

# Gitennes Exploration Inc.

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2019**

**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, 2019*

Gitennes Exploration Inc.

**Condensed Interim Consolidated Balance Sheets**

Canadian Funds

Unaudited

<b>ASSETS</b>	September 30, 2019	December 31, 2018
<b>Current</b>		
Cash	\$ 526,607	\$ 41,126
Accounts receivable	4,565	11,262
Prepaid expenses and other	4,816	5,222
	<u>535,988</u>	<u>57,610</u>
<b>Reclamation Bond</b>	31,500	25,500
<b>Due from AndeanGold Ltd. (Note 4)</b>	-	1,000
<b>Equipment</b>	3,311	3,896
	<u>\$ 570,799</u>	<u>\$ 88,006</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Trade payables and accrued liabilities (Note 5)	\$ 338,835	\$ 195,947
Deferred flow-through premium (Note 3a)	22,952	-
	<u>361,787</u>	<u>195,947</u>
<b>Long-Term Debt – Related Parties (Note 5)</b>	42,500	42,500
	<u>404,287</u>	<u>238,447</u>
<b>SHAREHOLDERS' DEFICIENCY</b>		
<b>Share Capital (Note 3a)</b>	33,940,412	33,478,059
<b>Contributed Surplus</b>	1,869,922	1,766,086
<b>Deficit</b>	(35,643,822)	(35,394,586)
	<u>(166,512)</u>	<u>(150,441)</u>
	<u>\$ 570,799</u>	<u>\$ 88,006</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, 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)
<b>Balance – September 30, 2018</b>	<b>\$ 33,412,809</b>	<b>\$ 1,766,086</b>	<b>\$ (35,334,454)</b>	<b>\$ (155,559)</b>
Balance – December 31, 2018	\$ 33,478,059	\$ 1,766,086	\$ (35,394,586)	\$ (150,441)
Private placement - units	140,700	44,380	-	185,080
Private placement - units	328,262	43,018	-	371,280
Share issuance costs	(47,719)	-	-	(47,719)
Finders' warrants issued	(16,438)	16,438	-	-
Flow-through premium	(22,952)	-	-	(22,952)
Shares issued for property	80,500	-	-	80,500
Comprehensive loss for the period	-	-	(249,236)	(249,236)
<b>Balance – September 30, 2019</b>	<b>\$ 33,940,412</b>	<b>\$ 1,869,922</b>	<b>\$ (35,643,822)</b>	<b>\$ (166,512)</b>

- 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	
	2019	2018	2019	2018
<b>Expenses</b>				
Accounting and audit	\$ 14,250	\$ 14,500	\$ 43,554	\$ 43,700
Consulting	-	-	-	4,000
Depreciation	195	244	585	731
Exploration and evaluation (Note 4)	91,036	263,488	91,241	333,916
Interest on long-term debt (Note 5)	857	857	2,543	3,653
Interest - other	7,416	-	7,416	-
Legal	-	41	1,321	3,992
Management fees	15,000	15,000	45,000	45,000
Office, rent, and miscellaneous	6,198	5,959	16,338	15,659
Share-based compensation (Note 3c)	-	61,181	-	61,181
Shareholder information	7,887	5,415	9,823	8,260
Stock exchange and filing	1,993	1,850	10,653	10,690
Transfer agent	745	1,105	2,677	3,817
Travel	8,401	-	17,085	2,670
<b>Loss Before Other Item</b>	<b>153,978</b>	<b>369,640</b>	<b>248,236</b>	<b>537,269</b>
Impairment of Due from AndeanGold Ltd. (Note 4)	-	-	1,000	-
<b>Comprehensive Loss for the Period</b>	<b>\$ 153,978</b>	<b>\$ 369,640</b>	<b>\$ 249,236</b>	<b>\$ 537,269</b>
<b>Loss Per Share – Basic and Diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.01</b>
<b>Weighted-Average Number of Shares Outstanding – Basic and Diluted</b>	<b>89,867,868</b>	<b>84,854,759</b>	<b>87,986,191</b>	<b>84,234,618</b>

- 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

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Loss for the period	\$ (249,236)	\$ (537,269)
Items not involving cash		
Impairment of Due from AndeanGold Ltd.	1,000	-
Shares issued for properties	80,500	16,500
Shares issued for property finder fee	-	2,919
Share-based compensation	-	61,181
Depreciation	585	731
Changes in non-cash working capital items		
Accounts receivable	6,697	1,132
Prepaid expenses	406	(713)
Accounts payable and accrued liabilities	142,888	211,699
	<u>(17,160)</u>	<u>(243,820)</u>
<b>Cash Flows from Investing Activities</b>		
Reclamation bonds	<u>(6,000)</u>	<u>(25,500)</u>
<b>Cash Flows from Financing Activities</b>		
Share capital issued for cash	556,360	80,000
Share issuance costs	(47,719)	-
Loan payable – related party	-	(50,000)
	<u>508,641</u>	<u>30,000</u>
<b>Change in Cash Position</b>	485,481	(239,320)
<b>Cash Position - Beginning of Period</b>	<u>41,126</u>	<u>403,678</u>
<b>Cash Position - End of Period</b>	<u>\$ 526,607</u>	<u>\$ 164,358</u>
<b>Supplemental schedule of non-cash financing activities</b>		
Shares issued for properties	\$ 80,500	\$ 16,500
Shares issued for property finder fee	\$ -	\$ 2,919
Finders' warrants issued	\$ 16,438	\$ -
Flow-through premium liability	\$ 22,952	\$ -

