

E-ENERGY VENTURES INC.

INTERIM FINANCIAL STATEMENTS

Uuaudited – see notice to reader

September 30, 2008

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Notice to Reader

The accompanying unaudited interim financial statements of E-Energy Ventures Inc. for the six months ended September 30, 2008 have been prepared by management. These statements have not been reviewed by the Company's external auditor.

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**E-ENERGY VENTURES INC.**  
 Balance Sheet  
 (Unaudited – Prepared by Management)

	September 30, 2008	March 31, 2008
<b>ASSETS</b>		
<i>Current</i>		
Cash and cash equivalents	\$ 102,340	\$ 12,819
Short term investments – (Note 3)	4,380,610	4,702,084
GST receivable	18,233	2,135
Prepaid and deposit	-	-
	<u>4,501,183</u>	<u>4,717,038</u>
Equipment – (Note 5)	865	1,018
Advances – (Note 4)	25,000	25,000
Mineral property and deferred exploration costs (Note 6)	3,011,660	2,635,024
	<u>\$ 7,538,708</u>	<u>\$ 7,378,080</u>

**LIABILITIES**

<i>Current</i>		
Accounts payable and accrued liabilities	\$ 189,343	\$ 824

**SHAREHOLDERS' EQUITY**

Capital stock - (Note 8)	14,352,247	14,299,961
Contribution surplus – (Notes 8 and 9)	989,062	989,062
Deficit	(7,991,944)	(7,911,767)
	<u>7,349,365</u>	<u>7,377,256</u>
	<u>\$ 7,538,708</u>	<u>\$ 7,378,080</u>

**Approved by the Board:**

“Simon Tam” Director

“David Rankin” Director

See accompanying notes to the financial statements

**E-ENERGY VENTURES INC.**  
Statement of Operations  
(Unaudited – Prepared by Management)

	Three months Ended September 30 2008	Three months Ended September 30 2007	Six months Ended September 30 2008	Six months Ended September 30 2007
<b>General and Administrative Expenses</b>				
Administration fees	\$ -	\$ 1,500	\$ -	\$ 3,000
Amortization	77	109	153	218
Consulting fees	42,000	30,500	81,750	47,500
Filing fees	2,622	5,446	2,622	32,596
Interest and bank charges	8	73	32	178
Investor relations	11,250	-	22,500	-
Office and miscellaneous	673	1,661	1,253	1,964
Professional fees	36,451	100,065	44,199	129,241
Rent	4,500	3,000	8,000	6,000
Shareholder information	3,018	4,656	3,018	4,989
Transfer agent fees	2,396	3,515	4,566	6,385
Travel and promotion	516	39,409	2,401	49,116
<b>Loss before other item</b>	(103,511)	(189,934)	(170,494)	(281,187)
<b>Other items</b>				
Interest Income	56,934	188	90,317	17,872
<b>Loss for the period</b>	(46,577)	(189,746)	(80,177)	(263,315)
<b>Deficit, beginning of period</b>	(7,945,367)	(7,117,715)	(7,911,767)	(7,044,146)
<b>Deficit, end of period</b>	\$ (7,991,944)	\$ (7,307,461)	\$ (7,991,944)	\$ (7,307,461)
<b>Basic and diluted loss per common share</b>	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
<b>Weighted average number of common shares outstanding</b>	61,471,330	61,005,616	61,390,378	58,001,449

See accompanying notes to the financial statements

**E-ENERGY VENTURES INC.**

## Statement of cash flows

(Unaudited – Prepared by Management)

	Three months Ended September 30 2008	Three months Ended September 30 2007	Six months Ended September 30 2008	Six months Ended September 30 2007
<b>Operating activities</b>				
Loss for the period	\$ (46,577)	\$ (189,746)	\$ (80,177)	\$ (263,315)
Items not affecting cash:				
Amortization	77	109	153	218
	(46,500)	(189,637)	(80,024)	(263,097)
Changes in non-cash working capital items:				
(Increase) in prepaid and deposit	-	22,459	-	5,589
(Increase) decrease in accounts receivable	( 16,116)	( 1,319)	(16,098)	( 5,143)
Increase (decrease) in accounts payable	188,528	659	188,519	(18,208)
	125,912	(167,838)	92,397	(280,859)
<b>Investing activities</b>				
Short term investments	252,740	-	321,474	-
Advances	-	-	-	-
Mineral property and deferred exploration costs	(341,635)	-	(376,636)	(421,711)
	( 88,895)	-	( 55,162)	(421,711)
<b>Financing activities</b>				
Proceeds from issuance	-	-	52,286	5,329,227
Issuance costs	-	-	-	(445,763)
	-	-	52,286	4,883,464
<b>Increase (decrease) in cash for the period</b>	<b>37,017</b>	<b>(167,838)</b>	<b>89,521</b>	<b>4,180,894</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>65,323</b>	<b>4,991,617</b>	<b>12,819</b>	<b>642,885</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 102,340</b>	<b>\$ 4,823,779</b>	<b>\$ 102,340</b>	<b>\$ 4,823,779</b>

