

E-ENERGY VENTURES INC.

**Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
(Unaudited)**

September 30, 2011

E-ENERGY VENTURES INC.

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated 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 E-Energy Ventures Inc. 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 standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

E-ENERGY VENTURES INC.
Condensed Interim Consolidated Statement of Financial Position
(Unaudited)

	September 30, 2011	March 31, 2011
<i>Current</i>		
Cash	\$ 47,223	\$ 31,693
Short term investments – (Note 5)	612,525	860,654
Prepaid expenses	3,036	7,589
GST receivable	8,527	4,464
Other receivables – (Notes 6 and 9)	362,500	212,500
Marketable securities – (Note 7)	<u>227,500</u>	<u>390,000</u>
	1,261,311	1,506,900
Equipment – (Note 8)	-	-
Mineral properties under exploration – (Note 9)	<u>4,581,906</u>	<u>4,522,387</u>
	<u>\$ 5,843,217</u>	<u>\$ 6,029,287</u>
LIABILITIES		
<i>Current</i>		
Accounts payable and accrued liabilities	<u>\$ 456</u>	<u>\$ 3,493</u>
SHAREHOLDERS' EQUITY		
Capital stock – (Note 11)	14,352,247	14,352,247
Contributed surplus – (Notes 11 and 12)	989,062	989,062
Deficit	<u>(9,498,548)</u>	<u>(9,315,515)</u>
	<u>5,842,761</u>	<u>6,025,794</u>
	<u>\$ 5,843,217</u>	<u>\$ 6,029,287</u>

Approved by the Board:

“Simon Tam”, Director

“David Rankin”, Director

See accompanying notes to the consolidated financial statements

E-ENERGY VENTURES INC.
Condensed Interim Consolidated Statement of Comprehensive Loss
(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2011	2010	2011	2010
General and Administrative Expenses				
Amortization	\$ -	\$ 38	\$ -	\$ 75
Bank charges	144	34	201	43
Consulting fees - (Note 10)	33,500	28,500	62,000	57,000
Filing fees	2,995	3,010	2,995	3,010
Investor relations	11,250	11,250	22,500	22,500
Office and miscellaneous	425	0	425	420
Professional fees - (Note 10)	41,914	41,550	54,061	50,742
Property Investigation	0	0	17,155	0
Rent - (Note 10)	4,500	4,500	9,000	9,000
Shareholder information	3,022	3,640	3,022	3,640
Transfer agent fees	2,144	2,951	3,049	4,905
Loss before other items	(99,894)	(95,473)	(174,408)	(151,335)
Other items				
Royalty income	75,000	75,000	150,000	150,000
Interest income	1,795	762	3,875	1,517
Unrealized gain (loss) in investments	-	32,500	(162,500)	(227,500)
Write-off mineral property - (Note 9)	-	(593,331)	-	(593,331)
	(76,795)	(485,069)	(8,625)	(669,314)
Net loss and comprehensive loss for the period	\$ (23,099)	\$ (580,542)	\$ (183,033)	\$ (820,649)
Loss per share – basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.01)
Weighted average number of shares outstanding	61,471,330	61,471,330	61,471,330	61,471,330

See accompanying notes to the consolidated financial statements

E-ENERGY VENTURES INC.
Condensed Interim Consolidated Statement of Cash Flows
(Unaudited)

	Six Months Ended	
	September 30,	September 30,
	2011	2010
Operating activities		
Income (loss) for the period	\$ (183,033)	\$ (820,649)
Items not affecting cash:		
Amortization	-	75
Unrealized loss (gain) on investments	162,500	227,500
Write-off of mineral property	-	593,331
Interest income	(3,875)	(1,517)
<i>Change in non-cash working capital items:</i>		
Prepaid expenses	4,553	(2,473)
Decrease (increase) in receivables	(154,063)	(18,428)
Increase in accounts payable and accrued liabilities	(3,037)	54
Cash generated (used in) operations	<u>(176,955)</u>	<u>(22,107)</u>
Interest received	<u>2004</u>	<u>8</u>
	<u>(174,951)</u>	<u>(22,099)</u>
Investing activities		
Short term investments	250,000	-
Mineral property and deferred exploration costs	<u>(59,519)</u>	<u>(78,766)</u>
	<u>190,481</u>	<u>(78,766)</u>
Increase (decrease) in cash during the period	15,530	(100,865)
Cash, beginning of period	<u>31,693</u>	<u>159,239</u>
Cash, end of period	<u><u>\$ 47,223</u></u>	<u><u>\$ 58,374</u></u>

