

CANDENTE GOLD CORP.

Management Discussion and Analysis
Quarter and Six Months Ended September 30, 2009

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(Expressed in U.S. Dollars, Unless Otherwise Noted)

INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") of Candente Gold Corp. ("Candente Gold") and its subsidiary companies (collectively, the "Company") is prepared as of November 10, 2009 and should be read in conjunction with the Company's unaudited consolidated financial statements and the notes thereto for the quarter ended September 30, 2009 ("Q2-2010"), which were prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

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

DESCRIPTION OF BUSINESS

Candente Gold is a Vancouver, Canada, based mineral exploration company which has an interest in the El Oro project in Mexico ("El Oro"). The Company conducts its operations through wholly-owned subsidiaries.

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.

TRANSFER OF PROPERTIES FROM CANDENTE RESOURCE CORP.

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

It is intended that Candente Gold will focus on exploration and development of precious metals projects in Latin America.

On April 30, 2009, Candente Resource and Canaco completed the transfer to Candente Gold of their respective 50% interests in Minera CCM, S.A. de C.V. ("CCM"), the Mexican company that holds an option on El Oro (the "Option"). As consideration for the transfer of the El Oro interests, Candente Gold issued 5 million common shares and a promissory note to each of Candente Resource and Canaco. Each promissory note has a principal amount of Cdn\$1,300,000 (\$1,196,943 at September 30, 2009), payable in cash or convertible into units of Candente Gold, based on the same terms and conditions as the private placement financing Candente Gold intends to complete before the end of 2009.

In addition, Candente Resource intends to transfer its Peruvian silver and gold properties (the "Properties") to Candente Gold in the quarter ending December 31, 2009, and has received Court, regulatory and shareholder approval of a plan of arrangement (the "Arrangement") that will allow it to do so. Candente Gold will issue 13,500,000 Candente Gold shares and grant a copper net smelter return royalty to Candente Resource in return for the transfer of the Properties. In addition, Candente Gold has agreed to issue to Candente Resource an additional 10,000,000 of its common shares once a minimum of US\$5 million has been spent cumulatively by Candente Gold on the Properties.

The plan of arrangement includes the following:

- the distribution by Candente Resource to its shareholders of a portion of its Candente Gold shares, specifically one Candente Gold share for every five Candente Resource shares held by each Candente Resource shareholder, by way of reduction of the paid up capital of Candente Resource; and
- a private placement by Candente Gold in accordance with market conditions and then the listing of the common shares of Candente Gold on the Toronto Stock Exchange.

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PROJECTS – EL ORO

El Oro is located in central Mexico. The El Oro property includes historic mines which are past producers of gold and silver. On May 5, 2006, CCM, Candente Resource and Canaco entered into an option agreement (the "2006 Agreement") with Luismin, S.A. de C.V. ("Luismin") and Desarrollos Mineros San Luis, S.A. de C.V. ("Desarrollos"), subsidiaries of Goldcorp Inc. that allowed CCM to acquire up to a 70% undivided interest in El Oro, subject to a 40% back-in right, in 24 mining concessions comprising approximately 14,950 hectares located in the states of Mexico and Michoacan, Mexico. Certain exploration and mining concessions are subject to a 3% net smelter returns royalty. Candente Resource was the operator of all exploration programs conducted under the 2006 Agreement.

Under the terms of the 2006 Agreement, in order to exercise the Option the joint venture was required to incur an aggregate \$10 million of exploration expenditures and each of Candente Resource and Canaco were required to issue 250,000 common shares over a five-year period to November 30, 2011. CCM could earn an initial 50% interest by incurring \$5 million of exploration expenditures and Candente Resource and Canaco issuing the 250,000 common shares each by the third year of the 2006 Agreement. CCM could earn an additional 20% interest by incurring an additional \$5 million of exploration expenditures by the fifth year.

If CCM exercises both options, Luismin then has a back-in right to acquire an undivided 40% interest in El Oro by incurring an aggregate of \$25,000,000 in exploration expenditures within four years from the date that is 90 days following the exercise by CCM of the second option, and also has the right to participate in future equity financings by each of Candente Resource and Canaco up to the greater of their current percentage interest in each company or 10% of the financing.

