International Enexco Limited

(An Exploration Stage Company)
Condensed Consolidated Interim Financial Statements
June 30, 2011
(Expressed in Canadian Dollars)
(Unaudited, See Advisory to Reader)

International Enexco Limited

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Advisory to Reader

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

International Enexco Limited
(An Exploration Stage Company)
Condensed Consolidated Interim Balance Sheet
(Unaudited, See Advisory to Reader)
(Expressed in Canadian dollars)

	June 30, 2011	December 31, 2010 (Note 9)	January 1, 2010 (Note 9)
ASSETS			
Current assets			
Cash and cash equivalents	**$ 2,768,853**	$ 3,580,573	$ 5,597,657
Accounts receivable and accrued interest	**61,671**	9,326	6,185
Prepaid expenses and deposits	**8,418**	8,525	12,763
	2,838,942	3,598,424	5,616,605
Reclamation deposit (Note 2(n))	**179,679**	211,361	250,248
Property, plant and equipment (Note 4)	**13,051,340**	13,127,833	13,627,872
	$ 16,069,961	$ 16,937,618	$ 19,494,725
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	**$ 35,982**	$ 63,195	$ 104,710
Asset retirement obligation (Note 4(e))	**-**	-	25,000
	35,982	63,195	129,710
SHAREHOLDERS' EQUITY			
Share capital (Note 5)	**34,007,675**	33,952,312	33,952,312
Contributed Surplus (Note 5)	**353,351**	409,505	301,555
Accumulated comprehensive loss	**(2,014,091)**	(1,561,327)	(684,562)
Deficit	**(16,312,956)**	(15,926,067)	(14,204,290)
	16,033,979	16,874,423	19,365,015
	$ 16,069,961	$ 16,937,618	$ 19,494,725

Approved by the Board:

" G. A. ARMSTRONG "
Director

" D. FREDERIKSEN "
Director

See notes to the condensed consolidated financial statements.

International Enexco Limited
(An Exploration Stage Company)
Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited, See Advisory to Reader)
(Expressed in Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2011	2010	**2011**	2010 (Note 9)
Expenses				
Advertising and promotion (Note 5(b))	**$ 18,244**	$ 12,113	**$ 46,603**	$ 21,401
Amortization	**2,988**	66,516	**5,628**	134,522
Filing fees and shareholders services	**8,011**	7,979	**34,523**	16,085
Consulting fees	**-**	4,190	**-**	6,512
Director fees (Note 5(b))	**37,500**	-	**37,500**	-
Property investigation	**16,268**	40,517	**32,261**	71,990
Insurance	**39,843**	32,178	**48,501**	37,323
Management fees	**15,000**	15,000	**30,000**	30,000
Office rental	**21,218**	22,328	**42,242**	44,442
Supplies and administration	**13,250**	18,956	**38,996**	50,154
Professional fees	**30,650**	40,113	**49,231**	49,212
Repairs and maintenance	**-**	15,746	**-**	34,200
Travel	**6,658**	2,259	**15,368**	14,291
Salary and benefits	**77,655**	121,520	**138,279**	220,170
Vehicle expenses	**487**	9,433	**820**	14,350
Net loss before other items	**(287,772)**	(408,848)	**(519,952)**	(744,652)
Other items:				
Petroleum and natural gas royalties, net	**4,639**	11,774	**9,823**	19,717
Gain on disposal of equipment	**60,491**	-	**60,491**	-
Write-off of mineral property interest	**(17,542)**	(344,993)	**(17,542)**	(344,993)
Interest and other income, net	**4,415**	6,810	**9,772**	22,337
Reclamation costs	**(1,079)**	(12,554)	**(1,079)**	(13,062)
Net loss before tax	**(236,848)**	(747,811)	**(458,487)**	(1,060,653)
Income tax (recovery)	**-**	-	**(2,057)**	-
Net loss	**$ (236,848)**	$ (747,811)	**$ (456,430)**	$ (1,060,653)
Earnings (loss) per share	**$ (0.01)**	$ (0.03)	**$ (0.02)**	$ (0.05)
Weighted Average Number of Shares Outstanding	**22,635,299**	22,563,077	**22,598,989**	22,553,077
Other Comprehensive Income:				
Net loss	**$ (236,848)**	$ (747,811)	**$ (456,430)**	$ (1,060,653)
Exchange differences on translating foreign operations	**(75,900)**	754,059	**(452,764)**	193,095
Other comprehensive income (loss)	**(75,900)**	754,059	**(452,764)**	193,095
Comprehensive income (loss)	**$ (312,748)**	$ 6,248	**$ (909,194)**	$ (867,558)

See notes to the condensed consolidated financial statements.