See accompanying notes to the consolidated financial statements

E-ENERGY VENTURES INC.
Condensed Interim Consolidated Statement of Changes in Equity
(Unaudited)

	<i>Capital Stock</i>		<i>Contributed Surplus</i>	<i>Deficit</i>	<i>Shareholders' Equity</i>
	<i>Number of Shares</i>	<i>Amount</i>			
Balance, April 1, 2010 (Note 17)	61,471,330	\$ 14,352,247	\$ 989,062	\$ (8,015,735)	\$ 7,325,574
Net income (loss) for the period	-	-	-	(820,649)	(820,649)
Balance, September 30, 2010	61,471,330	14,352,247	989,062	(8,836,384)	6,504,925
Net income (loss) for the period	-	-	-	(479,131)	(479,131)
Balance, March 31, 2011	61,471,330	14,352,247	989,062	(9,315,515)	6,025,794
Net loss for the period	-	-	-	(183,033)	(183,033)
Balance, September 30, 2011	61,471,330	\$ 14,352,247	\$ 989,062	\$ (9,498,548)	\$ 5,842,761

See accompanying notes to the consolidated financial statements

E-ENERGY VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2011

(Unaudited)

1. Nature of Operations and Going Concern

The Company was incorporated under the laws of the Province of British Columbia and is in the business of exploration and development of mineral properties. To date, the Company has not earned significant revenues and is considered to be in the exploration stage.

The Company is engaged in acquisition and exploration of resource property interests. Funding for operations is raised primarily through private and public share offerings. The Company has incurred substantial losses to date and further losses are anticipated in continuing the exploration and development of its resource property interests.

The recoverability of carrying amounts for resource property interests and related deferred exploration and development costs is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying resource properties, the ability of the Company to obtain necessary financing to complete exploration and development, and achievement of future profitable production or proceeds from disposition.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards applicable to a going concern, which assume that the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. The Company has incurred significant losses totaling \$9,498,548 since inception and has working capital of \$1,260,855 (March 31, 2011 - \$1,503,407) which may not be sufficient to sustain operations over the foreseeable future and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company.

2. General Information and Statement of Compliance with IFRS

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting* using accounting principles consistent with International Financial Reporting Standards ("*IFRS*"). These are the Company's second IFRS condensed interim consolidated financial statements for part of the period covered by the first IFRS annual financial statements. They do not include all of the information required for annual financial statements and should be read in conjunction with the Company's most recent annual financial statements for the year ended March 31, 2011 prepared in accordance with Canadian GAAP and in consideration of the disclosures regarding the transition to IFRS as that was reported in the Company's first IFRS condensed interim financial statements for the three months ended June 30, 2011.

The preparation of these condensed consolidated interim financial statements resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under the previous Canadian generally accepted accounting principles ("CGAAP"). The accounting policies set out below have been applied consistently to all periods presented in these consolidated interim financial statements. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in Note 17. This note includes reconciliations of equity and total comprehensive loss for comparative periods and of equity at the date of transition reported under previous CGAAP to those reported for those periods and at the date of transition under IFRS.

E-ENERGY VENTURES INC.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited)

2. General Information and Statement of Compliance with IFRS – cont'd

The condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 25, 2011.

3. Significant Accounting Policies

Basis of Consolidation

These consolidated financial statements have been prepared in accordance with IFRS and include the accounts of the Company and its wholly-owned subsidiary, E-Energy Ventures International (Barbados) Corp., which in turn owns 100% of E-Energy Ventures Holdings (Barbados) Corp., which in turn owns 10% of Mina Real Mexico S.A. de C.V. (a Mexican company). All inter-company transactions and balances are eliminated upon consolidation.

