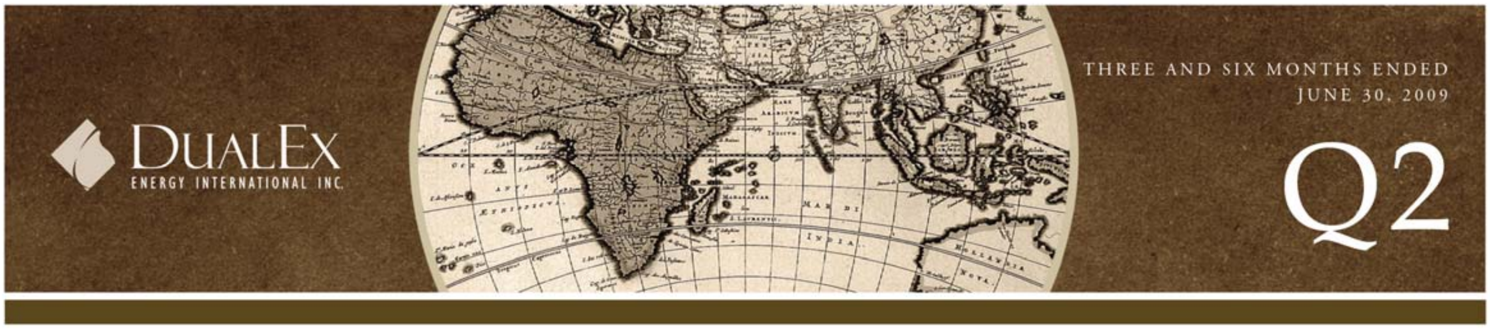

DUALEX ENERGY INTERNATIONAL INC.

Interim Report

For the three months and six months ended June 30, 2009

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the unaudited interim financial statements of DualEx Energy International Inc. ("DualEx" or the "Company") for the three and six months ended June 30, 2009 and the audited financial statements and MD&A for the year ended December 31, 2008. All figures have been prepared in accordance with Canadian generally accepted accounting principles and are reported in Canadian dollars unless otherwise stated. DualEx is an international company engaged in the exploration for and development of petroleum and natural gas properties, with a primary focus in the greater Mediterranean area. The Company currently holds working interests in Hungary, Syria, Portugal, Alberta and a royalty interest in Wyoming.

Additional information related to the Company can be found on SEDAR at www.sedar.com.

This MD&A has been prepared as of August 28, 2009.

RESULTS OF OPERATIONS

Production and Petroleum and Natural Gas Sales

The following table outlines the Company's production volumes and operating netback for the periods indicated:

	Three months ended June 30					
	2009			2008		
	Hungary	North America	Total	Hungary	North America	Total
Gas production (mcf)	75,450	6,775	82,225	-	7,617	7,617
MCF/d	829	74	904	-	84	84
Total Natural Gas sales	$ 758,839	$ 23,864	$ 782,703	$ -	$ 74,592	$ 74,592
Netback ($/mcf)						
Per sales mcf	10.06	3.52	9.52	-	9.79	9.79
Royalties	(1.00)	(0.88)	(0.99)	-	(1.50)	(1.50)
Operating	(2.24)	(1.51)	(2.18)	-	(8.02)	(8.02)
Operating Netback	$ 6.82	$ 1.13	$ 6.35	$ -	$ 0.27	0.27

	Six months ended June 30					
	2009			2008		
	Hungary	North America	Total	Hungary	North America	Total
Gas production (mcf)	84,249	13,997	98,246	-	17,712	17,712
MCF/d	465	77	543	-	97	97
Total Natural Gas sales	$ 888,532	$ 58,798	$ 947,330	$ -	$ 154,195	$ 154,195
Netback ($/mcf)						
Per sales mcf	10.55	4.20	9.64	-	8.71	8.71
Royalties	(0.97)	(0.55)	(0.91)	-	(0.95)	(0.95)
Operating	(2.67)	(1.47)	(2.50)	-	(3.63)	(3.63)
Operating Netback	$ 6.91	$ 2.18	$ 6.23	$ -	$ 4.13	$ 4.13

For the three months ended June 30, 2009, natural gas production averaged 904 mcf/d (2008 – 84 mcf/d) and 543 mcf/d (2008 - 97 mcf/d) for the six months ended June 30, 2009. The increase in production was the result of production from the Pen-104A well in Hungary which commenced production in April. The decrease in production in North America is a result of natural production declines.

During the three months ended June 30, 2009 the Company generated $782,703 (2008 - $74,592) in natural gas sales and $947,330 (2008 - $154,195) for the six months ended June 30, 2009. The increase is due to the production in Hungary somewhat offset by reduced prices and natural declines on our North America properties.

Gas pricing in Hungary is based on a formula which references European gas/oil and heavy fuel oil for preceding periods. The North American price is based on current natural gas sales price.

Interest and other revenue

During the three months ended June 30, 2009 the Company earned $7,452 in interest and other revenue compared to $13,360 in the comparative period. During the six months ended June 30, 2009 the Company earned $12,080 in interest and other compared to $36,800 in the comparative period. The decrease is a result of lower interest rates during the periods along with lower cash balances as the Company used its cash balances to fund its exploration program.

