

# **Gitennes** Exploration Inc.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2018**

**Unaudited**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the Company's interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of financial statements by an entity's auditor.

*"Ken Booth"*

\_\_\_\_\_  
Chief Executive Officer

*"Kerry Spong"*

\_\_\_\_\_  
Chief Financial Officer

*November 27, 2018*

Gitennes Exploration Inc.

**Condensed Interim Consolidated Balance Sheets**

Canadian Funds

Unaudited

<b>ASSETS</b>	September 30, 2018	December 31, 2017
<b>Current</b>		
Cash	\$ 164,358	\$ 403,678
Accounts receivable	15,938	17,070
Prepaid expenses and other	6,441	5,728
	<u>186,737</u>	<u>426,476</u>
<b>Reclamation Bond</b>	25,500	-
<b>Due from AndeanGold Ltd. (Note 4)</b>	1,000	1,000
<b>Equipment</b>	4,139	4,870
	<u>\$ 217,376</u>	<u>\$ 432,346</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade payables and accrued liabilities (Note 5)	\$ 330,435	\$ 118,736
<b>Long-Term Debt – Related Parties (Note 5)</b>	42,500	42,500
<b>Loan Payable – Related Party (Note 5)</b>	-	50,000
	<u>372,935</u>	<u>211,236</u>
<b>SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Share Capital (Note 3a)</b>	33,412,809	33,313,390
<b>Contributed Surplus</b>	1,766,086	1,704,905
<b>Deficit</b>	<u>(35,334,454)</u>	<u>(34,797,185)</u>
	<u>(155,559)</u>	<u>221,110</u>
	<u>\$ 217,376</u>	<u>\$ 432,346</u>

**Nature of Operations and Going Concern (Note 1)**

**Subsequent Event (Note 7)**

ON BEHALF OF THE BOARD:

“Ken Booth”, Director  
Ken Booth

“Robert Matthews”, Director  
Robert Matthews

Gitennes Exploration Inc.

## Condensed Interim Consolidated Statements of Changes In Shareholders' Equity (Deficiency)

For the Nine Months Ended September 30

Canadian Funds

Unaudited

	Share Capital (Note 3a)	Contributed Surplus	Deficit	Total
Balance – December 31, 2016	\$ 32,202,417	\$ 1,481,778	\$ (33,727,998)	\$ (43,803)
Private placement - units	468,460	-	-	468,460
Share issuance costs	(36,666)	-	-	(36,666)
Finders' warrants issued	(13,225)	13,225	-	-
Flow-through premium	(39,867)	-	-	(39,867)
Shares issued for property	330,000	-	-	330,000
Shares issued for property finder fee	14,438	-	-	14,438
Share-based compensation (Note 3c)	-	89,135	-	89,135
Comprehensive loss for the period	-	-	(757,044)	(757,044)
Balance – September 30, 2017	\$ 32,925,557	\$ 1,584,138	\$ (34,485,042)	\$ 24,653
Balance – December 31, 2017	\$ 33,313,390	\$ 1,704,905	\$ (34,797,185)	\$ 221,110
Exercise of warrants	80,000	-	-	80,000
Shares issued for property	16,500	-	-	16,500
Shares issued for property finder fee	2,919	-	-	2,919
Share-based compensation (Note 3c)	-	61,181	-	61,181
Comprehensive loss for the period	-	-	(537,269)	(537,269)
Balance – September 30, 2018	\$ 33,412,809	\$ 1,766,086	\$ (35,334,454)	\$ (155,559)

- The accompanying notes are an integral part of these financial statements -

Gitennes Exploration Inc.