See accompanying notes to the financial statements

## **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 in the process of exploring and developing its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These financial statements have been prepared assuming the Company will continue on going-concern basis. The Company has incurred losses since inception and the ability of the Company to continue as a going-concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing.

There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. As at September 30, 2008 the Company had a net working capital of \$4,311,840.

## **2. Significant Accounting Policies**

### *Basis of presentation*

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements using the same accounting policies and methods consistent with those used in the most recent annual financial statements except as noted below. These interim financial statements do not contain all disclosure required by Canadian GAAP for annual financial statements and therefore, should be read in conjunction with the audited financial statements for the year ended March 31, 2008.

### *Changes in accounting policies*

Effective April 1, 2008, the Company adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook standards:

#### Section 1400 – Going-concern

In June 2007, the CICA amended Handbook Section 1400, "General Standards of Financial Statement Presentation", which requires management to make an assessment of a company's ability to continue as a going-concern. When financial statements are not prepared on a going-concern basis, that fact shall be disclosed together with the basis on which the financial statements are prepared and the reason why the Company is not considered a going-concern.

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**2. Significant Accounting Policies - cont'd**

Section 1535: Capital Disclosures

This Section establishes standards for disclosing information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. (See note 14)

Section 3031 - Inventories

This Section prescribes the accounting treatment for inventories and provides guidance on the determination of costs and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Section 3862 Financial Instruments - Disclosures and 3863: Financial Instruments - Presentation.

These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial statements and how the Company manages those risks. (See note 13)

There was no material impact on the Company's financial position or results of operations as a result of adopting new standards.

*Future accounting changes:*

In February 2008, the CICA published Handbook Section 3064, Goodwill and Intangible Assets. This new standard establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The requirements will be effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently assessing the impact that this accounting pronouncement will have on its financial statements.

*Convergence to International Financial Reporting Standards ("IFRS")*

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

**3. Short-term Investments**

	September 30, 2008	March 31, 2008
a) Short-term investments		
Guaranteed Investment Certificates (GIC)	\$ 4,380,610	\$ 4,702,084

GIC's have maturities in excess of 90 days to a term of 1 year with interest rates varying from 1.85% to 2.10%.

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**4. Advances**

The Company advanced \$25,000 for exploration work on its Rivard property.

**5. Equipment**

	Sep 30, 2008			March 31, 2008		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 2,681	\$ 1,816	\$ 865	\$ 2,681	\$ 1,663	\$ 1,018

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.

**6. Mineral Property and Deferred Exploration Costs**

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.

*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. During six months ended September 30, the Company paid \$7,158 staking cost to keep the property in good standing.

*Rivard Gold Property, Ontario*

Pursuant to an Assignment Agreement dated August 8, 2006, 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 payment of \$500,000 over 4 years and to issue 2,500,000 common shares. The property is subject to a 3% net smelter return royalty. The Company paid \$70,000 as a first stage payment and issued 2,500,000 common shares.

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**6. Mineral Property and Deferred Exploration Costs – cont'd**

*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 paid \$50,000 as a first stage payment and issued 2,000,000 common shares.

