

GITENNES EXPLORATION INC.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2004

(Unaudited)

NOTICE TO READER

These interim consolidated financial statements for the three months ended March 31, 2004 of Gitennes Exploration Inc. have been prepared by management and have not been subject to review by the Company's auditors.

Interim Consolidated Balance Sheets**(Unaudited)**

Canadian Funds

ASSETS	As at March 31, 2004	As at December 31, 2003
Current		
Cash and cash equivalents	\$ 1,881,777	\$ 1,610,166
Marketable securities (Note 7)	-	202,054
Accounts receivable	33,498	14,304
Prepaid expenses	3,486	4,686
Due from joint venture partner (Note 4g)	37,833	46,411
	<u>1,956,594</u>	<u>1,877,621</u>
Mineral Properties (Note 4)	1,954,302	1,906,548
Property, Plant and Equipment (Note 5)	64,351	68,412
	<u>\$ 3,975,247</u>	<u>\$ 3,852,581</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 189,818	\$ 310,685
Continued Operations (Note 1)		
Commitments (Note 9)		
SHAREHOLDERS' EQUITY		
Share Capital (Note 6)	25,138,295	25,121,495
Deficit - Statement 2	(21,352,866)	(21,579,599)
	<u>3,785,429</u>	<u>3,541,896</u>
	<u>\$ 3,975,247</u>	<u>\$ 3,852,581</u>

ON BEHALF OF THE BOARD:

"Jerry D. Blackwell", Director
JERRY D. BLACKWELL

"Edmund T. Kimura", Director
EDMUND T. KIMURA

- See Accompanying Notes -

Interim Consolidated Statements of Loss and Deficit

For the Three Months Ended March 31

(Unaudited)

Canadian Funds

	2004	2003
Expenses		
Filing, transfer fees and investor relations	\$ 38,918	\$ 69,111
Salaries and benefits	58,255	25,385
Office rent, utilities and miscellaneous	27,283	24,569
Audit, accounting, legal and professional fees	38,609	24,257
Amortization	4,380	3,742
Interest and bank charges	668	613
Travel	3,491	-
Loss Before the Undernoted	(171,604)	(147,677)
Other Income (Expense)		
Foreign exchange (loss) gain	(23,531)	(34,724)
General exploration	(9,674)	(38,057)
Gain on sale of marketable securities <i>(Note 7)</i>	431,267	-
Interest income	275	-
Income (loss) for the Period <i>(Note 10)</i>	226,733	(220,458)
Deficit – Beginning of period	(21,579,599)	(22,844,904)
Deficit - End of Period	\$ (21,352,866)	\$ (23,065,362)
Earnings (Loss) Per Share - Basic and Diluted	\$ 0.01	\$ (0.01)
Weighted Average Number of Shares Outstanding	28,987,096	28,853,331

- See Accompanying Notes -

Interim Consolidated Statements of Cash Flows

For the Three Months Ended March 31

(Unaudited)

Canadian Funds

	2004	2003
Cash Flows from Operating Activities		
Net income (loss) for the period	\$ 226,733	\$ (220,458)
Items not affecting cash		
Gain on sale of marketable securities	(431,267)	-
Amortization	4,380	3,742
	<u>(200,154)</u>	<u>(216,716)</u>
Changes in non-cash working capital items		
Accounts receivable	(19,194)	4,433
Prepaid expense	1,200	11,899
Due from joint venture partner	8,578	-
Accounts payable and accrued liabilities	(120,867)	1,052
	<u>(330,437)</u>	<u>(199,332)</u>
Cash Flows from Financing Activities		
Net proceeds from issuance of common shares	<u>2,800</u>	-
Cash Flows from Investing Activities		
Mineral properties - net of recoveries	(33,754)	(128,696)
Proceeds from sale of marketable securities	633,321	-
Purchase of capital assets	(319)	(2,795)
	<u>599,248</u>	<u>(131,491)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	271,611	(330,823)
Cash and cash equivalents - Beginning of period	<u>1,610,166</u>	<u>846,234</u>
Cash and Cash Equivalents - End of Period	\$ 1,881,777	\$ 515,411

Supplemental Cash Flow Information

During the period, the Company conducted the following non-cash transactions:

Non-Cash Investing Activities

Mineral properties acquired through the issuance of shares	\$ 14,000	\$ 4,250
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- See Accompanying Notes -

Interim Notes to Consolidated Financial Statements

March 31, 2004

(Unaudited)

Canadian Funds

1. Continued Operations

The Company, considered to be in the exploration stage, is in the process of exploring several mineral properties in Canada and Peru. The Company has not yet determined whether these properties contain economic reserves.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of amounts shown for resource properties is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of mineral properties. Also, the Company may have to raise additional funds for future corporate and administrative expenses and to undertake further exploration and development of its mineral properties. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. These consolidated financial statements do not include adjustments that would be necessary should the company be unable to continue as a going concern.