Royalties

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Total	$ 81,595	$ 11,452	$ 89,504	$ 16,889
Percentage of revenue	10%	15%	9%	11%
Per mcf	$ 0.99	$ 1.50	$ 0.91	$ 0.95

Royalties increased during the three and six months ended June 30, 2009 compared to the comparative periods due to increased production in Hungary.

The base royalty rate in Hungary is 12% plus 3% when Brent crude is trading above $80 per barrel plus another 3% when Brent crude is trading above $90 per barrel for a maximum of 18%. The Company's effective royalty rate in Hungary may vary from period to period as the price received for natural gas sales which is based on historical prices for European gas/oil and heavy fuel oil will change at different rates from the average price of Brent crude.

Operating Costs

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Total	$ 178,869	$ 61,120	$ 245,682	$ 64,327
Percentage of revenue	23%	82%	26%	42%
Per mcf	$ 2.18	$ 8.02	$ 2.50	$ 3.63

The increase in operating costs for the three and six months ended June 30, 2009 is a result of operating costs in Hungary which were nil in the comparative periods.

General and administrative

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Gross general and administrative	$ 344,762	$ 278,301	$ 660,001	$ 584,649
less capitalized	(139,013)	(68,150)	(240,202)	(96,150)
General and administrative	$ 205,749	$ 210,151	$ 419,799	$ 488,499

Gross general and administrative costs increased for the three and six months ended June, 2009 compared to the comparative periods primarily as a result of increased general and administrative costs related to Hungary, salary and wages, and professional fees.

During the three and six months ended June 30, 2009 the Company capitalized more general and administrative expenses compared to the comparative periods as the Company spent more time developing its international projects.

Stock based compensation

Stock-based compensation costs for the three months ended June 30, 2009 amounted to $34,474 (2008 - $31,643) and $70,686 (2008 - $63,287) for the six months ended June 30, 2009. Stock-based compensation costs attributable to share options granted are measured at their fair value at the grant date and amortized over the vesting period with a corresponding increase to contributed surplus. The fair value of the stock options was calculated using the Black-Scholes option pricing method for all stock options granted during the period.

Depreciation, depletion and accretion ("DD&A")

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Total	$ 254,293	$ 18,531	$ 413,211	$ 37,944

DD&A increased during the three and six months ended June 30, 2009 as a result of gas production in Hungary.

Financing costs

Financing costs of $354,762 were recorded in the first quarter of 2009 to reflect the cost associated with extending the term of 9,365,155 common share purchase warrants to September 2, 2009 from March 2, 2009 and reducing the exercise price from $0.30 to $0.20 calculated using the Black-Scholes option pricing model.

Foreign exchange gain (loss)

A portion of the Company's working capital is denominated in US dollars, Euros, and Hungarian Forints. The fluctuating exchange rate between these currencies and the Canadian dollar created exchange gains and losses during the period. During the three months ended June 30, 2009 the Company experienced a foreign exchange loss of $18,014 (2008 - $49,489) and a foreign exchange loss of $71,553 (2008 - $22,179 gain) for the six months ended June 30, 2009. The losses are primarily a result of the weakening of the Hungarian Forint against the Canadian dollar. The Company manages its foreign currency exposures by retaining cash in a specified currency to support anticipated expenditures in that currency.

Current taxes

The current taxes relate to withholding taxes paid on the royalty interest in the United States.

Capital expenditures

During the three and six months ended June 30, 2009, the Company incurred capital expenditures of $773,322 (2008 - $769,535) and $1,132,696 (2008 $1,370,506) respectively. During the three months ended June 30, 2009 the Company spent $0.5 million in Hungary and $0.2 million in Syria. During the six months ended June 30, 2009 the Company spent $0.6 million in Hungary, $0.4 million in Syria and $0.1 million in Tunisia.

Hungary

DualEx, through its 37.5% jointly controlled equity interest in PetroHungaria kft, holds a 37.5% working interest in most of the Nyirseg permits of north-eastern Hungary. The permits cover an area of 614,000 gross acres and include the Penészlek natural gas field, which produced during the late 1980's and is currently targeted for re-development by DualEx and its partners. DualEx's plans for the remainder of 2009 include drilling between one and four wells at Penészlek, based on the results of a 100 square kilometre 3D seismic survey undertaken by DualEx and its partners in late 2008, including the drilling of the PEN-105 well (spudded August 16, 2009).

In November 2008, the Company and its partners completed a farmout of a 120 square kilometre area (the "Panhandle") of its Nyirseg property to Hungarian Horizon Energy ("HHE") and JKX Oil and Gas ("JKX"). Under the terms of the farmout HHE and JKX paid for the acquisition and processing of a 3D seismic survey over the farmout area in return for a 66.67% interest in the farmout area. DualEx's indirect working interest in this area (which is approximately 70 kilometres northwest of the producing Penészlek area) is now 12.5%. The Company and it's joint venture partners have concluded the drilling the Görbeháza 1 well (spudded August 17, 2009) on these lands and casing has been run in advance of production testing operations. The drilling rig has been moved off location and a service rig will be brought in to conduct the completion and testing operations, scheduled for commencement in approximately six weeks time. The Gh-1 well was drilled to TD at 1300 metres and data indicates the well encountered gas in two of the three zones targeted.

