Candelaria Mining Corp.

Condensed Interim Consolidated Financial Statements
For the six months ended October 31, 2020 and 2019
(amounts expressed in thousands of Canadian dollars, except where indicated)

NOTICE

RE: CONDENSED CONSOLIDATED INTERIM FINANCIALS STATEMENTS (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED OCTOBER 31, 2020

The second quarter financial statements for the six months ended October 31, 2020 and 2019 have not been reviewed by the auditors of Candelaria Mining Corp.

CANDELARIA MINING CORP.

"Sam Wong"
SAM WONG
Chief Financial Officer

Candelaria Mining Corp.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts expressed in thousands of Canadian dollars, except where indicated)

	Note	October 31, 2020	April 30, 2020
Assets			
Current assets			
Cash and cash equivalents	5	$ 404	$ 35
Other receivables and prepaid expenses	4,5	3	27
Total current assets		407	62
Other receivables – non-current	4,5	3,084	2,542
Prepaid – non-current	6(d)	1,087	-
Deferred charges – Debenture	7	4,871	-
Exploration and evaluation assets	6	10,252	9,473
Total assets		$ 19,701	$ 12,077
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5	$ 1,831	$ 1,248
Caballo Blanco Acquisition Payable	5,6(b)	999	1,042
Total current liabilities		$ 2,830	$ 2,290
Debenture	7	1,055	-
Caballo Blanco Acquisition Payable – non-current	6(b)	590	578
Total liabilities		$ 4,475	$ 2,868
Shareholders' equity			
Share capital		49,983	45,102
Reserves		10,919	2,937
Deficit		(45,676)	(40,567)
		15,226	7,472
Non-controlling interest ("NCI")	6(a)	-	1,737
		15,226	9,209
Total liabilities and shareholders' equity		$ 19,701	$ 12,077

Nature of operations and going concern (note 1)
Subsequent events (note 14)

Approved by the Board of Directors

___________"Ramon Perez"______________ Director   _________"Matthew Roma"__________ Director

Candelaria Mining Corp.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Amounts expressed in thousands of Canadian dollars, except where indicated)

	Notes	Three months ended October 31, 2020	Three months ended October 31, 2019	Six months ended October 31, 2020	Six months ended October 31, 2019
General and administration expenses					
Amortization		$ -	$ -	$ -	(7)
Exploration expense	13	(110)	(59)	(911)	(116)
Consulting and professional fees	10	(135)	(222)	(504)	(374)
Salary and wages		(54)	(25)	(241)	(60)
General and administration		(91)	(182)	(247)	(277)
Regulatory and filing fees		(13)	(13)	(23)	(13)
Travel		-	-	-	-
Stock-based compensation	9	(652)	-	(681)	-
		(1,055)	(501)	(2,607)	(847)
Other (expenses) income, net					
Foreign exchange gain (loss)		8	(3)	113	(18)
Finance cost		(399)	-	(586)	-
Other income		-	-	-	18
Net loss		(1,446)	(504)	(3,080)	(847)
Other comprehensive gain (loss) ("OCI")					
Items that may be reclassified to profit or loss					
Gain (loss) on translation of foreign operations		610	(43)	1,067	(385)
Total comprehensive loss		(836)	(547)	(2,013)	(1,232)
Net loss attributable to:					
Owners of the Company		(1,446)	(522)	(3,106)	(856)
NCI		-	18	26	9
Total net loss		(1,446)	(504)	(3,080)	(847)
OCI attributable to:					
Owners of the Company		610	(43)	1,067	(385)
NCI		-	-	-	-
Total other comprehensive gain (loss)		610	(43)	1,067	(385)
Total comprehensive loss attributable to:					
Owners of the Company		(836)	(565)	(2,039)	(1,241)
NCI		-	18	26	9
Total comprehensive loss		(836)	(547)	(2,013)	(1,232)
Loss per share – basic and diluted		$ (0.01)	$ (0.00)	$ (0.03)	$ (0.01)
Weighted average shares outstanding (000's) – basic and diluted		126,151	113,822	122,105	113,822
Total shares issued and outstanding (000's)		127,475	113,822	127,475	113,822

The accompanying notes are an integral part of these interim consolidated financial statements.

Candelaria Mining Corp.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY

(amount expressed in thousands of Canadian dollars, except where indicated)

	Notes	Shares ('000)	Share capital	Reserves	RSU Reserves	Translation reserves	Equity portion - convertible debenture	Share consideration to be issued	Deficit	Total equity for owners	NCI	Total equity
Balance as at April 30, 2020		**118,059**	**$ 45,102**	**$ 4,200**	**$ 1,309**	**$ (2,572)**	**$ -**	**$ -**	**$ (40,567)**	**$ 7,472**	**$ 1,737**	**$ 9,209**
Share issuance, acquisition of Apolo	6(a)	7,075	3,750	-	-	-	-	-	(2,003)	1,747	(1,763)	(16)
Share issuance, stock options exercised	8	166	44	(19)	-	-	-	-	-	25	-	25
Warrants issuance, Debenture	7,8	-	-	6,253	-	-	-	-	-	6,253	-	6,253
Shares for debt	8	2,175	1,087	-	-	-	-	-	-	1,087	-	1,087
Stock based compensation		-	-	320	361	-	-	-	-	681	-	681
Cumulative translation		-	-	-	-	1,067	-	-	-	1,067	-	1,067
Net loss for the period		-	-	-	-	-	-	-	(3,106)	(3,106)	26	(3,080)
As at October 31, 2020		**127,475**	**$ 49,983**	**$ 10,754**	**$ 1,670**	**$ (1,505)**	**$ -**	**$ -**	**$ (45,676)**	**$ 15,226**	**$ -**	**$ 15,226**

