

Form 51-102F1
Management Discussion and Analysis
For
El Nino Ventures Inc.

MANAGEMENT DISCUSSION & ANALYSIS

The following discussion and analysis is management's assessment of the results and financial condition of El Nino Ventures Inc. (the "Company" or "El Nino") for the three months ended April 30, 2007 and should be read in conjunction with the financial statements for the three months ended April 30, 2007 and related notes contained in the report. The date of this management discussion and analysis is June 29, 2007. Additional information on the Company is available on SEDAR at www.sedar.com.

Business of El Nino

El Nino is an exploration stage company engaged in the acquisitions, exploration and development of mineral properties of merit in Canada, Europe and in Africa with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation.

Forward looking statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied. The Company disclaims any obligation or intention to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Project Overview

Bathurst, New Brunswick Project

On May 26th, 2006, the Company announced that it had entered into an option agreement with Falconbridge Limited ("Falconbridge") to explore the Bathurst Mining Camp in New Brunswick. Since the signing of this agreement, Falconbridge was taken over by Xstrata plc and the Company is now working with Xstrata Zinc ("Xstrata").

The Company will initially have the opportunity to earn a 50% interest in a large number of mineral claims and two permitted areas held by Xstrata Zinc, occupying approximately 108,800 hectares. In order to vest with a 50% interest, the Company is required to spend \$5.0 million on exploration by March 31, 2008 with a minimum expenditure of \$2.5 million by March 31, 2007 (completed).

Upon vesting with a 50% interest in the Property, the Company will have 90 days in which to elect to carve out one or more Project Areas from the existing Property, in each of which the Company can increase its interest to 65% by spending an additional \$2.0 million over three years and can increase its interest in each Project Area still further to 75% by spending an additional \$3.0 million over another two years. Xstrata Zinc can back-in to increase its position from either a 35% or 25% interest level to 50% by contributing 2.5 times the Company expenditures made to increase its interest above 50%. Falconbridge may increase its interest in one or more Project Areas from 50% to 70% at any time by electing to complete a Feasibility Study, or expend an additional \$20 million on each Project Area within three years: or five years if underground work is necessary to complete the study. Xstrata Zinc will have the right to process the Company's share of ore from any future operations.

The 2007-2008 exploration program is for \$5,000,000 dollars. It is anticipated that 25,000 meters will be drilled from June 2007 to the end of March 2008.

Bancroft Uranium Project

The Company completed the third phase of exploration on the Bancroft Uranium Project in early August, 2006. The Project is comprised of eight properties in the Bancroft region of Ontario, which is well known for its historical uranium production from four former producing mines. Under two separate agreements, El Nino may earn up to 100% interest on the Project. The Company is looking to joint venture these properties over the next few months. Preliminary discussions have been held with regards to joint ventures potential partners.

Preliminary Exploration Program – May 2005

A preliminary exploration program of geological and scintillometer reconnaissance was conducted in May 2005 on all eight of the Bancroft properties. In addition, the Halo Property (North West Zone) and Amalgamated Rare Earth Property, which host the properties' largest known uranium reserves (not 43-101 compliant), were targeted for more detailed exploration. This program included mechanical stripping, scintillometer surveying, and chip and grab rock sampling for uranium and thorium assaying, and was successful in confirming the historically established grades. Based on the results of this program, El Nino's consulting geologist, T.J. Beesley, P.Eng., recommended a follow up deep drilling program to verify down dip extension of uranium mineralization for these properties. Details for this program are in development.

Second Phase Exploration – October 2005

The second exploration phase was completed in late 2005, during which the remaining six properties were each examined radiometrically. Grids were established over the extent of the anomalous radioactivity, with 50 metre lines and 12.5 metre stations, and were then surveyed by scintillometer. Previous workings and high radioactive anomalies were tied in and chip and grab samples taken for assaying for uranium and thorium content. Based on the results, the Company plans further work on three of the properties. A 3.02% U_3O_8 result (apparently one of the highest U_3O_8 results recorded in this camp) was returned from an outcrop of limonitic coarse phlogopite-pyroxene pegmatite on the Canadian All Metals Property in Monmouth Township. Results of 0.22% U_3O_8 were also returned. On the Silver Crater #2 Showing in Faraday Township, anomalous radioactivity extends over an area 300 x 150 metres. Highly anomalous radioactivity occurs within a 75 x 30 metre zone in the centre of the grid and is open to the west under overburden. Results from five samples from throughout this zone range from 0.37% to 0.69% U_3O_8 and average 0.53% U_3O_8 , in coarse-grained dark pink to red augite syenite pegmatite. An assay of 0.31% U_3O_8 was obtained from coarse biotite-green pyroxene skarn on the McLean-Hogan Property grid in Cardiff Township.

On November 2nd, 2006 El Nino optioned its Bancroft Properties to Boulder Creek Exploration Inc. This agreement will finance the Bancroft properties through the next stages of exploration. Under the terms of this agreement El Nino will receive 275,000 shares of Boulder and cash payments of \$125,000 dollars. Boulder can earn in a 60 percent interest by committing \$1,000,000 dollars over the next two years and could earn up to 80 percent of the project by issuing a further 300,000 shares and spending an additional \$1,500,000 dollars.

The 2007 exploration program is complete and \$500,000 dollars were spent on exploration. Some results have been published and some results are pending.

Subsequent event

In June 2007 the company announced the acquisition of 350 square kilometers of exploration ground in the Democratic Republic of Congo. Exploration expenditures for the upcoming year could reach \$2,000,000 dollars.

Selected Annual Information

Unless otherwise noted, all currency amounts are stated in Canadian dollars.

The following table summarizes selected financial data for El Nino for each of the three most recently completed financial years. The information set forth below should be read in conjunction with the audited financial statements, prepared in accordance with Canadian generally accepted accounting principles, and related notes.

| | Years Ended January 31 | | |
|-------------------------------------|------------------------|-------------|-------------|
| | 2007 | 2006 | 2005 |
| Total Revenues (i) | \$56,378 | \$1,586 | \$154 |
| General and administrative expenses | \$1,148,715 | \$105,203 | \$89,136 |
| Mineral property costs | \$1,879,167 | \$153,362 | \$63,481 |
| Net income (loss) | | | |
| ➤ In total | \$(2,973,538) | \$(240,864) | \$(152,881) |
| ➤ Basic and diluted loss per share | \$(0.23) | \$(0.04) | \$(0.03) |
| Totals Assets | \$3,439,941 | \$284,220 | \$120,569 |
| Total long term liabilities | Nil | Nil | Nil |
| Cash dividends declared | Nil | Nil | Nil |

(i) Revenues consist of interest income.