## Condensed Interim Consolidated Statements Of Comprehensive Loss

For the Three and Nine Months Ended September 30

Canadian Funds

Unaudited

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
<b>Expenses</b>				
Accounting and audit	\$ 14,500	\$ 14,338	\$ 43,700	\$ 40,463
Consulting	-	-	4,000	-
Depreciation	244	281	731	468
Exploration and evaluation (Note 4)	263,488	176,114	333,916	566,348
Interest on long-term debt (Note 5)	857	2,117	3,653	6,273
Legal	41	-	3,992	17,251
Management fees	15,000	15,000	45,000	45,000
Office rent, and miscellaneous	5,959	4,254	15,659	8,062
Share-based compensation (Note 3c)	61,181	-	61,181	89,135
Shareholder information	5,415	8,217	8,260	12,115
Stock exchange and filing fees	1,850	1,300	10,690	12,774
Transfer agent fees	1,105	1,463	3,817	4,747
Travel	-	-	2,670	3,254
<b>Loss before Other Items</b>	(369,640)	(223,084)	(537,269)	(805,890)
Interest income (Note 4)	-	20,000	-	20,000
<b>Loss before Income Taxes</b>	(369,640)	(203,084)	(537,269)	(785,890)
Deferred income tax recovery (Note 3a)	-	25,647	-	28,846
<b>Comprehensive Loss for the Period</b>	\$ (369,640)	\$ (177,437)	\$ (537,269)	\$ (757,044)
<b>Loss Per Share – Basic and Diluted</b>	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
<b>Weighted-Average Number of Shares Outstanding – Basic and Diluted</b>	84,854,759	78,695,452	84,234,618	71,029,861

- The accompanying notes are an integral part of these financial statements -

Gitennes Exploration Inc.

## Condensed Interim Consolidated Statements of Cash Flows

For the Nine Months Ended September 30

Canadian Funds

Unaudited

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Loss for the period	\$ (537,269)	\$ (757,044)
Items not involving cash		
Interest accrued on long-term debt	-	6,273
Share-based compensation	61,181	89,135
Deferred income tax recovery	-	(28,846)
Shares issued for property	16,500	330,000
Shares issued for property finder fee	2,919	14,438
Depreciation	731	468
Changes in non-cash working capital items		
Accounts receivable	1,132	(10,664)
Prepaid expenses	(713)	(1,250)
Accounts payable and accrued liabilities	211,699	87,089
	<u>(243,820)</u>	<u>(270,401)</u>
<b>Cash Flows from Investing Activities</b>		
Reclamation bond	(25,500)	-
Purchase of equipment	-	(5,619)
	<u>(25,500)</u>	<u>(5,619)</u>
<b>Cash Flows from Financing Activities</b>		
Share capital issued for cash	80,000	468,460
Share issuance costs	-	(36,666)
Loan payable – related party	(50,000)	-
	<u>30,000</u>	<u>431,794</u>
<b>Change in Cash Position</b>	<b>(239,320)</b>	<b>155,774</b>
<b>Cash Position - Beginning of Period</b>	<b>403,678</b>	<b>72,775</b>
<b>Cash Position - End of Period</b>	<b>\$ 164,358</b>	<b>\$ 228,549</b>

### Supplemental schedule of non-cash financing activities

Finders' warrants issued	\$ -	\$ 13,225
Flow-through premium liability	\$ -	\$ 39,867
Shares issued for property	\$ 16,500	\$ 330,000
Shares issued for property finder fee	\$ 2,919	\$ 14,438

- The accompanying notes are an integral part of these financial statements -

Gitennes Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

Canadian Funds

Unaudited

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### 1. Nature of Operations and Going Concern

Gitennes Exploration Inc. ("the Company") was incorporated in the province of Ontario and effective February 4, 2017 completed a continuance into British Columbia. Its principal office is located at 1010 - 789 West Pender Street, Vancouver, British Columbia. The Company is currently exploring two properties in British Columbia and has a royalty interest in a mineral property located in Peru. All of these properties are in the exploration stage and it has not yet been determined whether they contain economic reserves.