	Notes	Shares ('000)	Share capital	Reserves	RSU Reserves	Translation Reserves	Equity Portion - Convertible Debenture	Share consideration to be issued	Deficit	Total equity for owners	NCI	Total equity
Balance as at April 30, 2019		**113,822**	**$ 44,645**	**$ 3,607**	**$ 1,309**	**$ (201)**	**$ -**	**$ -**	**$ (40,125)**	**$ 9,235**	**$ 2,772**	**$ 12,007**
Cumulative translation		-	-	-	-	(385)	-	-	-	(385)	-	(385)
Net loss for the period		-	-	-	-	-	-	-	(856)	(856)	9	(847)
As at October 31, 2019		**113,822**	**$ 44,645**	**$ 3,607**	**$ 1,309**	**$ (586)**	**$ -**	**$ -**	**$ (40,981)**	**$ 7,994**	**$ 2,781**	**$ 10,775**

The accompanying notes are an integral part of these interim consolidated financial statements.

Candelaria Mining Corp.
CONDENSED INTERIM CONSOLIDATED STATEMENTS of CASH FLOWS
(Amount expressed in thousands of Canadian dollars, except where indicated)

		Three months ended October 31,		Six months ended October 31,	
	Note	**2020**	**2019**	**2020**	**2019**
Cash used from operating activities					
Net loss for the period		$ (1,446)	$ (504)	$ (3,080)	$ (847)
Items not affecting cash					
Amortization		-	-	-	7
Unrealized foreign exchange gain		103	1	(15)	(16)
Stock based compensation		652	-	681	-
Accretion expense – debenture		332	-	454	-
		(359)	(503)	(1,960)	(856)
Change in non-cash operating working capital					
Increase in accounts receivable and prepaid expense		(267)	(51)	(265)	(65)
Increase in accounts payable and accruals		178	206	548	354
		(448)	(348)	(1,677)	(567)
Cash flow used in investing activities					
Transaction cost – acquisition of Apolo	6(a)	-	-	(16)	-
		-	-	(16)	-
Cash flow from (used in) financing activities					
Proceeds from drawing of Debenture	7	-	-	2,040	-
Transaction cost – Debenture	7	-	-	(10)	-
Proceeds from options exercised	8	-	-	25	-
Private placement - advance		-	478	-	491
		-	478	2,055	491
(Decrease) increase in cash and cash equivalents		(448)	130	362	(76)
Foreign exchange impact on cash and cash equivalents		(8)	1	7	3
Cash and cash equivalents – beginning of year		860	73	35	277
Cash and cash equivalents – end of period		404	204	404	204
Cash		$ 404	$ 204	$ 404	204
Short term investment		-	-	-	-
Cash and cash equivalents – end of period		$ 404	$ 204	$ 404	$ 204

1 Nature of operations and going concern

Candelaria Mining Corp. (the "Company") is a British Columbia public company listed on the TSX Venture Exchange ("TSXV") under the trading symbol "CAND.V". The Company also trades under the symbol "CDELF" on OTC Pink. The Company was incorporated under the Business Corporations Act of British Columbia on January 23, 2012. The Company's registered and records office is located at Suite 1200, 750 West Pender Street, Vancouver, BC, Canada, V6C 2T8. The address of the Company's head office is 1201 - 1166 Alberni Street, Vancouver, BC V6E 3Z3.

On December 5, 2018, the Company announced that it has agreed to issue 7,075,472 of the Company's common shares to the shareholder of Minera Apolo S.A. de C.V. ("Minera Apolo") to acquire the remaining 40% of the shares of Minera Apolo. The transaction was closed on July 31, 2020 upon exchange approval.

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project ("Caballo Blanco") in Veracruz from Molimentales Del Noroeste, SA de CV, a subsidiary of Alio Gold Inc. ("Alio"), formerly Timmins Gold Corp. (Note 6(b)).

Going concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future which is at least, but not limited to, twelve months from the end of the reporting year. Management is aware in making its assessment of material uncertainties relating to events or conditions that may cause significant doubt upon the Company's ability to continue as a going concern, as explained in the following paragraph.