Use of Estimates

The preparation of financial statements and related disclosures in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are based on historical experience and on other assumptions that are believed at the time to be reasonable under the circumstances. The actual results may differ from those previously estimated.

Key areas where management has made complex or subjective judgments include: fair value of certain assets; accounting for amortization; mineral asset impairment assessments; environmental obligations; stock-based compensation; income taxes and contingencies.

Mineral Properties under Exploration

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operation. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Cost of Maintaining Mineral Properties

The Company does not accrue the estimated future costs of maintaining its mineral property in good standing.

E-ENERGY VENTURES INC.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited)

3. Significant Accounting Policies – cont'd

Asset Retirement Obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of property and equipment, or site closure or reclamation activities when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

At present, the Company has determined that it has no significant asset retirement obligations to record in these financial statements.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Impairment of non-financial assets

The Company reviews and evaluates its property, including exploration and evaluation assets, plant and equipment for indications of impairment when events or changes in circumstances indicate that the related carrying amount may not be recoverable or at least at the end of each reporting period. The asset's recoverable amount is estimated if an indication of impairment exists.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. Future cash flows are estimated based on expected future production, commodity prices, operating costs and capital costs.

E-ENERGY VENTURES INC.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited)

3. Significant Accounting Policies – cont'd

Impairment of non-financial assets – cont'd

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

Impairment losses reducing the carrying value to the recoverable amount are recognized in profit and loss. An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Equipment

Equipment consists of computer equipment. The computer equipment is recorded at cost and amortized at an annual rate of 30% using the declining balance method.

Foreign Currency Translation

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar. Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- i. Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;
- ii. Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- iii. Income and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange on the transaction date.

Risk Instruments and Risk Management

Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The fair values of cash, short-term investments, other receivables, marketable securities, accounts payable and accrued liabilities, approximate their book values because of the short-term nature of these instruments.

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is primarily attributable to its bank accounts and accounts receivable. Bank accounts are with Canadian Schedule 1 banks. Management believes that the credit risk with respect to receivable is remote.

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Notes to the Condensed Interim Consolidated Financial Statements
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3. Significant Accounting Policies – cont'd

Risk Instruments and Risk Management – cont'd

Liquidity Risk

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they fall due or that it will be required to meet them at excessive cost. The Company reviews its working capital position regularly to ensure there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company manages its liquidity risk through private placements.

The Company's operating cash requirements including amounts projected to complete its existing capital expenditure program are continuously monitored and adjusted as input variables change. These variables include but are not limited to commodity prices, cost overruns on capital projects and changes to government regulations relating to land tenure, allowable production and availability of markets. As these variables change, liquidity risks may necessitate the need for the Company to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

Interest Rate Risk

The Company is exposed to the risk that the value of financial instruments will change due to movements in market interest rates. As of September 30, 2011, the Company has no interest-bearing debentures with long-term maturities and therefore does not believe that interest rate risk is significant. The Company does not use derivative instruments to reduce its interest rate risk as the Company's management believes that the likely financial impact of interest rate changes does not justify using derivatives. The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The Company's future interest income is exposed to short-term rates.

Environmental Risk

The Company is not subject to environmental risks associated with its operations.

Commodity Price Risk

The Company is subject to commodity price risk for the sale of gold and silver. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control such as the sale or purchase of commodities by various central banks, financial institutions, expectations of inflation or deflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, international supply and demand, speculative activities and increased production due to new mine developments, improved mining and production methods and international economic and political trends. The Company's revenues, if any, are expected to be in large part derived from the extraction of mineral products. As such, the effect of these factors on the price in future product sales, and therefore the economic viability of any of the Company's exploration projects, cannot accurately be predicted.

Marketable Securities

The Company's marketable securities are classified as fair value through profit or loss because the Company intends to trade the investments for short-term profit making. They are recognized at fair value based on market prices. Gains and losses are reflected in net income for the year in which they arise.