These condensed interim 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. Several adverse conditions and material uncertainties cast significant doubt upon the going concern assumption. The business of mining and exploration involves a high degree of risk and there can be no assurance that future exploration and development of its properties will result in profitable mining operations or royalty payments to the Company. The Company currently has no ongoing source of revenue and will require cash to maintain its mineral interests and to meet its administrative overhead. As at September 30, 2018, the Company had a working capital deficiency of \$143,698 and an accumulated deficit of \$35,334,454.

The ability of the Company to continue as a going concern is dependent upon its ability to realize on its assets or raise additional financing. Specifically, the Company needs to collect on its convertible debenture from AndeanGold Ltd. (*Note 4*), and realize proceeds from, or from the sale of, its royalty interest on the Urumalqui project (*Note 4*), and/or obtain the necessary financing to complete the development of its mineral properties and to fund future corporate and administrative expenses. 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 financial statements do not include adjustments that would be necessary should the Company be unable to continue as a going concern, and such adjustments could be material.

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### 2. Significant Accounting Policies

#### Statement of compliance and basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board as applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These interim statements do not include all of the information and disclosures required by IFRS for annual financial statements. In the opinion of management, all adjustments and information considered necessary for fair presentation have been included in these financial statements.

Except for the adoption of IFRS 9 on January 1, 2018, as detailed below, these condensed 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 audited consolidated financial statements including the notes thereto for the year ended December 31, 2017. All financial information presented herein is unaudited. The Company's board of directors approved these condensed interim consolidated financial statements for issue on November 27, 2018.

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## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

Canadian Funds

Unaudited

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### 2. Significant Accounting Policies - *continued*

#### Adoption of new accounting standard

On January 1, 2018, the Company adopted IFRS 9 – *Financial Instruments*, which replaces IAS 39 *Financial Instruments – Recognition and Measurement*. The new standard provides guidance that is based on the Company's business model for managing its financial instruments, which includes the purpose for which the financial instruments were acquired as well as their contractual cash flow characteristics.

IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit or loss ("FVTPL"). It also includes a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own-credit risk in other comprehensive income for any liabilities designated as FVTPL.

Determination of the classification of financial instruments is made at initial recognition and reclassifications are made only upon the Company changing its business model for managing its financial instruments. Financial assets are derecognized when they mature or are sold, and substantially all of the risks and rewards of ownership have been transferred. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, upon initial recognition the Company can make an irrevocable election to designate them as FVTOCI.

Upon adoption of IFRS9 on a retrospective basis, the Company made an irrevocable election to measure its marketable securities at FVTOCI, therefore, there was no impact on the carrying values or equity as at January 1, 2018 and no measurement differences due to adopting the new standard. Accordingly, the Company was not required to retroactively restate the comparative periods or to make an adjustment to deficit or accumulated other comprehensive income at January 1, 2018. As a result of adopting IFRS 9, the Company's accounting policy for financial instruments has been modified to include the following:

#### Financial assets

##### *FVTPL*

Financial assets classified as FVTPL are initially recognized at fair value with transaction costs being expensed in the period incurred. Realized gains and losses recognized upon derecognition and unrealized gains and losses arising from changes in the fair value of the financial assets are included in profit or loss in the period in which they arise.

##### *FVTOCI*

Investments in equity instruments classified as FVTOCI are initially recognized at fair value plus transaction costs. Unrealized gains and losses arising from changes in fair value are recognized in other comprehensive income with no subsequent reclassification to profit or loss upon derecognition. Realized gains and losses recognized upon derecognition remain within accumulated other comprehensive income.

##### *Amortized cost*

A financial asset is measured at amortized cost if the objective of the Company's business model is to hold the instrument for the collection of contractual cash flows, which are comprised solely of payments of principal and interest. Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. Impairment losses are included in profit or loss in the period the impairment is recognized.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

Canadian Funds

Unaudited

### 2. Significant Accounting Policies - continued

#### Adoption of new accounting standard - continued

##### Financial liabilities

The Company's financial liabilities include trade payables and accrued liabilities and are measured at amortized cost.

