

Gitennes Exploration Inc.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2008

(Unaudited)

MANAGEMENT COMMENT

These interim consolidated financial statements for the three months ended March 31, 2008 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 2008	As at December 31 2007
Current		
Cash and cash equivalents	\$ 1,220,810	\$ 2,031,587
Accounts receivable	19,079	16,516
Prepaid expenses	13,766	12,887
	1,253,655	2,060,990
Mineral Properties (Note 4)	4,968,033	4,504,669
Plant and Equipment (Note 5)	83,627	88,028
	\$ 6,305,315	\$ 6,653,687

LIABILITIES

Current		
Accounts payable and accrued liabilities (Note 8)	\$ 93,009	\$ 248,763

SHAREHOLDERS' EQUITY

Share Capital (Note 6)	30,767,181	30,767,181
Contributed Surplus (Note 6b)	803,620	803,620
Deficit - Statement 2	(25,358,495)	(25,165,877)
	6,212,306	6,404,924
	\$ 6,305,315	\$ 6,653,687

Going Concern (Note 1)

ON BEHALF OF THE BOARD:

"Jerry Blackwell" Director
JERRY D. BLACKWELL

"Ken Booth" Director
KEN BOOTH

Interim Consolidated Statements of Operations, Comprehensive Income (Loss) and Deficit

For the Three Months Ended March 31

(Unaudited)

Canadian Funds

	2008	2007
Expenses		
Audit, accounting, legal and professional fees	\$ 26,311	\$ 43,943
Amortization	4,401	3,127
Filing, transfer fees and investor relations	44,271	45,389
Insurance	3,422	3,422
Interest and bank charges	843	1,175
Office rent, utilities and miscellaneous	29,099	21,066
Salaries and benefits	76,021	55,877
Travel	2,421	4,842
Loss Before the Under-Noted	(186,789)	(178,841)
Other Income (Expense)		
Foreign exchange gain (loss)	9,172	(25,917)
General exploration	(16,494)	(12,751)
Interest and other income	1,493	1,359
Income from royalty <i>(Note 4i)</i>	-	40,118
Income from sale of royalty <i>(Note 4i)</i>	-	1,532,614
Net Income (Loss) and Comprehensive Income (Loss) for the Period	(192,618)	1,356,582
Deficit – beginning of period	(25,165,877)	(25,484,608)
Deficit - End of Period	\$ (25,358,495)	\$ (24,128,026)
Income (Loss) Per Share – Basic	\$ (0.00)	\$ 0.03
Income (Loss) Per Share – Diluted	\$ (0.00)	\$ 0.03
Weighted-Average Number of Shares Outstanding – Basic	47,002,231	41,579,231
Weighted-Average Number of Shares Outstanding – Diluted	47,002,231	42,188,831

Interim Consolidated Statements of Cash Flows

For the Three Months Ended March 31

(Unaudited)

Canadian Funds

	2008	2007
Cash Flows from Operating Activities		
Income (loss) for the period	\$ (192,618)	\$ 1,356,582
Item not affecting cash		
Amortization	4,401	3,127
	<u>(188,217)</u>	1,359,709
Changes in non-cash working capital items		
Accounts receivable	(2,563)	(206,708)
Prepaid expenses	(879)	(1,735)
Accounts payable and accrued liabilities	(8,225)	1,104
	<u>(199,884)</u>	1,152,370
Cash Flows from Financing Activities		
Net proceeds from issuance of common shares	-	-
Cash Flows from Investing Activities		
Mineral properties – net of recoveries	(610,893)	(30,602)
Purchase of plant and equipment	-	(340)
	<u>(610,893)</u>	(30,942)
Increase (Decrease) in Cash and Cash Equivalents	(810,777)	1,121,428
Cash and cash equivalents - beginning of period	<u>2,031,587</u>	<u>278,325</u>
Cash and Cash Equivalents - End of Period	\$ 1,220,810	\$ 1,399,753

Supplemental Disclosure of Non-Cash Investing and Financing Activities

Increase (decrease) in mineral property accounts payable	\$ (147,529)	\$ 16,698
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Notes to Interim Consolidated Financial Statements

March 31, 2008

(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. 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 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., Gitennes Exploraciones Peru S.A., Oromalqui Gold Corp., Minera Corimalqui S.A. and Compania Minera Seis Rios S.A. All significant inter-company transactions and balances have been eliminated.