The Company estimates that its share of the costs of the GH-1 and PEN-105 wells will be approximately $0.9 million.

Syria

Following the interpretation of the Company's 2007 2D seismic survey on Block 17, the Company and its partners have approved a drilling location at Al Tayr-101 on the Jebel Nasrani prospect. In all, eight closed structures have been mapped at the primary objective Kurrachine level. The drilling contract originally entered into by the operator of this project was terminated as a result of the drilling contractor being unable to meet the timing set out in the contract. The Company had until June 7, 2009 to meet its commitment to commence drilling one exploratory well on Block 17, however, it has now received formal approval from the Syrian authorities for a four month extension (until October 7, 2009). A new drilling contract has been entered into, and mobilization is underway. The well is expected to spud in September, 2009. The Company estimates that its remaining share of the exploratory well costs are between $1.6 million to $2.7 million. DualEx has a 31.67% working interest in Block 17, encompassing approximately 1.25 million gross acres.

Portugal

DualEx has a 10% working interest in the Torres Vedras-3 and Aljubarrota-3 Concessions, which encompass 321,000 acres and 311,000 acres respectively. To retain the rights under the concession agreements the Company and its joint venture partners are required to drill one well per concession per year. This commitment has not been met in 2008. The commencement of a program to meet these requirements has been suspended pending the joint venture partners securing financing for their share of the required capital. Further discussions among DualEx and its partners will determine the near and long term plans for this project.

Tunisia

On February 20, 2008, the Company announced that it's bid for the Bouhajla Exploration Block in Eastern onshore Tunisia had been approved by the Tunisian Ministry of Industry and Energy's Comite Consultatif des Hydrocarbures. The Company will hold 100% of the contractor share and would be the operator. Terms of the Production Sharing Contract have been agreed to and the signature of final documents in Tunis is expected shortly.

Western Canada

DualEx has various working interests in legacy assets following its acquisition of Winslow Resources Inc. ("Winslow") in August 2007. DualEx has an ongoing program of evaluating these assets, with a view to their continued development, by either funding internally or farming out a portion of its interest, or selling those interests which do not fit within DualEx's corporate strategy.

On August 6, 2009 the Company announced that, through Winslow, it has settled and finalized its outstanding legal claim with regard to a producing gas property in southwest Saskatchewan (the "Leader Property"). Pursuant to the Settlement Agreement, varying working interests in rights below the base of the Milk River formation in approximately 40 sections of contiguous land in the Leader area reverted back to Winslow. Included in the property is an 18.75% non-operated working interest in a recently discovered Viking natural gas pool, with three wells currently producing at a restricted rate of 1.77 MMcf/day (330 mcf/day net to Winslow). As part of the settlement terms, Winslow agreed to fund approximately $0.5 million of infrastructure and facility costs.

The Company recently signed a Purchase and Sale Agreement for the sale of its entire interest in the Leader Property for cash proceeds of $1,400,000. The sale is anticipated to close in early September 2009.

Asset Retirement Obligations

The asset retirement obligations increased to $72,467 as at June 30, 2009 from $69,977 as at December 31, 2008 due to accretion of the present value of these future obligations.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, the Company had working capital of $2.6 million. The Company estimates its remaining share of costs for the well in Syria will be between $1.6 million to $2.7 million and its share of the Hungary drilling program to be $0.9 million. Depending on a number of factors, including operating cashflows and cash received from the exercise of warrants, the Company may need to carry out some form of financing or other transaction to meet such additional requirements to the extent they exceed existing capital resources.

Share capital

Subsequent to period end an additional 1,096,668 warrants have been exercised for total proceeds of $219,334. and 355,000 stock options have been granted to employees and directors at an exercise price of $0.30 for five years. The options vest one third each year, over a three year period.

A total of 66,896,093 common shares of the Company are outstanding as of the date hereof. In addition, the Company has 8,264,065 warrants and 2,495,000 stock options outstanding as of the date hereof.

SUMMARY OF QUARTERLY INFORMATION

The following table summarizes quarterly financial information for the previous quarters:

	Quarter ended							
	Jun 30 2009	Mar 31 2009	Dec 31 2008	Sep 30 2008	June 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007
Total revenue	$ 708,560	$ 161,346	$ 2,272,483	$ 785,168	$ 76,500	$ 97,606	$ 110,064	$ 65,046
Net income (loss)	15,793	(716,253)	(5,787,980)	(166,521)	(298,376)	420,105	(377,805)	(199,971)
per share - basic and diluted	-	(0.01)	(0.09)	-	-	0.01	(0.01)	-

The increase in revenue over the past quarters is a result of production beginning in Hungary in August 2008. The Company incurred a $5.8 million dollar loss in the fourth quarter of 2008 primarily as a result of a writedown of exploration dry holes in Hungary ($2.7 million) along with a writedown of its exploration property in Portugal ($2.9 million). The reduction in revenue in the first quarter of 2009 is a result of the Pen-104 well being shut-in in January due to infrastructure repairs and maintenance. Production has since re-commenced (in April 2009) with the Pen-104a well.

RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2009, the Company incurred $25,000 (2008 - $6,700) and $44,400 (2008 - $13,900) respectively, in legal fees to a law firm, of which one of the directors of the Corporation is a partner, for legal services rendered in respect of general corporate matters. As at June 30, 2009, $10,300 (December 31, 2008 – $2,233) is included in accounts payable owing to this law firm. All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and is similar to amounts negotiated independently with third parties.

CHANGES IN ACCOUNTING POLICIES

Credit Risk and Fair Value of Financial Assets and Liabilities

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") issued Emerging Issues Committee ("EIC") -173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. This standard is effective for the Company's fiscal periods ending on or after January 20, 2009 with retrospective application. The application of this EIC did not have a material effect on the Company's financial statements for the period ended June 30, 2009.

Goodwill and intangible assets

In February 2008, the Accounting Standards Board ("AcSB") issued Section 3064, Goodwill and Intangible Assets, replacing sections 3062 – Goodwill and other tangible assets and 3450 – Research and Development Costs, and amended Section 1000, Financial Statement Concepts clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. The Company adopted this section effective January 1, 2009. The adoption of this new Section did not have a material impact on its financial statements.

Business Combinations

On January 1, 2009 the Company prospectively adopted CICA Section 1582, Business Combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. Adoption of this section did not have a material impact on our results of operations or financial position.

Non-Controlling Interests

On January 1, 2009 the Company adopted Sections 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Adoption of these sections did not have a material impact on out results of operations or financial position.

Conversion to International Financial Reporting Standards ("IFRS")

In February 2008, the AcSB confirmed that all Canadian publicly accountable enterprises will be required to report under IFRS for interim and annual financial statements effective for fiscal years beginning on or after January 1, 2011. The transition from current Canadian generally accepted accounting principles to IFRS is a significant undertaking that may materially affect the Company's reported financial position and operations. The Company has appointed a project lead for the IFRS conversion project and training and education sessions have been carried out and will continue throughout the conversion.

The Company is currently analyzing policy alternatives and identifying implementation options for the corresponding process changes with a focus on the areas identified as having the most significant impact on the Company's financial statements.

The Company anticipates that the significant impact to its financial statements will be on property, plant and equipment, as it relates to the Company's policy of full-cost accounting for its exploration assets. Another area of potential impact is joint venture accounting. IFRS will also result in other impacts, some of which may be significant in nature. The impact on the Company's consolidated financial statements cannot be reasonably determined at this time.

BUSINESS RISKS AND UNCERTAINTIES

The Company, like all international oil and gas corporations, operates in environments subject to inherent risks. Many such uncertainties are beyond the ability of the Company to control – particularly those associated with exploring for, and developing, economic quantities of hydrocarbons; volatile commodity prices; political risks; foreign exchange rates; issues related to global supply and demand; governmental regulations; and environmental matters. The Company participates in selected international exploration ventures that entail certain political and technical business risks. Management attempts to mitigate these risks by operating in politically and economically stable countries, and by aligning itself with partners that have significant international experience.

The current weak global economic environment has resulted in a significant decline in natural gas and crude oil prices over the last year. The drop in natural gas and crude oil prices has a negative impact on the profitability of the Company which in turn impacts the operational cash flows of the Company as well as its ability to finance capital expenditures. This in turn could limit growth prospects over the short run or may even require the Company to dispose of or farmout assets or raise new equity.

Forward looking statements

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", “propose”, "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following: capital expenditure programs; cashflows from production; depletion; regulatory decisions and government approvals.

With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things: the legislative and regulatory environment; commodity prices; estimated proven reserves; costs related to development of oil and gas properties will remain consistent with historical experiences; equipment and crew availability; joint venture partner financial capability; and the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward looking-statements as a result of the risk factors set forth below and elsewhere in this MD&A; changes in oil and natural gas prices; geological, technical, drilling and processing problems; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; reservoir performance; labour, equipment and material costs; access to capital markets; interest and currency exchange rates; and political and economic conditions.

Additional information related to the Company, including the Company's Annual Information Form, can be found on SEDAR at www.sedar.com.

THREE AND SIX MONTHS ENDED
JUNE 30, 2009

Q2

DUALEX ENERGY INTERNATIONAL INC.

Interim Consolidated Financial Statements

For the three months and six months ended June 30, 2009

DUALEX ENERGY INTERNATIONAL INC.
CONSOLIDATED BALANCE SHEETS
AS AT JUNE 30, 2009 AND DECEMBER 31, 2008
UNAUDITED

	June 30, 2009	December 31, 2008
ASSETS		
CURRENT		
Cash	$ 2,203,693	$ 2,550,650
Accounts receivable	897,744	2,034,838
Prepaid expenses and deposits	99,405	72,312
	3,200,842	4,657,800
PROPERTY, PLANT AND EQUIPMENT (note 4)	9,139,377	8,417,402
	$ 12,340,219	$ 13,075,202
LIABILITIES & SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	$ 579,895	$ 1,033,490
ASSET RETIREMENT OBLIGATIONS (note 5)	72,467	69,977
	652,362	1,103,467
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (note 6)	17,669,514	17,323,618
CONTRIBUTED SURPLUS (note 7)	1,918,624	1,847,938
DEFICIT	(7,900,281)	(7,199,821)
	11,687,857	11,971,735
	$ 12,340,219	$ 13,075,202