E-ENERGY VENTURES INC.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited)

3. Significant Accounting Policies – cont'd

Short term Investment

The Company designated its short term investment as fair value through profit or loss financial instruments. The investment consists of a redeemable GIC valued at \$612,525 at an annual interest rate of bank prime minus 1.95% maturing on October 5, 2011. As at September 30, 2011, after interest revenue accrual, its carrying cost approximate its fair market value and no adjustment is necessary.

Cash Equivalents

Cash equivalents are highly liquid investments, such as term deposits with major financial institutions, having a term to maturity of three months or less at acquisition, that are readily convertible to specified amounts of cash.

Share-based payments

The Company's Stock Option Plan allows employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as a share based payments expense with a corresponding increase in contributed surplus. If, and when, the options are ultimately exercised, the applicable amount of contributed surplus is transferred to share capital. The fair value is measured at the date of grant and each tranche is recognized on a graded-vesting basis over the period during which the options vest. This policy applies to all options vested after April 1, 2010. The fair value of options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest.

Deferred income taxes

The Company uses the balance sheet method of accounting for income taxes. Under the balance sheet method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax asset will be recovered.

Earnings (Loss) Per Share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. The effect of the application of the accounting treatment on current loss per share would be anti-dilutive. Accordingly, diluted loss per share has not been presented separately.

Basic earnings (loss) per share is calculated using the weighted-average number of common shares outstanding during the year. The Company has potentially dilutive options and warrants outstanding.

E-ENERGY VENTURES INC.
Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited)

3. Significant Accounting Policies – cont'd

Royalty income

Royalty income is recognized when earned.

Financial instruments

Financial instruments must be classified into one of these five categories: fair value through profit or loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: FVTPL financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

The Company designated its cash and cash equivalents, short term investments and marketable securities as FVTPL, which are measured at fair value. Accounts receivable and other receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

The Company had no "other comprehensive income or loss" transactions during the six month periods ended September 30, 2011 and 2010, and no opening or closing balances for accumulated other comprehensive income or loss. As a result, these consolidated financial statements do not include a statement of Accumulated Other Comprehensive Income.

Capital Disclosures specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. See Note 15 - Management of Capital.

4. Accounting Standards Issued But Not Yet Effective

The following new accounting standards have been issued, but are not yet effective and have not yet been adopted by the Company. Each of the new standards is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted. The Company is currently evaluating the effects of adopting these standards:

IAS 1 – Presentation of Financial Statements

This standard requires companies preparing financial statements under IFRS to group items within Other Comprehensive Income ("OCI") that may be reclassified to profit or loss. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The amendments to IAS 1 are set out in Presentation of Items of Other Comprehensive Income and are effective for fiscal years beginning on or after January 1, 2013.

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4. Accounting Standards Issued But Not Yet Effective – cont'd

IFRS 9 – Financial Instruments – classification and measurement

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized cost only if the entity is holding the instrument to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is recorded at fair value through profit or loss.

IFRS 10 – Consolidation

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 Consolidation—Special Purpose Entities and parts of IAS 27 Consolidated and Separate Financial Statements.

IFRS 11 - Joint Arrangements

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

IFRS 13 - Fair Value Measurement

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

Amendments to Other Standards

In addition, there have been amendments to existing standards, including IAS 27, Separate Financial Statements (IAS 27), and IAS 28, Investments in Associates and Joint Ventures (IAS 28). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

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(Unaudited)

5. Short-term Investments

	September 30 2011	March 31, 2011	April 1, 2010
Short-term investments			
Guaranteed Investment Certificates (GIC)	\$ 612,525	\$ 860,654	\$ 1,004,585

GIC's have maturities in excess of 90 days to a term of 1 year with an interest rate of bank prime minus 1.95%.

6. Other Receivables

Other receivables consist of royalty payments.

7. Marketable Securities

The Company's marketable securities, which are classified as fair value through profit or loss have been valued at their market prices.

	<u>Cost</u>	<u>Market</u>
September 30, 2011	\$ 1,395,000	\$ 227,500
March 31, 2011	\$ 1,395,000	\$ 390,000
April 1, 2010	\$ 1,395,000	\$ 1,105,000

8. Equipment

	September 30, 2011	March 31, 2011	April 1, 2010
Computer equipment			
Cost	\$ -	\$ -	\$ 2,482
Accumulated amortization	-	-	(2,183)
Net book value	\$ -	\$ -	\$ 499

In the year of acquisition, amortization is taken at half the normal rates.