The Company completed an assessment of its financial instruments as at January 1, 2018. The following table summarizes the original classification under IAS 39 and the new classification under IFRS 9:

	IAS 39	IFRS 9
Cash	Amortized cost	Amortized cost
Marketable securities (nominal value)	Available-for-sale	FVTOCI
Accounts receivable	Amortized cost	Amortized cost
Due from AndeanGold Ltd. (nominal value)	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost
Long-term debt – related parties	Amortized cost	Amortized cost
Loan payable – related party	Amortized cost	Amortized cost

### 3. Share Capital

The authorized share capital of the company consists of an unlimited number of common shares without par value.

#### a) Issued and outstanding

	Shares	Amount
Balance – December 31, 2016	64,679,923	\$ 32,202,417
Private placement – units	7,792,593	468,460
Private placement – units	3,866,666	386,667
Share issuance costs	-	(49,102)
Finders' warrants issued	-	(14,623)
Flow-through premium	-	(39,867)
Exercise of warrants	300,000	15,000
Shares issued for property (Note 4)	6,000,000	330,000
Shares issued for property finder's fee (Note 4)	262,500	14,438
Balance – December 31, 2017	82,901,682	33,313,390
Exercise of warrants	1,600,000	80,000
Shares issued for property (Note 4)	300,000	16,500
Shares issued for property finder's fee (Note 4)	53,077	2,919
Balance – September 30, 2018	84,854,759	\$ 33,412,809

Gitennes Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

Canadian Funds

Unaudited

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### 3. Share Capital – *continued*

#### a) Issued and outstanding – *continued*

In July 2017, the Company completed a private placement by issuing 3,805,900 units at a price of \$0.055 per unit and 3,986,693 flow-through units at a price of \$0.065 per flow-through unit for gross cash proceeds of \$468,460. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.085 per share for a period of 36 months. Each flow-through unit consisted of one common flow-through share and one non-flow-through share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.10 per share for a period of 36 months. The Company paid finders' fees on a portion of the placement, which consisted of 6% in cash and 6% in finders' warrants, with each finder's warrant entitling the holder to purchase one additional common share at a price of \$0.085 per share for a period of 36 months. The Company paid total finders' fees of \$18,274 and issued 296,040 warrants to qualified finders. The fair value of the finders' warrants was estimated at \$13,225 using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions: risk-free interest rate of 1.16%, expected dividend yield of 0.00%, estimated stock price volatility of 162%, and expected option life of three years. In addition, the Company paid \$17,887 in legal and filing fees in respect of the placement.

The flow-through feature of the flow-through shares was valued at \$0.01 per share, resulting in a flow-through premium liability of \$39,867. The full amount of the required qualifying exploration expenditures was completed by December 31, 2017 and accordingly the flow-through premium liability was derecognized and a deferred income tax recovery of \$39,867 was recorded.

As the trading price of the shares exceeded the unit price (net of the flow-through premium), no value was assigned to the warrants.

In November 2017, the Company completed a private placement by issuing 3,866,666 units at a price of \$0.12 per unit for gross cash proceeds of \$464,000. Each unit consisted of one common share and one share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.25 per share for a period of 24 months. The Company paid finders' fees on a portion of the placement, which consisted of 6% in cash and 6% in finders' warrants, with each finder's warrant entitling the holder to purchase one additional common share at a price of \$0.25 per share for a period of 24 months. The Company paid total finders' fees of \$2,400 and issued 20,000 warrants to qualified finders. The fair value of the finders' warrants was estimated at \$1,398 using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions: risk-free interest rate of 1.46%, expected dividend yield of 0.00%, estimated stock price volatility of 181%, and expected option life of two years. In addition, the Company paid \$10,541 in legal and filing fees in respect of the placement.