International Enexco Limited

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited, See Advisory to Reader)

(Expressed in Canadian dollars)

	Number of shares (Note 5)	Share capital (Note 5)	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
January 1, 2010	22,563,077	$33,952,312	$301,555	$(684,562)	$(14,204,290)	$19,365,015
Stock-based compensation			12,750			12,750
Loss for the six months				193,095	(1,060,653)	(867,558)
June 30, 2010	22,563,077	33,952,312	314,305	(491,467)	(15,264,943)	18,510,207
Stock-based compensation			95,200			95,200
Loss for the nine months				(1,069,860)	(661,124)	(1,730,984)
December 31, 2010	22,563,077	33,952,312	409,505	(1,561,327)	(15,926,067)	16,874,423
Expiry and forfeiture of options			(69,541)		69,541	0
Exercise of options	125,000	31,250				31,250
Fair value of options exercised		24,113	(24,113)			0
Stock-based compensation			37,500			37,500
Loss for the six months				(452,764)	(456,430)	(909,194)
June 30, 2011	22,688,077	$34,007,675	$353,351	$(2,014,091)	$(16,312,956)	$16,033,979

The accompanying notes are an integral part of these financial statements

International Enexco Limited

(An Exploration Stage Company)

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited, See Advisory to Reader)

(Expressed in Canadian dollars)

	Three months ended June 30		Six months ended June 30	
	2011	2010	**2011**	2010
Cash flows from operating activities				
Net loss	**$ (236,848)**	$ (747,811)	**$ (456,430)**	$ (1,060,653)
Adjustments non-cash items:				
Amortization	**2,988**	66,516	**5,628**	134,522
Write-off of mineral property	**17,542**	344,993	**17,542**	344,993
Gain on disposal of equipment	**(60,491)**	-	**(60,491)**	-
Stock-based compensation	**37,500**	12,750	**37,500**	12,750
	(239,309)	(323,552)	**(456,251)**	(568,388)
Changes in non-cash working capital				
Accounts receivable and accrued interest	**(50,918)**	(13,492)	**(52,345)**	(9,357)
Prepaid expenses and deposits	**(125)**	(69)	**107**	(4,085)
Accounts payable and accrued liabilities	**(11,867)**	23,327	**(27,213)**	18,853
	(302,219)	(313,786)	**(535,702)**	(562,977)
Cash flows from investing activities				
Proceeds from sale of equipment	**181,978**	11,521	**181,978**	11,521
Asset retirement deposit	**-**	**-**	**25,286**	-
Expenditures on property, plant and equipment	**(251,926)**	(153,261)	**(478,449)**	(280,782)
Purchase of capital assets	**(10,986)**	(7,230)	**(12,670)**	(11,578)
	(80,934)	(148,970)	**(283,855)**	(280,839)
Cash flows from financing activities				
Shares issued	**31,250**	-	**31,250**	-
	31,250	-	**31,250**	-
Foreign Exchange Effect on cash	**15,937**	189,203	**(23,413)**	50,582
Net increase (decrease) in cash	**(335,966)**	(273,553)	**(811,720)**	(793,234)
Cash - beginning of period	**3,104,819**	5,077,976	**3,580,573**	5,597,657
Cash - end of period	**$ 2,768,853**	$ 4,804,423	**$ 2,768,853**	$ 4,804,423

See notes to the condensed consolidated financial statements.

1. Nature of business

The Company is an exploration stage public company. International Enexco Limited was incorporated under the Company Act (British Columbia) and is primarily involved in the acquisition, exploration and development of mineral properties.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non compliance with regulatory requirements.

At June 30, 2011, the Company had working capital of $2,802,960 (December 31, 2010 - $3,535,229) and an accumulated deficit of $16,350,669 (December 31, 2010 - $15,926,067). Management of the Company believes that it has sufficient funds to pay its ongoing administrative expenses and meet its liabilities for the ensuing year as they fall due, to fund cash payments for administration, ongoing commitments and current planned exploration programs.