The Company has not yet generated income or cashflow from operations. As at October 31, 2020, the Company had cash and cash equivalents of $404, a working capital deficit of $2,423, and an accumulated deficit of $45,676 (April 30, 2020 - $40,567). For the six months ended October 31, 2020, the Company incurred a net and comprehensive loss of $3,080 (October 31, 2019 – loss of $847) and negative cashflows from operations of $1,677 (October 31, 2019 - $567). The Company will require additional financing, through various means including, but not limited to equity financings to continue the exploration program and to meet its future obligations and administrative expenses. There is no assurance that the Company will be successful in raising the additional required funds.

The above noted conditions indicate the existence of material uncertainties that creates significant doubt about the Company's ability to continue as a going concern. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

COVID-19

Candelaria has been impacted by the outbreak of the COVID-19 pandemic. The Company has taken a number of measures to safeguard the health of its employees and their local communities while continuing to operate safely and responsibly. All of the Company's assets' work areas have reduced operations, which will be in effect until the resumption of normal activities is deemed safe and appropriate. The Company acted in compliance with government-ordered restrictions. The gradual resumption towards full exploration activities occurred during the period ended July 31, 2020 and complied with the recommendations of governments and public health officials, with full attention to the health and safety of returning employees, contractors, and suppliers.

2 Basis of presentation

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2020. The financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements are presented in Canadian dollars.

The Company's interim results are not necessarily indicative of its results for a full year.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors on December 28, 2020.

Use of estimates and judgements

The preparation of the Company's unaudited interim condensed consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Such estimates primarily relate to share-based transaction valuations, fair values of financial instruments and the recoverability of deferred income tax assets and exploration and evaluation assets. Actual results could differ from those estimates. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 1 relating to going concern.

Acquisition of mineral property interests

The Company treats the acquisition of a mineral property interest as either a business combination or asset purchase. The determination of treatment is based upon an assessment of factors at the time of acquisition.

A business combination is a transaction in which control over one or more businesses is obtained. A business is defined as an integrated set of activities and assets that is capable of creating outputs which provide a positive economic return to stakeholders. If the integrated set of activities and assets is in the exploration or development stage and therefore does not have outputs, the Company considers other factors to determine if the assets are a business. These include, but are not limited to, whether the set of activities and assets:

(a) has planned principal activities;

(b) has identified mineral reserves and processes needed to generate the inputs required for output production;

(c) is pursuing a plan to produce outputs; and

(d) will be able to sell the produced outputs.

Not all of the above factors need to be present for a particular integrated set of activities and assets in the development stage to qualify as a business. Business acquisitions are accounted for using the acquisition method, in which the acquired assets and liabilities are recorded at fair value at the date of acquisition. Direct costs associated with a business combination are expensed as incurred.

Acquisitions in which a business is not acquired are treated as an asset purchase. Under an asset purchase, the fair value of the consideration provided is allocated to the individual fair value of assets and liabilities assumed on the basis of their relative fair values at the time of acquisition. The costs of acquisition for an asset acquisition are deferred and capitalized in the period they are incurred. In the event the acquisition is not completed, these costs would be immediately expensed.

The Apolo and Caballo Blanco acquisitions were treated as an asset purchase since, at time of acquisition, it was not a business.

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether it is likely that future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The determination of a compliant resource is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred).

Estimates and assumptions may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of such expenditures is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

Deferred taxes

The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

Share-based payments

The Company grants share-based awards as an element of compensation that includes stock options and restricted share units.

Share-based payments for stock options are determined using the Black-Scholes option pricing model based on estimated fair values at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

Share-based payments for restricted share units are determined using the market price at the date of grant and is expensed to profit or loss over each award's vesting period.

Derivative assets and liabilities

Management is required to determine assumptions used in financial fair value models to estimate derivatives liabilities raised from share purchase warrants, and gold forward contracts where contractually applicable. The assumptions may be adjusted at each reporting period and the actual value of the derivative liability may differ from the amount currently provided.

Functional Currency

The Company is involved in the exploration and development of gold with continued operations that are heavily reliant on international economics such as the price and demand of gold and other commodities. The parent company's resources, and competitive forces are measured in CAD and have determined the functional currency of all its entities to be CAD. For all of the foreign subsidiaries, which are located in Mexico, the functional currency is denominated in Mexican Pesos.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All amounts are expressed in Canadian dollars, unless otherwise stated. Intercompany transactions and balances between the Company and its subsidiaries are eliminated. The principal subsidiaries of the Company and their geographic location as at October 31, 2020 were as follows:

	Jurisdiction	**Ownership %**
Candelaria Mining Corp.	Canada	N/A – parent company
Grupo Minero Candelaria SAPI de CV	Mexico	100%
Maquila de Minerales SA de CV	Mexico	100%
Minera Apolo SA de CV	Mexico	100%
Minera Catanava SA de CV	Mexico	100%
Minera Caballo Blanco SA de CV	Mexico	100%

3 Summary of significant accounting policies

New Accounting Standards Adopted

IFRS 3, Business Combination ("IFRS 3")

In October 2018, the International Accounting Standards Board amended IFRS 3, Business Combinations, seeking to clarify whether an acquisition transaction results in the acquisition of an asset or the acquisition of a business. The amendments are effective for acquisition transactions on or after January 1, 2020, although earlier application was permitted. The amended standard has a narrower definition of a business, which could result in the recognition of fewer business combinations than under the previous standard; the implication of this is that amounts which may have been recognized as goodwill in a business combination under the previous standard may now be recognized as allocations to net identifiable assets acquired under the amended standard (with an associated effect in an entity's results of operations that would differ from the effect of goodwill having been recognized). The Company applied the standard prospectively from May 1, 2020 and does not have any material impact.

