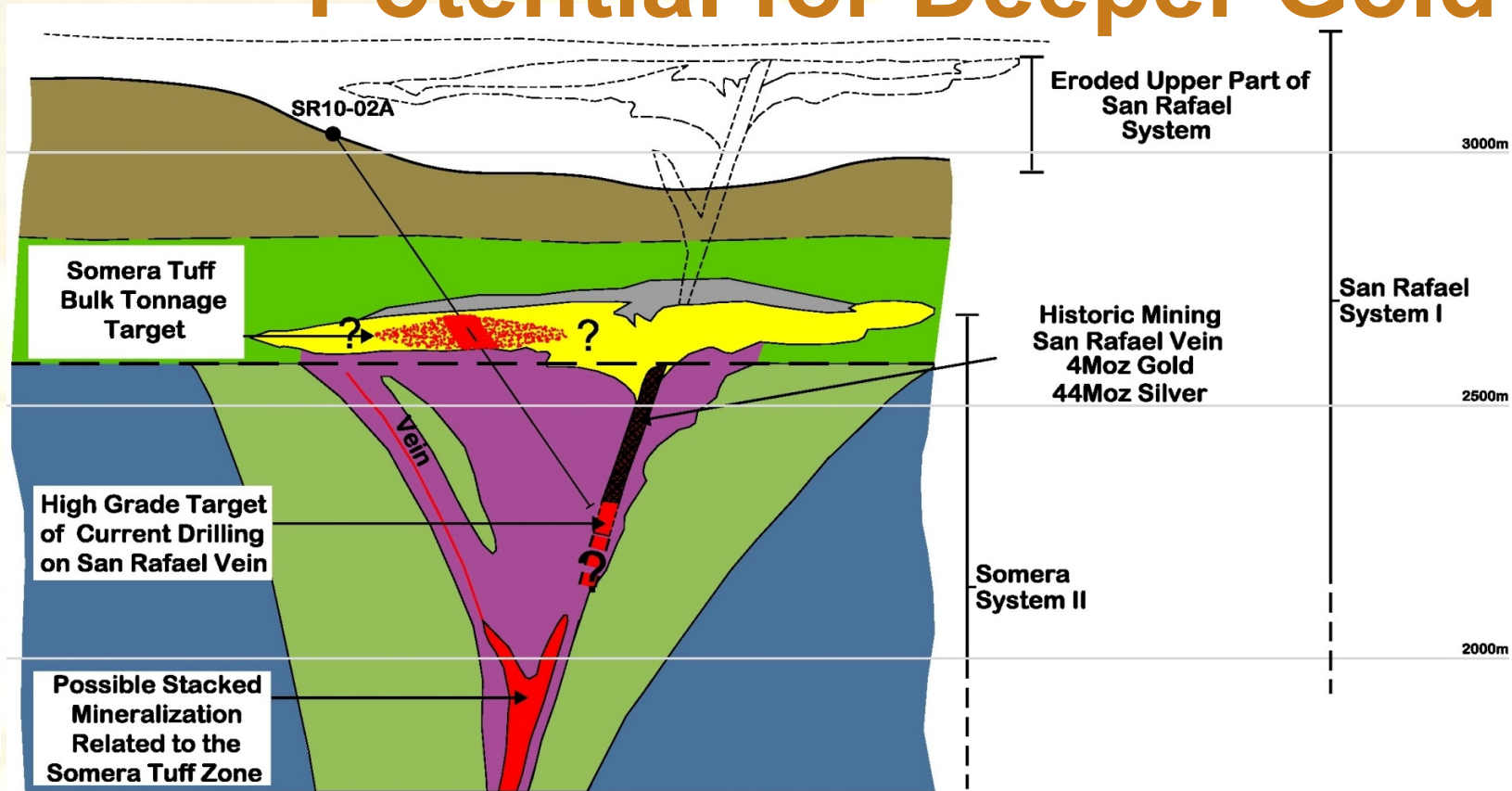
# Several High Grade Gold Intersections



**HIGH GRADE GOLD  
INTERSECTIONS  
SEVERAL VEINS  
LOWER GRADE GOLD  
DISSEMINATED MINERALIZATION  
MEXICO-ESPERANZA  
MINES BORDER AREA**

**2010 to 2012  
Drilling By Candent**

# Potential for Deeper Gold Zones



## Lithology

- Post Mineral Volcanics
- Pre Mineral Volcanics
- Metasediments
- Vein
- Mineralization

## Alteration

- Silica
- Advanced Argillic incl. Buddingtonite
- Argillic
- Propylitic

BEST EVIDENCE TO DATE THAT SAN RAFAEL IS A STACKED VEIN SYSTEM WITH POTENTIAL FOR DEEPER GOLD ZONES FOUND IN OTHER MEXICAN LOW SULPHIDATION SYSTEMS SUCH AS JUANICIPPIO / MAG SILVER

# Controls to Higher Grades

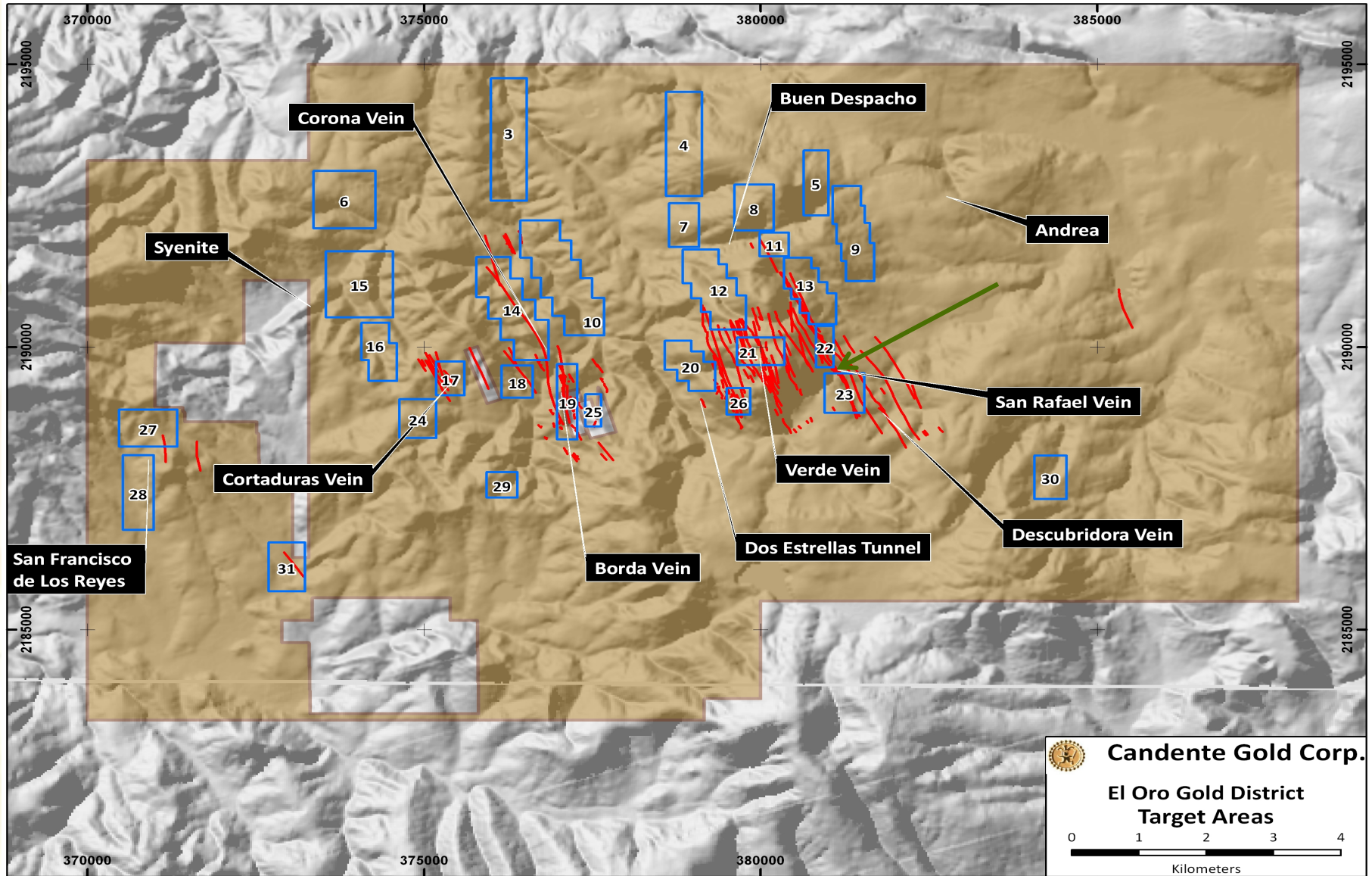
to gain a better understanding of grade distribution in San Rafael and nearby veins and to define mineralization controls in the district