As the unit price of this offering exceeded the trading price of the shares by \$0.02 per share, \$77,333 of the unit proceeds was assigned to the warrants.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

Canadian Funds

Unaudited

### 3. Share Capital - continued

#### b) Stock options

The Company has a rolling stock option plan under which the Company may grant options to its directors, employees, and other service providers for up to 10% of the outstanding common shares. The board of directors determines the exercise price per share and the vesting period under the plan, subject to TSX Venture Exchange policy. Details of stock option activities are as follows:

	Number	Weighted Average Exercise Price
Balance – December 31, 2016	5,300,000	\$ 0.08
Granted	2,750,000	\$ 0.06
Expired	(950,000)	\$ 0.16
Balance – December 31, 2017	7,100,000	\$ 0.06
Granted	1,500,000	\$ 0.05
Expired	(2,150,000)	\$ 0.07
Balance – September 30, 2018	6,450,000	\$ 0.05

As at September 30, 2018, the Company had stock options outstanding entitling the holders to purchase common shares of the Company as follows:

Number	Exercise Price	Expiry Date
2,450,000	\$ 0.05	October 28, 2021
1,500,000	\$ 0.05	February 15, 2022
600,000	\$ 0.05	June 22, 2022
400,000	\$ 0.12	October 25, 2022
1,500,000	\$ 0.05	August 21, 2023
6,450,000		

As at September 30, 2018, the outstanding options had a weighted-average remaining life of 3.69 years; all outstanding options had vested and were exercisable.

#### c) Share-based compensation

During the period, the Company granted stock options to its directors, officers, employees, and service providers and estimated related share-based compensation as follows:

	2018	2017
Total options granted	1,500,000	2,350,000
Weighted-average exercise price	\$ 0.05	\$ 0.05
Estimated fair value of compensation	\$ 61,181	\$ 89,135
Estimated fair value per option	\$ 0.04	\$ 0.04

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

Canadian Funds

Unaudited

### 3. Share Capital - continued

#### c) Share-based compensation - continued

The fair value of the related share-based compensation recognized in the accounts has been estimated using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions:

	2018	2017
Risk-free interest rate	2.18%	1.16%
Expected dividend yield	0.00%	0.00%
Expected stock price volatility	150%	148%
Expected forfeiture rate	0.00%	0.00%
Expected option life in years	5.00	5.00

During the period, 1,500,000 (2017 – 2,350,000) options vested and the Company recognized \$61,181 (2017 - \$89,135) in share-based compensation.

#### d) Warrants

Details of share purchase warrant activities are as follows:

	Number	Weighted Average Exercise Price
Balance – December 31, 2016	1,900,000	\$ 0.05
Issued	11,975,299	\$ 0.14
Exercised	(300,000)	\$ 0.05
Balance – December 31, 2017	13,575,299	\$ 0.13
Exercised	(1,600,000)	\$ 0.05
Balance – September 30, 2018	11,975,299	\$ 0.14

As at September 30, 2018, the Company had share purchase warrants outstanding entitling the holders to purchase common shares of the Company as follows:

Number	Exercise Price	Expiry Date
3,886,666	\$ 0.250	November 10, 2019
3,996,640	\$ 0.085	June 22, 2020
3,746,693	\$ 0.100	June 22, 2020
90,900	\$ 0.085	July 12, 2020
240,000	\$ 0.100	July 12, 2020
14,400	\$ 0.085	July 14, 2020
<u>11,975,299</u>		

As at September 30, 2018, the outstanding warrants had a weighted-average remaining life of 1.53 years.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

Canadian Funds

Unaudited

### 4. Exploration and Evaluation

Details of the Company's mineral interests are as follows:

#### Snowbird, Canada

In February 2017, the Company entered into an option agreement granting it the right to earn a 100% interest in the Snowbird property located near Fort St. James, British Columbia. To earn its interest, the Company, at its option, must issue 12,000,000 shares and incur \$1,500,000 in exploration expenditures as follows:

	Shares	Expenditures
Upon regulatory approval ( <i>issued</i> )	6,000,000	\$ -
On or before September 30, 2018 (i)	2,000,000	500,000
On or before September 30, 2019	2,000,000	500,000
On or before September 30, 2020	2,000,000	500,000
	<u>12,000,000</u>	<u>\$ 1,500,000</u>

(i) Shares issued subsequent to September 30, 2018 (Note 7); expenses incurred.