Selected quarterly financial information

The following selected financial information is derived from the unaudited interim financial statements of the Company prepared in accordance with Canadian generally accepted accounting principles (“GAAP”).

| | For the Quarters Ended (unaudited) | | | | | | | |
|--------------------|------------------------------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|
| | April 30 2007 | Jan. 31 2007 | Oct. 31 2006 | July 31 2006 | April 30 2006 | Jan. 31 2006 | Oct. 31 2005 | July 31 2005 |
| Total revenues | \$33,295 | \$38,877 | \$10,617 | \$5,589 | \$1,295 | \$1,586 | \$Nil | \$Nil |
| Net loss | 748,271 | 115,032 | 2,413,387 | 299,363 | 145,756 | 46,160 | 31,443 | 110,338 |
| Net loss per share | 0.03 | 0.01 | 0.20 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 |
| Total assets | 4,095,480 | 3,439,941 | 1,912,846 | 3,697,935 | 787,264 | 284,220 | 253,430 | 66,924 |

The loss for the quarter ended October 31, 2006 was significantly higher than other quarters due mainly due to \$2,053,693 in exploration expenditures on the Bathurst, New Brunswick property in the quarter.

Results of operations

The three month period ended April 30, 2007 resulted in a net loss of \$748,271, which compares with a loss of \$145,756 for the same period in 2006. General and administrative expenses for the three month period ended April 30, 2007 were \$184,840, an increase of \$124,137 over the same period in 2006. Consulting fees of \$26,144 were recorded as compared to \$71,575 during the previous three month period as the Company became active with the financing of several exploration projects. All other general and administrative costs increased when compared to the previous three month period due to increased activity. Travel costs of \$11,648 were incurred compared to \$Nil as the Company was actively working on new acquisitions and financing in Europe in order to raise funds for the Bathurst, New Brunswick project and working capital.

During the three month period ended April 30, 2007, the Company incurred mineral property expenditures of \$596,441. Of this amount, \$10,000 was paid as cash option payments and a further 30,000 shares were issued at a value of \$12,300 for its Bancroft, Ontario properties. \$318,974 was incurred on drilling the Bancroft

properties and was funded by Can Am Uranium Corp. (formerly Boulder Creek Explorations). During the three month period ended April 30, 2007, the Company incurred \$561,172 on the Bathurst, New Brunswick project. The balance of \$2,481,393 that is held in escrow is shown as project advances at April 30, 2007. The expenditure amount was matched by the Government of New Brunswick.

Shareholder relations costs of \$18,375 and promotional activities undertaken by the Company, which included attendance at various trade shows, promotional literature and expanding the website cost \$40,450 as the Company increased awareness on its exploration projects and corporate objectives.

Liquidity and capital resources

At April 30, 2007, the Company's working capital, defined as current assets less project advances less current liabilities, was \$1,402,221 compared with working capital of \$223,322 at January 31, 2007. During the three month period, 3,750,000 shares were issued for gross proceeds of \$1,500,000. The private placements were non-flow-through unit offerings including one common share and one share purchase warrant. Each full warrant will allow the holder to acquire an additional common share at \$0.55 for a period of one year. The Company paid issuance costs of \$138,318 in commissions and issued 240,000 broker warrants with the same terms as the unit warrants.

The Company has total issued and outstanding of 21,766,953 shares at April 30, 2007.

Contractual commitments

The Company is committed under an operating lease with a company for its office premises with the following lease payments to the expiration of the lease on November 30, 2011.

| | 2008 | 2009 | 2010 | 2011 | 2012 | Thereafter |
|--------------|----------|--------|--------|--------|--------|------------|
| Office lease | \$38,029 | 38,029 | 38,029 | 38,029 | 31,691 | - |

Pursuant to an option agreement with Xstrata plc to explore the Bathurst Mining Camp in New Brunswick, the Company is required to spend \$2.5 million by March 31, 2007 (completed) and a further \$2.5 million by March 31, 2008 (funds were advanced to the project before April 30, 2007). The New Brunswick Government has provided a grant of \$4.5 million to assist with exploration and development of the Bathurst project. Further information on mineral option payments are disclosed in Note 6 to the financial statements dated April 30, 2007.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Critical accounting estimates

A detailed summary of all the Company's significant accounting policies is included in Note 2 to the financial statements for the three month period ended April 30, 2007.

Significant estimates used in the preparation of these financial statements include, amongst other things, depreciation, determinations of net recoverable value of assets, determination of fair value on taxes, contingencies and share compensation.

Changes in Accounting Policies

There were no changes in significant accounting policies of the Company for the three month period ended April 30, 2007, except that the Company clarified its accounting policy related to the capitalization of mineral property acquisition costs.

New Accounting Policy for February 1, 2007

On February 1, 2007, the Company adopted the new accounting recommendations of the Canadian Institute of Chartered Accountants for the recognition, measurement and disclosure of financial instruments, hedges and comprehensive income effective for the current fiscal year. This requires that all non-derivative financial assets be measured at fair value with changes in fair value of available-for-sale marketable securities disclosed in other comprehensive income. Since this is the first year in which this policy has been applied, the opening balance of accumulated other comprehensive income includes the difference between cost and fair value for marketable securities at the end of the previous fiscal year. The current quarter's gains or losses in value are recognized in other comprehensive income. The adoption of this accounting policy will have an effect on opening accumulated other comprehensive income of \$82,450 and the marketable securities on the balance sheet will be carried at their fair market value of \$343,700.

When securities are sold and gains or losses are realized, these gains or losses will be removed from other comprehensive income and reported in the Statement of Loss and Deficit. The transition provisions do not require restatement of previous financial statements. The fair values of securities which are traded on a recognized exchange are reported at the closing price on the balance sheet date or the last date on which the shares traded. When the Company's holdings exceed 20 days of average trading volume, appropriate discounts from closing price will be applied to reflect the net realizable market value.

Auditors

The Company's auditors for the year ended January 31, 2006, Staley, Okada & Partners, have entered into a transaction with PricewaterhouseCoopers LLP during the past fiscal year. The directors subsequently appointed PricewaterhouseCoopers LLP as the Company's auditors for the year ended January 31, 2007.

Financial Instruments and Other Instruments

El Nino's financial instruments consist of cash, restricted cash, GST receivable, deposits, marketable securities, project advances and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that El Nino is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

The Company may be exposed to currency risk if acquisition and exploration expenditures are incurred in the U.S. as it will have to convert Canadian dollars raised through equity financing in Canada to US dollars. The Company's expenditures could be negatively impacted by increases in the US versus the Canadian dollar.

Outstanding share data

The Company is authorized to issue unlimited common shares without par value. As at April 30, 2007, there were 21,766,953 outstanding common shares compared to 17,986,953 outstanding shares at January 31, 2007. The increase reflects the issuance of 3,750,000 shares for cash and 30,000 shares for mineral properties.