IAS 1, Presentation of Financial Statements ("IAS 1")

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition, effective January 1, 2020, states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The Company will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. The Company applied the standard prospectively from May 1, 2020 and does not have any material impact.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

4 Other receivables and prepaid expenses

	October 31, 2020	April 30, 2020
Other receivable	$ 3	$ 19
IVA receivables*	3,084	2,542
Prepaid expenses	-	8
	$ 3,087	$ 2,569
Non current portion	$ 3,084	$ 2,542
Current portion	$ 3	$ 27

*IVA receivables are value added tax receivables in Mexico that generally apply to all imports, supplies of goods, and the provision of services by a taxable person unless specifically exempted by a particular law. The tax is imposed by the federal government of Mexico and ordinarily applies on each level of the commercialization chain.

5 Financial instruments

Fair values of financial instruments

The fair values of financial instruments are summarized as follows:

	October 31, 2020		April 30, 2020	
	Carrying value $	Fair value $	Carrying value $	Fair value $
Financial assets				
Amortized cost				
Cash and cash equivalents	404	404	35	35
Other receivables	3	3	19	19
Financial liabilities				
Amortized cost				
Accounts payable & accrued liabilities	1,831	1,831	1,248	1,248
Debenture	1,055	1,055	-	-
Caballo Blanco acquisition payable	1,589	1,589	1,620	1,620

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company's cash and cash equivalents are held through large Canadian financial institutions.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 11. The accounts payable is due within the current operating period.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is exposed from time to time to interest rate risk as a result of holding fixed income cash equivalents and investments, of varying maturities. A 1% change in market interest rates would result in no significant change in value of cash and cash equivalents or fixed income securities. The risk that the Company will realize a loss as a result of a decline in the fair value of these assets is limited as they are generally held to maturity.

Foreign Exchange Risk

The Company operates in Canada and Mexico. As a result, the Company is exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

The operating results and the financial position of the Company are reported in Canadian dollars. Fluctuations of the operating currencies in relation to the Canadian dollar will have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities.

The Company's financial assets and liabilities as at October 31, 2020 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

	Canadian Dollars	US Dollars	Mexican Pesos	Total
Financial assets				
Cash and cash equivalents	$ 1	$ 98	$ 305	$ 404
Other receivables	3	-	-	3
	4	98	305	407
Financial liabilities				
Accounts payables and accrued liabilities	(1,523)	(201)	(107)	(1,831)
Debenture	-	(1,055)	-	(1,055)
Caballo Blanco Acquisition Payable	-	(1,589)	-	(1,589)
Net financial (liabilities) assets	$ (1,519)	$ (2,747)	$ 198	$ (4,068)

The Company's financial assets and liabilities as at April 30, 2020 are denominated in United States Dollars, Canadian Dollars, and Mexican Pesos, and are set out in the following table:

(Amounts expressed in thousands of Canadian dollars, except where indicated)

	Canadian Dollars	US Dollars	Mexican Pesos	Total
Financial assets				
Cash and cash equivalents	$ 10	$ 11	$ 14	$ 35
Other receivables	-	-	19	19
	10	11	33	54
Financial liabilities				
Accounts payables and accrued liabilities	(984)	(141)	(123)	(1,248)
Caballo Blanco Acquisition Payable	-	(1,620)	-	(1,620)
Net financial (liabilities)	$ (974)	$ (1,750)	$ (90)	$ (2,814)

The Company's reported results will be affected by fluctuations in the US dollar to Canadian Dollar and Canadian Dollar to Mexican Peso exchange rate. As of October 31, 2020, a 10% appreciation of the Canadian Dollar relative to the US Dollars would have decreased net financial assets by approximately $274 (April 30, 2020 - $175). A 10% depreciation of the US Dollar relative to the Canadian Dollar would have had the equal but opposite effect. A 10% appreciation of the Mexican Peso relative to the Canadian Dollar would have decreased net financial assets by approximately $20 (April 30, 2020 - $9) and a 10% depreciation of the Mexican Peso would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

The table below summarizes the maturity profile of the Company's non-derivative financial liabilities.