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

Gitennes Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

Canadian Funds

Unaudited

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### 1. Nature of Operations and Going Concern

Gitennes Exploration Inc. ("the Company") is incorporated in the province of British Columbia with its principal office 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 mineral 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 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, 2019, the Company had working capital of \$174,201 and an accumulated deficit of \$35,643,822.

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 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 16 on January 1, 2019 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, 2018. All financial information presented herein is unaudited. The Company's board of directors approved these financial statements for issue on November 27, 2019.

#### Adoption of new accounting standard

On January 1, 2019, the Company adopted IFRS 16 – *Leases*, according to which all leases are presented in the balance sheet of the lessee, except those that meet the limited exception criteria. The Company currently has no lease agreements and therefore there was no impact on the Company's consolidated financial statements upon adopting this standard.

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Gitennes Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

Canadian Funds

Unaudited

### 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, 2017	82,901,682	\$ 33,313,390
Exercise of warrants	1,600,000	80,000
Shares issued for Maroon property (Note 4)	300,000	16,500
Shares issued for Maroon property finder's fee (Note 4)	53,077	2,919
Shares issued for Snowbird property (Note 4)	2,000,000	60,000
Shares issued for Snowbird property finder's fee (Note 4)	175,000	5,250
Balance – December 31, 2018	87,029,759	33,478,059
Private placement - units	5,288,000	140,700
Private placement - units	10,608,000	328,262
Share issuance costs	-	(47,719)
Finders' warrants issued	-	(16,438)
Flow-through premium	-	(22,952)
Shares issued for Maroon property (Note 4)	300,000	10,500
Shares issued for Snowbird property (Note 4)	2,000,000	70,000
Balance – September 30, 2019	105,225,759	\$ 33,940,412

In September 2019, the Company completed a private placement by issuing 5,288,000 units at a price of \$0.035 per unit for gross proceeds of \$185,080 and 10,608,000 flow-through units at a price of \$0.035 per flow-through unit for gross proceeds of \$371,280. 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 \$0.05 per share for a period of three years. Each flow-through unit consisted of one common flow-through share and one two-year non-flow-through share purchase warrant entitling the holder to purchase one additional common share at a price of \$0.05 per share in the first year and \$0.06 per share in the second year. The Company paid finders' fees on a portion of the placement, which consisted of 8% in cash (\$39,189) and 8% in finders' warrants, with each finder's warrant entitling the holder to purchase one additional common share at a price of \$0.05 per share – 633,760 finders' warrants were for a period of two years and 485,920 finders' warrants were for a period of three years. The fair value of the finders' warrants was estimated at \$16,438 using the Black-Scholes Option-Pricing Model with the following weighted-average assumptions: risk-free interest rate of 1.57%, expected dividend yield of 0.00%, estimated stock price volatility of 117%, and expected option life of 2.43 years. In addition, the Company paid a \$5,000 corporate finance fee as well as \$3,530 in legal and filing fees in respect of the placement.

The unit price of this offering exceeded the trading price of the shares on the date of issuance, therefore, \$87,398 of the unit proceeds has been assigned to the warrants and classified as contributed surplus.

The value of the flow-through feature of the flow-through shares was estimated at \$22,952 resulting in a flow-through premium liability, which, upon incurring the required qualifying exploration expenditures, will be derecognized and a deferred income tax recovery will be recorded.

Gitennes Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

Canadian Funds

Unaudited

### 3. Share Capital - continued

#### b) Stock options

Details of stock option activities are as follows:

	Number	Weighted Average Exercise Price
Balance – December 31, 2017	7,100,000	\$ 0.06
Granted	1,500,000	\$ 0.05
Expired	(2,150,000)	\$ 0.07
Balance – December 31, 2018	6,450,000	\$ 0.05
Expired	(100,000)	\$ 0.05
Balance – September 30, 2019	6,350,000	\$ 0.05

As at September 30, 2019, the Company had stock options outstanding entitling the holders to purchase common shares of the Company as follows:

Number	Exercise Price	Expiry Date
2,400,000	\$ 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
1,450,000	\$ 0.05	August 21, 2023
6,350,000		

As at September 30, 2019, the outstanding options had a weighted-average remaining life of 2.69 years; all outstanding options had vested and were exercisable.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

Canadian Funds

Unaudited

### 3. Share Capital - continued

#### 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:

	2019	2018
Total options granted	-	1,500,000
Weighted-average exercise price	\$ -	\$ 0.05
Estimated fair value of compensation	\$ -	\$ 61,181
Estimated fair value per option	\$ -	\$ 0.04

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:

	2019	2018
Risk-free interest rate	-	2.18%
Expected dividend yield	-	0.00%
Expected stock price volatility	-	150%
Expected forfeiture rate	-	0.00%
Expected option life in years	-	5.00

During 2018, 1,500,000 options vested and the Company recognized \$61,181 in share-based compensation.

