

Gitennes Exploration Inc.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2007

(Unaudited)

MANAGEMENT COMMENT

These interim consolidated financial statements for the three months ended March 31, 2007 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 2007	As at December 31 2006
Current		
Cash and cash equivalents	\$ 1,399,753	\$ 278,325
Accounts receivable (Note 11)	469,663	262,955
Prepaid expenses	7,250	5,515
	1,876,666	546,795
Mineral Properties (Note 4)	3,988,351	3,941,051
Plant and Equipment (Note 5)	59,519	62,306
	\$ 5,924,536	\$ 4,550,152

LIABILITIES

Current		
Accounts payable and accrued liabilities (Note 8)	\$ 119,998	\$ 102,196

SHAREHOLDERS' EQUITY

Share Capital (Note 6)	29,275,281	29,275,281
Contributed Surplus (Note 6b)	657,283	657,283
Deficit - Statement 2	(24,128,026)	(25,484,608)
	5,804,538	4,447,956
	\$ 5,924,536	\$ 4,550,152

Going Concern (Note 1)**Commitment** (Note 7)

ON BEHALF OF THE BOARD:

"Jerry Blackwell" Director
Jerry D. Blackwell

"Ed Kimura" Director
Edmund T. Kimura

Interim Consolidated Statements of Income (Loss) and Deficit

For the Three Months Ended March 31

(Unaudited)

Canadian Funds

	2007	2006
Expenses		
Audit, accounting, legal and professional fees	\$ 43,943	\$ 26,402
Amortization	3,127	3,025
Filing, transfer fees and investor relations	45,389	79,929
Insurance	3,422	5,000
Interest and bank charges	1,175	707
Office rent, utilities and miscellaneous	21,066	34,924
Salaries and benefits	55,877	60,872
Travel	4,842	7,908
Loss Before the Undernoted	(178,841)	(218,767)
Other Income (Expense)		
Foreign exchange gain (loss)	(25,917)	2,062
General exploration	(12,751)	(6,504)
Interest and other income	1,359	2,561
Income from royalty (Note 4j)	40,118	-
Income from sale of royalty (Note 4j)	1,532,614	-
Income (Loss) for the Period	1,356,582	(220,648)
Deficit – beginning of period	(25,484,608)	(24,738,010)
Deficit - End of Period	\$ (24,128,026)	\$ (24,958,658)
Income (Loss) Per Share – Basic	\$ 0.03	\$ (0.01)
Income (Loss) Per Share – Diluted	\$ 0.03	\$ (0.01)
Weighted-Average Number of Shares Outstanding – Basic	41,579,231	37,329,231
Weighted-Average Number of Shares Outstanding – Diluted	42,188,831	37,329,231

Interim Consolidated Statements of Cash Flows

For the Three Months Ended March 31

(Unaudited)

Canadian Funds

	2007		2006
Cash Flows from Operating Activities			
Income (loss) for the period	\$ 1,356,582	\$	(220,648)
Item not affecting cash			
Amortization	3,127		3,025
	1,359,709		(217,623)
Changes in non-cash working capital items			
Accounts receivable	(206,708)		4,855
Prepaid expense	(1,735)		7,491
Accounts payable and accrued liabilities	1,104		(5,898)
	1,152,370		(211,175)
Cash Flows from Financing Activities			
Net proceeds from issuance of common shares	-		-
Cash Flows from Investing Activities			
Mineral property expenditures	(30,602)		(406,697)
Purchase of plant and equipment	(340)		(281)
	(30,942)		(406,978)
Increase (Decrease) in Cash and Cash Equivalents	1,121,428		(618,153)
Cash and cash equivalents - beginning of period	278,325		938,735
Cash and Cash Equivalents - End of Period	\$ 1,399,753	\$	320,582

Supplemental Disclosure of Non-Cash Investing and Financing Activities

Increase (decrease) in mineral property accounts payable	\$ 16,698	\$	(55,966)
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Notes to Interim Consolidated Financial Statements

March 31, 2007

(Unaudited)

Canadian Funds

1. Going Concern

The Company, which is considered to be in the exploration stage, is in the process of exploring several mineral properties in Peru and Canada. 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 Company has no ongoing source of revenue, and has significant cash requirements to meet its administrative overhead and maintain its mineral interests. The recoverability of amounts shown for resource properties is dependent upon several factors, including 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 will 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 unaudited interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and include the accounts of the Company and its significant wholly-owned subsidiaries, Castle Keep Ltd., Torre International Holdings Ltd., Gitennes Exploraciones Peru S.A., Oromalqui Gold Corp., Minera Corimalqui S.A. and Compania Minera Seis Rios S.A. All of the Company's wholly-owned subsidiaries are accounted for under the purchase method.