October 31, 2020	Current – within 1 year	Non-current – 1 to 3 years
Accounts payables and accrued liabilities	$ 1,831	$ -
Debenture	-	1,055
Caballo Blanco Acquisition Payable	999	590
	$ 2,830	$ 1,645
April 30, 2020	**Current – within 1 year**	**Non-current – 1 to 3 years**
Accounts payables and accrued liabilities	$ 1,248	$ -
Caballo Blanco Acquisition Payable	1,042	578
	$ 2,290	$ 578

(Amounts expressed in thousands of Canadian dollars, except where indicated)

6 Exploration and evaluation assets

		Apolo Property, Zacatecas, Mexico	Caballo Blanco Project	Total
April 30, 2019		**$ 11,516**	**$ -**	**$ 11,516**
Cumulative translation adjustment – foreign exchange		(2,043)	-	(2,043)
April 30, 2020		**$ 9,473**	**$ -**	**$ 9,473**
Cumulative translation adjustment – foreign exchange		779	-	779
October 31, 2020		**$ 10,252**	**$ -**	**$ 10,252**

a) **Apolo Project**

On February 27, 2015, the Company, entered into an agreement (the “Agreement”) with the shareholders of Apolo to acquire 60% of Apolo’s issued and outstanding common shares. On December 5, 2018, the Company announced that it has agreed to issue 7,075,472 of the Company’s common shares to the shareholder of Minera Apolo S.A. de C.V. (“Minera Apolo”) to acquire the remaining 40% of the shares of Minera Apolo.

On July 31, 2020, the Company acquired the remaining 40% of Apolo. The Company issued 7,075,472 shares with a fair value of $3,750. The Company incurred a transaction cost of $16. As there was no change in control within Apolo, a reversal of NCI of $1,763 was recorded. The net impact of $2,003 was recorded in retained deficit.

The Company will grant a 1.5% net smelter royalty (“NSR”) on the Apolo Property to the shareholders of Apolo. The Company will have a right of first refusal on the NSR.

b) **Mineral interest in Caballo Blanco**

On May 11, 2016, the Company signed an agreement to acquire the Caballo Blanco Gold Project (“Caballo Blanco”) in Veracruz, Mexico from Molimentales Del Noroeste, SA de CV, a subsidiary of Alio. Pursuant to the terms of the agreement, Candelaria will pay Molimentales a total of US$12.5 million in cash and assume US$5 million in liabilities in exchange for the project and all related rights and assets.

Pursuant to the terms of the agreement, the Company will acquire the Caballo Blanco project in exchange for cash payments to be paid over a period of twelve months. The Company has fulfilled all of terms and payments except for US$750 ($1,042 as at April 30, 2020). This amount would be paid out to Alio when one of the concessions, which is currently under legal dispute, reaches legal settlement.

The Company agreed to assume a US$5.0 million payment obligation owing to Goldgroup Mining Inc (“Goldgroup”). On August 18, 2016, the Company settled a US$5 million contingent payment to Goldgroup in exchange for US$3.1 million in payments. Pursuant to the settlement, the Company has paid US$2.5 million. This was paid directly from Credipresto; as a result, the Company issued a corresponding US$2.5 million convertible debenture. The remaining balance is US$600 ($807), to be paid upon SEMARNAT approval.

As at April 30, 2020, the Company expects the liability to be settled in 3 years. The face value of US$600 was discounted over 3 years with the discount rate of 13%. The difference between the carrying value and the face value of $256 was recorded in the profit and loss.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

		October 31, 2020
Opening balance at beginning of the fiscal year	$	578
Accretion expense		36
Foreign exchange impact		(24)
Caballo Blanco Acquisition – non current portion	$	590
Caballo Blanco Acquisition – current portion	$	999
Caballo Blanco Acquisition – total	$	1,589

Total Caballo Blanco acquisition payable as at October 31, 2020 was $1,589 (April 30, 2020 - $1,620).

Impairment – prior year ended April 30, 2019

In accordance with the Company's accounting policy, non-current assets, including Caballo Blanco, are reviewed at each reporting date to determine whether there are any indicators of impairment. An impairment is recognized when the carrying amount exceeds the recoverable amount. Since acquiring the asset in July 2016, the Company has engaged with government authorities, community members and stakeholders, and undertaken additional exploration work including drilling and sampling programs. Candelaria has also closed a strategic investment with Agnico Eagle Mines Limited for $9,700 for 9.9% ownership in the Company. The Company has completed a review and update of the Environmental Impact Assessment and is in the process of evaluating the proper moment to submit it to SEMARNAT, the Mexican Environmental Authority, once the stakeholder engagement process has determined that the social environment is appropriate. The Company has also developed an exploration program aimed at expanding the current resource which it will undertake pending funding. However, approval of the Environmental Impact Assessment and timing thereof remains uncertain. The Company determined that due to the uncertainty surrounding the timing of permitting, the value of the project could not be reasonably supported. As a result, the Company recognized an impairment loss of $20,869 for the year ended April 30, 2019.