2. Significant accounting policies

(a) Basis of presentation:

These are the Company's second IFRS condensed consolidated interim financial statements for the second quarter of the period covered by the first IFRS consolidated annual financial statements to be presented in accordance with IFRS for the year ending December 31, 2011 and IFRS 1 First-Time Adoption of IFRS has been applied. The impact of the transition from Canadian Generally Accepted Accounting Principles (GAAP) to IFRS is explained in note 9.

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale, which is stated at the fair value. In addition these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. Significant accounting policies (continued)

(a) These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements.

The accounting policies set out below have been applied consistently to all periods presented in preparing the opening balance sheet at January 1, 2010 (Note 9) for purposes of transition to IFRS. The accounting policies have been applied consistently by the Company and its subsidiary.

(b) Basis of consolidation:
The condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Enexco International Inc. All material inter-company transactions and balances have been eliminated on consolidation.

(c) Use of judgements and estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates and assumptions are used in assessing the asset carrying values and determination of impairment charges of non-current assets and available-for-sale investments, determination of mineral reserves, and valuation of share-based payments. Actual results may differ from those estimates.

(d) Petroleum and natural gas properties:
The Company follows the successful efforts method of accounting for its petroleum and natural gas interests. All costs of acquiring, exploring for and developing petroleum and natural gas properties are initially capitalized. When a property becomes productive, the costs are depleted on the unit-of-production method based upon estimated proven recoverable oil and gas reserves as calculated by independent engineers. When a property is abandoned, surrendered, or proves to be economically unproductive, the costs are charged against earnings.

2. Significant accounting policies (continued)

(e) Property, plant and equipment:

(i) Exploration and evaluation

Once a license to explore an area has been secured, expenditures on exploration and evaluation activities are capitalized to exploration and evaluation and classified as a component of property, plant and equipment.

Exploration expenditures relates to the initial search for deposits with economic potential and to detailed assessments of deposits or other projects that have been identified as having economic potential.

Management reviews the carrying value of capitalized exploration costs at least annually. In the case of undeveloped projects, there may be only inferred resources to form a basis for the impairment review. The review is based on a status report regarding the Company's intentions for development of the undeveloped property. In some cases, the undeveloped properties are regarded as successors to ore bodies currently in production. Where this is the case, it is intended that these will be developed and go into production when the current source of ore is exhausted or to replace the reduced output.

Once an economically viable reserve has been determined for an area and the decision to proceed with development has been approved, exploration and evaluation assets attributable to that area are first tested for impairment and then reclassified to construction in progress within property, plant and equipment.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any impairment provisions are written off.

(ii) Development

When economically viable reserves have been determined and the decision to proceed with development has been approved, the expenditures related to construction are capitalized as construction-in-progress and classified as a component of property plant and equipment. Costs associated with the commissioning of new assets, in the period before they are operating in the way intended by management, are capitalized. Development expenditures are net of the proceeds of the sale of ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

The costs of removing overburden to access ore are capitalized as pre-production stripping costs and classified as a component of property, plant and equipment.

2. Significant accounting policies (continued)

(iii) Property, plant and equipment

Property, plant and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Cost comprises the fair value of consideration given to acquire or construct an asset and includes the direct charges associated with bringing the asset to the location and condition necessary for putting it into use along with the future cost of dismantling and removing the asset.
When parts of an item of property, plant and equipment have different useful lives, they are accounted for as seperate items (major components) of property, plant and equipment.
The cost of major overhauls of parts of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.
Plant and equipment associated with mining operations is depreciated over the estimated useful lives of the assets either on a units of production basis or declining balance basis at rates of 20% to 30% per annum, as appropriate. All other equipment is amortized over the estimated useful life of the assets using the declining balance method at rates of 20% to 45% per annum, as appropriate. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required.

(f) Impairment of non-current assets:

Non-current assets are evaluated at least annually by management for indicators that carrying value is impaired and may not be recoverable. When indicators or impairment are present the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

2. Significant accounting policies (continued)

(f) In calculating recoverable amounts, the Company uses discounted cash flow techniques to determine fair value when it is not possible to determine fair value either by quotes from active market or a binding sales agreement.The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social, legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

(g) Joint ventures:
The accounts of the Company reflect only the Company's proportionate interest in mining exploration and in petroleum and natural gas exploration and production activities which are conducted jointly with others.