In May 2017, the Company issued the initial tranche of 6,000,000 shares with a fair value of \$330,000. A finder's fee of \$52,500 is payable on the transaction, which requires the issuance of shares in stages as the Company issues shares to the optionor. The initial payment of the finder's fee was paid one-half in cash and one-half by issuing 262,500 shares with a fair value of \$14,438. The agreement provides for a 2% net smelter returns royalty ("NSR") that, upon payment of royalty payments totalling \$1,300,000, reverts to an uncapped 1% NSR.

#### Maroon, Canada

In May 2018, the Company entered into an option agreement to acquire a 100% interest in the Maroon gold property located 35 kilometres north of Terrace, British Columbia. Upon regulatory approval, the Company paid the optionor \$15,000 and issued 300,000 shares and can acquire its interest by issuing, at its option, an additional 600,000 shares and making exploration expenditures of \$400,000 as follows:

	Shares	Expenditures
Upon regulatory approval ( <i>issued</i> )	300,000	\$ -
On or before September 30, 2019	300,000	150,000
On or before September 30, 2020	300,000	250,000
	<u>900,000</u>	<u>\$ 400,000</u>

In June 2018, the Company issued the initial tranche of 300,000 shares to the optionor, with a fair value of \$16,500. A finder's fee of \$7,350 is payable on the transaction, which requires the issuance of shares in stages as the Company issues shares to the optionor. The initial payment of the finder's fee was paid by issuing 53,077 shares with a fair value of \$2,919. The agreement provides for a 2% NSR, one-half of which may be purchased by the Company upon payment of \$500,000.

Gitennes Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

Canadian Funds

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### 4. Exploration and Evaluation - *continued*

#### Urupalqui, Peru

The Company owned a 100% interest in the Urupalqui project situated in north-central Peru. Between April 2010 and December 2014, the Company signed agreements with Andean granting it the right to earn an aggregate 100% interest in Urupalqui, which it earned on December 22, 2014. The Company retains an uncapped NSR of 1.5% on all metals produced at Urupalqui, with no buy-out or other provisions attached. In addition, the Company retained a convertible debenture receivable from Andean with a face value of \$475,000 and an annual interest rate of 6% with interest only due semi-annually. The debenture is convertible into shares of Andean, at the Company's option, at a conversion rate of \$0.06 per Andean share. During the period of the debenture, Andean is required to pay 12% of any funds raised by it and certain of its subsidiaries to pay down the debenture. The debenture matured on December 22, 2017.

Since October 1, 2015, the common shares of Andean have been subject to a Cease-Trade Order issued by the British Columbia Securities Commission due to a default in complying with its continuous disclosure filing requirements. In light of the financial condition of Andean as at December 31, 2015, the Company performed an impairment test on the convertible debenture receivable and recorded an impairment loss to write down the carrying value to a nominal balance. Given the continued halted status of Andean's shares, the Company continues to carry the convertible debenture at a nominal value of \$1,000; the conversion feature of the convertible debenture is considered to be of nominal value.

The Company received payments from Andean of \$10,000 in November 2016 and \$20,000 in August 2017 to be applied against outstanding interest. Accrued interest to date has not been recognized in the accounts and while the continued Cease-Trade Order on Andean supports the Company's nominal value assignment to the convertible debenture, management remains committed to collecting the \$475,000 face value of the debenture, plus accrued interest, as future circumstances permit.

The Company also continues to hold 663,000 common shares of Andean, which were acquired under the option agreements relating to the Urupalqui project. The acquisition of these shares represented a more liquid investment in the Urupalqui project and not an acquisition of held-for-trading securities. Accordingly, upon adoption of IFRS 9 on January 1, 2018, the Company classified these shares, which are being carried at nominal value, as financial assets at FVTOCI.