c) **Mineral Interest in Georgia**

On October 26, 2020, the Company entered into a definitive agreement to acquire 100% of GMC Investments LTD ("GMC"), a wholly-owned subsidiary of Empire Metals Ltd. ("Empire"), which holds a 50% interest in the Bolnisi Gold and Copper Project in Georgia. As consideration for the purchase of GMC, Candelaria has agreed to pay a total of $2.0 million via the issuance of 4.0 million shares (at a deemed price of $0.50 per share) to Empire. Upon approval of a reserves report on the Kvemo Bolnisi East project by the State Reserves Committee in Georgia ("Milestone 1"), an additional payment of $1.0 million ("Milestone 1 Price") to be satisfied via the issue of Candelaria common shares based on a previous 10-day average closing price. Furthermore, upon completion of a NI43-101 compliant technical report disclosing a Mineral Resource on the Dambludi project ("Milestone 2"), or one other project other than Kvemo Bolnisi East, an additional payment of $2.0 million ("Milestone 2 Price") to be satisfied via the issue of Candelaria common shares based on a previous 10-day average closing price. And finally, upon completion of a positive feasibility study and final investment decision on the gold oxides at Kvemo Bolnisi East ("Milestone 3"), an additional payment of $2.0 million ("Milestone 3 Price") to be satisfied via the issue of Candelaria common shares based on a previous 10-day average closing price.

The purchase is subject to a right-of-first-refusal ("ROFR") in favour of Empire's Georgian joint venture partner, Caucasian Mining Group LTD ("CMG"), which must be exercised within 20 business days from Empire submitting an offer. This offer has been submitted to CMG concurrent with this announcement. Closing of the acquisition of GMC is also subject to stock exchange approval.

As at October 31, 2020 and date of approval of the Financial Statements, Candelaria is still waiting for finalization of the expiry of CMG's ROFR and stock exchange approval.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

d) On September 16, 2020, the Company made a deposit for equipment for $1,087 (US$850,000).

7 Debenture

On June 24, 2020, the Company closed a US$9,000 medium term loan facility ("Debenture") with Accendo Banco, S.A. ("Accendo"). Funds advanced under the Debenture will be used for financing construction of the Company's Pinos project and working capital purposes. The Debenture will be secured against the assets of the Company and its subsidiaries, will bear interest at 13% per annum, and have a term of 60 months from the initial draw date. Candelaria withdrew US$1,500 ($2,040) upon execution of the Debenture, with the balance to be made available on completion of final loan documentation.

In connection with the Debenture, Accendo will receive a cash fee from the Company of 2% of the amount of the Debenture, as well as 18 million non-transferable share purchase warrants (the "Bonus Warrants"). Each Bonus Warrant will entitle Accendo to purchase one common share of the Company at a price (the "Exercise Price") of $0.11 per share for a period of 60 months.

The following are the transaction costs incurred related to the Debenture:

Deferred Charges - Debenture		**October 31, 2020**
Warrants issued (see note 8(d))	$	6,253
Other transaction cost		10
Allocated to debt (pro rata based on drawn amount)		(1,043)
Deferred charges – Debenture	$	5,220
Finance cost – accretion of deferred charges	$	(349)
Deferred charges – Debenture, as at October 31, 2020	$	4,871

The following table is the carrying value of the Debenture:

Debenture – Carrying Value		**October 31, 2020**
Withdrawal	$	2,040
Transaction cost capitalized (allocation from Deferred Charges)		(1,043)
Finance cost – interest accrued		131
Finance cost – accretion of Debenture		68
Foreign exchange impact		(141)
Debenture – October 31, 2020	$	1,055

(Amounts expressed in thousands of Canadian dollars, except where indicated)

8 Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Share issuance – period ended October 31, 2020

a) On July 31, 2020, 7,075,472 common shares were issued in connection to acquisition of the 40% of Apolo (see note 6a).

b) On July 31, 2020, 166,667 common shares were issued in connections to stock options exercised at $0.15 per share.

c) On September 25, 2020, 2,175,030 common shares were issued in settlement of $1,087 of indebtedness.

Share issuance – year ended April 30, 2020

d) On April 3, 2020, the Company closed a non-brokered private placement of 4,237,042 units of the Company (the "Units") at a subscription price of $0.25 per Unit for aggregate gross proceeds of up to $1,059 (the "Private Placement"). $265 was collected in the previous fiscal year. Share issuance cost related to the private placement was $9, resulting a net proceeds of $794 (gross proceeds collected during current fiscal year were $803). Each Unit will consist of one common share of the Company (each, a "Common Share") and one-half of one Common Share purchase warrant (each whole Common Share purchase warrant, a "Warrant"). Each Warrant will entitle the holder to purchase one Common Share at a price of $0.40 and expire April 3, 2023. Total value of the Warrants was valued at $593.

The Company intends to use the proceeds of the Private Placement for general working capital.

Warrants

e) Share purchase warrants

	Warrants outstanding ('000)	Weighted average exercise price
Ending – April 30, 2020	**14,748**	**$0.60**
Warrants issuance	18,000	$0.11
Ending – October 31, 2020	**32,748**	**$0.35**

In connection to the closing of the Debenture on June 24, 2020 (see note 7), the Company issued 18,000,00 share purchase warrants on June 29,2020, with an issuance price of $0.11 and expiry date of June 28, 2025. With the following assumptions of the Black-Scholes Model, fair value of the common shares at issuance of $0.36, expected life of 5 years, volatility of 164%, 0% dividend rate and 0.35% risk free rate, the warrants were valued at $6,253 (see note 7).