Commitment (note 8)
Subsequent event (note 15)

See accompanying notes

DUALEX ENERGY INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) AND DEFICIT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30
UNAUDITED

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
REVENUE				
Petroleum and natural gas sales	$ 782,703	$ 74,592	$ 947,330	$ 154,195
Interest and other	7,452	13,360	12,080	36,800
Royalties	(81,595)	(11,452)	(89,504)	(16,889)
	708,560	76,500	869,906	174,106
EXPENSES				
Operating costs	178,869	61,120	245,682	64,327
General and administrative	205,749	210,151	419,799	488,499
Stock based compensation	34,474	31,643	70,686	63,287
Depletion, depreciation and accretion	254,293	18,531	413,211	37,944
Financing costs (note 6b)	-	-	345,762	-
	673,385	321,445	1,495,140	654,057
INCOME (LOSS) BEFORE OTHER ITEMS	35,175	(244,945)	(625,234)	(479,951)
OTHER ITEMS				
Gain on sales of property, plant and equipment	-	-	-	591,399
Foreign exchange (loss) gain	(18,014)	(49,489)	(71,553)	22,179
	(18,014)	(49,489)	(71,553)	613,578
NET INCOME (LOSS) BEFORE TAXES	17,161	(294,434)	(696,787)	133,627
Current taxes	1,368	3,942	3,673	11,898
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	15,793	(298,376)	(700,460)	121,729
DEFICIT, beginning of period	(7,916,074)	(946,944)	(7,199,821)	(1,367,049)
DEFICIT, end of period	$ (7,900,281)	$ (1,245,320)	$ (7,900,281)	$ (1,245,320)
NET INCOME (LOSS) PER SHARE (note 6c)				
Basic and diluted	$ -	$ -	$ (0.01)	$ -

See accompanying notes

DUALEX ENERGY INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30
UNAUDITED

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
OPERATING ACTIVITIES				
Net income (loss)	$ 15,793	$ (298,376)	$ (700,460)	$ 121,729
Add (deduct) items not requiring cash				
Depletion, depreciation and accretion	254,293	18,531	413,211	37,944
Stock based compensation	34,474	31,643	70,686	63,287
Financing costs	-	-	345,762	-
Gain on sales of property, plant and equipment	-	-	-	(591,399)
Unrealized foreign exchange loss (gain)	146,152	27,663	(72,834)	(19,877)
	450,712	(220,539)	56,365	(388,316)
Change in non-cash working capital items (note 9a)	(507,381)	15,759	(19,972)	137,664
	(56,669)	(204,780)	36,393	(250,652)
FINANCING ACTIVITIES				
Proceeds from warrants	-	3,122	134	3,122
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(773,322)	(769,535)	(1,132,696)	(1,370,506)
Proceeds from sales of property, plant and equipment	-	-	-	1,024,000
Change in non-cash working capital items (note 9a)	464,843	304,078	692,174	782,600
	(308,479)	(465,457)	(440,522)	436,094
Foreign exchange (loss) gain on cash held in a foreign currency	(114,052)	(19,345)	57,038	25,788
(DECREASE) INCREASE IN CASH	(479,200)	(686,460)	(346,957)	214,352
CASH, BEGINNING OF PERIOD	2,682,893	4,784,323	2,550,650	3,883,511
CASH, END OF PERIOD	$ 2,203,693	$ 4,097,863	$ 2,203,693	$ 4,097,863

See accompanying notes

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

DualEx Energy International Inc. ("DualEx" or the "Company") is engaged in the exploration for and development and production of petroleum and natural gas properties internationally, with primary focus in the greater Mediterranean area. The Company currently holds working interests in Hungary, Syria, Portugal and North America and operations in Tunisia. The success of the Company's exploration and development of its petroleum and natural gas properties will be influenced by significant financial risks, legal and political risks, fluctuations in commodity prices and currency exchange rates, varying levels of taxation and the ability of the Company to discover economically recoverable reserves and to bring such reserves into production on an economic basis. If necessary, the Company may be required to obtain additional financing to develop its properties. While the Company seeks to manage these risks, many of these factors are beyond its control.

2. ACCOUNTING POLICIES

The interim consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada, which are the same accounting policies and methods of computation as those used to prepare the consolidated financial statements as at December 31, 2008 except as described below in note 3. The Company follows the Canadian full cost method of accounting for petroleum and natural gas properties. The disclosure which follows is incremental to the disclosure included in the annual consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2008. The results of operations and cash flows are not necessarily indicative of the results for a full year.