#### d) Warrants

Details of share purchase warrant activities are as follows:

	Number	Weighted Average Exercise Price
Balance – December 31, 2017	13,575,299	\$ 0.13
Exercised	(1,600,000)	\$ 0.05
Balance – December 31, 2018	11,975,299	\$ 0.13
Issued	17,015,680	\$ 0.05
Balance – September 30, 2019	28,990,979	\$ 0.09

Gitennes Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

Canadian Funds

Unaudited

### 3. Share Capital - continued

#### d) Warrants - continued

As at September 30, 2019, 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
8,022,000	\$ 0.050	September 12, 2021 (i)
633,760	\$ 0.050	September 12, 2021
2,586,000	\$ 0.050	September 18, 2021 (ii)
1,740,000	\$ 0.050	September 12, 2022
4,033,920	\$ 0.050	September 18, 2022
<u>28,990,979</u>		

(i) Exercise price increases to \$0.06 per share on September 12, 2020.

(ii) Exercise price increases to \$0.06 per share on September 18, 2020.

As at September 30, 2019, the outstanding warrants had a weighted-average remaining life of 1.57 years.

### 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 (issued) On or before September 30, 2018	6,000,000	\$ -
(issued/incurred) On or before September 30, 2019 (issued)	2,000,000	500,000
On or before December 31, 2019 (i)	2,000,000	-
On or before September 30, 2020	-	500,000
	<u>2,000,000</u>	<u>500,000</u>
	<u>12,000,000</u>	<u>\$ 1,500,000</u>

(i) The optionor granted a three-month extension from the original expenditure requirement date.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

Canadian Funds

Unaudited

### 4. Exploration and Evaluation - continued

#### Snowbird, Canada - continued

During 2019, the Company issued 2,000,000 shares (2018 – 2,000,000 shares) with a fair value of \$70,000 (2018 – \$60,000) to the optionors. A finder's fee is payable on the transaction, which requires the issuance of shares in stages as the Company issues shares to the optionor. During 2018, the Company issued 175,000 shares with a fair value of \$5,250 to the finder. 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 <i>(issued)</i>	300,000	-
On or before March 31, 2020 <i>(i)</i>	-	150,000
On or before September 30, 2020	300,000	250,000
	<u>900,000</u>	<u>\$ 400,000</u>

*(i)* The optionor granted a six-month extension from the original expenditure requirement date.

During 2019, the Company issued 300,000 shares (2018 – 300,000 shares) to the optionor, with a fair value of \$10,500 (2018 – \$16,500). A finder's fee 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 during 2018 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.

#### Urupalqui, Peru

In December 2014, AndeanGold Ltd. ("Andean") earned a 100% interest in the Company's Urupalqui project situated in north-central Peru. The Company retained 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%. 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.

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 recorded an impairment loss to write down the carrying value to a nominal balance of \$1,000. During 2019, given the continued halted status of Andean's shares, the Company recorded a full write-down of this receivable. Management remains committed to collecting the full amount of the debenture, plus accrued interest, as future circumstances permit. The Company also holds 663,000 common shares of Andean, which are carried at nominal value.

Gitennes Exploration Inc.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

Canadian Funds

Unaudited

#### 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, 2019 are as follows:

	Nine Months 2019	Nine months 2018	Cumulative 2019
<b>Snowbird, Canada</b>			
Option payments, finder fees, and staking	\$ 77,000	\$ 2,336	\$ 523,435
Assays	-	17,602	46,898
Camp and general	1,326	5,526	20,475
Consulting	-	12,819	18,148
Drilling	-	172,285	284,570
Geological	-	38,000	179,551
Geophysical	-	-	26,966
Mapping and survey	322	10,900	18,142
Transportation	1,043	31,098	97,151
Expense recoveries	-	-	(49,252)
	<u>79,691</u>	<u>290,566</u>	<u>1,166,084</u>
<b>Maroon, Canada</b>			
Option payments and finder fees	11,550	34,419	45,969
Assays	-	744	744
Camp and general	-	193	193
Geological	-	2,500	2,500
Mapping and survey	-	-	1,773
Transportation	-	5,494	6,460
	<u>11,550</u>	<u>43,350</u>	<u>57,639</u>
	<u>\$ 91,241</u>	<u>\$ 333,916</u>	<u>\$ 1,223,723</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 Urumulqui property and to the best of its knowledge, ownership of these interests are in good standing.

## Notes to Condensed Interim Consolidated Financial Statements

September 30, 2019

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:

	2019		2018	
Administrative consulting fees	\$	45,000	\$	45,000
Accounting fees		31,500		31,500
	\$	76,500	\$	76,500

Accounts payable includes \$188,500 (December 31, 2018 - \$112,000) 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.

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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 two 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, 2019, the Company settled accounts payable totalling \$38,418 by issuing 768,376 common shares from treasury.

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