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. Except as noted below, 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.

c) Capital Disclosures

Effective January 1, 2008, the Company adopted the recommendations of CICA Handbook Section 1535 – *Capital Disclosures*. This Section requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Company's objectives, policies and processes of managing capital. These recommendations are effective for the Company's annual reporting period beginning, January 1, 2008. This new standard is not expected to have a material effect on the Company's financial statements or on its results of operations (*Note 7*).

Notes to Interim Consolidated Financial Statements

March 31, 2008

(Unaudited)

Canadian Funds

2. Accounting Policies - *Continued*

d) Financial Instruments – Disclosures and Presentations

Effective January 1, 2008, the Company adopted the recommendations of CICA Handbook Sections 3862 and 3863 – *Financial Instruments – Disclosures and Presentation*. These Sections require disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. These recommendations are effective for the Company's annual reporting period beginning, January 1, 2008. Disclosure of the measurement basis used and the criteria used to determine classification for different types of instruments is also required (*Note 3*).

3. Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. All of the Company's financial instruments are carried at amortized cost and their fair value is considered to approximate their carrying value due to their short-term nature or capacity of prompt liquidation. The Company has no speculative financial instruments, derivatives, forward contracts, or hedges.

All of the Company's Canadian cash is held in an account at a major Canadian bank. The Company also maintains U.S. and Peruvian cash in a major bank in Peru, which it uses to fund its Peruvian projects and operations. The cash balances, and payables that are denominated in U.S. dollars and Peruvian soles are subject to currency risk due to fluctuations in the exchange rates with the Canadian dollar. To manage this currency risk, the Company maintains only the minimum amount of foreign cash that is considered necessary to fund its ongoing exploration expenditures and foreign operations. Accounts payable are settled in a timely manner.

It is management's opinion that the Company is not exposed to any significant credit, interest rate, liquidity, or market risks in respect of these financial instruments. The Company's policies and processes of managing all risks associated with its financial instruments have not changed during the current period.

Gitennes Exploration Inc.
Notes to Interim Consolidated Financial Statements
 March 31, 2008
 (Unaudited)
 Canadian Funds

4. Mineral Properties

a) Details of mineral property activities are as follows:

	Peru						Total
	Tucumachay	Urupalqui	TotoRoko	Titimina	La Chivona	Other	
December 31, 2007	\$ 2,856,313	\$ 856,826	\$ 599,036	\$ 95,683	\$ -	\$ 96,811	\$ 4,504,669
Acquisition costs	-	-	-	-	-	-	-
Deferred expenditures							
Administration	116	3,937	-	-	-	-	4,053
Assays	-	17,154	6,017	-	-	-	23,171
Consulting geology	873	49,501	10,860	-	-	173	61,407
Domicile	442	26,567	920	-	-	-	27,929
Drilling	-	274,767	-	-	-	-	274,767
Environmental and social license	-	430	375	-	-	-	805
Geophysics	-	-	-	-	-	-	-
Government taxes	272	69,252	1,708	-	-	-	71,232
Tenure	-	-	-	-	-	-	-
Topographic survey	-	-	-	-	-	-	-
Total expenditures during the period	1,703	441,608	19,880	-	-	173	463,364
March 31, 2008	\$ 2,858,016	\$ 1,298,434	\$ 618,916	\$ 95,683	\$ -	\$ 96,984	\$ 4,968,033

Gitennes Exploration Inc.
Notes to Interim Consolidated Financial Statements
 March 31, 2008
 (Unaudited)
 Canadian Funds