2. Accounting Policies

a) Basis of Consolidation

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada and include the accounts of the Company and its wholly-owned subsidiaries, Castle Keep Ltd., Minera Newcrest S.A., Castle Cary Ltd., Torre International Holdings Ltd., Gitennes Exploraciones Peru S.A. and Compania Minera Seis Rios S.A. All of the Company's wholly-owned subsidiaries have been accounted for under the purchase method.

These consolidated financial statements also include the accounts of Oromalqui Gold Corp., in which the Company has a 50% interest pursuant to a joint venture agreement and its wholly-owned subsidiary, Minera Corimalqui S.A. The Company accounts for its interest in the joint venture under the proportionate consolidation method of accounting. Under this method, the Company records its proportionate share of revenues, expenses, liabilities and assets of the joint venture.

b) Basis of Presentation

The accompanying unaudited interim consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. These interim consolidated financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2003.

Interim Notes to Consolidated Financial Statements

March 31, 2004

(Unaudited)

Canadian Funds

3. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, accounts receivable, due from joint venture partner, and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted. At March 31, 2004, the Company held currency totalling US\$1,425,719, which is exposed to currency risk given fluctuations in the prevailing exchange rates between the Canadian and United States dollar.

4. Mineral Properties

a) Details of mineral property activities are as follows:

	Canada			Peru				Other	Total
	Fox	Bear and Badger	Esten	Rio Blanco	Rio Seco	La Chivona	Urumalqui		
December 31, 2002	\$590,862	\$227,050	\$ -	\$293,008	\$104,589	\$ -	\$23,597	\$56,093	\$1,295,199
Acquisition costs	-	19,250	-	-	-	-	-	11,401	30,651
Deferred Expenditures									
Administration	-	-	-	320	-	-	-	-	320
Assays	-	676	-	75	-	-	-	133	884
Consulting geology	-	3,099	-	15,947	-	-	60,121	5,103	84,270
Drilling	-	-	-	-	-	-	-	-	-
Geophysics	-	600	-	-	-	-	15,621	600	16,821
Government taxes	-	-	-	-	-	-	-	-	-
Tenure	-	-	-	-	-	-	-	-	-
Topographic survey	-	-	-	-	-	-	-	-	-
Total additions during the period	-	23,625	-	16,342	-	-	75,742	17,237	132,946
March 31, 2003	\$590,862	\$250,675	\$ -	\$309,350	\$104,589	\$ -	\$99,339	\$73,330	\$1,428,145

	Canada			Peru				Other	Total
	Fox	Bear and Badger	Esten	Rio Blanco	Rio Seco	La Chivona	Urumalqui		
December 31, 2003	\$597,603	\$253,871	\$23,294	\$ -	\$251,312	\$146,935	\$528,588	\$104,945	\$1,906,548
Acquisition costs	-	14,000	-	-	-	-	-	-	14,000
Deferred Expenditures									
Administration	41	641	41	-	-	-	248	-	971
Assays	-	-	-	-	-	-	-	-	-
Consulting geology	-	2,213	-	-	2,692	7,490	2,703	-	15,098
Drilling	-	-	-	-	-	-	-	-	-
Geophysics	-	-	-	-	-	-	-	-	-
Government taxes	-	-	-	-	3,625	10,087	3,973	-	17,685
Tenure	-	-	-	-	-	-	-	-	-
Topographic survey	-	-	-	-	-	-	-	-	-
Total additions during the period	41	16,854	41	-	6,317	17,577	6,924	-	47,754
March 31, 2004	\$597,644	\$270,725	\$23,335	\$ -	\$257,629	\$164,512	\$535,512	\$104,945	\$1,954,302

Interim Notes to Consolidated Financial Statements

March 31, 2004

(Unaudited)

Canadian Funds

4. Mineral Properties - Continued**b) Fox, B.C., Canada**

By an agreement made effective October 16, 2000, amended on October 16, 2002 and October 14, 2003, the Company obtained an option to acquire a 100% interest in a property located in southern British Columbia known as the Fox property. Under the terms of the option agreement, future production from the Fox property is subject to a 1.25% net smelter return royalty. To earn its interest, the Company must, at its option, make cash payments and issue shares as follows:

Due Date	Cash	Shares
Upon execution	\$ 30,000 (paid)	200,000 (issued)
October 15, 2001	45,000 (paid)	-
October 15, 2002	15,000 (paid)	100,000 (issued)
October 15, 2004	32,500	100,000
Upon reaching a positive production decision	200,000	-
	<u>\$ 322,500</u>	<u>400,000</u>

At its option, the Company may satisfy 50% of the cash payments through the issuance of shares. The number of shares to be issued would be based on the weighted average trading price of the Company's shares for the ten-day period ending five days prior to such settlement.