In letter agreements dated February 2, 2009 (the "February 2009 Agreement") and September 30, 2009 (the "September 2009 Agreement") among Candente Resource, CCM, Canaco, Luismin, and Desarrollos, Luismin and Desarrollos agreed to amend the 2006 Agreement.

In accordance with the terms of the February 2009 Agreement, each of Candente Resource and Canaco:

- Committed to issue to Luismin on or before November 30, 2009 the 125,000 common shares in their share capital as provided for in the 2006 Agreement, whether or not CCM continues to make the option payments called for in the 2006 Agreement; and
- Agreed to add a requirement for the issuance by each of Candente Resource and Canaco of an additional 125,000 common shares in their share capital on or before November 30, 2010 as a term for the exercise of the first option provided for in the 2006 Agreement.

Pursuant to the terms of the September 2009 Agreement, Candente Resource, Canaco and CCM obtained a reduction in the area subject to Luismin's "back-in" right and an extension to various terms of the Option, subject to certain conditions being met on or before November 30, 2009, including Candente Gold raising the necessary funds to meet the revised terms of the Amended Letter Agreement and receiving conditional approval for the listing of its shares on the TSX, and the receipt of regulatory approvals for the September 2009 Agreement. The September 2009 Agreement:

- provides that Luismin's back-in right to buy 40% of the property no longer includes the portion of El Oro that contains the historic workings, and is now limited to the exploration claims;
- effectively extends the Option and payment of consideration for the Option to November 30, 2013;
- changes the share consideration portion of the Option payments to shares in Candente Gold (with the majority of such shares to be issued by Candente Gold) and increases the number of shares to be issued, provided that in the event Candente Gold's shares are not listed on the TSX in accordance with the terms of the September 2009 Agreement, Candente Resource and Canaco will issue to Luismin 125,000 shares in each of their respective capital on or before November 30, 2009.

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Mark Pryor, Pr.Sci.Nat., Independent Consultant, Sean Waller, P.Eng., Vice President and Joanne C. Freeze, P.Geo., President and CEO, are the qualified persons responsible for the review of the technical information contained under the El Oro Property.

RESULTS OF OPERATIONS – QUARTER ENDED SEPTEMBER 30, 2009

During the quarter ended September 30, 2009 ("Q2-2010") the Company posted a loss of \$373,859. The Company is in the exploration stage, with no sources of revenue.

The most significant expense incurred in Q2-2010 was a foreign exchange loss of \$161,825, mostly of an unrealized nature as it was related to the translation of the Cdn\$2,600,000 promissory notes due to Candente Resource and Canaco into US dollars, the Company's reporting currency.

Other relevant general and administrative costs included travel expense of \$29,153, salaries and management fees of \$26,244, corporate development expense of \$23,502, office rent and miscellaneous expenses of \$18,049 and audit costs of \$17,636. Total general and administrative expenses were \$285,850 in Q2-2010.

The Company also recorded exploration costs of \$88,009 in Q2-2010, the most significant cost being \$81,127 in geological and geophysical fees, followed by camp, field supplies and travel costs of \$5,502, equipment maintenance and rental of \$1,281 and mapping costs of \$99.

Exploration costs are expected to increase substantially once the Company completes a financing.

RESULTS OF OPERATIONS – SIX MONTHS ENDED SEPTEMBER 30, 2009

During the six months ended September 30, 2009 ("YED-2010") the Company posted a loss of \$700,983. The Company is in the exploration stage, with no sources of revenue.

The most significant expense YTD was a foreign exchange loss of \$264,399, mostly of an unrealized nature, followed by legal fees of \$147,928, salaries and management fees of \$45,077, office, rent and miscellaneous expenses of \$30,962, travel expense of \$29,153 and corporate development expense of \$23,502. Total general and administrative expenses YTD-2010 were \$569,156.