Directors, officers, employees and contractors are granted options to purchase common shares under the Company Stock Option Plan. This plan and its terms and outstanding balance are disclosed in Notes 7c to the financial statements dated April 30, 2007.

As at June 29, 2007, there were 21,766,953 common shares outstanding.

Related party transactions

Mr. Jean Luc Roy was appointed President and COO of the Company on May 10th, 2006 and Mr. Harry Barr from that day on assumed the position of Chairman.

A total of \$6,000 was paid to a company controlled by a Director, and Chairman of the Company for management services during the three month period ended April 30, 2007. A total of \$33,000 was paid to a company controlled by the President and COO of the Company for management services during the three month period ended April 30, 2007. A total of \$4,432 was paid to a company controlled by the Corporate Secretary of the Company for corporate secretarial services during the three month period ended April 30, 2007. A total of \$6,000 was paid to a company controlled by the Chief Financial Officer (CFO) of the Company for accounting services during the three month period ended April 30, 2007.

Critical Accounting Estimates

Mineral Property Costs

The Company is in the process of developing its mineral properties and capitalizes acquisition costs for property rights. The Company has adopted the policy of expensing mineral exploration costs and periodic option payments incurred prior to the determination that a property has economically recoverable ore reserves.

Capitalized costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of ore reserves, while capitalized costs for prospects abandoned are written off.

Management reviews and evaluates the carrying value of its mineral properties for impairment when events or changes in circumstances indicate that the carrying amount of the related asset may not be recoverable. If the total estimated future operating cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and assets are written down to fair value which is normally determined using the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that a mineral property is impaired it is written down to its estimated fair value.

Ownership in mineral properties involves certain interest risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management is in the process of evaluating the effectiveness of the Company's disclosure controls and procedures as required by Canadian securities laws.

Based on the evaluation of the disclosure controls performed to date, management of the Company has determined that certain weaknesses existed in internal controls over financial reporting. The existence of these weaknesses is mitigated by senior management monitoring which exists. The Company is taking steps to augment and improve the design of procedure and controls impacting these areas of weakness over internal control over financial reporting.

Internal Controls and Procedures

Internal controls and procedures are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with the Company's generally accepted accounting principles. As at the end of the period covered by this management's discussion and analysis, management had designed and implemented internal controls and procedures as required by Canadian securities laws.

The Company has evaluated the design of its internal controls and procedures over financial reporting for the three month period ended April 30, 2007. No material weakness in the design has been identified. Management continues to review and refine its internal controls and procedures.

Risks and Uncertainties

The mineral industry is intensely competitive in all its phases. The company competes with many other companies who have greater financial resources and experience. The market price of precious metals and other minerals is volatile and cannot be controlled. Exploration for minerals is a speculative venture. There is no certainty that the money spent on exploration and development will result in the discovery of an economic ore body.

The Company has limited financial resources, no sources of operating cash flows and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its projects or to fulfill its obligations under the terms of any option or joint venture agreements. If the Company's generative exploration programs are successful, additional funds will be required for development of one or more projects. Failure to obtain additional financing could result in the delay or indefinite postponement of further exploration and development or the possible loss of the company's properties.

Outlook

El Nino currently has one option agreement in which Can Am Uranium Corp. is earning an interest in the Bancroft, Ontario project by carrying all costs and making significant exploration expenditures. The Company is committed to spend a further \$2.5 million before March 2008 with the New Brunswick Government committing an additional \$2.0 million. The Company will be proceeding with an aggressive acquisition program for new projects focusing on areas of known mineralization in Europe, Africa, and Canada. El Nino has cash of \$999,759, \$2,481,393 held in trust for the Bathurst project and working capital of \$1,402,221 as at April 30, 2007.

Approval

The Board of Directors of El Nino has approved the disclosure contained in this interim MD&A. A copy of this interim MD&A will be provided to anyone who requests it.

EL NINO VENTURES INC.
(An Exploration Stage Company)

FINANCIAL STATEMENTS

April 30, 2007 and 2006

(Canadian Dollars)

Prepared by Management

These financial statements have NOT been reviewed by the Company's auditor

Balance Sheets

Canadian Funds

| ASSETS | April 30, 2007 | January 31, 2007 |
|---------------------------------------|---------------------|---------------------|
| Current | | |
| Cash | \$ 999,759 | \$ 33,780 |
| GST receivable | 15,397 | 16,816 |
| Prepaid expenses and deposits | 61,049 | 48,807 |
| Accounts receivable | 231,923 | - |
| Marketable securities (Note 4) | 261,250 | 261,250 |
| Project advances (Note 6c) | 2,481,393 | 3,034,579 |
| | <u>4,050,771</u> | <u>3,395,232</u> |
| Restricted Cash – Flow-through | - | - |
| Equipment, net (Note 5) | <u>44,709</u> | <u>44,709</u> |
| | <u>\$ 4,095,480</u> | <u>\$ 3,439,941</u> |

LIABILITIES

| | | |
|---------------------|----------------|----------------|
| Current | | |
| Accounts payable | \$ 103,690 | \$ 62,589 |
| Accrued liabilities | 63,467 | 74,742 |
| | <u>167,157</u> | <u>137,331</u> |

Commitments (Note 6c, Note 10)

STOCKHOLDERS' EQUITY

| | | |
|---|---------------------|---------------------|
| Share Capital – Statement 3 (Note 7) | | |
| Unlimited authorized shares without par value | | |
| 21,766,953 (Jan. 31, 2007 - 17,986,953) shares issued and outstanding | 10,062,996 | 8,689,012 |
| Contributed Surplus | 983,663 | 983,663 |
| Deficit Accumulated During the Exploration Stage – Statement 3 | <u>(7,118,336)</u> | <u>(3,396,527)</u> |
| | <u>3,928,323</u> | <u>3,302,610</u> |
| | <u>\$ 4,095,480</u> | <u>\$ 3,439,941</u> |

ON BEHALF OF THE BOARD:

_____, Director
"Harry Barr"

_____, Director
"Bernard Barlin"

- See Accompanying Notes -

Statements of Operations
For the Three Months Ended April 30
Canadian Funds

| | 2007 | 2006 |
|--|---------------------|-------------------|
| Expenses | | |
| Audit and accounting | \$ 6,000 | - |
| Consulting fees | 26,144 | 71,575 |
| Management fees | 39,000 | 6,000 |
| Office and miscellaneous | 6,059 | 3,590 |
| Insurance | 429 | - |
| Rent | 12,565 | 3,967 |
| Legal fees | - | 8,100 |
| Transfer and filing fees | 12,693 | 8,585 |
| Promotion and tradeshow | 40,450 | 20,178 |
| Shareholder relations | 18,375 | - |
| Telephone | 2,527 | 2,142 |
| Travel, lodging and food | 11,648 | - |
| Wages, salaries and benefits | 8,950 | - |
| Loss Before the Undernoted | 184,840 | 124,137 |
| Other Income (Expenses) | | |
| Management fee income | (31,897) | - |
| Interest income | (1,398) | (1,297) |
| Interest and bank charges | 285 | - |
| Write-off of mineral property costs | - | - |
| Exploration expenditures (Schedule) | 596,441 | 22,916 |
| | 563,431 | 21,619 |
| Loss for the Period | \$ (748,271) | (145,756) |
| Loss Per Share | \$ (0.03) | (0.01) |
| Weighted Average Number of Shares | | |
| Outstanding | 21,766,953 | 10,188,213 |

- See Accompanying Notes -

Statement of Stockholders' Equity (Deficiency)

Canadian Funds

| | Common Shares | | Contributed | Accumulated | Total |
|---|---------------|---------------|-------------|----------------|--------------|
| | Shares | Amount | Surplus | Deficit | |
| Balance – January 31, 2004 | 4,571,546 | \$ 2,977,593 | \$ 38,516 | \$ (3,002,782) | \$ 13,327 |
| Issuance of shares for: | | | | | |
| -Cash | 1,000,000 | 200,000 | - | - | 200,000 |
| -Exercise of warrants | 85,000 | 11,050 | - | - | 11,050 |
| Loss for the year | - | - | - | (152,881) | (152,881) |
| Balance – January 31, 2005 | 5,656,546 | \$ 3,188,643 | \$ 38,516 | \$ (3,155,663) | \$ 71,496 |
| Issuance of shares for: | | | | | |
| -Cash | 416,667 | 150,000 | - | - | 150,000 |
| -Property | 85,000 | 31,250 | - | - | 31,250 |
| -Exercise of warrants | 1,710,000 | 272,450 | - | - | 272,450 |
| -Exercise of options | 10,000 | 1,500 | - | - | 1,500 |
| Share issuance costs | - | (1,400) | - | - | (1,400) |
| Future income tax on flow-through (Note 9) | - | (17,050) | - | - | (17,050) |
| Loss for the year | - | - | - | (240,864) | (240,864) |
| Balance – January 31, 2006 | 7,878,213 | \$ 3,625,393 | \$ 38,516 | \$ (3,396,527) | \$ 267,382 |
| Issuance of shares for: | | | | | |
| -Cash | 9,916,907 | 6,255,909 | - | - | 6,255,909 |
| -Fair value assigned to warrants | - | (752,335) | 752,335 | - | - |
| -Fair value assigned to warrants on finder's fees | - | - | 69,866 | - | 69,866 |
| -Property | 30,000 | 12,000 | - | - | 12,000 |
| -Exercise of options | 50,000 | 13,000 | (5,500) | - | 7,500 |
| -Exercise of warrants | 111,833 | 48,892 | (4,125) | - | 44,767 |
| Share issuance costs | - | (513,847) | - | - | (513,847) |
| Stock-based compensation | - | - | 132,571 | - | 132,571 |
| Loss for the year | - | - | - | (2,973,538) | (2,973,538) |
| Balance – January 31, 2007 | 17,986,953 | \$ 8,689,012 | \$ 983,663 | \$ (6,370,065) | \$ 3,302,610 |
| Issuance of shares for: | | | | | |
| -Cash | 3,750,000 | 1,500,000 | - | - | 1,500,000 |
| -Property | 30,000 | 12,300 | - | - | 12,300 |
| -Exercise of options | - | - | - | - | - |
| -Exercise of warrants | - | - | - | - | - |
| Share issuance costs | - | (138,318) | - | - | (138,318) |
| Stock-based compensation | - | - | - | - | - |
| Loss for the year | - | - | - | (748,271) | (748,271) |
| Balance – April 30, 2007 | 21,766,953 | \$ 10,062,996 | \$ 983,663 | \$ (7,118,336) | \$ 3,928,321 |

Statements of Cash Flows

For the Three Months Ended April 30

Canadian Funds

| Cash Provided by (Used in) | 2007 | 2006 |
|--|-------------------|------------------|
| Operating Activities | | |
| Net loss | \$ (748,271) | (145,756) |
| Items not involving cash: | | |
| Stock compensation expense | - | - |
| Shares issued for mineral properties | 12,300 | 12,000 |
| Amortization | - | - |
| | <u>(735,971)</u> | <u>(133,756)</u> |
| Changes in non-cash working capital: | | |
| Accounts receivable | (230,504) | (48,826) |
| Prepaid expenses and deposits | (12,242) | - |
| Project advances | 553,186 | - |
| Accounts payable | 41,103 | - |
| Accrued liabilities | (11,275) | - |
| | <u>340,268</u> | <u>(48,826)</u> |
| | <u>(395,703)</u> | <u>(182,582)</u> |
| Investing Activities | | |
| Purchase of equipment | - | (30,621) |
| | <u>-</u> | <u>(30,621)</u> |
| Financing Activities | | |
| Issuance of shares for cash | 1,500,000 | 640,000 |
| Share issue costs | (138,318) | (3,200) |
| | <u>1,361,682</u> | <u>(636,800)</u> |
| Net Increase (Decrease) in Cash | 965,979 | 423,597 |
| Cash – Beginning of period | <u>33,780</u> | <u>280,142</u> |
| Cash – End of Period | \$ 999,759 | 703,739 |
| Non-Cash Financing Activities | | |
| Shares issued for mineral properties | \$ 12,300 | \$ 12,000 |
| Shares issued for finders fees | \$ - | \$ 20,000 |

- See Accompanying Notes -

Schedule of Exploration Expenditures

For the Period Ended April 30

Canadian Funds

| | April 30, 2007 | January 31, 2007 |
|---|-------------------|---------------------|
| Halo and Silver Crater Properties, Bancroft, Ontario, Canada | | |
| Option payments – cash | 10,000 | 10,000 |
| Option payments – shares | 12,300 | 12,000 |
| Cash - option payments received | - | (125,000) |
| Shares - option payments received | - | (261,250) |
| | <u>22,300</u> | <u>(364,250)</u> |
| Drilling | 305,222 | - |
| Exploration expenditures | 6,232 | - |
| Geological and field expenses | - | 14,271 |
| Engineering and consulting | 7,520 | 11,490 |
| Assays | - | - |
| Reimbursement of expenditures | (318,974) | - |
| | <u>-</u> | <u>25,761</u> |
| Total | <u>22,300</u> | <u>(338,489)</u> |
| Bathurst Project, New Brunswick, Canada | | |
| Staking costs | - | 87,513 |
| Geological and field expenses | 94,132 | 180,427 |
| Geophysics | - | 1,148,266 |
| Assays | - | 21,585 |
| Diamond drilling | 445,653 | 657,810 |
| Engineering and consulting | 21,387 | 8,682 |
| Management fee | - | 100,000 |
| | <u>561,172</u> | <u>2,116,770</u> |
| Total | <u>561,172</u> | <u>2,204,283</u> |
| Other Properties | | |
| Geological and field expenses | 12,969 | 13,373 |
| | <u>12,969</u> | <u>13,373</u> |
| Costs for the Period | \$ 596,441 | \$ 1,879,167 |