The carrying value of equipment is reviewed whenever events or changes in circumstance indicate the recoverable value may be less than the carrying amount. Recoverable value is based on management's estimates of undiscounted future net cash flows expected to be recovered from specific asset or groups of assets through use or future disposition. Where impairment is indicated, impairment charges are recorded in the reporting period in which impairment is determined by management.

9. Mineral Properties under Exploration

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

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9. Mineral Properties under Exploration – cont'd

Stormy Mountain Molybdenum Property, Yukon Territories

Pursuant to a Purchase Agreement dated February 21, 2006, the Company acquired a 100% interest in certain mining claim units located in the Watson Lake Mining District of the Yukon Territories, referred to as the Stormy Mountain Molybdenum Property (the "Property"). The Property is subject to a 2% Net Smelter Royalty ("NSR") with the Company having the right to purchase 1% of the NSR for \$1,000,000 from the vendors. In consideration, the Company paid \$75,000 in cash and issued 2,000,000 common shares. The Company paid a finder's fee of 293,750 common shares in connection with the acquisition of the property.

Rivard Gold Property, Ontario

Pursuant to an Assignment Agreement dated August 8, 2006 and an Amendment Agreement dated March 30, 2010, the Company acquired an option to earn a 100% interest in the Rivard gold property mineral lease at the west end of the Red Lake gold mining camp in northwest Ontario. To exercise such option, the Company is required to make cash payments totaling \$500,000 over various years to October 2011 and to issue 2,500,000 common shares. The property is subject to a 3% net smelter return royalty. At September 30, 2011, the Company had paid \$469,400 and issued 2,500,000 common shares.

Uchi Lake Gold Property, Ontario

Pursuant to an Option Agreement dated November 15, 2006, the Company acquired an option to earn a 100% interest in the Uchi Lake gold property, located east of Red Lake, Ontario. To exercise such option, the Company is required to make cash payment of \$200,000 over 30 months, issue 2,000,000 common shares and incur \$500,000 in exploration expenditures over a three-year period. The property is subject to a 2% net smelter return royalty which the Company can buy down to a 1% NSR at a cost of \$1,000,000. The Company had paid \$200,000 and issued 2,000,000 common shares. During the year ended March 31, 2011, the Company decided to abandon the project because of uneconomical prospects and wrote off total deferred costs of \$593,331 in this property.

Mina Real and Santa Fe Properties, Mexico

Pursuant to an Agreement dated November 20, 2008 and an Amendment Agreement dated January 16, 2009, the Company entered into a Joint Venture Agreement with Rochester Resources Ltd. ("Rochester") and paid \$1,475,000 cash and acquired 3,500,000 common shares of Rochester at a fair value of \$0.15 per share to acquire an undivided 10% equity interest in the capital stock of Mina Real Mexico S.A. de C.V. ("Mina Real"), a private company incorporated in Mexico which is wholly owned by Rochester. Mina Real currently holds certain mining concessions and claims covering 20,662.42 hectares (the "Mina Real Property") located in Tepic, Mexico. In addition, Mina Real holds a 70% equity interest in Compania Minera Santa Fe S.A. de C. V. ("Santa Fe") which holds certain mining concessions and claims (the "Santa Fe Property") located in Tepic, Mexico.

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9. Mineral Properties under Exploration – cont'd

Mina Real and Santa Fe Properties, Mexico – cont'd

Pursuant to the Joint Venture Agreement, the Company is entitled to a gross overriding advance royalty payment of \$25,000 per month, free and clear of any and all cost or expense of every kind and nature; whatsoever, incurred in connection with the operation of the Mina Real Property. The gross overriding advance royalty payment may be credited against the Company's 10% share of the net profit of the Mina Real Property and Santa Fe Property. However, the payment is not dependent on the profitability of the properties and shall be payable even if the properties do not generate any profit. Under the Joint Venture Agreement, Rochester has an option to re-acquire the 10% interest in Mina Real from the Company (the "Back-In Option"). The Back-In Option has a term of three years commencing on December 22, 2008 and may be exercised by Rochester as follows:

- (i) If exercised during the second year of the term, by payment of \$2,075,000 cash to the Company; and,
- (ii) If exercised during the third year of the term, by payment of \$2,000,000 in cash to the Company.