4. Mineral Properties - *Continued*

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

	<u>Peru</u>						<u>Total</u>
	<u>Tucumachay</u>	<u>Urupalqui</u>	<u>TotoRoko</u>	<u>Titimina</u>	<u>La Chivona</u>	<u>Other</u>	
December 31, 2006	\$ 2,788,351	\$ 800,985	\$ -	\$ 78,675	\$ 184,719	\$ 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
Drilling	-	-	-	-	-	-	-
Environmental and social license	2,500	-	-	-	-	-	2,500
Geophysics	-	-	-	-	-	-	-
Government taxes	1,375	318	-	-	-	2,472	4,165
Tenure	286	-	-	-	-	6,580	6,866
Topographic survey	-	-	-	-	-	-	-
Total expenditures during the period	24,268	3,786	-	4,429	-	14,817	47,300
March 31, 2007	\$ 2,812,619	\$ 804,771	\$ -	\$ 83,104	\$ 184,719	\$ 103,138	\$ 3,988,351

Notes to Interim Consolidated Financial Statements

March 31, 2008

(Unaudited)

Canadian Funds

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

	Acquisition	Exploration	March 31 2008	December 31 2007
Peru				
Tucumachay	\$ 400,000	\$ 2,458,016	\$ 2,858,016	\$ 2,856,313
Urupalqui	87,329	1,211,105	1,298,434	856,826
TotoRoko	-	618,916	618,916	599,036
Titimina	9,456	86,227	95,683	95,683
Other	-	96,984	96,984	96,811
	\$ 496,785	\$ 4,471,248	\$ 4,968,033	\$ 4,504,669

c) Tucumachay, Peru

Under a letter of intent dated June 30, 2004 with Inmet Mining Corp. ("Inmet") the Company acquired an option to earn a 100% interest in the Tucumachay property by issuing 1,000,000 shares to Inmet (issued) 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) TotoRoko, Peru

The Company has acquired a 100% interest in the TotoRoko property in the State of Arequipa, Peru.

f) Titimina, Peru

The Company has acquired, by staking, the Titimina property adjacent in part to the Tucumachay property.

g) La Chivona, Peru

The Company acquired, by staking, the La Chivona property near the coastal city of Chiclayo. During 2007, the Company had no current plans to explore the property and therefore wrote its carrying value down to a nominal value. The Company intends to maintain the claims in good standing, and may in future return to further explore the property.

Notes to Interim Consolidated Financial Statements

March 31, 2008

(Unaudited)

Canadian Funds

4. Mineral Properties - Continued

h) 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.

i) 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.

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 and recognized royalty income of \$40,118.

5. Plant and Equipment

Details are as follows:

	Cost	Accumulated Amortization	March 31 2008 Net Book Value	December 31 2007 Net Book Value
Computer equipment	\$ 96,364	\$ 73,501	\$ 22,863	\$ 24,066
Furniture and fixtures	74,182	57,847	16,335	17,195
Equipment	76,174	31,745	44,429	46,767
	<u>\$ 246,720</u>	<u>\$ 163,093</u>	<u>\$ 83,627</u>	<u>\$ 88,028</u>

6. Share Capital

a) Details are as follows:

Authorized: An unlimited number of common shares without par value

Issued and outstanding:

	2008		2007	
	Shares	Amount	Shares	Amount
Balance – beginning and end of period	47,002,231	\$ 30,767,181	41,579,231	\$ 29,275,281

b) Contributed Surplus

Details are as follows:

	2008	2007
Balance – beginning and end of period	<u>\$ 803,620</u>	<u>\$ 657,283</u>

Notes to Interim Consolidated Financial Statements

March 31, 2008

(Unaudited)

Canadian Funds

6. Share Capital - Continued

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

	2008	Weighted Average Exercise Price	2007	Weighted Average Exercise Price
Balance – beginning of period	3,495,000	\$ 0.54	3,905,000	\$ 0.54
Granted	-	\$ -	-	\$ -
Exercised	-	\$ -	-	\$ -
Expired	(370,000)	\$ 2.80	-	\$ -
Balance – end of period	3,125,000	\$ 0.33	3,905,000	\$ 0.54