	Stormy Mountain	Rivard Gold Property	Uchi Lake Property	Total
Balance, March 31, 2008	\$ 292,419	\$ 1,929,536	\$ 413,069	\$ 2,635,024
<b>Acquisition costs</b>				
Cash payments	-	35,001	50,000	85,001
Shares to Vendors	-	-	-	-
Staking	7,158	-	-	7,158
	7,158	35,001	50,000	92,159
<b>Deferred exploration costs</b>				
Assays	-	7,126	-	7,126
Camp, field supplies & transport		149,992	-	149,992
Drilling	-	91,539	-	91,539
Geological & geophysical	-	25,219	10,600	35,819
	-	273,877	10,600	284,477
<b>Balance, September 30, 2008</b>	<b>\$ 299,577</b>	<b>\$ 2,238,414</b>	<b>\$ 473,669</b>	<b>\$ 3,011,660</b>

**7. Related Party Transactions**

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$30,000 (2007-\$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:

	2008	2007
Accounting	\$ 15,000	\$ 15,000
Rent	8,000	6,000
Administration fees	-	1,500
	<u>\$ 11,000</u>	<u>\$ 12,000</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.

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**8. Capital Stock and Contributed Surplus**

	Number of Shares	Amount	Contributed Surplus
Balance, March 31, 2007	41,274,559	\$ 9,405,895	\$ 475,070
Stock-based compensation			520,994
Fair value of stock options exercised		7,002	(7,002)
Issued for cash			
Private placement (i)	7,250,000	1,305,000	
Private placement (ii)	8,962,500	3,585,000	
Exercise of stock options (iii)	150,000	20,000	
Exercise of warrants (iv)	3,398,557	422,827	
Share issue costs		(445,763)	
Balance, March 31, 2008	61,035,616	\$ 14,299,961	\$ 989,062
Issued for cash			
Exercise of warrants (v)	435,714	52,286	
Balance, September 30, 2008	61,471,330	\$ 14,352,247	\$ 989,062

Transactions during the year ended March 31, 2008:

- i) The Company closed a non-brokered private placement of 7,250,000 units at a price of \$0.18 per unit for a total of \$1,305,000. Each unit will consist of 1 common share and 1 nontransferable share purchase warrant for the purchase of 1 further common share at the exercise price of \$0.25 per share in the first year and \$0.30 per share in the second year. The Company paid a finder's fee of \$94,763 in cash.
- ii) The Company closed a non-brokered private placement of 8,962,500 common share units at \$0.40 per unit for gross proceeds of \$3,585,000. Each unit consists of one common share and one-half of a transferable common share purchase warrant entitling the holder to acquire one additional share at \$0.55 per share until December 25, 2008. The Company paid a finder's fee of \$351,000 in cash.
- iii) 150,000 stock options were exercised at prices ranging from \$0.12 to \$0.14 per share.
- iv) 3,398,557 share purchase warrants were exercised at prices ranging from \$0.12 to \$0.22 per share.

Transactions during the six months ended September 30, 2008:

- v) 435,714 share purchase warrants were exercised at a price of \$0.12 per share.

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**(Unaudited – prepared by management)**

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**8. Capital Stock and Contributed Surplus – cont'd**

*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 5 years.

	Number of Shares	Weighted Average Exercise Price \$	Weighted Average Life Remaining in years
Balance, March 31, 2007	2,000,000	0.17	3.7
Granted	1,500,000	0.33	4.1
Granted	50,000	0.50	2.2
Granted	450,000	0.25	4.5
Exercised	(100,000)	0.14	-
Exercised	(150,000)	0.12	-
Balance, March 31, 2008	3,850,000	0.25	3.5
Granted	-	-	-
Exercised	-	-	-
Balance, September 30, 2008	3,850,000	0.25	3.3

The following stock options were outstanding at September 30, 2008:

Number	Price	Expiring
750,000	0.14	May 20/2010
450,000	0.12	Apr 17/2009
100,000	0.27	Jul 17/2009
150,000	0.27	Sep 21/2009
400,000	0.25	Mar 21/2012
1,500,000	0.33	Apr 17/2012
50,000	0.50	May 23/2010
450,000	0.25	Sep 12/2012
<u>3,850,000</u>		

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**(Unaudited – prepared by management)**

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**8. Capital Stock and Contributed Surplus – cont'd**

*Share Purchase Warrants*

	Number of Shares	Weighted Average Exercise Price \$	Weighted Average Life Remaining in years
Balance, March 31, 2007	12,230,013	0.24	1.3
Granted	7,250,000	0.25/0.30	1.1
Granted	4,481,250	0.55	1.8
Balance, March 31, 2008	23,961,263	0.29	1.1
Exercised	(435,714)	0.12	-
Expired	(8,155,729)	0.12	-
Expired	(2,550,000)	0.22	-
Balance, September 30, 2008	12,819,820	0.43	0.33

The following warrants were outstanding at September 30, 2008:

Number	Price	Expiring
1,088,570	0.75 Yr. 2	Dec 26/2008
7,250,000	0.30 Yr. 2	Apr 12/2009
4,481,250	0.55	Dec 25/2008
<u>12,819,820</u>		

**9. Stock Based Compensation**

The Company, in accordance with the policies of the TSX Venture Exchange, is authorized to grant options to directors, officers, and employees to acquire up to 10% of the issued and outstanding common shares. The fair value of each option granted is estimated on the grant date using the Black-Scholes Option-Pricing model.