development of 3D block model by digitizing ore zones from historic gold and silver data and make “accurate” model of mined out volumes

to identify un-mined potentially economic mineralization in known veins

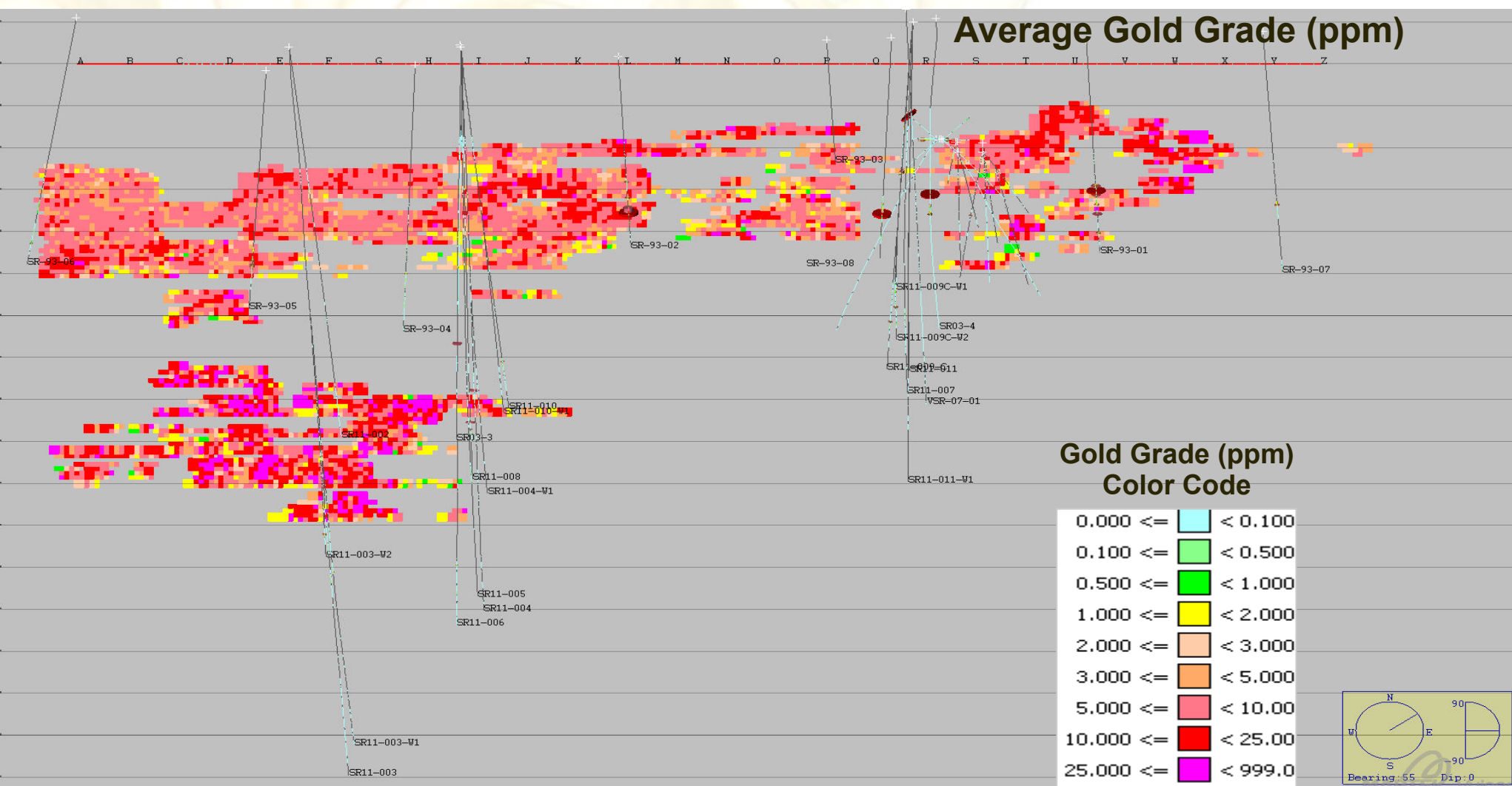
to identify new zones of high grade mineralization laterally, down-dip and along-strike

# Location San Rafael Vein Model



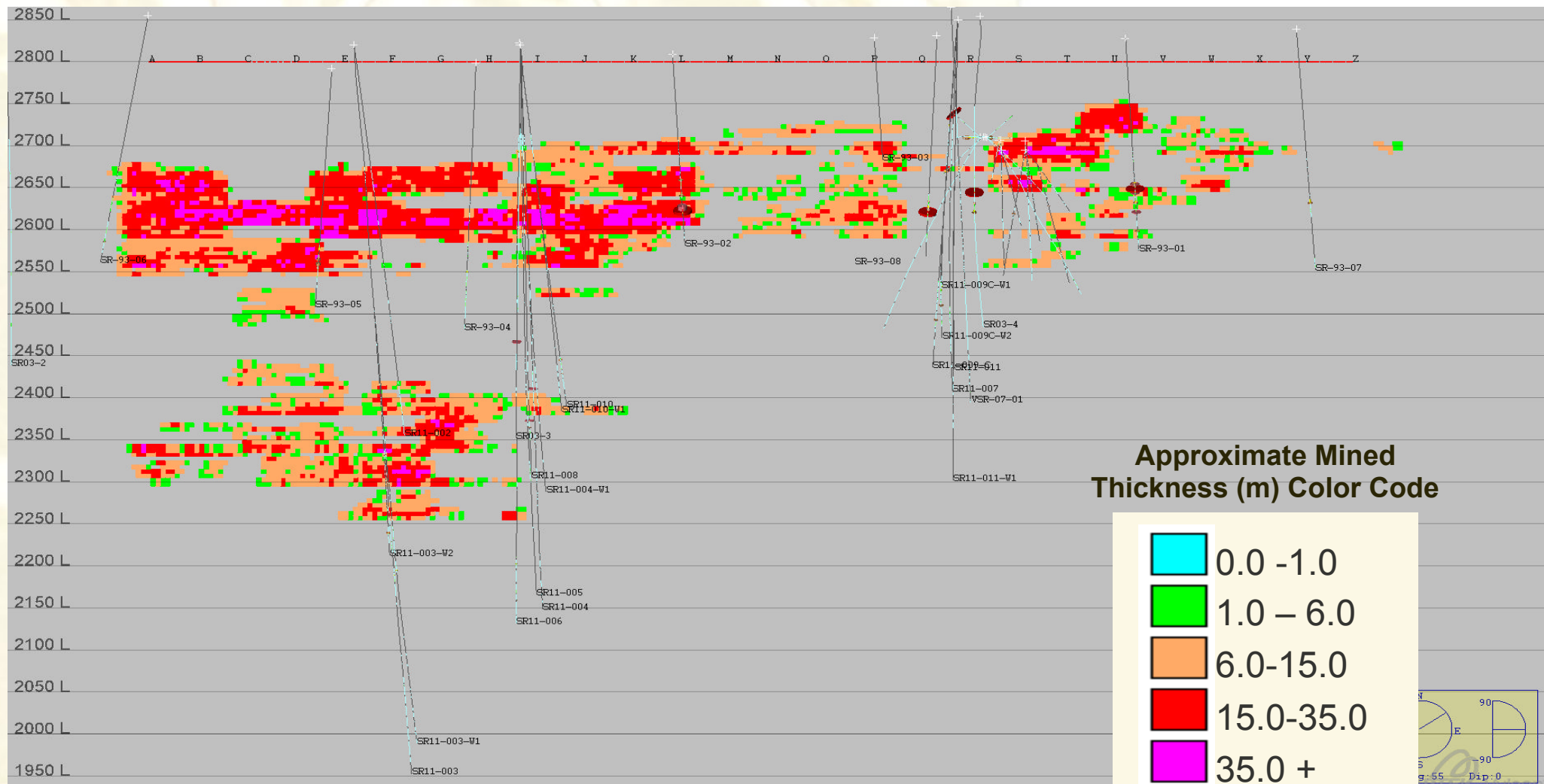
# Gold Grades San Rafael Vein

Cross Sections A to Z; Sampled (mined) portions shown roughly by blocks; Drill holes from 1993, 2010-11 shown with significant intercepts displayed.