(h) Cash and cash equivalents:
Cash and cash equivalents are comprised of cash on hand, deposits in banks and highly liquid investments having original terms to maturity of 90 days or less when acquired.

(i) 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 possible 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 benefit will be realized.

2. Significant accounting policies (continued):

(j) Revenue recognition:
The Company recognizes royalty income from petroleum and natural gas interests once they are known, as advised by the operators of the properties.

(k) Share-based payments:
The Company has a stock option plan that is described in note 5(b). Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(l) Currency translation:
IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with the indicators as per IAS 21 - *Foreign exchange* and should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The group's functional currency is the Canadian dollar, the US subsidiaries functional currency is the US dollar. The consolidated financial statements are presented in Canadian dollars which is the group's presentation currency.
Under IFRS, the results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized as a separate component of equity.

2. Significant accounting policies (continued):

(m) Loss per share:

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss available to common shareholders equals the reported loss. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In the Company's case, diluted loss per share is the same as basic loss per share as the effects of including all outstanding options and warrants would be anti-dilutive.

(n) Provision for closure and reclamation:

The Company records a liability based on the best estimate of costs for site closure and reclamation activities that the Company is legally or constructively required to remediate and the liability is recognized at the time environmental disturbance occurs. The resulting costs are capitalized to the corresponding asset. The provision for closure and reclamation liabilities is estimated using expected cash flows, based on engineering and environmental reports prepared by third party industry specialists, discounted at a pre-tax rate specific to the liability. The capitalized amount is amortized on the same basis as the related asset. The liability is adjusted for the accretion of the discounted obligation and any changes in the amount or timing of the underlying future cash flows. Significant judgements and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows.

Changes in closure and reclamation estimates are accounted for as a change in the corresponding capitalized cost.

Costs of rehabilitation projects for which a provision has been recorded are recorded directly against the provision as incurred, most of which are incurred at the end of the life of mine.

The Company has deposited $179,679 (US$186,292) with the Bureau of Land Management and the State of Nevada for the estimated reclamation cost of exploration permitted to date.

2. Significant accounting policies (continued):

(o) Financial instruments:

(i) Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. Cash and cash equivalents are included in this category of financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Loans and receivables comprise trade and other receivables.

Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income and classified as a component of equity. AFS assets include investments in equities of other entities.

Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are also recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in profit and loss.

(ii) Financial liabilities

The Company classifies its financial liabilities in the following categories: borrowings and other financial liabilities.

Borrowings and other financial liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the income statement over the period to maturity using the effective interest method.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include trade accounts payable, and other payables.

2. Significant accounting policies (continued):

(p) Reserve estimates:

The Company estimates its ore reserves and mineral resources based on information compiled by Qualified Persons as defined in accordance with Canadian Securities Administrators National Instrument 43-101 Standards for Disclosure of Mineral Projects (NI 43-101). Reserves are used in the calculation of depreciation and amortization, impairment assessment, assessment of life of mine stripping ratios and for forecasting the timing of payment of mine closure, reclamation and rehabilitation costs.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

(q) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the agreement to issue shares was concluded.

(r) Future accounting changes:

IFRIC 9 Financial instruments

In an effort to reduce the complexity of accounting for financial instruments, the IASB has engaged in a multiphase project to replace IAS 39. The Company will adopt IFRS 9 on January 1, 2013.

3. Capital Management

The Company considers its capital structure to consist of share capital, stock options and warrants. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the three months ended June 30, 2011. Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

4. Property, plant and equipment

	June 30, 2011	December 31, 2010
Exploration and evaluation	**$ 12,563,912**	$ 12,444,821
Plant and equipment at cost less accumulated amortization of $874,322 (2010 - $1,128,828)	**487,428**	683,012
	$ 13,051,340	$ 13,127,833

The Company's investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent on establishing legal ownership of the properties, on the attainment of successful commercial production or from the proceeds of their disposal.

4. Property, plant and equipment (continued)

The amounts shown as mineral properties represent deferred exploration expenditures incurred to date less write-downs to date and do not necessarily reflect present or future values.

(a) Contact Property, Nevada
On January 28, 1998, the Company entered into a joint venture with Golden Phoenix Minerals Inc. ("Golden Phoenix") of Minnesota to commence exploration of the Company's Contact property located in Elko County, Nevada.
On December 23, 2004, the Company received from Golden Phoenix notice of termination of the agreement. The Company has reacquired a 100% interest in the Contact Property and will be continuing exploration.
On July 6, 2006, the Company acquired from Golden Phoenix the Red Metal Claims. The claims are contiguous with the Contact Property. As consideration for a 100% interest in the Red Metal claims, the Company issued to Golden Phoenix, 100,000 common shares at a deemed value of $1.10 per share, and released Golden Phoenix of all claims by Enexco.