The Back-In Option shall not be exercised during the first year of the term.

The Company and Rochester are related by way of sharing certain common directors.

As at September 30, 2011, Rochester owed the Company \$362,500 in past due royalty payments (March 31, 2011 - \$212,500; April 1, 2010 - \$75,000).

	Stormy Mountain	Rivard Gold Property	Uchi Lake Gold Property	Mina Real and Santa Fe	Total
April 1, 2010	\$ 302,097	\$ 2,583,880	\$ 593,331	\$1,500,644	\$ 4,979,952
Acquisition costs					
Cash payments	-	132,400	-	-	132,400
	-	132,400	-	-	132,400
Deferred exploration costs					
Assays camp and general	3,366	-	-	-	3,366
	3,366	-	-	-	3,366
Amounts written off – (Note 9)	-	-	(593,331)	-	(593,331)
Balance, March 31, 2011	305,463	2,716,280	-	1,500,644	4,522,387
Acquisition costs					
Cash payments	-	56,999	-	-	56,999
	-	56,999	-	-	56,999
Deferred exploration costs					
Assays camp and general	2,520	-	-	-	2,520
	2,520	-	-	-	2,520
Balance, September 30, 2011	\$ 307,983	\$ 2,773,279	\$ -	\$1,500,644	\$ 4,581,906

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10. Related Party Transactions

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$30,000 (2010 - \$30,000) for consulting fees to a company controlled by a director of the Company.
- b) Paid or accrued to a management company related to a director of the Company the following:

	<u>2011</u>	<u>2010</u>
Accounting	\$ 18,000	\$ 18,000
Rent	<u>9,000</u>	<u>9,000</u>
	<u>\$ 27,000</u>	<u>\$ 27,000</u>

The amounts charged to the Company for the services provided have been determined by negotiation among the parties and in certain cases, by signed agreements. These transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

11. Capital Stock and Contributed Surplus

Authorized: an unlimited number of common shares without par value

Stock Options

The Company has a stock option plan whereby it is authorized to grant options to directors and employees to acquire up to 10% of issued and outstanding common stock. Under the policy, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years.

	Number of Shares	Weighted Average Exercise Price \$	Weighted Average Life Remaining in years
Balance, April 1, 2010	2,800,000	0.27	1.8
Expired	(800,000)	-	-
Balance, March 31, 2011	2,000,000	0.31	1.1
Expired	(50,000)	0.33	-
Balance, September 30, 2011	<u>1,950,000</u>	<u>0.31</u>	<u>0.55</u>

The following stock options were outstanding at September 30, 2011:

Number	Price	Expiring
400,000	0.25	Mar 21/2012
1,450,000	0.33	Apr 17/2012
<u>100,000</u>	0.25	Sep 12/2012
<u>1,950,000</u>		

Share Purchase Warrants

There were no share purchase warrants outstanding at September 30, 2011.

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12. Contributed Surplus and Stock Based Compensation

No stock based compensation expense was recognized for the periods ended September 30, 2010 and 2011 as there were no stock options granted during the year ended March 31, 2011 or the six month period ended September 30, 2011.

The Company uses the Black-Scholes option pricing model to determine the fair value of the options.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants.

13. Segmented Information

The Company operates in a single segment. Capital assets by geographic locations are as follows:

	September 30, 2011	March 31, 2011	April 1, 2010
Canada	\$ 3,081,262	\$ 3,021,743	\$ 3,479,807
Mexico	1,500,644	1,500,644	1,500,644
Total	<u>\$ 4,581,906</u>	<u>\$ 4,522,387</u>	<u>\$ 4,980,451</u>

14. Commitments

The Company has certain commitments described under Note 9 relating to its mineral properties.