- See Accompanying Notes -

Notes to Financial Statements

For the Year Ended April 30, 2007 and 2006

Canadian Funds

1. NATURE OF OPERATIONS

El Nino Ventures Inc. (the "Company") was incorporated on February 19, 1988 in British Columbia, Canada. The Company is an exploration stage company engaged in the acquisitions, exploration and development of mineral properties of merit in Canada, Europe and in Africa with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploitation.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that the current exploration and development programs of the Company will result in profitable mining operations.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

The consolidated financial statements of the Company and the accompanying notes have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). For the purposes of these financial statements these principles conform in all material respects with generally accepted accounting principles in the United States, except as described in Note 12.

b) Cash and Cash Equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and highly liquid debt investments with remaining maturities at point of purchase of three months or less. The Company places its cash and cash investments with institutions of high credit worthiness. At times, such investments may be in excess of federal insurance limits. Cash provided by flow-through financings is disclosed as long-term restricted cash as the Company has contracted with the shareholders to expend the related funds on qualifying mineral property expenditures.

c) Mineral Property Expenditures

The Company is in the process of developing its mineral properties and capitalizes acquisition costs for property rights. The Company has adopted the policy of expensing mineral exploration costs and periodic option payments incurred prior to the determination that a property has economically recoverable ore reserves.

Capitalized costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of ore reserves, while capitalized costs for prospects abandoned are written off.

Management reviews and evaluates the carrying value of its mineral properties for impairment when events or changes in circumstances indicate that the carrying amount of the related asset may not be recoverable. If the total estimated future operating cash flows on an undiscounted basis are less than the carrying amount of the asset, an impairment loss is recognized and assets are written down to fair value which is normally determined using the discounted value of future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether carrying value can be recovered by considering alternative methods of determining fair value. When it is determined that a mineral property is impaired it is written down to its estimated fair value.

Ownership in mineral properties involves certain interest risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests are in good standing.

2. SIGNIFICANT ACCOUNTING POLICIES - *Continued*

d) Marketable Securities

Short-term investments in publicly traded marketable securities are valued at the lower of cost and quoted market value.

e) Equipment

Equipment is recorded at cost. The Company provides for amortization on office equipment using the 30% declining balance method, with half of this rate used in the year of acquisition.

f) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing income (or loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted earnings per share by application of the treasury stock method.

g) Stock-Based Compensation

All stock-based awards made to employees and non-employees are measured and recognized using a fair value based method. For employees, the fair value of the options is measured at the date of the grant. For non-employees, the fair value of the options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For employees and non-employees, the fair value of the options is accrued and charged to operations, with the offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If and when the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

h) Management Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

i) Asset Retirement Obligations

The Company recognizes the legal liability for obligations relating to retirement of property, plant, and equipment, and arising from the acquisition, construction, development, or normal operation of those assets. Such asset retirement costs are recognized at fair value, when a reasonable estimate of fair value can be estimated, in the period in which it is incurred. The amount recognized is added to the carrying value of the asset, and amortized into income on a systematic basis over its useful life.

There are no asset retirement obligations as of January 31, 2006 and 2007.

El Nino Ventures Inc.
 (An Exploration Stage Company)
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 Canadian Funds

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

j) Flow-Through Shares

The Company has adopted the recommendations of the Emerging Issues Committee relating to flow-through shares effective for all flow-through agreements dated after March 19, 2004. Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, future income tax liabilities are recognized (renounced expenditures multiplied by the effective tax rate) thereby reducing share capital.

If a company has sufficient unused tax losses and deductions ("losses") to offset all or part of the future income tax liabilities and no future income tax assets have been previously recognized on such losses, a portion of such unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as income up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

k) Share Capital

Share capital issued for non-monetary consideration is recorded based on fair market value.

l) Income Taxes

The asset and liability method is used for determining future income taxes. Under the asset and liability method, the change in the net future income tax asset or liability is included in income. The income tax effects of differences in the periods when revenue and expenses are recognized, in accordance with Company accounting practices, and the periods they are recognized for income tax purposes are reflected as future income tax assets or liabilities. Future income tax assets and liabilities are measured using the statutory income tax rates which are expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

m) Tax Credits

The Company recognizes METC amounts and applies those amounts against exploration costs when the Company's application for tax credits is approved by Canada Revenue Agency. Assessments, if any for taxes, penalties and interest are deducted from the tax credits when assessed.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, GST receivable, deposits, marketable securities, project advances, restricted cash and accounts payable. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

4. MARKETABLE SECURITIES

| | | 2007 | 2007 | 2006 |
|-----------------------------|-----------------------|-------------------|-------------------|-------------|
| | | Book Value | Market Value | Book Value |
| Can Am Uranium Corp. | 275,000 shares | \$ 261,250 | \$ 343,700 | \$ - |

The Can Am Uranium Corp. shares were received in the transaction with Boulder Creek Explorations Inc. ("Boulder"), which subsequently changed its name to Can Am Uranium Corp. (Note 6b).

El Nino Ventures Inc.

(An Exploration Stage Company)

Notes to Financial Statements

For the Period Ended April 30, 2007 and 2006

Canadian Funds

5. EQUIPMENT

| 2007 | Cost | Accumulated Amortization | Net |
|------------|------------------|-----------------------------|------------------|
| Automotive | \$ 28,469 | \$ 4,270 | \$ 24,199 |
| Computers | \$ 26,300 | \$ 5,790 | \$ 20,510 |
| | \$ 54,769 | \$ 10,060 | \$ 44,709 |

6. MINERAL PROPERTIESa) **Halo Project, Bancroft, Ontario**

By agreement dated March 9, 2005 and amended April 14, 2005, the Company may earn a 100% interest in certain properties known as the Halo Project, Bancroft, Ontario, by making, at its option, the following:

| | | Payments | Shares | Fair value | Exploration Expenditures |
|--------------------------------|----------------------|-----------------|---------------|-----------------|-----------------------------|
| Upon execution of agreement | <i>(paid)</i> | \$ 2,500 | - | \$ - | \$ - |
| Upon regulatory approval | <i>(issued)</i> | - | 20,000 | 8,000 | - |
| On or before December 31, 2005 | <i>(incurred)</i> | - | - | - | 15,000 |
| On or before March 9, 2006 | <i>(paid/issued)</i> | 5,000 | 20,000 | 8,000 | - |
| On or before December 31, 2006 | <i>(incurred)</i> | - | - | - | 20,000 |
| On or before March 9, 2007 | <i>(paid/issued)</i> | 5,000 | 20,000 | 8,200 | - |
| On or before December 31, 2007 | | - | - | - | 30,000 |
| On or before December 31, 2008 | | - | - | - | 40,000 |
| | | <u>\$12,500</u> | <u>60,000</u> | <u>\$24,200</u> | <u>\$105,000</u> |

Prior to earning its 100% interest the Company may joint venture the property upon payment of 40,000 shares or \$5,000 to the optionors.