#### Hixon, Canada

In June 2016, the Company acquired, through staking, mining claims in the northern part of the Barkerville Gold Belt in British Columbia. The Company abandoned the project in June 2018.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

Canadian Funds

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### 4. Exploration and Evaluation - continued

#### Exploration and evaluation expenditures

The Company expenses exploration and evaluation costs relating to its mineral property interests in the period incurred. Expenditures for the period and cumulative expenditures as at September 30, 2018 are as follows:

	Nine Months 2018	Nine months 2017	Cumulative 2018
<b>Snowbird, Canada</b>			
Option payments, finder fees, and staking	\$ 2,336	\$ 378,849	\$ 381,185
Assays	17,602	7,354	46,898
Camp and general	5,526	6,670	19,034
Consulting	12,819	1,291	18,148
Drilling	172,285	-	284,570
Geological	38,000	97,886	179,551
Geophysical	-	26,966	26,966
Mapping and survey	10,900	1,632	15,932
Transportation	31,098	44,390	96,865
	<u>290,566</u>	<u>565,038</u>	<u>1,069,149</u>
<b>Maroon, Canada</b>			
Option payments and finder fees	34,419	-	34,419
Assays	744	-	744
Camp and general	193	-	193
Geological	2,500	-	2,500
Transportation	5,494	-	5,494
	<u>43,350</u>	<u>-</u>	<u>43,350</u>
<b>Hixon, Canada</b>			
Staking	-	-	2,531
Administration and legal	-	-	500
Assays	-	-	5,061
Camp and general	-	310	5,913
Geological	-	1,000	15,800
Geophysical	-	-	10,859
Transportation	-	-	15,440
	<u>-</u>	<u>1,310</u>	<u>56,104</u>
	<u>\$ 333,916</u>	<u>\$ 566,348</u>	<u>\$ 1,168,603</u>

#### Title

Ownership of mineral interests involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its Snowbird and Maroon properties, and its NSR on the Urumalqui property and to the best of its knowledge, ownership of these interests are in good standing.

Gitennes Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2018

Canadian Funds

Unaudited

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### 5. Related Party Transactions and Key Management Compensation

The Company had transactions with related persons or corporations, which were undertaken in the normal course of operations and were measured at the amounts agreed to by the parties. Key management personnel include executive and non-executive directors and executive officers. The compensation paid or payable to key management is as follows:

	2018		2017	
Administrative consulting fees	\$	45,000	\$	45,000
Accounting fees		31,500		31,500
	\$	76,500	\$	76,500

In addition, the Company recorded share-based compensation of \$59,142 (2017 - \$46,308), which relates to incentive stock options granted to directors and officers. Share-based compensation is a non-cash item calculated using the Black-Scholes Option-Pricing Model with the assumptions detailed in Note 3c.

Accounts payable includes \$107,000 (December 31, 2017 - \$51,000) in accrued administrative and geological consulting and accounting fees due to the chief executive officer and the chief financial officer.

In addition, the chief executive officer and the chief financial officer have agreed to waive payment of accrued administrative consulting and accounting fees totalling \$42,500 such that payment will not be required within twelve months. Accordingly, this balance has been classified as long-term debt in these financial statements. These amounts bear interest at 8% per annum; during the period, interest totalling \$2,543 was paid on these amounts.

In July 2016, the Company received a loan of \$50,000 from the chief executive officer of the Company. The loan was unsecured, bearing interest at 10% per annum, and matured on July 1, 2019 with the option of prepayment without penalty. The loan was repaid in March 2018 with accrued interest of \$1,110.

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### 6. Segmented Information

The company currently operates in only one operating segment, that being the mineral exploration industry. The Company currently has three exploration projects in British Columbia, Canada and a royalty interest in a property located in Peru that is owned by Andean.

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### 7. Subsequent Event

Subsequent to September 30, 2018, the company issued the second tranche of 2,000,000 shares to the optionor of the Snowbird property (Note 4). In addition, the Company issued 175,000 shares due to the finder of the project in accordance with the agreement.

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