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, 2006.

3. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. 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, 2007, the Company held currency totalling US\$1,121,564, which is exposed to currency risk given fluctuations in the prevailing exchange rates between the Canadian and United States dollars.

Gitennes Exploration Inc.
Notes to Interim Consolidated Financial Statements
 March 31, 2007
 (Unaudited)
 Canadian Funds

4. Mineral Properties

a) Details of mineral property activities are as follows:

	Peru					Canada		Total
	Tucumachay	Urupalqui	La Chivona	Titimina	Other	Red		
December 31, 2006	\$ 2,788,351	\$ 800,985	\$ 184,719	\$ 78,675	\$ 88,321	\$ -	\$ 3,941,051	
Acquisition costs	-	-	-	-	-	-	-	
Deferred expenditures								
Administration	157	-	-	54	-	-	211	
Assays	137	-	-	-	-	-	137	
Consulting geology	17,920	2,754	-	4,375	5,765	-	30,814	
Domicile	1,893	714	-	-	-	-	2,607	
Environmental and social license	2,500	-	-	-	-	-	2,500	
Government taxes	1,375	318	-	-	2,472	-	4,165	
Tenure	286	-	-	-	6,580	-	6,866	
Total expenditures during the period	24,268	3,786	-	4,429	14,817	-	47,300	
March 31, 2007	\$ 2,812,619	\$ 804,771	\$ 184,719	\$ 83,104	\$ 103,138	\$ -	\$ 3,988,351	

Gitennes Exploration Inc.
Notes to Interim Consolidated Financial Statements
 March 31, 2007
 (Unaudited)
 Canadian Funds

4. Mineral Properties - Continued

a) Details of mineral property activities are as follows: - Continued

	Peru					Canada	
	Tucumachay	Urumalqui	La Chivona	Titimina	Other	Red	Total
December 31, 2005	\$ 1,826,335	\$ 788,755	\$ 171,338	\$ 27,767	\$ 62,099	\$ 411,052	\$ 3,287,346
Acquisition costs	-	-	-	-	-	-	-
Deferred expenditures							
Administration	6,598	-	-	-	21	-	6,619
Assays	21,496	177	-	-	-	-	21,673
Consulting geology	57,000	844	1,665	6,034	-	1,356	66,899
Domicile	61,506	938	-	-	-	-	62,444
Drilling	118,130	-	-	-	-	-	118,130
Environmental and social license	3,135	-	-	-	-	-	3,135
Geophysics	10,621	-	-	-	-	-	10,621
Government taxes	55,628	512	316	3,583	79	-	60,118
Tenure	-	-	-	668	424	-	1,092
Total expenditures during the period	334,114	2,471	1,981	10,285	524	1,356	350,731
March 31, 2006	\$ 2,160,449	\$ 791,226	\$ 173,319	\$ 38,052	\$ 62,623	\$ 412,408	\$ 3,638,077

Notes to Interim Consolidated Financial Statements

March 31, 2007

(Unaudited)

Canadian Funds

4. Mineral Properties - Continued**b) Cumulative mineral costs are as follows:**

	Acquisition	Exploration	March 31 2007	December 31 2006
Peru				
Tucumachay	\$ 400,000	\$ 2,412,619	\$ 2,812,619	\$ 2,788,351
Urupalqui	87,329	717,442	804,771	800,985
La Chivona	35,563	149,156	184,719	184,719
Titimina	9,456	73,648	83,104	78,675
Other	-	103,138	103,138	88,321
Canada				
Red, B.C.	-	-	-	-
	\$ 532,348	\$ 3,456,003	\$ 3,988,351	\$ 3,941,051

c) Tucumachay, Peru

Under a letter of intent dated June 30, 2004 with Inmet Mining Corp. ("Inmet") the Company acquired a 100% interest in the 3,500-hectare Tucumachay property by issuing 1,000,000 shares to Inmet (issued - 2004) and incurring total exploration expenditures of US\$1,600,000 by December 31, 2008 (incurred). The Company has served notice that it has earned a 100% interest in the property, and Inmet has acknowledged that the Company has met its earn-in expenditure requirements.

Inmet may, at its option, regain a 60% interest in the property by spending three times the amount of the Company's investment once the Company has drilled 12,000 metres.

d) Urupalqui, Peru

The Company owns a 100% interest in the Urupalqui project, which is situated in north-central Peru.

e) La Chivona, Peru

The Company acquired, by staking, a 2,600-hectare property near the coastal city of Chiclayo.

f) Titimina, Peru

The Company has acquired, by staking, a 3,800-hectare property adjacent in part to the Tucumachay property.

g) 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. As the Company had no plans to explore the property during 2006, the carrying value was written-down to a nominal value as of December 31, 2005.