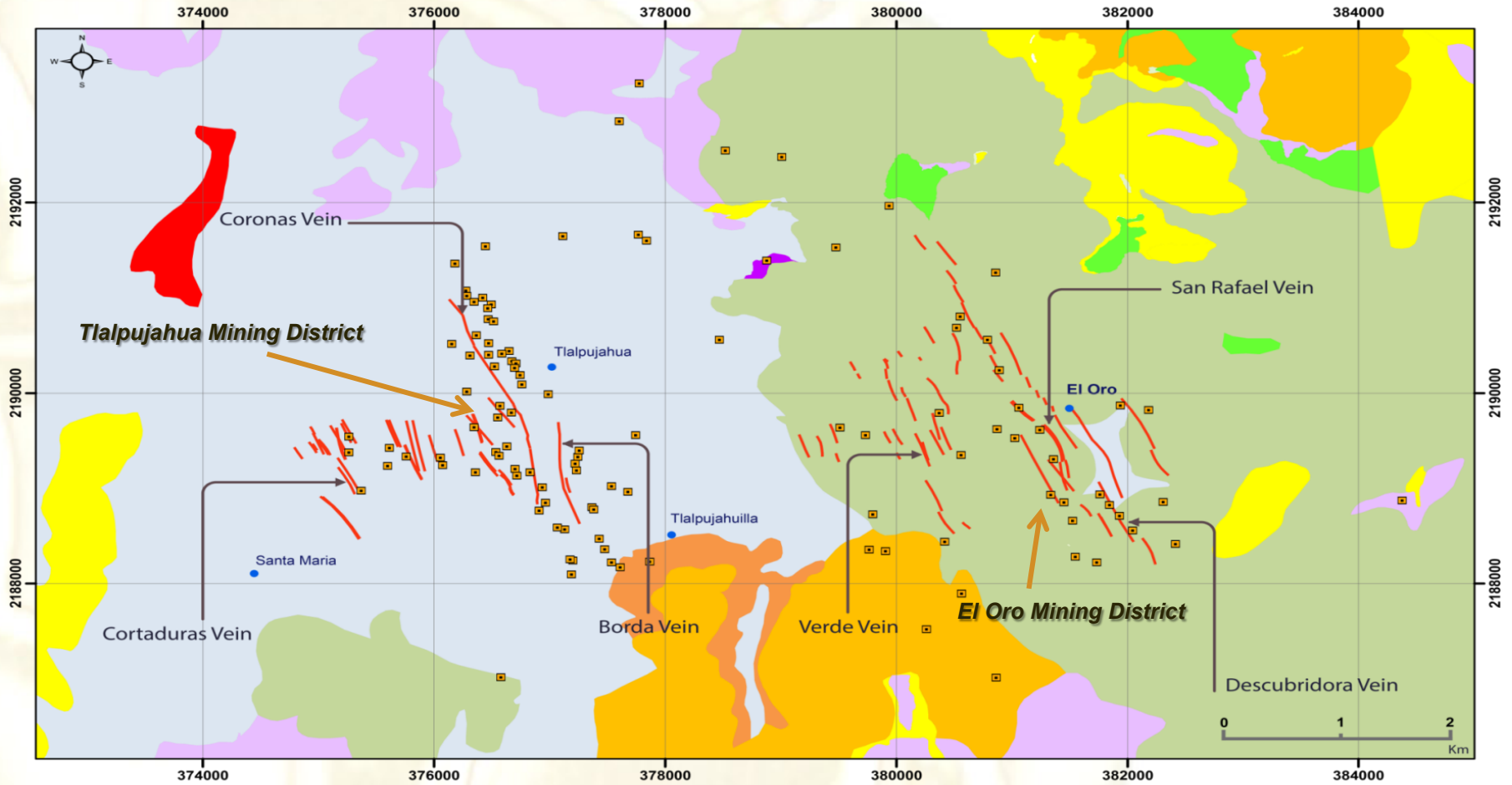


# Vein Widths San Rafael Vein

Sampled (mined-out) portions shown roughly by blocks. Drill holes shown with significant intercepts displayed as disks.



# El Oro and Tlalpujahua Mining Districts



Lithologic Legend		El Oro gold-silver veins 27 Ma	
<span style="background-color: yellow; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Alluvium and Lake Deposits	<span style="background-color: red; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Porphyry Syenite	<span style="border-bottom: 1px dashed red; width: 20px; display: inline-block;"></span>	<span style="border: 1px solid black; display: inline-block; width: 10px; height: 10px;"></span> Shafts & Adits
<b>Mid - Miocene (15-11 Ma)</b>	<b>Oligocene (34-23 Ma)</b>	<span style="color: blue; font-size: 12px;">•</span> Town	
<span style="background-color: green; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Andesite Breccia(Agglomerate, Tuff)	<span style="background-color: purple; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Rhyolite Ignimbrite, Pumice, Rhyolite Tuff		
<span style="background-color: lightgreen; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Hornblende Andesite Lava Flow	<span style="background-color: magenta; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Rhyolite Porphyry Dykes		
<span style="background-color: orange; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Basal Conglomerate	<b>Late Cretaceous (89.5-65.5 Ma)</b>		
<span style="background-color: darkorange; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Basalt Lava Flows	<span style="background-color: lightblue; border: 1px solid black; display: inline-block; width: 15px; height: 10px;"></span> Shales, Siltstone & Marly Limestone		

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**El Oro Project Geology Map**

Scale 1 : 45,000

Author : BHosseini	Date : March 2013
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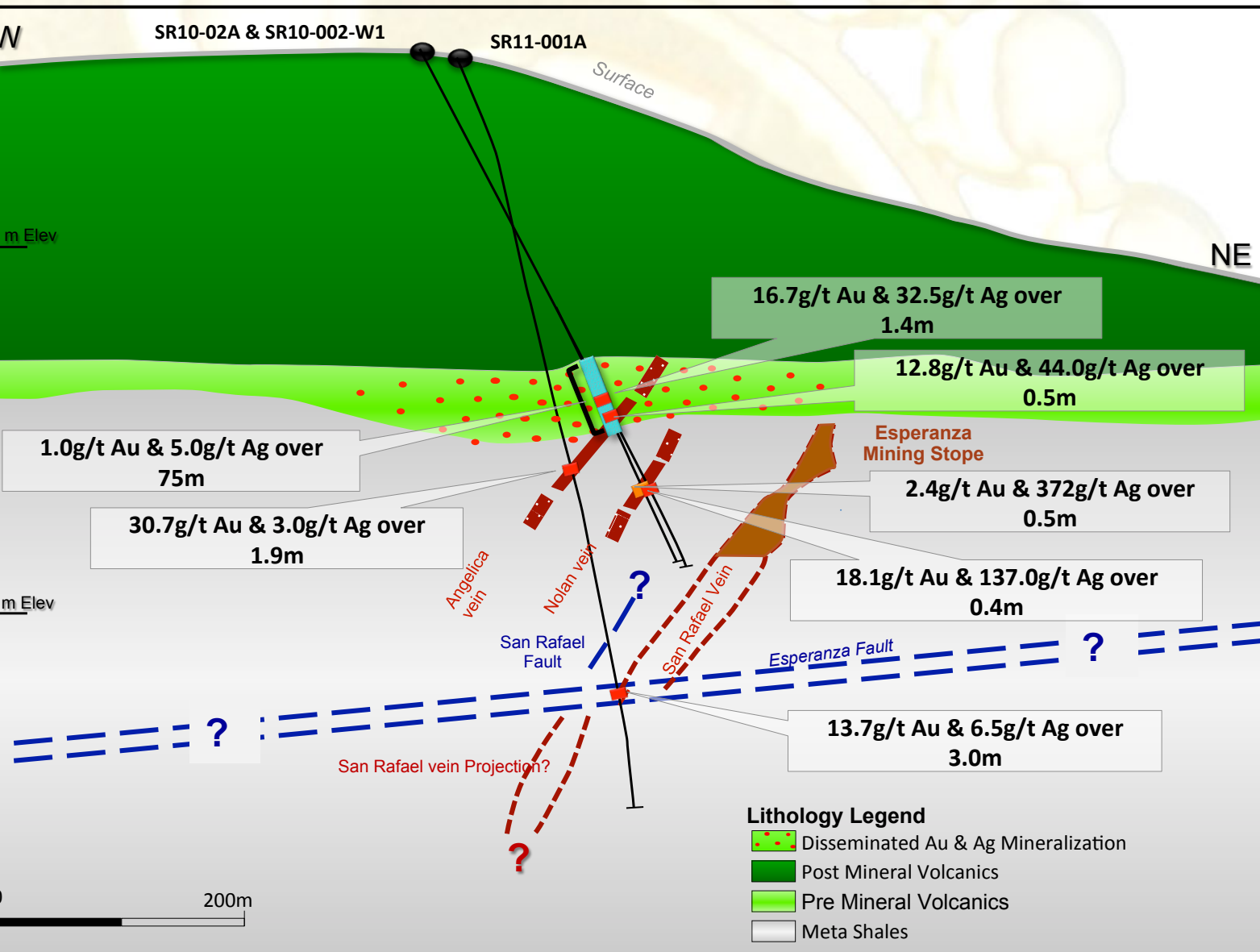