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. During the six months ended September 30, the Company had not granted stock options and no stock based compensation was recorded.

**10. Segmented Information**

The Company primarily operates in one reportable operating segment, being the acquisition and development of mineral properties in Canada.

**E-ENERGY VENTURES INC.**  
**Notes to the interim financial statements**  
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**(Unaudited – prepared by management)**

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**11. Supplemental Disclosure with Respect to Cash Flows**

	2008	2007
Cash paid during the year for income taxes	\$ -	\$ -
Cash paid during the year for interest	\$ -	\$ -

The significant non-cash transaction for the six months ended September 30, 2008 and 2007.

	2008	2007
Share issued for mineral properties	\$ -	\$ -
Fair value of stock options exercised	\$ -	\$ -

**12. Commitments**

The Company has certain commitments described under Note 6 relating to its mineral properties.

**13. Financial Instruments and risk management**

The Company's financial instruments consist of cash and cash equivalents, receivables and accounts payable and accrued liabilities. The fair value of these financial instruments approximates their carrying values due to the short term nature of these instruments.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

**Credit Risk**

Credit Risk is the risk of a financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company's cash and cash equivalents are held in a major bank. The Company does not have any asset-backed commercial paper. The Company's receivables consist mainly of GST receivable.

**Interest Rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is a very limited interest rate risk as the Company holds no interest bearing obligations or assets.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raised required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the board of Directors are actively involved in the review, planning an approval of significant expenditures and commitments.

**Price risk**

The Company is exposed to price risk with respect to commodity prices. The Company monitors commodity prices to determine the appropriate course of action to be taken by the Company.

#### **14. Capital Management**

As the Company is in the exploration stage, its principal source of capital is from the issuance of common shares. The Company's capital management objective is to raise sufficient equity funds to maintain its exploration projects and to manage the equity funds raised which best optimizes its exploration programs and the interests of its equity shareholders at an acceptable risk. To meet the objectives, management monitors the Company's ongoing capital requirements against restricted net working capital and assesses additional capital requirements on specific exploration properties on a case by case basis. During the six months ended September 30, 2008, the Company is not subject to externally imposed capital requirements. Management is of the opinion that the amounts and changes in the company's capital are readily determinable in these financial statements.

#### **15. Comparative figures**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.

#### **16. Subsequent Events**

On November 20, 2008, the Company entered into a Joint Venture Agreement with Rochester Resources Ltd. ("Rochester") whereby the Company has an Option to acquire 10% equity interest in the Mina Real Mexico S.A. de C.V. and thereby acquire indirect interests in the Mina Real and Santa Fe gold and silver properties. In consideration, the Company is required to make payments of \$1,475,000 and subscribing for 3,500,000 common shares of Rochester at a deemed price of \$0.15 per share equaling \$525,000.

Upon the exercise of the Option all Net Profit received by Rochester from the Properties shall be divided on a 90% / 10% basis, between Rochester and the Company. The Company will also be subject to a "Gross Overriding Advance Royalty" of \$25,000 per month paid free and clear of any and all cost or expense incurred in connection with the operation of the Mina Real Property payable by Rochester to the Company. Furthermore, upon exercise of the Option, the Company shall be deemed to have granted Rochester a Back-In-Option, to re-acquire in whole and not in part the Equity Interest in Mina Real Mexico S.A. de C.V. The Back-In Option shall have a term of 3 years wherein:

- During year 1 the Back-In Option shall not be exercisable;
- During year 2 the Back-In Option shall be exercisable by a cash payment of \$2,075,000; and
- During year 3 the Back-In Option shall be exercisable by a cash payment of \$2,000,000.

The completion of the Joint Venture Agreement is subject to regulatory approvals.