Notes to Interim Consolidated Financial Statements

March 31, 2007

(Unaudited)

Canadian Funds

4. Mineral Properties - *Continued*

h) Red, B.C., Canada

By an agreement dated September 3, 2004, the Company had an option to acquire a 100% interest in the Red property, located in north-central British Columbia. Under the terms of the option, the Company paid \$50,000 cash, issued 100,000 shares and incurred \$100,000 in exploration expenditures. The Company could, at its option, make additional yearly cash and share payments before July 15, 2008 that total an additional \$150,000 and 150,000 shares. On April 15, 2005, the Company entered into an agreement with Buffalo Gold Ltd. ("Buffalo") whereby Buffalo could earn a 60% interest in the property by paying the Company \$30,000 cash (received) and committing to incur \$200,000 in exploration expenditures by April 15, 2006, with the option of incurring cumulative expenditures totalling \$600,000 before April 15, 2007 (incurred). On June 6, 2006, Buffalo advised the Company that it was not going to proceed with its option. On July 12, 2006, the Company advised the owners that it did not intend to exercise its option and returned the property. Accordingly, the Company wrote off all expenditures incurred on the property.

i) Other Properties

The Company has staked various claims in Peru, all of which are held 100% by the Company. Individual, segregated exploration expenses will be shown for these properties if and when significant costs are incurred exploring one or more of the claims.

j) Virgen, Peru

During the year ended December 31, 2001, the Company sold its interest in the Virgen property. Pursuant to the terms of the sale agreement, the Company retained a 2% net smelter return royalty, payable when aggregate gold production from the property exceeded 145,000 ounces. The Company received notice from the operator of the Virgen Mine that gold production had reached the threshold of 145,000 ounces on May 16, 2006. Accordingly, the Company's 2% net smelter return royalty became effective, with payments to be received every six months.

As at December 31, 2006, the Company had received and accrued a total of \$348,124 due under the royalty agreement. This amount represents the Company's production royalty payment, net of taxes, for the period May 16 to November 16, 2006. The Company recognized an additional \$73,183 in royalty revenue receivable for the period November 17 to December 31, 2006.

During the current period, the Company recognized an additional \$57,274 in royalty revenue receivable for the period January 1 to February 6, 2007 and paid fees of \$17,156. On February 6, 2007, the Company agreed to sell its interest in the royalty for US\$1,500,000. The Company paid a fee of US\$75,000 in respect of the sale for net proceeds of \$1,663,071. As a condition of the sale, the Company agreed to forego the receipt of all royalty income accruing under the royalty agreement after November 16, 2006. Accordingly, the Company has offset accrued royalty income of \$130,457 against the income from the sale of the royalty for net income from the sale of \$1,532,614.

Notes to Interim Consolidated Financial Statements

March 31, 2007

(Unaudited)

Canadian Funds

5. Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization	March 31 2007 Net Book Value	December 31 2006 Net Book Value
Computer equipment	\$ 93,495	\$ 75,347	18,148	\$ 19,103
Furniture and fixtures	81,682	61,263	20,419	21,493
Equipment	45,461	24,509	20,952	21,710
	<u>\$ 220,638</u>	<u>\$ 161,119</u>	<u>59,519</u>	<u>\$ 62,306</u>

6. Share Capital**a) Details are as follows:**

Authorized: An unlimited number of common shares without par value

Issued and outstanding:

	March 31, 2007		March 31, 2006	
	Shares	Amount	Shares	Amount
Balance - beginning of period	41,579,231	\$ 29,275,281	37,329,231	\$ 28,272,076
Exercise of stock options	-	-	-	-
Exercise of warrants	-	-	-	-
Balance – end of period	41,579,231	\$ 29,275,281	37,329,231	\$ 28,272,076

b) Contributed Surplus

Details are as follows:

	2007	2006
Balance – beginning and end of period	<u>\$ 657,283</u>	<u>\$ 657,283</u>

c) 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 4,800,000 shares. The Board of Directors determines the exercise price per share and the vesting period under the plan.