# 2013 ASTER/Structural Analysis

ASTER is Advanced Space-borne Thermal Emission and Reflection Radiometry

- ▶ Structure is dominated by **WNW/E-W** and **NE/ENE** trending, **down-to-north** extensional and trans-tensional faults
- ▶ Principal mineralized vein-faults trending NNW-SSE with **strike inflections** = favourable for gold
- ▶ Wider vein segments, e.g. San Rafael Vein, **trend 150°** whereas **narrower segments trend 160°-170°**
- ▶ New **NNE/N-S** and **ENE/E-W veins** identified in the GeoEye-1 imagery; Target 1
- ▶ Grades enhanced near **NE-NNE extensional** faults

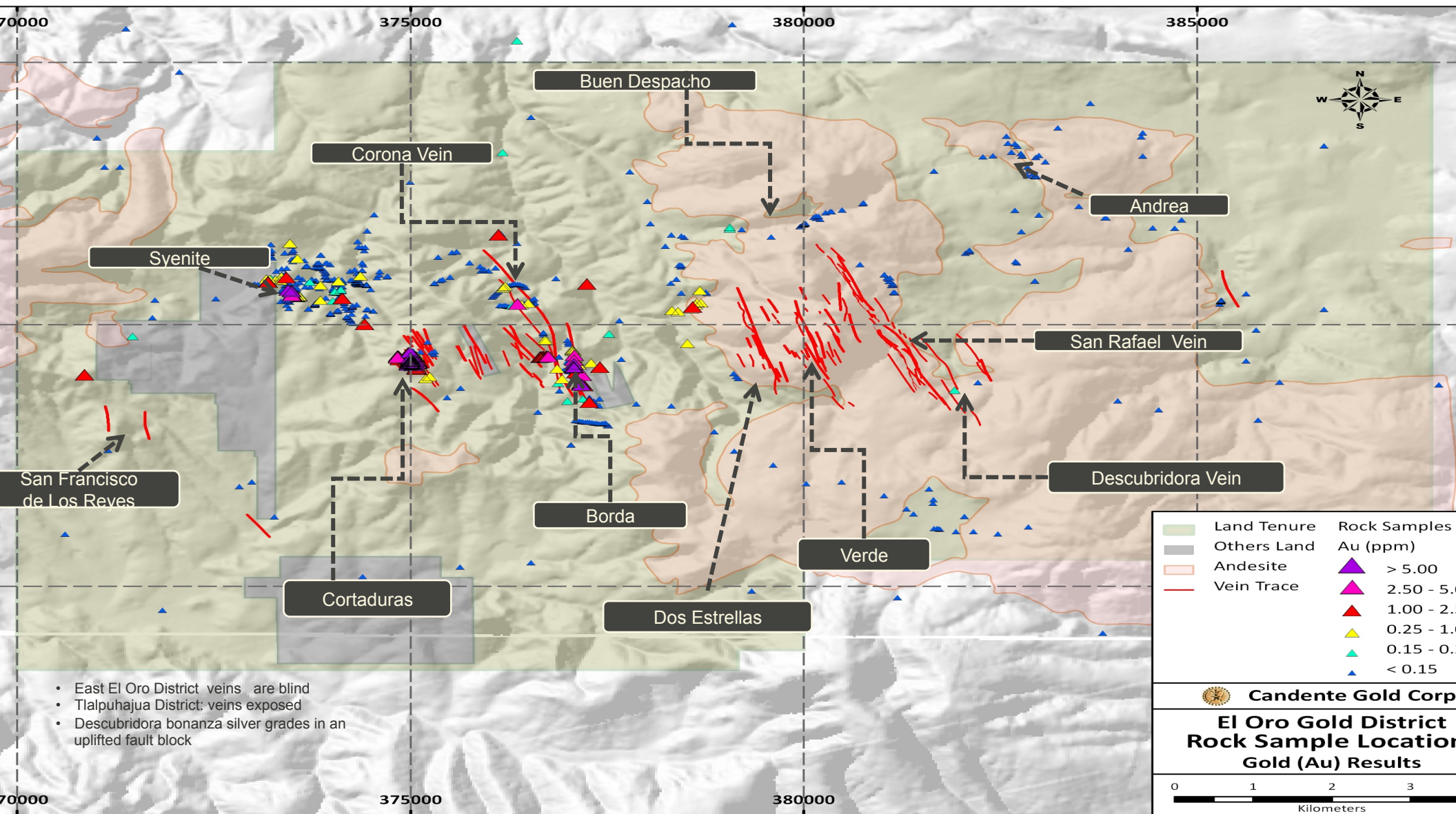
# Several High Grade Gold Intersections



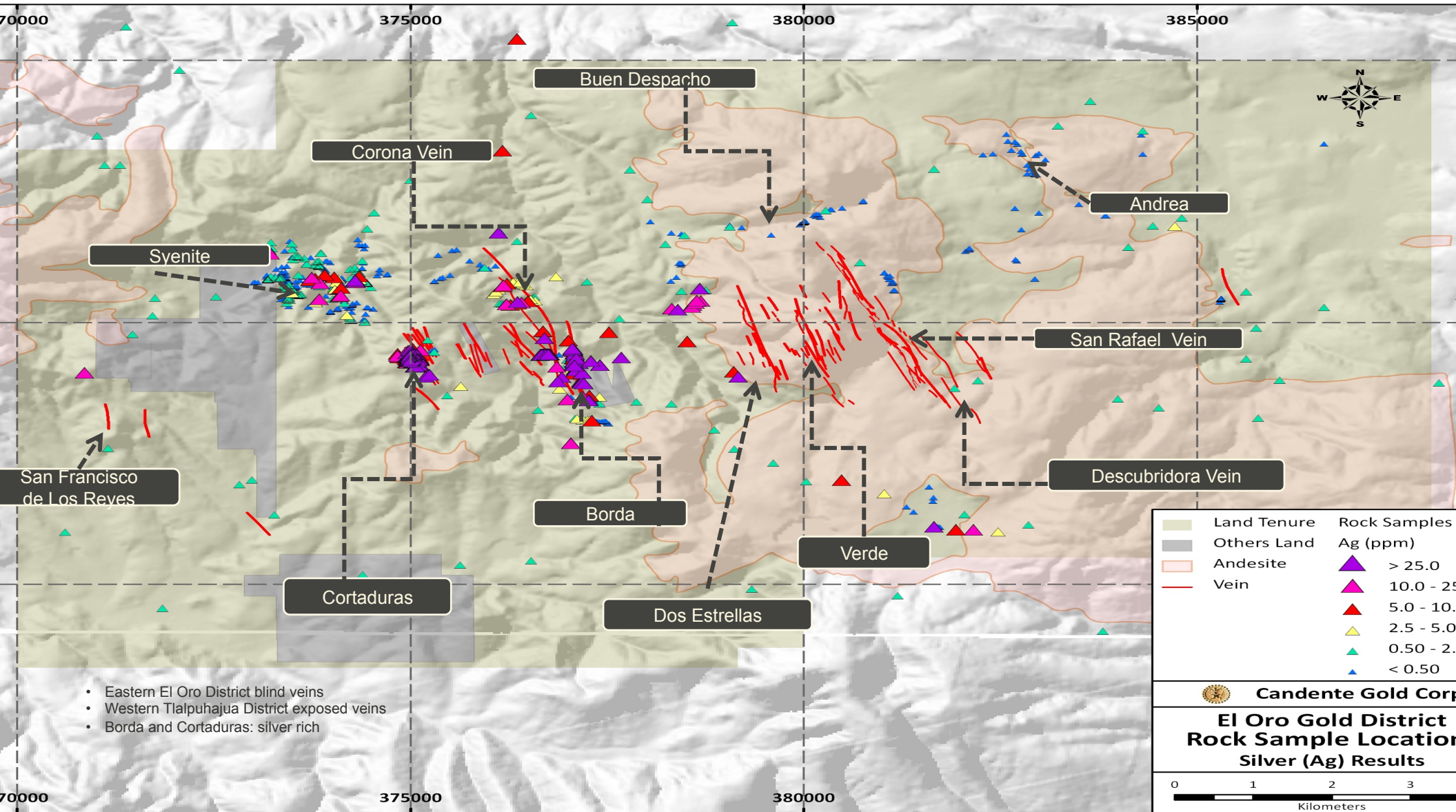
**HIGH GRADE GOLD  
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**2010 to 2012  
Drilling By Candent**