The property is subject to a 3% NSR. The Company has the option to purchase 1% of the total NSR for \$250,000.

The Company is required to reimburse the optionors for all related staking costs.

El Nino Ventures Inc.

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Notes to Financial Statements

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6. MINERAL PROPERTIES - Continued**b) Silver Crater Project, Bancroft, Ontario**

By agreement dated March 9, 2005, the Company may earn a 100% interest in certain properties known as the Silver Crater Project, Bancroft, Ontario by making, at its option, the following:

| | | Payments | Shares | Fair value | Exploration Expenditures |
|--------------------------------|---------------------|-----------------|---------------|-----------------|--------------------------|
| Upon execution of agreement | <i>(paid)</i> | \$2,500 | - | \$ - | \$ - |
| Upon regulatory approval | <i>(issued)</i> | - | 20,000 | 8,000 | - |
| On or before December 31, 2005 | <i>(incurred)</i> | - | - | - | 15,000 |
| On or before March 9, 2006 | <i>(paid/issue)</i> | 5,000 | 10,000 | 4,000 | - |
| On or before December 31, 2006 | <i>(incurred)</i> | - | - | - | 20,000 |
| On or before March 9, 2007 | <i>(paid/issue)</i> | 5,000 | 10,000 | 4,100 | - |
| On or before December 31, 2007 | | - | - | - | 30,000 |
| On or before December 31, 2008 | | - | - | - | 40,000 |
| | | <u>\$12,500</u> | <u>40,000</u> | <u>\$16,100</u> | <u>\$105,000</u> |

Prior to earning its 100% interest the Company may joint venture the property upon payment of 40,000 shares or \$15,000 to the optionors.

The property is subject to a 3% NSR. The Company has the option to purchase 1% of the total NSR for \$250,000.

The Company is required to reimburse the optionors for all related staking costs.

By agreement dated October 23, 2006, the Company optioned its Bancroft properties to Boulder Creek Explorations Inc. ("Boulder"). Under the terms of this agreement, the Company received 275,000 shares (fair value \$261,250) of Boulder (Note 4) and cash payments totalling CDN \$125,000 (received). Boulder can earn a 60% interest by spending CDN \$1,000,000 over the next two years and could earn up to 80 % of the project by issuing a further 300,000 shares and spending an additional CDN \$1,500,000.

The Company will remain the operator for the first two years of this agreement and will receive a management fee of 10% of exploration expenditures and cash payments of CDN \$40,000 for the first year (received) and CDN \$20,000 per year thereafter.

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Notes to Financial Statements

For the Period Ended October 31, 2006 and 2005

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6. MINERAL PROPERTIES - Continued**c) Bathurst Project, Bathurst, New Brunswick**

By agreement dated May 26, 2006, the Company entered into an option agreement with Xstrata plc ("Xstrata") formerly Falconbridge Limited to explore the Bathurst Mining Camp in New Brunswick.

The Company will initially have the opportunity to earn a 50% interest in a large number of mineral claims and two permitted areas held by Xstrata occupying approximately 108,800 hectares. In order to vest with a 50% interest, the Company is required to spend \$5.0 million on exploration by March 31, 2008 with a minimum expenditure of \$2.5 million by March 31, 2007. As at January 31, 2007, the Company advanced the minimum \$2.5 million as required to Xstrata and Xstrata had expended \$2,042,453 on exploration. The balance of \$2,481,393 that is held in escrow is shown as project advances at April 30, 2007.

Subsequent to year end, the first \$2.5 million has been spent and the remaining \$2.5 million has been raised and is in escrow. The New Brunswick Government has contributed \$2.5 million to March 2007 and a further \$2.0 million has been committed to March 2008.

Upon vesting with a 50% interest in the Property, the Company will have 90 days in which to elect to carve out one or more Project Areas from the existing Property, in each of which the Company can increase its interest to 65% by spending an additional \$2.0 million over three years and can increase its interest in each Project Area still further to 75% by spending an additional \$3.0 million over another two years. Xstrata can back-in to increase its position from either a 35% or 25% interest level to 50% by contributing 2.5 times the Company expenditures made to increase its interest above 50%. Xstrata may increase its interest in one or more Project Areas from 50% to 70% at any time by electing to complete a Feasibility Study, or expend an additional \$20 million on each Project Area within three years: or five years if underground work is necessary to complete the study. Xstrata will have the right to process the Company's share of ore from any future operations.

7. SHARE CAPITAL**a) Authorized:**

Unlimited common voting shares without par value (no additional paid-in capital).

b) Issued:

| | Number of Shares | Amount |
|--|---------------------|--------------|
| Balance – January 31, 2004 | 4,571,546 | \$ 2,977,593 |
| Private placement | 1,000,000 | 200,000 |
| Exercise of warrants | 85,000 | 11,050 |
| Balance – January 31, 2005 | 5,656,546 | 3,188,643 |
| Private placement (Note 7m) | 250,000 | 100,000 |
| Private placement – flow-through (Note 7n) | 166,667 | 50,000 |
| Mineral properties | 85,000 | 31,250 |
| Exercise of warrants | 1,710,000 | 31,250 |
| Exercise of options | 10,000 | 1,500 |
| Share issuance costs | - | (1,400) |
| Future income tax on flow-through (Note 9) | - | (17,050) |
| Balance – January 31, 2006 | 7,878,213 | \$ 3,625,393 |

El Nino Ventures Inc.
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Notes to Financial Statements
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7. SHARE CAPITAL - Continued

| | Number of Shares | Amount |
|---|---------------------|----------------------|
| Balance – January 31, 2006 | 7,878,213 | \$ 3,625,393 |
| Private placement (Note 7g) | 1,680,000 | 420,000 |
| Private placement (Note 7h) | 600,000 | 240,000 |
| Private placement (Note 7i) | 678,000 | 542,400 |
| Private placement – flow-through (Note 7j) | 4,479,750 | 3,583,800 |
| Private placement – flow-through (Note 7k) | 530,862 | 398,147 |
| Private placement – flow-through (Note 7l) | 1,948,295 | 1,071,562 |
| Mineral properties (Notes 6a and 6b) | 30,000 | 12,000 |
| Exercise of warrants | 111,833 | 48,892 |
| Exercise of options | 50,000 | 13,000 |
| Fair value on unit offerings assigned to warrants | - | (752,335) |
| Share issuance costs | - | (513,847) |
| Mineral properties (Notes 6a and 6b) | 30,000 | 12,300 |
| Private placement – flow-through (Note 7l) | 3,750,000 | 1,500,000 |
| Share issuance costs | - | (138,318) |
| Balance – April 30, 2007 | 21,766,953 | \$ 10,062,996 |

- c) The Company adopted a stock option plan (“the plan”) whereby, the Company may grant stock options up to a maximum of 20 percent of the number of issued shares of the Company. At January 31, 2007, the Company has reserved 2,037,642 common shares under the plan (2006 – 1,192,309).