(b) Hot Pot, Nevada
On June 3, 2009, the Company entered into an option agreement with Nevada Exploration Inc. to acquire a 51% interest in 6 claims and land under a mining lease agreement totaling 2,225 acres, named the Hot Pot Property in Humbolt County, Nevada. The option agreement is for a period of three years and requires the Company to make the following aggregate expenditures on the property:
Drilling of 1,500 meters during each of the first two years of the option period,
Drilling of 3,000 meters during the third year of the option period.
At anytime within ninety days following the completion of its expenditures obligation, the Company has the option to elect to increase its participating interest in the property by an additional 19% to a total of 70% by agreeing to complete the additional aggregate expenditure on the property of 3,000 meters of drilling.
The property is subject to underlying Net Smelter Return royalties totaling 4.25%.

4. Property, plant and equipment (continued)

(c) Loomis, Nevada

On May 8, 2009, the Company entered into an option agreement with Fronteer Development Group Inc. to acquire a 51% interest in 92 claims named the Loomis Property in Elko County, Nevada. The option agreement is for a period of three years and requires the Company to make the following aggregate expenditures on the property:

Drilling of 2,000 meters during the first year of the option period and expenditures of US$100,000,

Drilling of 4,000 meters during the second year of the option period and expenditures of US$100,000,

Drilling of 5,000 meters during the third year of the option period and expenditures of US$100,000.

During the year ended December 31, 2010, the Company decided not to continue with the option agreement. Acquisition and exploration costs were written off for the year ended December 31, 2010.

(d) Mann Lake, Saskatchewan

The Company has a 30% participating interest in a joint venture with Cameco Corporation ("Cameco") 52.5% and Areva 17.5%, interest in the joint venture, to explore the Mann Lake property for uranium. The Company has been involved with the project since 1977 which consists of two mineral dispositions totaling 3,407 hectares located within the southeast portion of the Athabasca Basin in Northern Saskatchewan.

The total amounts and major components related to the Company's interest in the joint venture are as follows:

Current assets	$Nil
Long-term assets	$1,608,106
Current liabilities	Nil
Long-term liabilities	Nil
Revenue	Nil
Expenses	Nil
Net loss	Nil
Cash flows resulting from operating activities	Nil
Cash flows resulting from financing activities	Nil
Cash flows resulting from investing activities	$Nil

4. Property, plant and equipment (continued)

(e) Blue Bird, Idaho
On April 1, 2011, the Company entered into a lease agreement for property in Owyhee County, Idaho. The term of the lease is 10 years, with the right to renew for an additional 5 years, thereafter, the lease shall be extended for so long as minerals are produced from the property.
The Company is required to make quarterly lease payments of US$5,000 to the owner, and is required to undertake a program of exploration and development of US$50,000 per year. The property owner has retained a 3% NSR royalty, of which the Company has the right to purchase 1% for US$1,000,000.

(f) Camas, Idaho
On May 1, 2011, the Company entered into a lease agreement for property in Camas County, Idaho. The term of the lease is 10 years, with the right to renew for an additional 5 years, thereafter, the lease shall be extended for so long as minerals are produced from the property.
The Company is required to make advanced royalties payments as follows:

May 1, 2011	US$10,000
May 1, 2012	US$20,000
May 1, 2013	US$30,000
May 1, 2014	US$40,000
May 1, 2015 and thereafter	US$50,000

The property owner has retained a 3% NSR royalty, of which the Company has the right to purchase 1% for US$1,000,000.

(g) The Company has a 60% share of a royalty interest in five abandoned oil wells in the Chauvin area of Alberta. The capitalized cost of this interest was written off in prior years. The Operating partner for the property, View Mont Estates Ltd., a related party, has completed the reclamation of the well sites and has received the reclamation certificate for of four of the five well sites. During the year ended December 31, 2010, the Company determined that there are no expected further obligations.

(h) The Company now owns 2.3% of a 5% overriding royalty interest in wells owned by Baytex Energy Ltd. In addition, the Company has royalty interests in oil and gas wells owned by Talisman Energy Canada Ltd. and Apache Canada Ltd.