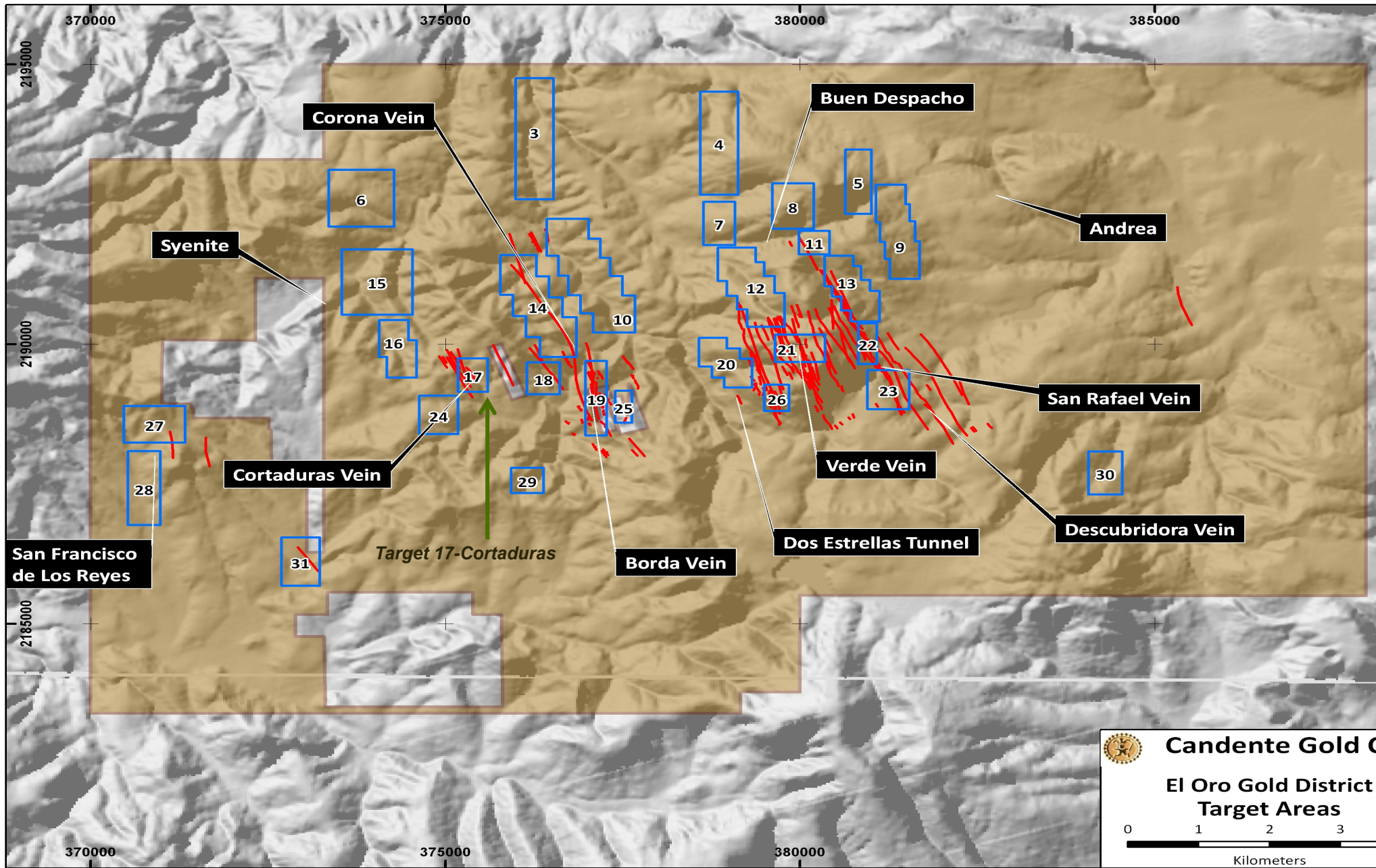
# Gold in Surface Rock Sampling



# Silver in Surface Rock Sampling



# 31 New Exploration Targets



**Table 1** Exploration Targets for El Oro project area

Target No.	Alteration							Major faults						Proximal to intrusions	Proximal to domal/circular features	Proximal to veins and minzn	Priority	
	Adularia	Clay	Haematite	limb-struct	Jarosite	Kaolinite	Sericite	Silica	N-S/NNW major faults	NNE-SSW major faults	WNW/E-W major faults	NE/ENE major faults	NW-SE major faults					Major fault intersection or splay
1		■		■		■	■				□	□			□		□	2
2		■		■		■	■			□	□				□			3
3	■	■	■	■	■	■	■	□	□					□	□			2
4		■				■	■	□	□					□	□		□	2
5	■	■				■	■	□			□						□	3
6	■	■	■	■	■	■	■			□						□		3
7			■		■		■	□									□	2
8		■				■	■										□	2
9	■	■	■	■	■	■	■	□	□	□	□			□	□		□	2
10	■	■	■	■	■	■	■	□		□				□	□			2
11							■	□			□			□	□		□	1
12					■	■	■	□									□	1
13	■				■		■	□	□	□				□	□		□	1
14		■	■	■	■	■	■	□		□				□	□		□	1
15	■	■	■	■	■	■	■	□		□				□		□	□	2
16		■	■	■	■		■	□	□	□				□				3
17	■	■	■	■	■	■	■										□	2
18		■		■	■	■	■		□								□	2
19		■				■	■										□	1
20							■			□	□	□		□	□		□	2
21		■			■	■	■		□								□	1
22				■		■	■	□	□					□			□	1
23			■		■		■	□	□	□				□	□		□	1
24	■	■	■	■	■		■	□		□				□	□			2
25							■										□	3
26							■			□	□	□		□	□		□	2
27	■	■	■	■	■	■	■	□			□			□	□	□	□	1
28	■	■	■	■	■	■	■	□		□				□	□	□	□	2
29	■	■	■	■	■	■	■		□		□				□			3
30	■			■	■	■	■		□						□		□	3
31		■		■	■	■	■		□		□			□			□	2

■ Low intensity anomaly  
 ■ Medium intensity anomaly  
 ■ High intensity anomaly

# Top 10 of the 31 New Exploration Targets

11:	NNW-SSE fault in Pliocene tuffs; domal features; 080 Azimuth	<i>down-to-north fault; target at deeper level north</i>
12:	NNW-SSE fault in Pliocene tuffs; north Verde; nearby domal	<i>features; NNW-SSE linear resistant veins</i>
13:	NNW-SSE fault with 170° Azimuth strike swing; vein buried	<i>under post mineral tuffs; domal features to west</i>
14:	NNW-SSE fault; on Coronas Vein; N-S vein fault swing; WNW-	<i>ESE down-to-north fault; target deep</i>
17:	Cortaduras is 100°Az down-to-north fault; extensive alteration;	<i>gold-silver mineralization on surface/trench/drill hole</i>
19:	Borda; N-S Azimuth veins on Geo-Eye 1; NNW-SSE in	<i>south then swing to N-S = dilation = mineralization</i>
21:	NNW-SSE veins; overlapping domal features; veins between	<i>San Rafael and Verde</i>
22:	South extension of San Rafael; 170°Az fault NNW-SSE	<i>inflection; to north in Target 13; NNE/NE fault</i>
23:	South San Rafael; vein fault splits to NNW-SSE and 170° /N-S;	<i>horse-tailed vein</i>
27:	North San Francisco de Los Reyes; Eocene syenite; domal	<i>feature; NE-SW northwest throw</i>

# El Oro Lithologic Legend

LITHOLOGIC LEGEND	
<b>Quaternary to recent (&lt; 1.8 Ma)</b>	
	Recent deposit
	Red conglomerate
<b>Late Pliocene to Quaternary (1.8-2.5 Ma)</b>	
	Andesite dyke
<b>Oligocene (5-2.5 Ma)</b>	
	Dacite-rhy welded tuff pumice flow
	Pyroxene basaltic-andesite lava flow
	dacite to rhyolite ignimbrite
	dacite-rhyolite porphyry
<b>Early Miocene (11-5 Ma)</b>	
	Syenite-latitude porphyry
	Basalt and basalt breccia flow
<b>Mid Miocene (15-11 Ma)</b>	
	Andesite tuff breccia, agglomerate
	hornblende > augite andesite porphyry
	augite > hornblende andesite porphyry
<b>Late Miocene (23-15 Ma)</b>	
	Rhyolite ignimbrite
<b>Pliocene (34-23 Ma)</b>	
	Rhyolite ignimbrite
<b>Time of El Oro Mineralization (27 Ma)*</b>	
	Gold-silver bearing quartz veins
	Rhyolite porphyry dykes
	Aplite dykes and milky quartz veins
	Syenite
	Andesite lava flow
	Andesite porphyry sill
	Diorite or diabase
<b>Pre-Cretaceous (89.5-65.5 Ma)</b>	
	Marly limestone
	Shales and siltstones

## Key characteristics:

- ▶ Au-Ag plus Hg, Sb, S (minor base metals at depth)
- ▶ gold-rich (low silver) event and silver-rich (low gold) event
- ▶ gold typically with jigsaw texture, quartz-adularia veins
- ▶ gangue of quartz colloform, adularia and bladed calcite qtz
- ▶ native gold and silver mined at upper levels at San Rafael
- ▶ multiple brecciation with mineralized clasts in silica breccia
- ▶ illite-smectite in extensive halos to veins outwards chlorite
- ▶ advanced argillic alteration above San Rafael veins at the ignimbrite unconformity; low buddingtonite
- ▶ quartz veins/veinlets/silicified breccia with stockwork and shallow chalcedony
- ▶ Larger mining widths up to 120 feet at San Rafael and Verde from extensive fault controlled transverse silica breccias
- ▶ TARGET characteristics vary depending on permeability contrasts from unique lithology, structural, and hydrothermal controls to mineralization
- ▶ San Rafael and Verde (robust vein swarms) to Syenite (gold-rich stockwork); Cortaduro (gold-rich stockwork) to horizontal controls along low angle faults?