The option plan has the following vesting requirement:

- i) Options granted to employees and consultants conducting investor relations activities will vest with the right to exercise one-quarter of the option upon conclusion of every three months subsequent to the grant date.
 - ii) Options granted to other employees, consultants, directors and officers vest immediately.
- d) The Company has granted stock options to directors, officers, consultants and certain employees. Stock option activity is summarized as follows:

| | Number of Options | Exercise Price * |
|---|----------------------|---------------------|
| Balance outstanding – January 31, 2003 and 2002 | 250,000 | \$0.55 |
| Granted – Year ended January 31, 2004 | 354,000 | \$0.15 |
| Exercised – Year ended January 31, 2006 | (10,000) | \$0.15 |
| Cancelled– Year ended January 31, 2006 | (25,000) | \$0.15 |
| Expired – Year ended January 31, 2006 | (250,000) | \$0.55 |
| Granted – Year ended January 31, 2007 | 1,588,642 | \$0.50 |
| Exercised – Year ended January 31, 2007 | (50,000) | \$0.15 |
| Cancelled– Year ended January 31, 2007 | (330,000) | \$0.50 |
| Balance outstanding – April 30, 2007 | 1,527,642 | \$0.44 |

* Weighted average exercise price

El Nino Ventures Inc.

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Notes to Financial Statements**For the Period Ended April 30, 2007 and 2006**

Canadian Funds

7. SHARE CAPITAL – Continued

- e) During the year ended January 31, 2007, the Company granted options to purchase up to 1,588,642 shares. The total estimated fair value of the options is \$438,970 and the weighted fair value per share was \$0.276. Since the options were granted under a graded vesting schedule, \$132,571 of the total fair value has been recorded in the Company accounts as stock-based compensation expenses during the year. The offsetting entry is to contributed surplus.

The fair value of stock options is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighed average assumptions:

| | |
|---------------------------------|---------------------|
| | January 31, 2007 |
| Average risk-free interest rate | 4.11% |
| Expected dividend yield | NIL |
| Expected stock price volatility | 79.61% |
| Average expected option life | 5 years |

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

- f) At April 30, 2007, the following warrants were outstanding:

| Expiry Date | Number of Shares | Fair value of warrants | Exercise Price |
|-----------------------------------|---------------------|---------------------------|-------------------|
| April 24, 2007 (Notes 7h and 11d) | 562,500 | \$ 66,015 | \$0.50 |
| February 28, 2008 (Note 7g) | 1,600,000 | 132,362 | \$0.33 |
| July 14, 2007 (Notes 7i and 7j) | 2,363,040 | 387,784 | \$1.00 |
| August 29, 2007 (Notes 7i and 7j) | 495,550 | 44,675 | \$1.00 |
| October 19, 2007 (Note 7k) | 49,613 | 6,075 | \$0.75 |
| December 22, 2007 (Note 7l) | 364,000 | 40,139 | \$0.65 |
| December 28, 2007 (Note 7l) | 1,558,815 | 129,171 | \$0.65 |
| December 28, 2007 (Note 7l) | 124,705 | 15,980 | \$0.55 |
| February 9, 2008 | 1,500,000 | - | \$0.55 |
| February 9, 2008 | 240,000 | - | \$0.55 |
| March 7, 2008 | 375,000 | - | \$0.55 |
| Balance – April 30, 2007 | 9,233,223 | \$822,201 | |

The relative pro rata allocation of the fair value of the stock purchase warrants included in unit offerings is estimated on the date of issuance of the unit using the Black-Scholes option-pricing model with the following weighed average assumptions:

| | |
|---------------------------------|---------------------|
| | January 31, 2007 |
| Average risk-free interest rate | 4.09% |
| Expected dividend yield | NIL |
| Expected stock price volatility | 72.92% |
| Average expected warrant life | 1.2 years |

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

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Notes to Financial Statements

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Canadian Funds

7. SHARE CAPITAL – Continued

- g) During the year, the Company closed two non-flow-through unit private placements totaling 3,750,000 units at a price of \$0.40 per unit for gross proceeds of \$1,500,000 consisting of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share of the Company for a period of one year from the closing dates at a price of \$0.55 per warrant share. A commission of \$96,000, a finder's fee of \$22,720 and 240,000 broker warrants were issued in connection with this financing. Each broker warrant entitles the holder thereof to purchase one additional common share of the Company until February 9, 2008 at a price of \$0.55 per warrant share.
- h) During the prior year, the Company closed a 1,600,000 unit private placement at a price of \$0.25 per unit for gross proceeds of \$400,000 consisting of one common share in the capital of the Company and one non-transferable share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share of the Company until February 28, 2008 at a price of \$0.33 per warrant share. A finder's fee of 80,000 shares fair valued at \$20,000 was issued in connection with this financing.
- i) During the prior year, the Company closed a 600,000 unit private placement at a price of \$0.40 per unit for gross proceeds of \$240,000 consisting of one common share in the capital of the Company and one non-transferable share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share of the Company until April 24, 2008 at a price of \$0.50 per warrant share.
- j) During the prior year, the Company closed a 678,000 unit private placement at a price of \$0.80 per unit for gross proceeds of \$542,400 consisting of one common share in the capital of the Company and one-half of one non-transferable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company until July 14, 2007 at a price of \$1.00 per warrant share.
- k) During the prior year, the Company closed a 4,454,750 flow-through unit private placement at a price of \$0.80 per unit, for gross proceeds of \$3,563,800. Each unit consists of one common share in the capital of the Company and one-half of one common non-transferable, non-flow-through share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share of the Company until July 14, 2007 at a price of \$1.00 per warrant share. A finder's fee of 25,000 non-flow-through shares fair valued at \$20,000 was issued in connection with this financing.
- l) During the prior year, the Company closed a 496,133 common share flow-through placement at a price of \$0.75 per unit, for gross proceeds of \$372,100. A finder's fee of 34,729 non-flow-through shares fair valued at \$26,047 and 49,613 non-flow-through broker warrants, fair valued at \$6,075, were issued in connection with this financing. The broker warrants allow the holder to acquire one common share of the Company until October 19, 2007 at a price of \$0.75 per warrant share.