In addition to the property covered by the option agreement, the Company has acquired, by staking, additional mineral claims adjacent to the Fox property.

c) Bear and Badger, Canada

By agreement dated February 7, 2002 and amended on January 21, 2004, the Company entered into an option agreement to acquire two properties located in Ontario known as the Bear Property and the Badger Property. To complete the option and earn its 100% interest the Company must, at its option, make cash payments, issue shares and incur cumulative exploration expenditures as follows:

Due Date	Cash	Shares	Cumulative Expenditures
Upon execution	\$ 7,500 (paid)	25,000 (issued)	\$ -
January 17, 2003	15,000 (paid)	25,000 (issued)	60,000 (incurred)
January 31, 2004	-	40,000 (issued)	120,000 (incurred)
January 17, 2005	65,000	25,000	180,000 (incurred)
	<u>\$ 87,500</u>	<u>115,000</u>	

The Company maintains the right to accelerate payment of the cash and issuance of the shares. The optionor retains a 2% net smelter returns royalty, 50% of which (1%) may be purchased by the Company for \$500,000 at any time.

Interim Notes to Consolidated Financial Statements

March 31, 2004

(Unaudited)

Canadian Funds

4. Mineral Properties - *Continued*

d) Esten, Ontario, Canada

By agreement dated November 14, 2003, the Company obtained an option to acquire a 100% interest in a property in Ontario known as the Esten property. To earn its interest, the Company must, at its option, issue shares and incur exploration expenditures as follows:

Due Date	Shares	Exploration Expenditures
Upon regulatory approval	25,000 (issued)	\$ -
November 4, 2004	50,000	100,000
November 4, 2005	50,000	-
November 4, 2006	75,000	500,000
	200,000	\$ 600,000

The optionor retains a 3% net smelter return royalty. The Company has the right to purchase up to 2% of the royalty for \$1,000,000 for each percentage point.

e) Rio Blanco, Peru

On April 7, 2003, the Company sold its rights to and interest in the Rio Blanco property to Monterrico Metals plc ("Monterrico"). The transaction was valued at US\$1,500,000 (CDN\$2,226,900) and was comprised of a cash payment of US\$1,000,000 plus 412,092 shares of Monterrico valued at US\$500,000 (*Note 7*). A gain on disposal of CDN\$1,893,988 was recognized in the financial statements for the year ended December 31, 2003.

f) Rio Seco, Peru

The Company acquired, by staking, the Rio Seco property in 1999. It is located 300 kilometres north of Lima, near the Pan American Highway.

g) Urumalqui, Peru

Under the terms of an October 15, 2002 Letter of Intent with Meridian Gold Inc. ("Meridian") the companies have each agreed to jointly develop the Urumalqui property. Each company agreed to allocate at least US\$125,000 per annum for a three-year period of exploration, during which the Company will manage the project. Once cumulative aggregate expenditures reach US\$750,000, project expenditures will increase to US\$500,000 per company and Meridian will have the option to become the project manager.

The Company and Meridian are currently in the process of finalizing a formal 20-year term joint venture agreement that will replace the October 15, 2002 Letter of Intent. Under the terms of the joint venture agreement, the Company and its joint venture partner each contributed concessions covering approximately 2,700 hectares in total for their initial participating interests of 50% each.

The concessions are held by a Peruvian company, Minera Corimalqui S.A., which is owned 100% by Oromalqui Gold Corp., which is owned 50% by the Company and 50% by an affiliate of Meridian.

h) La Chivona

The Company acquired by staking a 7,600 hectare property near the coastal city of Chiclayo.

Interim Notes to Consolidated Financial Statements

March 31, 2004

(Unaudited)

Canadian Funds

4. Mineral Properties - Continued

i) Other Properties

During the current and prior year, the Company staked various claims in Peru. They are individually referred to as Lapidem, Polar, and Neko.

In Ontario, the Company staked seven groups of claims collectively referred to as the Garden-Obonga properties. These properties cover mostly geophysical targets and have undergone only early-stage exploration. They are individually referred to as the Gull River, Kab River, 811 East, 811 West, Kitchen, Naydo Lake, and Ruffo Lake claims.

Individual, segregated exploration expenses will be shown for these properties if and when significant costs are incurred exploring one or more of the claims.

During the year ended December 31, 2001, the Company sold its interest in the Virgen property and wrote off all remaining costs associated with the project. Pursuant to the terms of the sale agreement, the Company retains a 2% net smelter return royalty, payable when aggregate gold production from the property exceeds 145,000 ounces.