3. ACCOUNTING CHANGES AND NEW ACCOUNTING PRONOUNCEMENTS

a) Credit Risk and Fair Value of Financial Assets and Liabilities

In January 2009, the Canadian Institute of Chartered Accountants ("CICA") issued Emerging Issues Committee ("EIC") - 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. The EIC provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. This standard is effective for the Company's fiscal periods ending on or after January 20, 2009 with retrospect application. The application of this EIC did not have a material effect on the Company's financial statements.

b) Goodwill and intangible assets

In February 2008, the Accounting Standards Board ("AcSB") issued Section 3064, Goodwill and Intangible Assets, replacing sections 3062 – Goodwill and other tangible assets and 3450 – Research and Development Costs, and amended Section 1000, Financial Statement Concepts clarifying the criteria for the recognition of assets, intangible assets and internally developed intangible assets. Items that no longer meet the definition of an asset are no longer recognized with assets. The Company adopted this section effective January 1, 2009. The adoption of this new Section did not have a material impact on its financial statements.

c) Business Combinations

On January 1, 2009 the Company prospectively adopted CICA Section 1582, Business Combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. Adoption of this section did not have a material impact on our results of operations or financial position.

All amounts in Canadian dollars unless otherwise stated (unaudited)

3. ACCOUNTING CHANGES AND NEW ACCOUNTING PRONOUNCEMENTS(continued)

d) Non-Controlling Interests

On January 1, 2009 the Company adopted Sections 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Adoption of these sections did not have a material impact on out results of operations or financial position.

4. PROPERTY, PLANT AND EQUIPMENT

Property and Equipment

	June 30, 2009			December 31, 2008		
	Cost	Accumulated depletion and impairment	Net Book Value	Cost	Accumulated depletion and impairment	Net Book Value
Hungary	$ 8,575,350	$ 5,634,003	$ 2,941,347	$ 8,026,277	$ 5,256,909	$ 2,769,368
Syria	5,582,683	-	5,582,683	5,201,678	-	5,201,678
Portugal	2,993,427	2,885,595	107,832	2,993,427	2,885,595	107,832
North America	195,262	98,432	96,830	191,185	77,882	113,303
Tunisia	381,573	-	381,573	182,434	-	182,434
Other assets	96,587	72,883	23,704	95,587	58,055	37,532
Mining properties	5,408	-	5,408	5,255	-	5,255
	$ 17,830,290	$ 8,690,913	$ 9,139,377	$ 16,695,843	$ 8,278,441	$ 8,417,402

The Company capitalized $240,202 in general and administrative costs during the six months ended June 30, 2009 (June 30, 2008 - $96,150).

As at June 30, 2009, capital costs of $8,509,956 (December 31, 2008 - $7,968,238) relating to the exploration and development of its international properties have been excluded from costs subject to depletion, as these costs relate to unproved properties.

All amounts in Canadian dollars unless otherwise stated (unaudited)

5. ASSET RETIREMENT OBLIGATIONS

The following table summarizes changes in future asset retirement obligations:

	June 30, 2009	December 31, 2008
Asset retirement obligations, beginning of period	$ 69,977	$ 74,226
Obligations discharged with disposed properties	-	(8,636)
Accretion	2,490	4,387
Asset retirement obligations, end of period	$ 72,467	$ 69,977

The undiscounted amount of the estimated future cash flows required to settle the obligations as at June 30, 2009 is $231,000 (December 31, 2008 – $242,000). These obligations are expected to be paid in the future with a weighted average life of approximately 14 years. The estimated future cash flows have been discounted at a credit-adjusted risk free rate of 9% and reflect an inflation rate of 2%.

6. SHARE CAPITAL

Authorized

Unlimited number of common shares
Unlimited number of first preferred shares to be issued in series, with the directors determining the terms of the preferred shares on a series by series basis.

Issued

	Number of Shares	Stated Value
Common Shares		
Balance - December 31, 2008	65,775,003	$ 16,761,709
Shares issued on exercise of warrants	4,422	399
Balance - June 30, 2009	65,779,425	16,762,108
Fair Value of Warrants		
Balance - December 31, 2008		561,909
Revision of Warrants (note b)		345,762
Warrants exercised		(265)
Balance - June 30, 2009		907,406
Balance June 30, 2009	65,779,425	$ 17,669,514

All amounts in Canadian dollars unless otherwise stated (unaudited)

6. SHARE CAPITAL (continued)

a) Stock options

	Number of Options		Weighted Average Exercise Price
Outstanding - December 31, 2008 and June 30, 2009	2,140,000	$	0.34

The following table summarizes stock options outstanding as at June 30, 2009:

Date of Grant	Number Outstanding		Weighted Average Exercise Price	Weighted Average Remaining Contractual Life in Years	Options Exercisable
9-Jun-06	800,000	$	0.40	1.92	800,000
1-Sep-06	100,000	$	0.40	2.17	66,667
1-Oct-06	100,000	$	0.42	2.25	66,667
1-Jan-07	85,000	$	0.68	2.50	56,667
4-Sep-07	655,000	$	0.24	3.17	218,333
11-Sep-08	400,000	$	0.30	4.17	-
	2,140,000	$	0.34	2.77	1,208,334

b) Warrants

	Number of Warrants		Weighted Average Exercise Price
Outstanding - December 31, 2008	9,365,155	$	0.30
Warrants Exercised	(4,422)		0.20
Outstanding - June 30, 2009	9,360,733	$	0.20

All Warrants are exercisable. In February 2009, the Company re-priced and extended the expiry date of its outstanding common share purchase warrants. The exercise price was re-priced from $0.30 per common share to $0.20 per common share and the term of the warrants was extended from March 2, 2009 to September 2, 2009. The fair value of the revision was calculated to be $345,762 based on the Black Scholes model using the following assumptions: expected volatility – 100%, risk free rate 1.17%, expected life 6.5 months, and expected dividend – 0.

c) Net income (loss) per share

Stock options and warrants which were outstanding during the three and six months ended June 30, 2009 were not included in the computation of diluted earnings per share because their respective exercise prices were greater than the average market price of the common shares.