(An Exploration Stage Company)

Notes to Financial Statements

For the Period Ended April 30, 2007 and 2006

Canadian Funds

7. SHARE CAPITAL – *Continued*

- m) During the prior year, the Company closed a 1,922,815 flow-through unit private placement at a price of \$0.55 per unit, for gross proceeds of \$1,057,548. Each unit consists of one common share in the capital of the Company and one common non-transferable, non-flow-through share purchase warrant. Each full warrant entitles the holder thereof to purchase one additional common share of the Company until December 22, 2007 at a price of \$0.65 per warrant share. A finder's fee of 25,480 non-flow-through shares fair valued at \$14,014 and 124,705 broker warrants, fair valued at \$15,980, were issued in connection with this financing. The broker warrants allow the holder to acquire one common share of the Company until December 28, 2007 at a price of \$0.55 per warrant share.

Flow-through shares are shares issued by a company that incurs certain resource expenditures and then renounces them for Canadian tax purposes. This allows the expenditures to flow through to the subscriber for tax purposes. The subscribers may in turn claim the expenditure as a deduction on their personal or corporate tax returns.

The total amount of funds raised through the flow-through shares must be spent on qualified mineral exploration. The use of proceeds from flow-through shares is restricted to certain Canadian Exploration Expenditures under Canadian Income Tax Legislation. Restricted Cash - Flow-Through represents funds received from flow-through issuances that management estimates have not been spent as at the balance sheet date.

- n) During a prior year, shareholders approved the reservation of 298,077 performance shares at an exercise price of \$0.01 per share. To date, none of these shares have been allotted, issued and have not been booked into these financial statements as they must receive regulatory approval. During the year, a further 509,410 nominal value performance shares were reserved subject to shareholder and regulatory approval. At the discretion of the Board, these shares may be issued to such arm's length parties as the Board considers desirable to attract to the Company.
- o) During the period, 30,000 shares were issued for mineral properties at fair value of \$12,300.

8. RELATED PARTY TRANSACTIONS

Except as noted elsewhere in these financial statements, related party transactions are as follows:

- a) During the period, the Company paid \$6,000 for management fees to a company controlled by the Chairman, CEO and director.
- b) During the period, the Company paid \$33,000 for management fees to a company controlled by the President and COO.
- c) During the period, the Company paid \$4,432 for consulting fees to a company controlled by the Corporate Secretary.
- d) During the period, the Company paid \$6,000 for accounting fees to a company controlled by the Chief Financial Officer.

The above transactions, occurring in the normal course of operations, are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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Canadian Funds

9. INCOME TAXES

(a) Reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| | 2007 | 2006 |
|--|----------------|--------------------|
| Earnings (Loss) before income taxes | \$ (2,973,538) | \$ (257,914) |
| Canadian federal and provincial income tax rates | 34.12% | 34.10% |
| Income tax expense (recovery) | (1,014,571) | (87,949) |
| Increase (decrease) due to: | | |
| Non-deductible expenses for tax purposes | 722,593 | 58,368 |
| Deductible expenses for tax purposes | (35,160) | 95 |
| Income tax benefit recognized on issuance of flow-through shares | 0 | (17,050) |
| Valuation allowance | 327,139 | 29,486 |
| Income tax expense (recovery) | <u>\$ 0</u> | <u>\$ (17,050)</u> |

(b) The significant components of future income tax assets and liabilities are as follows:

| | 2007 | 2006 |
|---|---------------|-------------|
| Future income tax assets (liabilities) | | |
| Non-capital loss carry forwards | \$ 527,732 | \$ 232,494 |
| Net capital loss carry forwards | 63,770 | 63,733 |
| Share issue costs | 140,546 | 382 |
| Temporary difference in value: | | |
| Resource property costs | 987,384 | 277,153 |
| Equipment | 3,432 | 635 |
| Future income tax assets (liabilities) | 1,722,865 | 574,396 |
| Valuation allowance | (1,722,865) | (574,396) |
| Net future income tax asset (liability) | <u>\$ (0)</u> | <u>\$ 0</u> |

The Company has income tax loss carry forwards of approximately \$1,546,600 in Canada, which may be used to reduce future income taxes otherwise payable and expiring through 2027.

The tax benefit of the above noted tax assets have been offset by recognition of a valuation allowance in these financial statements.

El Nino Ventures Inc.

(An Exploration Stage Company)

Notes to Financial Statements

For the Period Ended April 30, 2007 and 2006

Canadian Funds

9. INCOME TAXES— Continued**Future Income Tax Recovery**

During 2007, flow-through shares totalling \$4,993,448 were issued, which funds were required to be spent on qualifying Canadian Exploration Expenditures. Upon renunciation, completed after January 31, 2007, the Company will no longer have the ability to use the expenditures for tax purposes and the Company will be required to record a future tax liability of approximately \$1,704,000. However, since the Company has unused tax losses and resource pools in excess of the renunciation, the future tax liability becomes a future income tax recovery upon the reversal of the related valuation allowance.

During a prior year, flow-through shares totalling \$50,000 were issued, which funds were required to be spent on qualifying Canadian Exploration Expenditures. Upon renunciation, the Company no longer had the ability to use the expenditures for tax purposes and the Company recorded a future tax liability of \$17,050. However, since the Company had unused tax losses and resource pools in excess of the renunciation, the future tax liability becomes a future income tax recovery the reversal of the related valuation allowance.

10. COMMITMENTS

By agreement dated December 1, 2006, the Company is committed under an operating lease, for its office premises with the following lease payments to the expiration of the lease on November 30, 2011:

| | | |
|------|----|----------------|
| 2008 | \$ | 38,029 |
| 2009 | | 38,029 |
| 2010 | | 38,029 |
| 2011 | | 38,029 |
| 2012 | | 31,691 |
| | \$ | <u>183,807</u> |

11. SUBSEQUENT EVENTS

- a) Subsequent to period-end, the Company applied for eleven mineral prospecting licences in Ireland and has recently accepted the offer of all eleven licences from the Irish Government. The licences are located in Lower Carboniferous limestones prospective for zinc and lead mineralization.
- b) Subsequent to period-end, the Company applied to extend the expiry date of the 562,500 warrants set to expire April 24, 2007 for one year to April 24, 2008 at the same exercise price of \$0.50. The modification of the term is subject to regulatory approval.