15. Capital Risk Management

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern; to maintain optimal capital structure, while ensuring the Company's strategic objectives are met and to provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

The capital structure of the Company consists of equity attributable to common shareholders, comprised of issued capital, stock options, contributed surplus and deficit.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, selling and/or acquiring assets, and controlling its capital expenditures program.

The Company is in business of exploring and developing mineral properties. As such, the Company is dependent on external financing to fund its activities. In order to pay for its operating expenses, the Company will spend its existing working capital and raise additional amounts as needed and if available.

Management reviews its capital management approach on an ongoing basis.

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16. Fair Value Measurement

The Company provides information about its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.,: as prices) or indirectly (i.e.,: derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data.

At September 30, 2011, the levels in the fair value hierarchy into which the Company's financial assets and liabilities are measured and recognized in the balance sheet at fair value are categorized as follows:

	Level 1	Level 2
Cash	\$ 47,223	-
Short-term investments	\$ 612,525	-
Marketable securities	\$ 227,500	-

17. Transition to International Reporting Standards

As stated in Note 2, these are the Company's second condensed interim consolidated financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS. An explanation of how the transition from the previous GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

IFRS 1 sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its transition financial statements at April 1, 2010 (the "Transition Date").

a) Business combinations

IFRS 3 *Business Combinations* has not been applied retrospectively to business combinations that occurred before the date of transition to IFRS.

b) Share-based payment transactions

The Company has elected to not apply IFRS 2 *Share-based Payments* retrospectively to options granted on or before November 7, 2002 nor to options granted after November 7, 2002 and vested before the date of transition to IFRS.

c) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets were not retrospectively restated prior to transition date.

d) Fair value as deemed cost

The Company may elect among two options when measuring the value of its assets under IFRS. It may elect, on an asset by asset basis, to use either historical cost as measured under retrospective application of IFRS or fair value of an assets at the opening balance sheet date. The Company has elected to use historical cost for its assets.

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17. Transition to International Reporting Standards – cont'd

Reconciliation of Financial Position as at April 1, 2010, September 30, 2010 and March 31, 2011

	Note	April 1, 2010			September 30, 2010			March 31, 2011		
		Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS										
Current										
Cash		159,239	-	159,239	58,374	-	58,374	31,693	-	31,693
Short-term investments		1,004,585	-	1,004,585	1,006,094	-	1,006,094	860,654	-	860,654
Prepaid expenses		-	-	-	2,473	-	2,473	7,589	-	7,589
GST receivable		1,983	-	1,983	7,911	-	7,911	4,464	-	4,464
Other receivables		75,000	-	75,000	87,500	-	87,500	212,500	-	212,500
Marketable securities		1,105,000	-	1,105,000	877,500	-	877,500	390,000	-	390,000
		<u>2,345,807</u>	-	<u>2,345,807</u>	<u>2,039,852</u>	-	<u>2,039,852</u>	<u>1,506,900</u>	-	<u>1,506,900</u>
Equipment		499	-	499	424	-	424	-	-	-
Mineral properties under exploration		4,979,952	-	4,979,952	4,465,387	-	4,465,387	4,522,387	-	4,522,387
		<u>7,326,258</u>	-	<u>7,326,258</u>	<u>6,505,663</u>	-	<u>6,505,663</u>	<u>6,029,287</u>	-	<u>6,029,287</u>
LIABILITIES										
Current										
Accounts payable and accrued liabilities		684	-	684	738	-	738	3,493	-	3,493
SHAREHOLDERS' EQUITY										
Capital stock		14,352,247	-	14,352,247	14,352,247	-	14,352,247	14,352,247	-	14,352,247
Contributed surplus		989,062	-	989,062	989,062	-	989,062	989,062	-	989,062
Deficit		(8,015,735)	-	(8,015,735)	(8,836,384)	-	(8,836,384)	(9,315,515)	-	(9,315,515)
		<u>7,325,574</u>	-	<u>7,325,574</u>	<u>6,504,925</u>	-	<u>6,504,925</u>	<u>6,025,794</u>	-	<u>6,025,794</u>
		<u>7,326,258</u>	-	<u>7,326,258</u>	<u>6,505,663</u>	-	<u>6,505,663</u>	<u>6,029,287</u>	-	<u>6,029,287</u>