The Company also recorded exploration costs of \$131,827 YTD-2010. A summary of exploration costs incurred by the Company from inception to date is presented below:

	QE June 30, 2009 (\$)	QE Sept. 30, 2009 (\$)	Cumulative costs to date (\$)
Camp, field supplies & travel	6,035	5,502	11,537
Equipment maintenance & rental	813	1,281	2,094
Geological & geophysical	36,970	81,127	118,097
Mapping	-	99	99
	43,818	88,009	131,827

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SUMMARY OF QUARTERLY FINANCIAL RESULTS

	<u>QE Sept. 30, 2009</u>	<u>QE June 30, 2009</u>	<u>QE March 31, 2009</u>	<u>QE Dec. 31, 2008</u>
Total revenue	\$ -	\$ -	\$ -	\$ -
Net	(373,859)	(327,124)	-	-
Basic and diluted loss per share	(0.04)	(0.04)	-	-
	<u>QE Sept. 30, 2008</u>	<u>QE June 30, 2008</u>	<u>QE March 31, 2008</u>	<u>QE Dec. 31, 2007</u>
Total revenue	\$ -	\$ -	\$ -	\$ -
Net loss	-	-	-	-
Basic and diluted loss per share	-	-	-	-

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2009 the Company had cash and cash equivalents of \$27,913 and a working capital deficiency of \$2,806,918.

The Company has been recently incorporated and will rely on the issuance of share capital to fund acquisitions, exploration activities and general and administrative expenses. The Company started work to complete a private placement and as of September 30, 2009 had received advances from future shareholders of \$420,644, categorized as restricted cash in the Company's balance sheet.

The Company is sharing with Candente Resource some of its general and administrative overhead.

As of September 30, 2009 the Company had accounts payable and accrued liabilities of \$893,230, of which \$420,644 represents amounts received from future shareholders for participation in a private placement and \$301,683 is an account payable to Candente Resource in connection with cost-sharing of certain expenses from May 1 to September 30, 2009 and the Company's share of costs incurred in connection with the Arrangement to that date.

Additionally, the Company expects to pay to Candente Resource approximately \$290,000 for reimbursement of annual license costs for the Peruvian silver-gold properties, incurred by the Company as part of the Arrangement.

The Company's ability to continue as a going concern remains contingent on its ability to obtain additional financing in the near future.

Operating Activities

Cash generated from operations during Q2-2010, including the changes in non-cash working capital items, was \$499. On a YTD basis, cash generated from operations was \$5,666.

Financing Activities

There were no cash flows from financing activities in the six months ended September 30, 2009.

Investing Activities

The Company did not have any cash outlays for investing activities in Q2-2010 but received cash of \$22,247 in connection with the transfer of El Oro in Q1-2010.

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TRANSACTIONS WITH RELATED PARTIES

During the quarter ended September 30, 2009, \$19,335 was paid or accrued to a private company associated with a director and officer of the Company for geological consulting services rendered and \$44,503 was paid or accrued as salaries to an officer of the Company, allocated to geological fees. These amounts are included as a component of exploration costs.

During the quarter ended September 30, 2009, \$17,379 was paid or accrued as salaries to various officers of the Company. These amounts are included in general and administrative expenses.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in Canada requires management to make judgments with respect to certain estimates and assumptions. These estimates and assumptions, based on management's best judgment, affect the reported amounts of certain assets and liabilities, including disclosure of contingent liabilities. On an ongoing basis, management re-evaluates its estimates and assumptions. Actual amounts, however, could differ significantly from those based on such estimates and assumptions.

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

Impairment of Long-Lived Assets

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

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

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for reporting material weaknesses relating to design of ICFR.

The Company is newly incorporated and in the process of setting up ICFR. Management has concluded that, as of September 30, 2009, the Company's ICFR was not effective due to the existence of material weaknesses, including the requirement to accommodate reduced staff levels and limited operations, the requirement to test effectiveness of ICFR under a design that is appropriate to the Company's size and operations and lack of adequate segregation of duties in the financial close process. As of September 30, 2009, 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.

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Management has concluded that, taking into account the present stage of the Company's development and its liquidity position, the Company does not have sufficient size and scale to warrant the hiring of additional staff to correct the weakness at this time. Management has also concluded that the Company will need to design ICFR to accommodate the Company's current and expected level of operations; the Company will also need to test the effectiveness of ICFR.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") IMPLEMENTATION PLAN

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

The Company has initiated its IFRS convergence project and has set the following timing objectives: to be in a position to convert its March 31, 2010 Canadian GAAP Balance Sheet to IFRS on completion of the 2010 external audit, to work both under Canadian GAAP and IFRS in 2010 in order for the Company to disclose to users of its financial statements the quantitative differences arising in 2010 under both frameworks, and to produce IFRS financial statements as of April 1, 2011.

OTHER MD&A REQUIREMENTS

As of November 10, 2009, Candente Gold has outstanding 10,000,000 common shares.

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 Mexico, 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.