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

2008	2007	Exercise Price	Expiry Date
-	900,000	\$ 0.15	October 2, 2007
-	370,000	\$ 2.80	March 31, 2008
500,000	520,000	\$ 0.13	May 4, 2008
690,000	730,000	\$ 0.355	April 21, 2009
180,000	180,000	\$ 0.40	July 21, 2009
470,000	525,000	\$ 0.47	April 1, 2010
80,000	80,000	\$ 0.30	November 10, 2010
400,000	400,000	\$ 0.40	March 12, 2011
55,000	-	\$ 0.41	August 30, 2012
200,000	200,000	\$ 0.47	March 18, 2015
550,000	-	\$ 0.26	June 5, 2017
3,125,000	3,905,000		

All options outstanding at March 31, 2008 have vested. The weighted average exercise price of the stock options outstanding at March 31, 2008 is \$0.33 and the weighted average remaining contract life of the options is 3.21 years.

d) Stock-Based Compensation

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

Notes to Interim Consolidated Financial Statements

March 31, 2008

(Unaudited)

Canadian Funds

6. Share Capital - Continued

During the period ended March 31, the change in warrants outstanding was as follows:

e) Warrants

	2008	Weighted Average Exercise Price	2007	Weighted Average Exercise Price
Balance – beginning of period	-	\$ -	7,146,500	\$ 0.52
Granted	-	\$ -	-	\$ -
Exercised	-	\$ -	-	\$ -
Expired	-	\$ -	-	\$ -
Balance – end of period	-	\$ -	7,146,500	\$ 0.52

At March 31, the following warrants were outstanding:

2008	2007	Exercise Price	Expiry Date
-	2,500,000	\$ 0.50	June 4, 2007
-	123,500	\$ 0.50	June 4, 2007
-	4,250,000	\$ 0.30	August 31, 2007
-	273,000	\$ 0.30	August 31, 2007
-	7,146,500		

7. Capital Disclosures

The Company is in the business of mineral exploration and has no source of operating revenue. The Company has no short- or long-term debt and finances its operations through the issuance of capital stock. Capital raised is held in cash until such time as it is required to pay operating expenses or resource property costs. The Company is not subject to any externally imposed capital restrictions. Its objectives in managing its capital are to safeguard its cash and its ability to continue as a going concern, and to utilize as much of its available capital as possible for exploration activities. The Company' objectives have not changed during the period.

8. Related Party Transactions

During the period, the Company incurred \$nil (2007 - \$14,699) in legal fees and disbursements paid to a law firm in which a director of the Company is a partner; accounts payable and accrued liabilities includes \$nil (December 31, 2007 - \$2,935) payable to this firm. The law firm charges the Company the same rates as it does for its other clients.

The Company also paid \$28,684 (2007 - \$nil) in geological and administrative consulting fees to a director.

The above transactions were conducted in the normal course of operations and were measured at the exchange amount, which for the interest is based on the rate agreed to by the lenders and the board of directors, and for the legal fees is based on the same rates that the law firm charges its other clients.

Notes to Interim Consolidated Financial Statements

March 31, 2008

(Unaudited)

Canadian Funds

9. Segmented Information

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

2008		Revenue		Plant and Equipment		Mineral Properties
Canada	\$	-	\$	39,198	\$	-
Peru		1,493		44,429		4,968,033
Total	\$	1,493	\$	83,627	\$	4,968,033

2007		Revenue		Plant and Equipment		Mineral Properties
Canada	\$	1,572,732	\$	38,566	\$	-
Peru		1,359		20,953		3,988,351
Total	\$	1,574,091	\$	59,519	\$	3,988,351

10. Subsequent Event

Subsequent to March 31, 2008, the Company issued 500,000 shares from treasury and received cash proceeds of \$65,000 upon the exercise of 500,000 stock options.