All amounts in Canadian dollars unless otherwise stated (unaudited)

7. CONTRIBUTED SURPLUS

	June 30, 2009	December 31, 2008
Contributed surplus, beginning of period	$ 1,847,938	$ 555,415
Stock based compensation	70,686	138,273
Balance transferred from share capital on expiration of warrants	-	1,154,250
Contributed surplus, end of period	$ 1,918,624	$ 1,847,938

8. COMMITMENT

There were no significant changes in the Company's commitments from those disclosed in the consolidated financial statements as at December 31, 2008 except as follows. The Company holds a 31.67% participating interest in a production sharing contract ("PSC") with the Syrian Petroleum Company and the Syrian government, pertaining to the exploration and production rights on Block 17, onshore Syria. The Company and its partners to the PSC have until October 7, 2009 to meet their commitment to commence drilling one exploratory well on Block 17. The well is expected to spud in September 2009. The Company estimates that its remaining share of the exploratory well costs are between $1.6 million to $2.7 million. Block 17 measures approximately 1.25 million gross acres.

9. SUPPLEMENTAL CASH FLOW INFORMATION

a) Changes in non-cash working capital

	For the three months ended June 30		For the six months ended June 30	
	2009	2008	2009	2008
Change in non-cash working capital related to operating activities				
Accounts receivable	$ (625,998)	$ 40,527	$ 642,231	$ 123,496
Prepaid expenses and deposits	4,617	(13,752)	(27,093)	14,687
Accounts payable and accrued liabilities	114,000	(11,016)	(635,110)	(519)
	$ (507,381)	$ 15,759	$ (19,972)	$ 137,664
Change in non-cash working capital related to investing activities				
Accounts receivable	$ 285,960	$ 311,524	$ 513,291	$ 437,615
Accounts payable and accrued liabilities	178,883	(7,446)	178,883	344,985
	$ 464,843	$ 304,078	$ 692,174	$ 782,600

b) Other cash flow information

	For the three months ended June 30		For the six months ended June 30	
	2009	2008	2009	2008
Taxes paid	$ 1,368	$ 3,942	$ 3,673	$ 11,898

All amounts in Canadian dollars unless otherwise stated (unaudited)

10. SEGMENTED INFORMATION

The Company operates in the oil and natural gas industry. Its reportable segments are identified on a geographic basis. The Company has operations in Syria, Portugal, Hungary, Tunisia and North America. Gross revenue and net income (loss) for the three and six months ended June 30, 2009 and capital assets as at June 30, 2009 are summarized on a geographic basis below:

	North America $	Syria $	Portugal $	Hungary $	Tunisia $	Corporate $	Total $
For the three months ended June 30, 2009							
Revenue	23,668	-	-	684,633	-	259	708,560
Net Income (Loss)	(26,883)	-	(1,202)	236,029	-	(192,151)	15,793
For the three months ended June 30, 2008							
Revenue	71,317	-	-	-	-	5,183	76,500
Net Income (Loss)	173,185	-	(100)	(635)	-	(470,826)	(298,376)
For the six months ended June 30, 2009							
Revenue	56,838	-	-	811,098	-	1,970	869,906
Net Income (Loss)	(38,917)	-	(1,332)	142,833	-	(803,044)	(700,460)
For the six months ended June 30, 2008							
Revenue	145,483	-	-	-	-	28,623	174,106
Net Income (Loss)	808,822	-	(200)	(1,256)	-	(685,637)	121,729
Capital assets							
As at June 30, 2009	102,238	5,582,683	107,832	2,941,347	381,573	23,704	9,139,377
As at December 31, 2008	118,558	5,201,678	107,832	2,769,368	182,434	37,532	8,417,402

11. JOINTLY CONTROLLED CORPORATION

The Company conducts a portion of its business through a jointly controlled corporation in Hungary. The joint control was established in 2008 and as a result the Company accounts for its 37.5% interest in this joint controlled corporation using the proportionate consolidation method. The total amounts and the major components of each of the following relate to the Company's interest in this corporation:

	As at June 30, 2009	As at December 31, 2008
Current assets	909,727	1,614,091
Property, plant and equipment	2,941,347	2,769,368
Current liabilities	325,102	891,651
Long term liabilities	45,548	43,953

	Three months ended June 30, 2009	Six months ended June 30, 2009
Revenue	684,633	811,098
Expenses	448,604	668,265
Net Income	236,029	142,833
Cash inflow resulting from operating activities	150,432	392,913
Cash outflow resulting from investing activities	484,639	561,961

All amounts in Canadian dollars unless otherwise stated (unaudited)

12. RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2009, the Company incurred $25,000 (2008 - $6,700) and $44,400 (2008 - $13,900) respectively, in legal fees to a law firm, of which one of the directors of the Corporation is a partner, for legal services rendered in respect of general corporate matters. As at June 30, 2009, $10,300 (December 31, 2008 – $2,233) is included in accounts payable owing to this law firm. All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and is similar to amounts negotiated independently with third parties.