# Additional Exploration The Blind El Oro District

**Setting:** sediment, doming, ignimbrite flare-up and related quartz feldspar porphyry intrusions, post mineral volcanic cap

**Deposit forms:** vein swarm, breccia and disseminate/shear hosted (low angle faults)

**Ore textures:** fine bands, comb, crustiform, jig saw breccia

**Alteration:** chalcedony-adularia-illite-calcite-Kspar-chlorite; outwards to manganese

**Ratios:** at San Rafael Ag: Au is 8:1; an earlier sulphide rich gold-rich event (5-8% py)

**Known Metals:** native gold, native silver, electrum (Au-Ag amalgam), and Ag sulfo-salts (Sb-Pb); pyrargyrite (AgSbS<sub>3</sub>); and silver, silver sulphides, galena, sphalerite; trace chalcopyrite

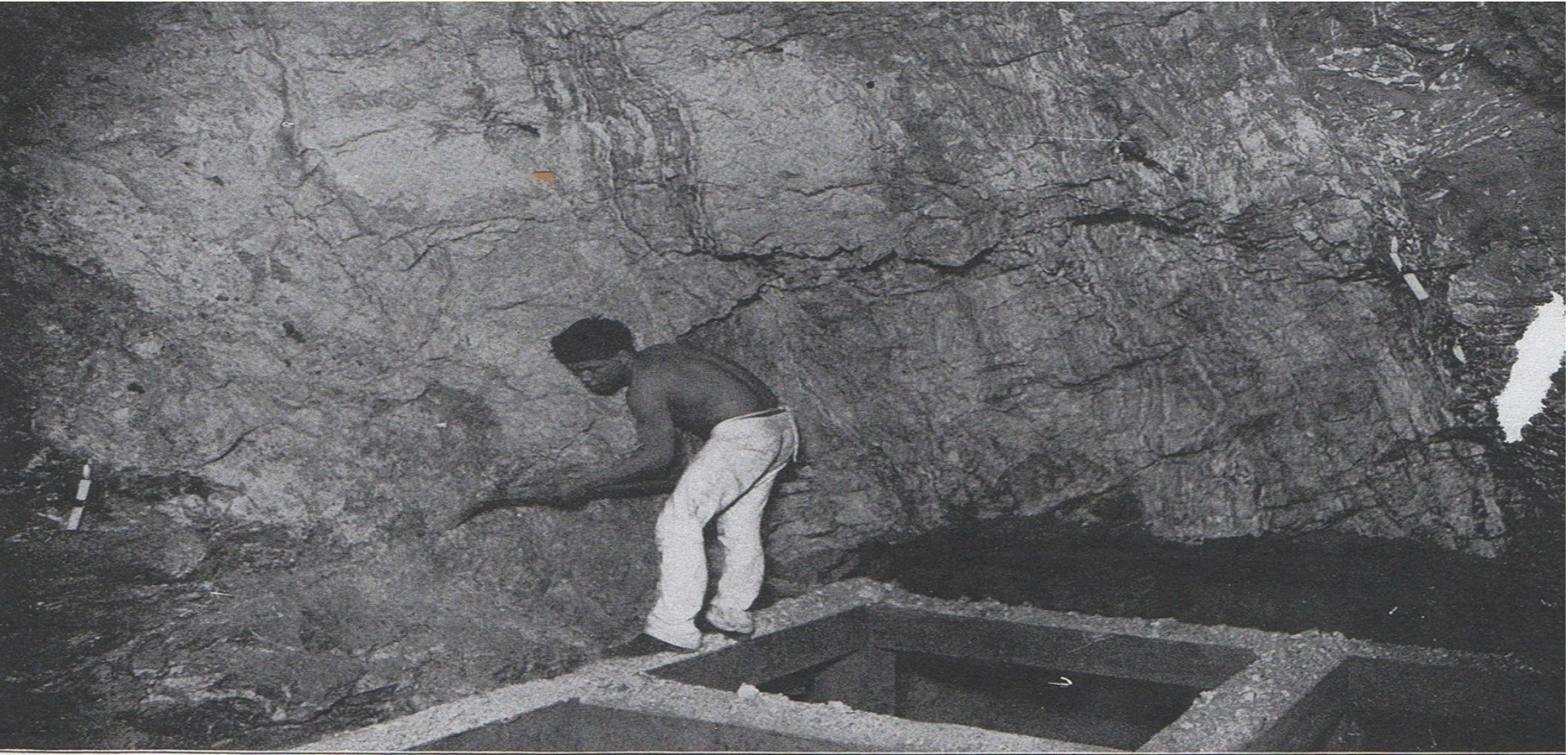
**Base metals:** < 0.1-1.0 % combined lead plus zinc

**Fluid Inclusions:** salinities at 0.80 to 3.5 wt % NaCl; T 202-358°C

**Notable:** low sulphidation state mineralization (gold-rich) and intermediate sulphidation state mineralization (silver and base metal rich)

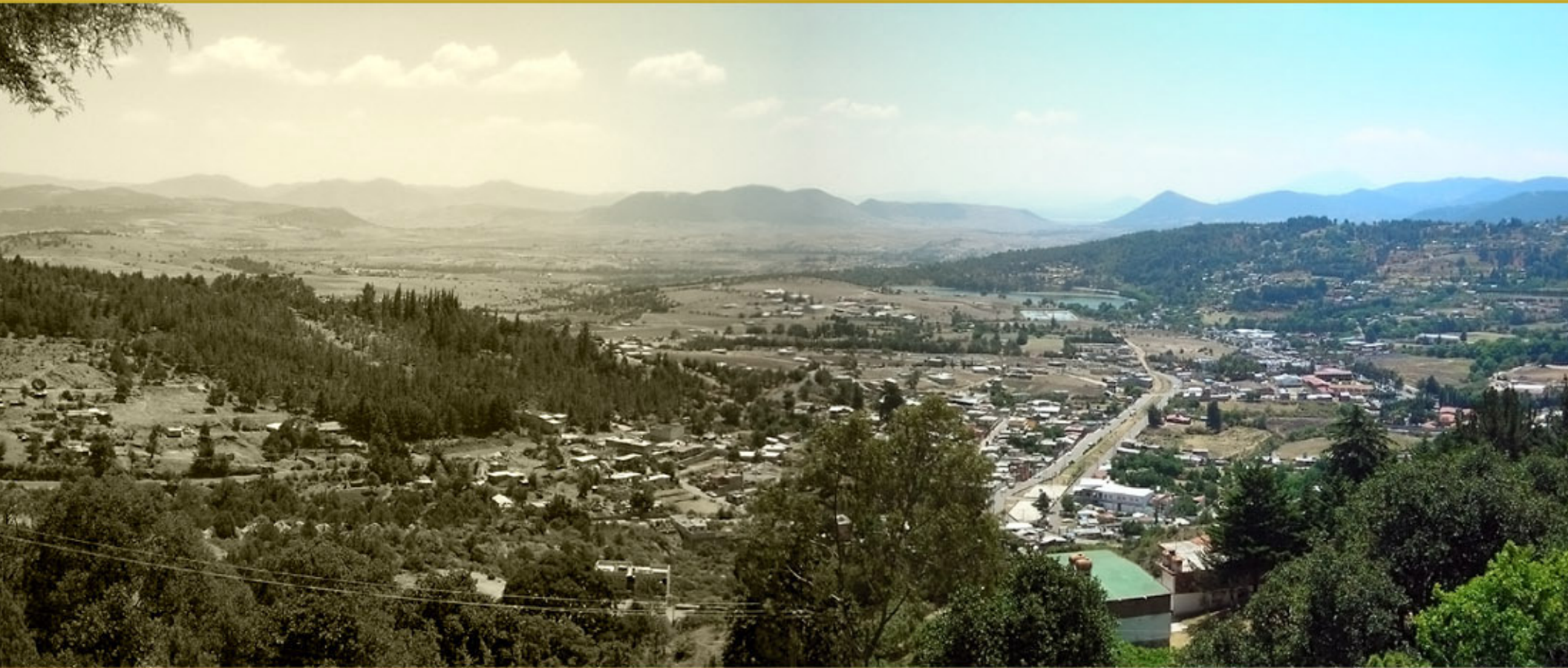
**Higher grades:** Oxidized sulphide rich veins at cross faults (50-175 g/t Au and 150-2064 g/t Ag-Veta Negra, San Carlos