(Amounts expressed in thousands of Canadian dollars, except where indicated)

As at October 31, 2020, the Company has the following share purchase warrants outstanding:

Warrants outstanding ('000)	Exercise price		Date of Grant	Date of Expiry
2,888	$	0.60	14-Jun-2016	14-Dec-2020
2,154		0.60	6-Jul-2016	6-Jan-2021
3,317		0.60	18-Aug-2016	18-Feb-2021
3,145		0.75	14-Sep-2017	18-Feb-2021
349		0.60	14-Sep-2017	18-Feb-2021
777		0.60	13-Sep-2016	13-March-2021
2,118		0.60	3-Apr-2020	3-Apr-2023
18,000		0.11	29-Jun-2020	28-June-2025
32,748	**$**	**0.35**		

As at April 30, 2020, the Company has the following share purchase warrants outstanding:

Warrants outstanding ('000)	Exercise price		Date of Grant	Date of Expiry
2,888	$	0.60	14-Jun-2016	14-Dec-2020
2,154		0.60	6-Jul-2016	6-Jan-2021
3,317		0.60	18-Aug-2016	18-Feb-2021
3,145		0.75	14-Sep-2017	18-Feb-2021
349		0.60	14-Sep-2017	18-Feb-2021
777		0.60	13-Sep-2016	13-March-2021
2,118		0.60	3-Apr-2020	3-Apr-2023
14,748	**$**	**0.60**		

9 Share based compensation

The Company has a share purchase option plan which provides for equity participation in the Company by its directors, officers, employees, consultants and consultant companies through the acquisition of common shares pursuant to the grant of options to purchase shares. The option plan is administered by the Board of Directors. Options may be granted on such terms as the Board may determine within the limitations of the option plan and subject to the rules and policies of applicable regulatory authorities. The maximum aggregate number of shares reserved for issuance for options granted under the option plan is approximately 12.53 million common shares. The exercise price for options granted may not be less than the market price of the shares on the day immediately preceding the date of the grant of the option.

a) On July 27, 2020, the Company granted 3,015,000 stock options to employees and consultants.

On July 27, 2020, the Company granted to its directors and consultants incentive stock options to acquire a total 2,815,000 common shares of the Company at a price of $0.30 per share exercisable up until July 27, 2025. The fair value of these options at the date of grant was estimated at $953 using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; 165% volatility; risk-free interest rate of 0.33%; and a dividend yield of 0%.

On July 27, 2020, the Company granted to consultants incentive stock options to acquire a total 200,000 common shares of the Company at a price of $0.30 per share exercisable up until July 27, 2022. The fair value of these options at the date of grant was estimated at $953 using the Black-Scholes option pricing model with the following assumptions: a two year expected average life; 165% volatility; risk-free interest rate of 0.33%; and a dividend yield of 0%.

b) On July 27, 2020, the Company granted 2,760,000 RSUs to employees and consultants.

2,610,000 restricted share units ("RSUs") were awarded to officers and directors pursuant to the Company's restricted share unit plan. The RSUs' vesting terms are as follows: 1/3 vest on January 27, 2021, 1/3 vest on July 27, 2021, and the final 1/3 vest on January 27, 2022.

150,000 restricted share units ("RSUs") were awarded to a consultant pursuant to the Company's restricted share unit plan. The RSUs' vesting terms are as follows: 1/2 vest on October 27, 2020 and the final ½ on January 27, 2021.

Stock based compensation expense related to this stock option vested for the six months ended October 31, 2020 is $320 (2019 - $nil).

Stock based compensation expense related to the RSU vesting for the six months ended October 31, 2020 was $361 (2019 - $nil).

	October 31, 2020		April 30, 2020	
	Number of shares (000's)	**Weighted average exercise price**	**Number of shares (000's)**	**Weighted average exercise price**
Outstanding – beginning of year	6,591	$ 0.67	6,591	$ 0.67
Options exercised (see 8(b))	(166)	0.15	-	-
Options granted	3,015	0.30	-	-
Outstanding – end of period	9,440	$ 0.56	6,591	$ 0.67

The following table discloses the number of options and vested options outstanding as at October 31, 2020:

Number of options ('000s)	Number of options vested ('000s)	Weighted average remaining contractual life (years)	Exercise price	Expiry Date
851	851	0.39	$0.15	22-Mar-2021
83	83	0.41	$0.15	31-Mar-2021
1,134	1,134	0.67	$0.45	4-Jul-2021
3,383	3,383	0.74	$0.90	27-Jul-2021
100	100	1.00	$0.90	31-Oct-2021
124	124	1.06	$0.90	23-Nov-2021
750	750	2.40	$0.68	27-Mar-2023
2,815	-	4.74	$0.30	27-July-2025
200	100	1.74	$0.30	27-July-2022
9,440	**6,525**	**2.05**	**$0.56**	

The following table discloses the number of options and vested options outstanding as at April 30, 2020:

Number of options ('000s)	Number of options vested ('000s)	Weighted average remaining contractual life (years)	Exercise price	Expiry Date
1,017	1,017	1.13	$0.15	22-Mar-2021
83	83	1.16	$0.15	31-Mar-2021
1,134	1,134	1.42	$0.45	4-Jul-2021
3,383	3,383	1.48	$0.90	27-Jul-2021
100	100	1.75	$0.90	31-Oct-2021
124	124	1.84	$0.90	23-Nov-2021
750	750	3.15	$0.68	27-Mar-2023
6,591	**6,591**	**1.62**	**$0.67**	

The weighted average exercise price of vested options as at October 31, 2020 was $0.56 (April 30, 2020 - $0.67).