13. CAPITAL MANAGEMENT

The Company's objective is to maintain a strong capital structure for maintaining financial flexibility so it can continue to meet its financial obligations and to finance the planned execution of its exploration and development programs. To facilitate the Company's objective, management prepares and updates its capital and operating budget on a regular basis to forecast future cash flows to determine if any additional capital will be required to meet the Company's obligations. The Company is not subject to any externally imposed covenant requirements. If required, the Company may need to carry out some form of equity or debt financing or other transaction to meet its financial and/or contractual obligations. Given the current economic climate the ability of the Company to carry out such a transaction may be limited. 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 Company defines and computes its capital as follows:

	June 30, 2009	December 31, 2008
Shareholders' Equity	$ 11,687,857	$ 11,971,735

14. FINANCIAL INSTRUMENTS

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

a) Credit Risk

Credit risk relates to the risk of loss if a partner, or counterparty to a financial instrument fails to meet its contractual obligations. This risk is related to the Company's accounts receivable cash and deposits. Over 81% of the Company's accounts receivable is with one company, a leading integrated oil and gas company in Central and Eastern Europe. Virtually all of the Company's receivables are with customers and partners engaged in the energy industry and are subject to normal industry credit risk. The Company has historically not experienced any collections issues with its partners or counterparties and considers any amounts outstanding greater than 90 days to be past due. As at June 30, 2009, the Company did not have any accounts receivable past due. The Company does not have an allowance for doubtful accounts as at June 30, 2009. The Company minimizes the credit risk of cash and cash equivalents by depositing only with reputable institutions.

14. FINANCIAL INSTRUMENTS(continued)

b) Liquidity Risk

Liquidity risk relates to the risk that a company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due. As at June 30, 2009, the Company has $2.6 million of working capital available to meet its obligations.

The Company prepares and regularly updates its capital and operating budget to forecast future cash flows to ensure, as far as possible, the Company has the appropriate liquidity in place to meet its obligations.

c) Market Risk

Market risk for the Company is the risk that changes in commodity prices and foreign exchange rates will affect the Company's net earnings or the value of its financial instruments.

Commodity Price Risk

Commodity price risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in commodity prices. The Company is subject to the risk of changes in commodity prices, primarily the price received for its natural gas production in Hungary. The Company has no commodity price-based derivative financial instruments as at June 30, 2009.

Foreign Currency Exchange Risk

Foreign currency exchange risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company's financial statements are denominated in Canadian dollars. To the extent the Company generates cashflows or maintains assets or liabilities denominated in other currencies, it is exposed to foreign currency exchange risk. The majority of the Company's assets are located outside of Canada and accordingly portions of the Company's current assets and liabilities, revenue, expenses and capital expenditures are denominated in Canadian dollars, US dollars, Euros and Hungarian Forints.

In Hungary, revenue and royalties are denominated in US dollars and settled in Hungarian Forints. Operating expenses are denominated and settled in Hungarian Forints. Capital expenditures in Hungary are denominated and settled in either Euros or Hungarian Forints. The Company's capital expenditure programs in Syria and Portugal are denominated in US dollars. The Company's general and administrative expenditures are primarily denominated in Canadian dollars.

As such the Company is subject to risk of fluctuating exchange rates amongst the Canadian dollar, US dollar, Euro and Hungarian Forint. The Company mitigates this by monitoring changes to exchange rates and maintaining cash balances in currencies to assist in meeting its obligations denominated in these currencies. As at June 30, 2009 the Company had cash of $US 990,000, €202,000 and $32,000 of USD equivalent in Hungarian Forints and the remainder in Canadian dollars. The Company also had $755,000 of USD equivalent in Hungarian Forints in accounts receivable and $280,000 of USD equivalent in Hungarian Forints and $US 149,000 in accounts payable as at June 30, 2009.

14. FINANCIAL INSTRUMENTS(continued)

d) Fair Value of Financial Instruments

The Company's financial instruments recognized in the consolidated balance sheet consist of cash, accounts receivable, deposits, and accounts payable and accrued liabilities. The carrying value of these balances approximates their fair value due to the their short term nature. Cash is classified as held for trading. Accounts receivable and deposits are classified as loans and receivables. Accounts payable and accrued liabilities is classified as other liabilities.

15. SUBSEQUENT EVENT

On August 6, 2009, the Company announced it settled and finalized its outstanding legal claim with regard to a producing gas property in southwest Saskatchewan. Pursuant to the settlement agreement, varying working interests in rights below the base of the Milk River formation in approximately 40 sections of contiguous land in the Leader area reverted back to the Company. Included in the property is an 18.75-per-cent non-operated working interest in a recently discovered Viking natural gas pool, with three wells currently producing at a restricted rate of 1.77 million cubic feet per day (55 barrels of oil equivalent per day net to the Company). As part of the settlement terms, the Company funded $528,000 of infrastructure and facility costs.

CORPORATE INFORMATION

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Executive Vice President & Chief Operating Officer

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