(i) The Company has staked additional mineral exploration projects in Nevada. The projects are at a grass-roots stage. During the period ended June 30, 2010, the Company had invested $168,703 (December 31, 2010 - $156,257) on these projects.

5. Share capital

(a) Authorized: Unlimited common shares without par value

(b) Share purchase options:
Details of the status of the Company's stock option plans as at December 31, 2010, and June 30, 2011 and changes during the respective years are as follows:

	Number of Shares	Weighted Average Exercise Price	Expiry Date
Outstanding, December 31, 2009	1,600,000	$ 0.25	October 30, 2013
Options forfeited	(165,000)	0.25	
Options granted	75,000	0.32	April 13, 2013
Options granted	595,000	0.25	July 20, 2015
Outstanding, December 31, 2010	2,105,000	0.25	
Options forfeited	(310,000)	0.25	
Options exercised	(125,000)	0.25	
Options granted	150,000	0.34	April 19, 2016
June 30, 2011	1,820,000	0.26	

The Company applies the fair value method using the Black-Scholes options pricing model to account for options granted to employees, directors and non-employees. The Black-Scholes model was calculated based on the following assumptions:

	June 30, 2011	December 31, 2010
Expected life (years)	5	4.78
Interest rate	2.06%	2.44%
Volatility	95%	88%
Dividend yield	Nil	Nil

The stock-based compensation has been included in the statements of operations and deficit as follows:

	June 30, 2011	December 31, 2010
Directors' fees	**$ 37,500**	$ 81,600
Advertising and promotion	**-**	-
Salary and benefits	**-**	26,350
Consulting fees	**-**	-
	$ 37,500	$ 107,950

(c) Warrants outstanding:

On November 3, 2010, 750,000 warrants with an exercise price of $0.50 expired unexercised. As at June 30, 2011, there are no outstanding warrants.

6. Related party transactions:

During the period the Company was charged the following expenses by related parties:

	2011	2010
Armada Investments Ltd., a company controlled by a director of the Company:		
Management fees	**$ 30,000**	$ 30,000
Office rental costs	**18,330**	18,330
Accounting fees	**12,000**	12,000
Telephone	**1,514**	1,514
S. Paul Simpson Law Corp, a law firm of which an officer of the Company is an employee:		
Legal fees	**5,800**	27,661

Included in accounts payable and accrued liabilities are amounts payable to related parties as follows:

	2011	2010
View Mont Estates Ltd., a company controlled by a director of the Company.	**$ -**	$ 25,074

7. Segmented Information

The Company has one operating segment, which is the exploration and development of exploration properties. Geographic segmentation of the Company's assets are as follows: Canada - $4,330,059 (December 31, 2010 - $5,177,046) and US - $11,739,902 (December 31, 2010 - $11,760,572).
The majority of the Company's operating expenses are incurred in Canada, with a small portion in the US. Exploration expenditures are incurred in Canada on the Mann Lake project and in the US on the Contact project and other projects.

8. Subsequent events

On July 4, 2011 the Company granted 250,000 incentive stock options to a director and employee entitling them to purchase up to 250,000 common shares of the capital stock in the Company at a price of $0.34 per share until July 4, 2016. 100,000 of the stock options are subject to a vesting schedule of 12.5% every three months.

9. Transition to IFRS

As stated in Note 2, these are the Company's second condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS. An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.
The accounting policies set out in Note 2 have been applied in preparing the financial statements for the period ended June 30, 2011, the comparative information presented in these financial statements for the period ended June 30, 2010 and in the preparation of an opening IFRS Balance Sheet at January 1, 2010 (the Company's date of transition).

IFRS 1 "First-time Adoption of International Financial Reporting Standards" (IFRS 1)
IFRS 1 generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle. One optional exception relevant to Enexco is an exemption from applying IFRS 2 to 'old' share based payments. The exemption means that first-time adopters are not required to apply IFRS 2 to any equity instrument that vested before the transition date.

Adjustments on transition to IFRS
IFRS has many similarities with Canadian GAAP as it is based on a similar conceptual framework. However, there are important differences with regard to recognition, measurement and disclosure. While adoption of IFRS did not change International Enexco's actual cash flows, it resulted in changes to International Enexco's Balance Sheet, and Statement of Changes in Equity as set out below:

(a) Share-based payments
On transition to IFRS the Company elected to change its accounting policy for the treatment of share-based payments whereby amounts recorded for expired unexercised stock options are transferred to deficit. Previously, the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.