10 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

The Company incurred the following expenses with related parties during the period ended October 31, 2020, as follows:

	Three months ended October 31,		Six months ended October 31,	
	2020	**2019**	**2020**	**2019**
Professional fees	$ 125	$ 116	$ 560	$ 242
Stock based compensation	469	-	490	-

Professional fees were paid and accrued to firms of which one of the partners has been the Chief Financial Officer, Chief Executive Officer or President of the Company during 2020 and 2019. Management fees were paid and accrued to firms of which one of the partners has been the Chief Executive Officer, President of the Company or a Director/Executive. General and administration (rent, corporate service management) were paid and accrued to a firm of which one of the partners has been the President of the Company during the period. These expenses were measured at the exchange amounts agreed upon by the parties.

As at October 31, 2020, the Company had amounts payable of $1,180 (April 30, 2020 - $620) to these parties. These amounts are unsecured and non-interest bearing, due on demand and included in accounts payable and accrued liabilities.

11 Capital management

The capital of the Company consists of items included in shareholder's equity. The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

(Amounts expressed in thousands of Canadian dollars, except where indicated)

The capital of the Company consists of items included in shareholders' equity, net of cash and cash equivalents as follows:

	October 31, 2020	April 30, 2020
Total equity for owners	$ 15,226	$ 7,472
Less: cash and cash equivalents	(404)	(35)
	$ 14,822	$ 7,437

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. As at October 31, 2020, the Company expects its capital resources will support its normal operating requirements, planned development and exploration of its mineral properties for the next future year. There are no externally imposed capital requirements to which the Company has not complied.

12 Segment disclosures

The Company operates in one operating segment (mineral exploration) in two countries. Details of the investments in exploration and evaluation assets are disclosed in Note 6 and 13. The Company's assets by country are:

October 31, 2020	Canada	Mexico	Total
Cash and cash equivalents	$ 99	$ 305	$ 404
Accounts receivable and prepaid expenses	3	-	3
	102	305	407
Other receivables – non current	-	3,084	3,084
Prepaid – non current	1,087	-	1,087
Deferred charges - Debenture	4,871	-	4,871
Exploration and evaluation assets	-	10,252	10,252
Total assets	$ 6,060	$ 13,641	$ 19,701
Segment loss for the three months ended	$ (1,187)	$ (259)	$ (1,446)
Segment loss for the six months ended	$ (1,884)	$ (1,196)	$ (3,080)

(Amounts expressed in thousands of Canadian dollars, except where indicated)

October 31, 2019	Canada	Mexico	Total
Cash and cash equivalents	$ 192	$ 12	$ 204
Accounts receivable and prepaid expenses	21	28	49
	213	40	253
Other receivables – non current	-	2,824	2,824
Exploration and evaluation assets	-	11,191	11,191
Total assets	$ 213	$ 14,055	$ 14,268
Segment loss for the three months ended	$ (123)	$ (381)	$ (504)
Segment loss for the six months ended	$ (395)	$ (452)	$ (847)

13 Exploration expenses

During the period ended October 31, 2020, the Company incurred an exploration expense on general project investigation and evaluation expense on various projects:

	Caballo Blanco	Apolo	Total
Salary, consulting and administration	$ -	$ 129	$ 129
Equipment maintenance and rental	-	87	87
Concessions and permitting	654	41	695
Period ended October 31, 2020	**$ 654**	**$ 257**	**$ 911**
Project to date – October 31, 2020	**$ 2,957**	**$ 2,262**	**$ 5,219**

During the period ended October 31, 2019, the Company incurred an exploration expense on general project investigation and evaluation expense on various projects:

	Caballo Blanco	Apolo	Total
Salary, consulting and administration	$ 2	$ 71	$ 73
Consumables	-	3	3
Travel	-	4	4
Equipment maintenance and rental	-	17	17
Concession payments	-	19	19
Period ended October 31, 2019	**$ 2**	**$ 114**	**$ 116**
Project to date – October 31, 2019	**$ 2,285**	**$ 1,826**	**$ 4,111**

14 Subsequent events

On November 25, 2020, the Company sold a 0.5% net smelter return royalty (“NSR”) on production from the Pinos Project to Empress Royalty Corp. (“Empress”) for US$750.

Empress also purchased an additional 0.5% NSR from a previous royalty holder on the Pinos Project, for a total of a 1.0% NSR on the Pinos Project.

The Pinos Project is subject to NSR royalties of 2.0% including the two NSR royalties held by Empress.