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17. Transition to International Reporting Standards - cont'd

Reconciliation of Net Income (loss) and Comprehensive Income (loss) for the Six Months Ended September 30, 2010 and the Year Ended March 31, 2011

	For the six months ended September 30, 2010			For the year ended March 31, 2011			
	Note	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses							
Amortization		75	-	75	150	-	150
Consulting fees		57,000	-	57,000	119,000	-	119,000
Filing fees		3,010	-	3,010	8,210	-	8,210
Interest		43	-	43	195	-	195
Investor relations		22,500	-	22,500	45,000	-	45,000
Office and miscellaneous		420	-	420	1,133	-	1,133
Professional fees		50,742	-	50,742	80,748	-	80,748
Rent		9,000	-	9,000	18,000	-	18,000
Shareholder information		3,640	-	3,640	3,640	-	3,640
Stock-based compensation		-	-	-	-	-	-
Transfer agent fees		4,905	-	4,905	8,113	-	8,113
Travel and promotion		-	-	-	13,483	-	13,483
		151,335	-	151,335	297,672	-	297,672
Loss before other items		(151,335)	-	(151,335)	(297,672)	-	(297,672)
Loss on disposal of assets		-	-	-	(349)	-	(349)
Royalty income		150,000	-	150,000	300,000	-	300,000
Interest income		1,517	-	1,517	6,572	-	6,572
Unrealized gain (loss) on investments		(227,500)	-	(227,500)	(715,000)	-	(715,000)
Write-off of mineal properties		(593,331)	-	(593,331)	(593,331)	-	(593,331)
Net income (loss) and comprehensive income (loss) for the period		(820,649)	-	(820,649)	(1,299,780)	-	(1,299,780)

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17. Transition to International Reporting Standards – cont'd

Reconciliation of Cash Flows for the Six Months Ended September 30, 2010 and the Year ended March 31, 2011

- (i) Under the previous Canadian accounting standards, interest paid and received were presented through the notes. Under IFRS, interest paid and received is allocated to operating, investing and financing activities where they can be identified with transactions within those categories. There are no other material adjustments to the statement of cash flows. The components of cash and cash equivalents under pre-change accounting standards are similar to those presented under IFRS.

	Note	For the six months ended September 30, 2010			For the year ended March 31, 2011		
		Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
Operating activities							
Net income (loss) for the period		(820,649)	-	(820,649)	(1,299,780)		(1,299,780)
Items not affecting cash:							
Amortization		75	-	75	150	-	150
Unrealized loss (gain) on investments		227,500	-	227,500	715,000	-	715,000
Loss on disposal of assets		-	-	-	349	-	349
Write-off of mineral exploration		593,331	-	593,331	593,331	-	593,331
Interest income	17(i)	-	(3,875)	(3,875)	-	(6,572)	(6,572)
Change in non-cash working capital items:							
Decrease (increase) in prepaid expenses		(2,473)	-	(2,473)	(7,589)	-	(7,589)
Decrease (increase) in accrued interest	17(i)	(1,509)	1,509	-	(3,068)	3,068	-
Decrease (increase) in receivables		(18,428)	-	(18,428)	(139,981)	-	(139,981)
Increase (decrease) in accounts payable and accrued liabilities		54	-	54	2,809	-	2,809
		(22,099)	(2,366)	(24,465)	(138,779)	(3,504)	(142,283)
Interest received	17(i)		2,366	2,366	-	3,504	3,504
		(22,099)	-	(22,099)	(138,779)	-	(138,779)
Investing activities							
Proceeds from short-term investments		-	-	-	146,999	-	146,999
Mineral property costs		(50,266)	-	(50,266)	(135,766)	-	(135,766)
		(50,266)	-	(50,266)	11,233	-	11,233
Financing activities							
		-	-	(50,266)	-	-	-
Increase (decrease) in cash		(72,365)	-	(72,365)	(127,546)	-	(127,546)
Cash, beginning of the period		159,239	-	159,239	159,239	-	159,239
Cash, end of the period		86,874	-	86,874	31,693	-	31,693