# Calculated risk and perseverance



A RICH STOPE IN THE ESPERANZA MINE

# Tailings Opportunity



# Tailings Opportunity

Leasing rights for historic gold-silver tailings (TRO) from El Oro Municipality

Opportunity to develop short term cash flow

Positive results from Conceptual study for TRO by JDS Energy and Mining Inc. (“JDS”) 2014

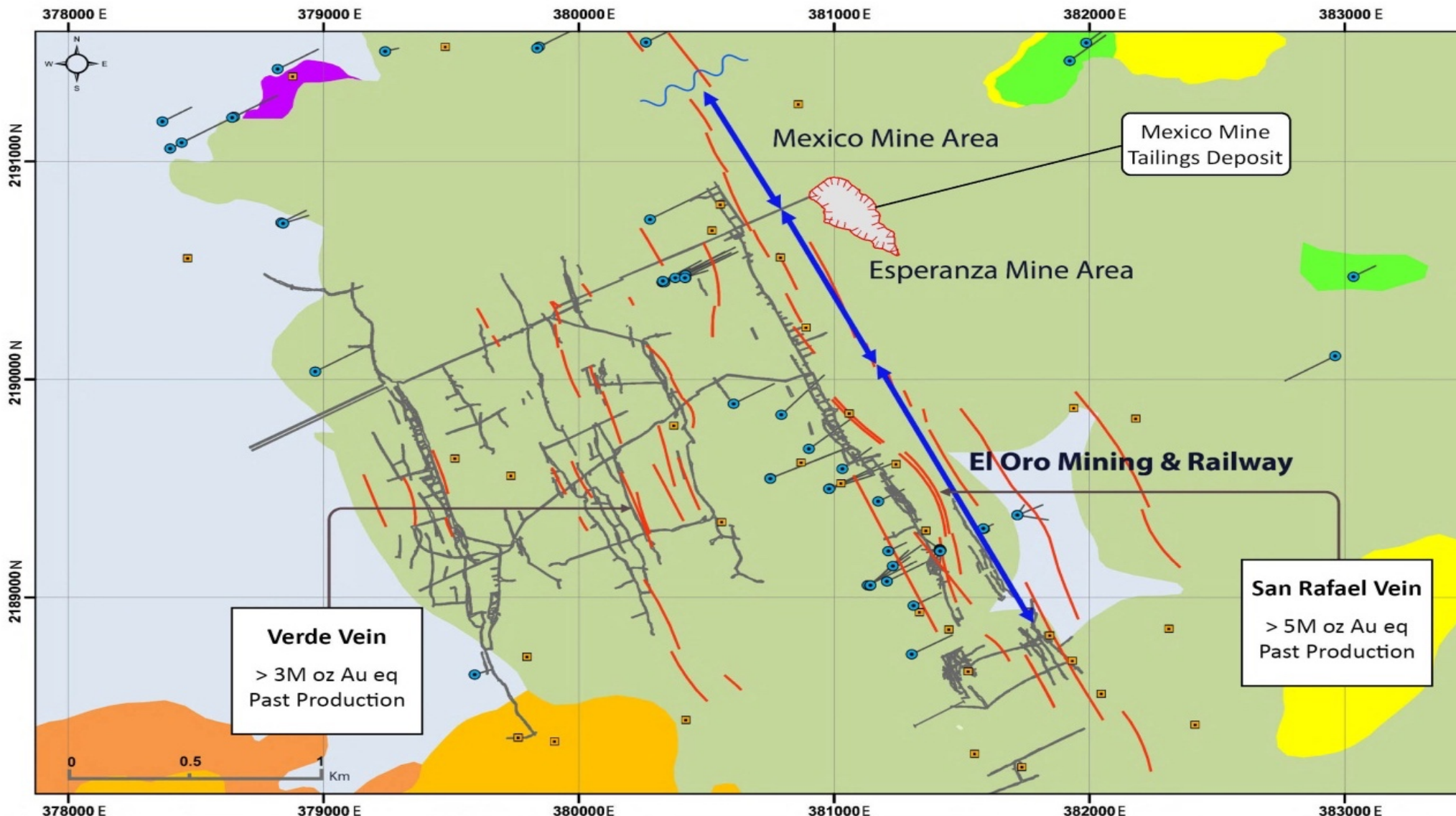
Inferred Resource Estimate of 119,900 oz gold and 3,061,200 oz silver in 1,267,400 tons grading 2.94 g/t gold and 5.12 g/t silver

Additional test work required to fully assess metallurgy and appropriate treatment

Located adjacent to existing road access, power and water services

Optioned to Sun River Gold Corp. – SRGC has right to earn 51% interest in Tailings for providing cash payments and innovative recovery technology

*Note: Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures have been rounded and do not reflect the accuracy of the estimate.*



**Lithologic Legend**

- Alluvium and Lake Deposits
- Mid -Miocene (15-11 Ma)**
- Andesite Breccia(Agglomerate, Tuff)
- Hornblende Andesite Lava Flow
- Basal Conglomerate
- Basalt Lava Flows

**Late Miocene (11-5Ma)**

- Porphyry Syenite
- Late Cretaceous (89.5-65.5 Ma)**
- Shales, Siltstone & Marly Limestone

**Oliogocene (34-23 Ma)**

- Rhyolite Ignimbrite, Pumice, Rhyolite Tuff
- Rhyolite Porphyry Dykes

- El Oro gold-silver veins 27 Ma
- Underground Workings
- Drillholes
- Shafts & Adits

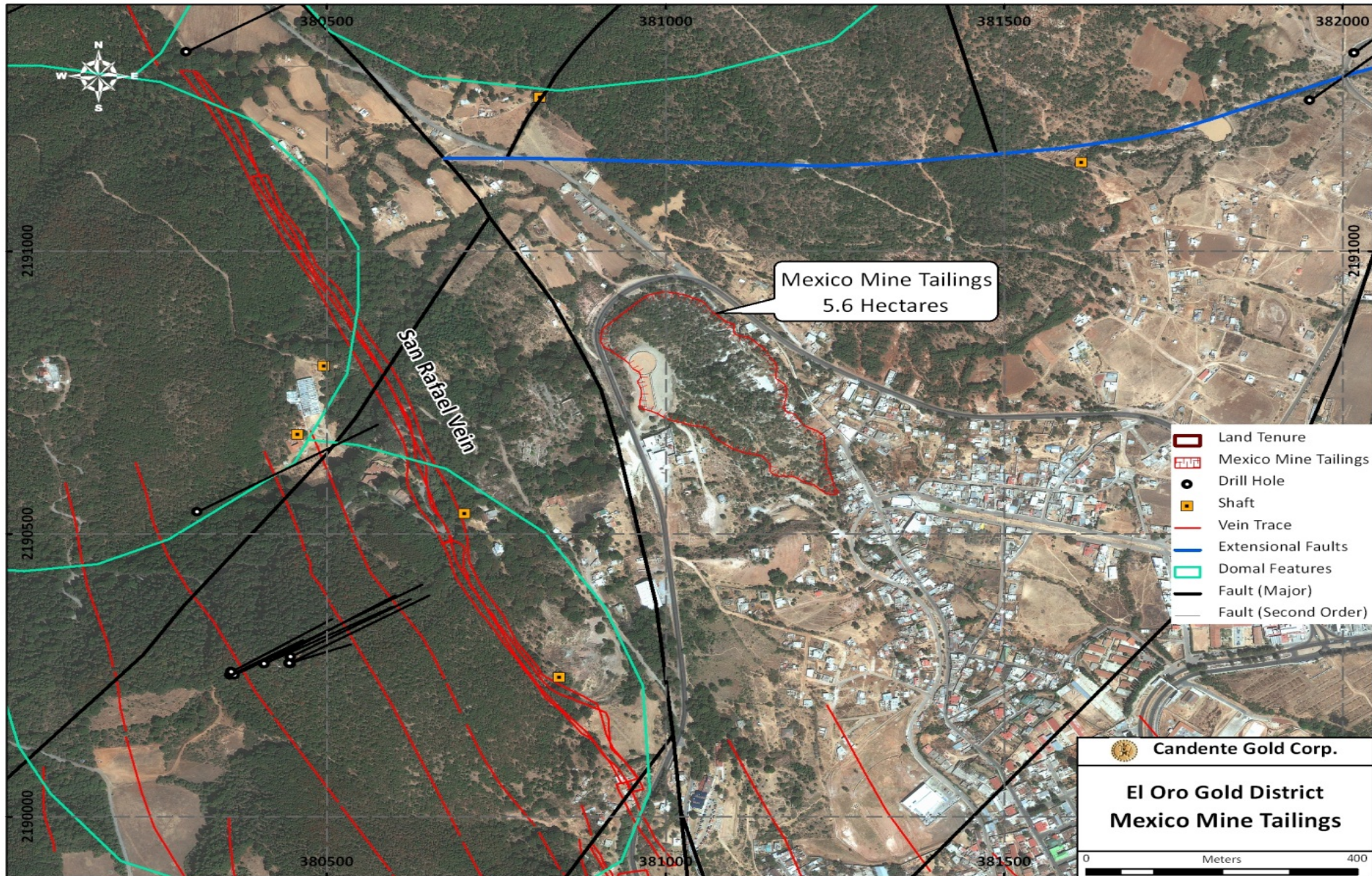
**CANDENTE GOLD CORP.**

**El Oro District Compilation Map**

Scale 1 : 20,000

Author : BHosseini	Date : March 2013
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# Mexico Mine Tailings within the Town