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

	2007	2006
Options outstanding - beginning of period	3,905,000	3,905,000
Granted	-	-
Forfeited	-	-
Exercised	-	-
Options outstanding - end of period	<u>3,905,000</u>	<u>3,905,000</u>

Notes to Interim Consolidated Financial Statements

March 31, 2007

(Unaudited)

Canadian Funds

6. Share Capital - Continued

c) Stock Options - Continued

Details of the stock options outstanding at March 31 are as follows:

2007	2006	Exercise Price	Expiry Date
900,000	900,000	\$0.15	October 1, 2007
370,000	370,000	\$2.80	March 30, 2008
520,000	520,000	\$0.13	May 4, 2008
730,000	730,000	\$0.355	April 21, 2009
180,000	180,000	\$0.40	July 21, 2009
525,000	525,000	\$0.47	April 1, 2010
80,000	80,000	\$0.30	November 10, 2010
400,000	400,000	\$0.40	March 9, 2011
200,000	200,000	\$0.47	March 18, 2015
<u>3,905,000</u>	<u>3,905,000</u>		

All options outstanding at March 31, 2007 have vested.

The weighted average exercise price of the stock options outstanding at March 31, 2007 is \$0.54 and the weighted average remaining contract life of the options is 2.14 years.

d) Stock-Based Compensation

During the periods ending March 31, the Company issued no stock options to its directors, officers or employees.

e) Warrants

At March 31, the following warrants were outstanding:

2007	2006	Exercise Price	Expiry Date
-	1664,600	\$0.55	May 18, 2006
-	171,610	\$0.55	May 18, 2006
2,500,000	2,500,000	\$0.50	June 4, 2007
123,500	123,500	\$0.50	June 4, 2007
4,250,000	-	\$0.30	August 31, 2007
273,000	-	\$0.30	August 31, 2007
<u>7,146,500</u>	<u>4,459,710</u>		

7. Commitment

The Company has an agreement to lease office space until October 31, 2010, with a net annual lease commitment of approximately \$24,408.

Notes to Interim Consolidated Financial Statements

March 31, 2007

(Unaudited)

Canadian Funds

8. Related Party Transactions

During the period, the Company incurred \$14,699 (2006 - \$8,302) in legal fees paid to a law firm in which a director of the Company is a partner; accounts payable and accrued liabilities includes \$15,581 (December 31, 2006 - \$3,170) payable to this firm.

The law firm charges the Company the same rates as it does for its other clients.

9. 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 are as follows:

	<u>2007</u>	<u>2006</u>
Income (loss) before income taxes for accounting purposes	\$ 1,356,582	\$ (220,648)
Adjustments for differences between accounting and taxable income:		
Amortization	2,030	3,025
Unrealized foreign exchange (gains) losses	(11,937)	(5,971)
Consolidated loss for tax purposes	<u>1,346,675</u>	<u>(223,594)</u>
Tax rate	<u>34.1%</u>	<u>34.1%</u>
Expected tax expense (recovery) for the period	459,216	(76,246)
Reductions in tax (recovery) due to:		
Foreign income at different tax rates	2,132	1,770
Application of tax loss carry-forwards	(461,348)	
Valuation allowance	-	74,476
Tax expense (recovery) for the period	<u>\$ -</u>	<u>\$ -</u>

Future income taxes reflect the net effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's future income tax assets as at December 31, 2006 are as follows:

Non-capital loss carry-forwards	\$ 3,137,247
Mineral property expenditures	1,491,194
Property, plant and equipment	69,131
Other	26,865
	<u>4,724,437</u>
Valuation allowance	<u>(4,724,437)</u>
	<u>\$ -</u>

The Company's Canadian non-capital loss carry-forwards expire between 2007 and 2016 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.

Notes to Interim Consolidated Financial Statements

March 31, 2007

(Unaudited)

Canadian Funds

10. Segmented Information

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

March 31, 2007	Income (Loss)	Capital Expenditures	Capital Assets	Identifiable Assets
Canada	\$ 1,417,590	\$ -	\$ 38,566	\$ 1,876,113
British Virgin Islands	(29)	-	-	3,097
Peru	(60,979)	47,640	20,953	4,045,326
Total	\$ 1,356,582	\$ 47,640	\$ 59,519	\$ 5,924,536

March 31, 2006	Income (Loss)	Capital Expenditures	Capital Assets	Identifiable Assets
Canada	\$ (170,754)	\$ 1,356	\$ 32,247	\$ 655,007
British Virgin Islands	-	-	-	21,950
Peru	(49,894)	349,656	25,240	3,374,694
Total	\$ (220,648)	\$ 351,012	\$ 57,487	\$ 4,051,651

11. Subsequent Events

Subsequent to March 31, 2007 the company received the remaining cash payments (US\$400,000) payable under the Virgen royalty sales agreement dated February 6, 2007.