(b) IFRS requires that the functional currency of each entity in the consolidated group be determined separately in accordance with the indicators as per IAS 21 - *Foreign exchange* and should be measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The group's functional is the Canadian dollar ("CDN"). The consolidated financial statements are presented in Canadian dollars ("CDN") which is the group's presentation currency.

9. Transition to IFRS (continued)

(b) Under IFRS, the results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognized as a seperate component of equity.

As a result of the application of the translation rules contained in IAS 21, for the balance sheets dated January 1, 2010, and the year ending December 31, 2010, non-monetary assets, which includes property, plant and equipment, will decrease by $485,841 for January 1, 2010 and $1,091,837 for December 31, 2010, and accumulated comprehensive loss will increase with a corresponding adjustment to the foreign currency translation reserve.

(c) Reconciliation to previously reported financial statements

A reconciliation of the above noted changes is included in these following Balance Sheets and Statements of Comprehensive Loss for the dates noted below. The effect of transition from GAAP to IFRS on the cash flow are immaterial. Therefore, a reconciliation of cash flows has not been presented.

Transitional Consolidated Balance Sheet Reconciliation - January 1, 2010
Consolidated Interim Balance Sheet Reconciliation - June 30, 2010
Consolidated Statement of Comprehensive Loss Reconciliation - June 30, 2010
Consolidated Balance Sheet Reconciliation - December 31, 2010
Consolidated Statement of Comprehensive Loss Reconciliation - December 31, 2010

9. Transition to IFRS (continued)

The January 1, 2010 Canadian GAAP consolidated balance sheet has been reconciled to IFRS as follows:

	January 1, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and cash equivalents	$ 5,597,657	$ -	$ 5,597,657
Accounts receivable and accrued interest	6,185	-	6,185
Prepaid expenses and deposits	12,763	-	12,763
	5,616,605	-	5,616,605
Equipment, net	1,017,392	(1,017,392)	-
Reclamation deposit	250,248	-	250,248
Property, plant and equipment	13,096,321	531,551	13,627,872
	$ 19,980,566	$ (485,841)	$ 19,494,725
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 104,710	$ -	$ 104,710
Asset retirement obligation	25,000	-	25,000
	129,710	-	129,710
SHAREHOLDERS' EQUITY			
Share capital	33,952,312	-	33,952,312
Contributed Surplus	2,838,286	(2,536,731)	301,555
Accumulated comprehensive loss	-	(684,562)	(684,562)
Deficit	(16,939,742)	2,735,452	(14,204,290)
	19,850,856	(485,841)	19,365,015
	$ 19,980,566	$ (485,841)	$ 19,494,725

9. Transition to IFRS (continued)

The June 30, 2010 Canadian GAAP consolidated interim balance sheet has been reconciled to IFRS as follows:

	June 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and cash equivalents	$ 4,804,424	$ -	$ 4,804,424
Accounts receivable and accrued interest	15,542	-	15,542
Prepaid expenses and deposits	8,678	-	8,678
	4,828,644	-	4,828,644
Equipment, net	881,934	(881,934)	-
Reclamation deposit	253,488	-	253,488
Property, plant and equipment	12,997,592	579,046	13,576,638
	$ 18,961,658	$ (302,888)	$ 18,658,770
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 123,563	$ -	$ 123,563
Asset retirement obligation	25,000	-	25,000
	148,563	-	148,563
SHAREHOLDERS' EQUITY			
Share capital	33,952,312	-	33,952,312
Contributed Surplus	2,851,036	(2,536,731)	314,305
Accumulated comprehensive loss	-	(491,467)	(491,467)
Deficit	(17,990,253)	2,725,310	(15,264,943)
	18,813,095	(302,888)	18,510,207
	$ 18,961,658	$ (302,888)	$ 18,658,770

9. Transition to IFRS (continued)

The Canadian GAAP statement of consolidated interim comprehensive loss for the six month period ended June 30, 2010 has been reconciled to IFRS as follows:

	Six months ended June 30, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses			
Advertising and promotion	$ 21,401	$ -	$ 21,401
Amortization	139,584	(5,062)	134,522
Filing fees and shareholders services	16,085	-	16,085
Consulting fees	6,512	-	6,512
Property investigation	71,990	-	71,990
Insurance	37,323	-	37,323
Foreign exchange loss (gain)	(50,582)	50,582	-
Management fees	30,000	-	30,000
Office rental	44,442	-	44,442
Supplies and administration	50,154	-	50,154
Professional fees	49,212	-	49,212
Repairs and maintenance	34,200	-	34,200
Travel	14,291	-	14,291
Salary and benefits	220,170	-	220,170
Vehicle expenses	14,350	-	14,350
Net loss before other items	(699,132)	(45,520)	(744,652)
Other items:			
Petroleum and natural gas royalties, net	19,717	-	19,717
Write-off of mineral property interest	(380,371)	35,378	(344,993)
Interest and other income, net	22,337	-	22,337
Reclamation costs	(13,062)	-	(13,062)
Net loss	$ (1,050,511)	$ (10,142)	$ (1,060,653)
Other Comprehensive Income:			
Net loss	$ (1,050,511)	$ (10,142)	$ (1,060,653)
Exchange differences on translating foreign operations	-	193,095	193,095
Other comprehensive income (loss)	-	193,095	193,095
Comprehensive income (loss)	$ (1,050,511)	$ 182,953	$ (867,558)
Earnings (loss) per share	$ (0.05)	$ -	$ (0.05)

9. Transition to IFRS (continued)

The December 31, 2010 Canadian GAAP consolidated balance sheet has been reconciled to IFRS as follows:

	December 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS			
Current assets			
Cash and cash equivalents	$ 3,580,573	$ -	$ 3,580,573
Accounts receivable and accrued interest	9,326	-	9,326
Prepaid expenses and deposits	8,525	-	8,525
	3,598,424	-	3,598,424
Equipment, net	735,961	(735,961)	-
Reclamation deposit	211,361	-	211,361
Property, plant and equipment	13,483,709	(355,876)	13,127,833
	$ 18,029,455	$ (1,091,837)	$ 16,937,618
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 63,195	$ -	$ 63,195
	63,195	-	63,195
SHAREHOLDERS' EQUITY			
Share capital	33,952,312	-	33,952,312
Contributed Surplus	2,946,236	(2,536,731)	409,505
Accumulated comprehensive loss	-	(1,561,327)	(1,561,327)
Deficit	(18,932,288)	3,006,221	(15,926,067)
	17,966,260	(1,091,837)	16,874,423
	$ 18,029,455	$ (1,091,837)	$ 16,937,618

9. Transition to IFRS (continued)

The Canadian GAAP statement of consolidated interim comprehensive loss for the year ended December 31, 2010 has been reconciled to IFRS as follows:

	Year ended December 31, 2010		
	Canadian GAAP	Effect of transition to IFRS	IFRS
Expenses			
Advertising and promotion	$ 74,669	$ -	$ 74,699
Amortization	214,743	(10,494)	204,249
Filing fees and shareholders services	23,715	-	23,715
Consulting fees	1,430	-	1,430
Director fees	118,623	-	118,623
Property investigation	138,118	-	138,118
Insurance	44,477	-	44,477
Foreign exchange loss (gain)	223,651	(223,651)	-
Management fees	60,000	-	60,000
Office rental	87,969	-	87,969
Supplies and administration	88,027	-	88,027
Professional fees	96,226	-	96,226
Repairs and maintenance	39,502	-	39,502
Travel	21,676	-	21,676
Salary and benefits	418,977	-	418,977
Vehicle expenses	21,960	-	21,960
Net loss before other items	(1,673,763)	234,145	(1,439,648)
Other items:			
Petroleum and natural gas royalties, net	38,046	-	38,046
Write-off of mineral property interest	(394,613)	36,624	(357,989)
Interest and other income, net	27,893	-	27,893
Reclamation costs	9,891	-	9,891
Net loss	$ (1,992,546)	$ 270,769	$ (1,721,807)
Other Comprehensive Income:			
Net loss	$ (1,992,546)	$ 270,769	$ (1,721,807)
Exchange differences on translating foreign operations	-	(876,765)	(876,765)
Other comprehensive income (loss)	-	(876,765)	(876,765)
Comprehensive income (loss)	$ (1,992,546)	$ (605,996)	$ (2,598,572)
Earnings (loss) per share	$ (0.09)	$ 0.01	$ (0.08)