# TRO Path Forward

- ▶ Sun River Gold to complete metallurgical test work to evaluate best processing and/or treatment options
- ▶ Parameters to be considered: Recoveries, capital and operating costs
- ▶ Future work may involve Infill drilling and engineering studies including a PEA
- ▶ Focus is a straightforward/low-risk operation
- ▶ Evaluate potential to identify further resources in three other tailings deposits also under option to CDG in the El Oro area
- ▶ Remediation portion of TRO would mitigate current potential environmental risks for Municipality and allow better land use

# TRO Inferred Resource Estimate

Classification	Tonnes	Au g/t	Ag g/t	Ounces Au	Ounces Ag
Inferred	1,267,400	2.94	75.12	119,900	3,061,200

- An increase of ~ 40% gold content and 30% silver content from historic assessments due to:
- Recent topographic surveying resulted in increase in surface exposure from 5.6 to 6 hectares
  - Increase in bulk density from 1.3 kg/m<sup>3</sup>, used historically to 1.5 kg/m<sup>3</sup> - more typical tailings such as at El Oro

Note: \* Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All figures have been rounded to reflect the accuracy of the estimate.

Effective Date of Mineral Resource is **July 8, 2014**



# Management

## **Joanne Freeze, B.A., B.Sc., P.Geo., President and CEO**

- Over 30 years experience in exploration management predominantly in gold and copper exploration. Co-Founder of Canmet Resource Corp. in 1997. Guided the discovery and development of the Cañariaco copper deposit into Feasibility stage. the acquisition of the El Oro gold project from Goldcorp in 2006.

## **Sean Waller, M.Sc., P. Eng., Technical Advisor**

- Over 30 years experience in mine design, operation and evaluations – extensive gold mine design and ops experience. Former VP Global Business Development & Senior Project Manager with AMEC Americas' Mining and Metals Division
- Immediate Past-President of the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”)

## **Faisal Hussein, MBA, Executive VP and Acting CFO**

- Over 15 years in finance and operations. Principal, since 2010, at Public Infrastructure Partners LLC (PIP), an operating platform and principal investor in the mining and energy sectors.
- Investment banker with RBC Capital Markets, expanded the firm's global footprint, and executed cross-border M&A and capital markets transactions. Advised international governments regarding privatizations, large-scale utility operations restructuring and bi-lateral donor agency investments.

# Directors

## **Paul H. Barry, MBA, Independent Director and Chairman**

- Over 30 years operating experience in mining and energy industries in senior executive roles.
- Senior Advisor Balfour Beatty Infrastructure Partners in acquisition of Upper Peninsula Power Holding Company
- Executive VP and CFO Kinross Gold Corp. (2011-2012), oversaw \$16.5 billion in assets and \$5 billion in new debt financing

## **Larry Kornze, P. Eng., Independent Director**

- Over 34 years in international gold exploration. GM Exploration Mexico and Central America and International Evaluations for Barrick Gold Corp. US Manager for Barrick especially Goldstrike - discoveries at Betze, Meikle, Deepstar, Screamer & Rodeo.

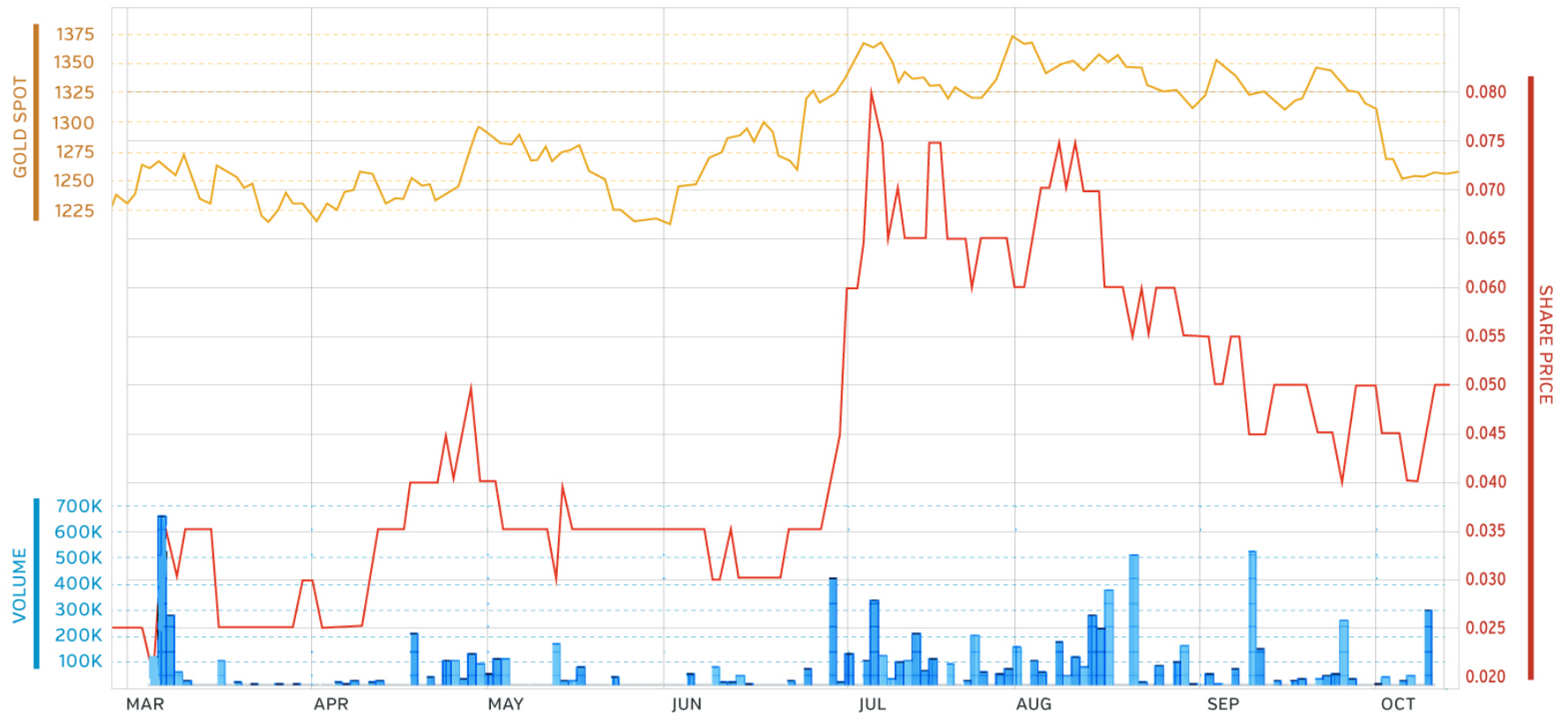
## **Andres Milla, M.A. Ec., Independent Director**

- Active in Peruvian Investment Banking & Capital Markets since 1996, involved in transactions worth in excess of US\$2 Billion.
- Former Board member of the BVL & Cabinet of Advisors of the Ministry of Economy & Finance of Peru.

## **Dr. Kenneth G. Thomas, P. Eng., F.C.I.M., Independent Director**

- Senior Vice President, Projects, Kinross Gold Corporation from 2009 to 2012
- Global Managing Director Hatch 2003 to 2009, and Senior VP, Technical Services and Officer Barrick Gold 1987 to 2003

# CDG 6-month Stock Performance



# Share Structure

**Shares Outstanding**

106.2 M

**Options**

9.5 M

\$0.05, \$0.10, \$0.25

**Warrants**

5.22 M

\$0.10

**Fully Diluted**

121 M

*Share structure as of September 6, 2016*

# Major Shareholders

	% Interest	Shares Held
NW Individuals	17.5%	13.3M 5M
Institutional	5%	5M
Management	9%	5.35M 2.5M 1M
Andante Copper Corp	5%	5M
Total	36.5%	35M

Share structure as of September 6, 2016



## **Vancouver**

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