5. Property, Plant and Equipment

	Cost	Accumulated Amortization	March 31, 2004 Net Book Value	December 31, 2003 Net Book Value
Computer equipment	\$ 86,204	\$ 58,581	\$ 27,623	\$ 28,748
Furniture and fixtures	70,485	55,361	15,124	15,911
Equipment	26,394	4,790	21,604	23,753
	<u>\$ 183,083</u>	<u>\$ 118,732</u>	<u>\$ 64,351</u>	<u>\$ 68,412</u>

6. Share Capital

a) Details are as follows:

Authorized: An unlimited number of common shares without par value

Issued and outstanding:

	Shares	Amount
Balance – December 31, 2003	28,950,831	\$ 25,121,495
Exercise of stock options	20,000	2,800
For mineral properties (Note 4c)	40,000	14,000
Balance – March 31, 2004	<u>29,010,831</u>	<u>\$ 25,138,295</u>

Interim Notes to Consolidated Financial Statements

March 31, 2004

(Unaudited)

Canadian Funds

6. Share Capital- *Continued*

b) Stock Options

The Company has a fixed stock option plan. Under the terms of the plan, the Company may grant options to its directors, employees, and other service providers up to 3,400,000 shares. The Board of Directors determines the exercise price per share and the vesting period under the plan.

During the period ended March 31, 2004, the change in stock options outstanding was as follows:

	Shares
Options outstanding – December 31, 2003	2,740,000
Expired	(240,000)
Exercised	(20,000)
Options outstanding – March 31, 2004	<u>2,480,000</u>

At March 31, 2004, the following stock options are outstanding:

Options Outstanding	Exercise Price	Expiry Date
200,000	\$0.18	April 10, 2004
905,000	\$0.15	October 1, 2007
370,000	\$2.80	March 30, 2008
525,000	\$0.13	May 4, 2008
80,000	\$0.30	November 10, 2010
<u>400,000</u>	<u>\$0.40</u>	<u>March 9, 2011</u>
<u>2,480,000</u>		

All options outstanding at March 31, 2004 have vested.

7. Marketable Securities

During the three months ended March 31, 2004, the Company disposed of 112,092 Monterrico common shares (*Note 4e*) for proceeds of \$633,321 and recognized a gain on sale of \$431,267.

8. Related Party Transactions

During the period, the Company incurred \$65,230 (2003 - \$55,426) in salaries and administrative and geological consulting fees to directors of the Company and its subsidiaries.

During the period, the Company incurred \$7,534 (2003 - \$Nil) in legal fees paid to a law firm in which a director of the Company is a partner.

Accounts payable and accrued liabilities includes \$20,074 (December 31, 2003 - \$17,801) payable to directors of the Company and its subsidiaries and to a law firm in which a director of the Company is a partner.

Interim Notes to Consolidated Financial Statements

March 31, 2004

(Unaudited)

Canadian Funds

9. Commitments

The Company has an agreement to lease office space until October 31, 2005, with a net annual lease commitment of approximately \$23,000.

10. Income Taxes

The Company operates in several tax jurisdictions and is subject to varying rates of taxation. In addition, the Company has various non-capital tax losses and deferred exploration expenditures that are available for carry forward to reduce taxable income of the current and future years. Details of income tax expense for the period is as follows:

	2004	2003
Income (loss) before income taxes for accounting purposes	\$ 226,733	\$ (220,458)
Adjustments for differences between accounting and taxable income:		
Amortization	4,380	3,742
Unrealized foreign exchange losses	23,531	34,724
Consolidated income (loss) for tax purposes	254,644	(181,992)
Tax rate	35.6%	35.6%
Expected tax expense (recovery) for the period	90,653	(64,789)
Reductions in tax (recovery) due to:		
Application of loss carry-forwards	(90,653)	-
Valuation allowance	-	64,789
Tax expense (recovery) for the period	\$ -	\$ -

The Company has approximately \$2,800,000 in non-capital loss carry-forwards and approximately \$12,600,000 in resource expenditures available to reduce future taxable income in Canada and Peru. The Company's Canadian non-capital loss carry-forwards expire between 2004 and 2010 while the Canadian exploration expenditures may be carried forward indefinitely. The losses available to the Company in Peru expire four years after the attainment of profitable commercial operations in Peru.

11. Segmented Information

The Company's business consists of mineral exploration and development. Details on geographic segments are as follows:

March 31, 2004	Income (Loss)	Capital Assets	Identifiable Assets
Canada	\$ (178,462)	\$ 42,564	\$ 1,088,814
British Virgin Islands	462,735	-	1,722,964
Peru	(57,540)	21,787	1,163,469
Total	\$ 226,733	\$ 64,351	\$ 3,975,247

12. Subsequent Events

Subsequent to March 31, 2004, the Company issued 210,000 common shares and received proceeds of \$37,400 pursuant to the exercise of stock options.