MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JULY 31, 2008

September 26, 2008

The following management discussion and analysis ("MD&A") should be read in conjunction with the unaudited interim financial statements and accompanying notes ("Financial Statements") of El Nino Ventures Inc. (the "Company") for the three months ended July 31, 2008 and 2007. Results have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and reported in Canadian dollars unless otherwise indicated.

For further information on the Company reference should be made to the Company's public filings which are available on SEDAR. Information is also available on the Company's website at www.elninoventures.com.

This MD&A contains forward-looking information. See "Forward-Looking Information" and "Risks and Uncertainties" for a discussion of the risks, uncertainties and assumptions relating to such information. Reference should also be made to the risk factors section in the Company's most recently filed MD&A for the year ended January 31, 2008.

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1. OVERVIEW OF THE COMPANY

El Nino Ventures Inc. (the “Company”) was incorporated on February 19, 1988 under the laws of the Province of British Columbia, Canada. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties in the Democratic Republic of Congo (“DRC”), Canada and Ireland 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 Company has its registered corporate office based in Vancouver, British Columbia, Canada.

As at September 26, 2008 the Company had 40,283,692 shares outstanding with a total market capitalization of $7.0 million. The Company shares (“Shares”) trade on the TSX Venture Exchange (ELN) and the Frankfurt Stock Exchange (E7Q).

The Company has acquired a number of mineral research permits in the Lubumbashi, Kinsevere, and Likasi regions of the DRC. These regions host the Central African Copperbelt, (“CAC”) which extends from Angola through the DRC into Zambia. The CAC is one of the world's greatest metallogenic provinces containing 34% of the world's cobalt reserves and over 10% of the world's copper reserves.

The Company’s main focus is the exploration, location and development of mineralization zones in the DRC-Zambian Copperbelt (“Copperbelt”) containing high grade copper and cobalt. The company maintains that its projects are unaffected by the current DRC review of mining contracts.

Infinity - The Company has the option to acquire a 70% interest in certain mineral research permits in the DRC from GCP Group Ltd. (“GCP”), covering 352 square kilometres of prospective exploration areas in the Copperbelt, located between Lubumbashi and Likasi (the “Infinity Project”).

Harmony - The Company has an agreement with MIMECO AG (“MIM”) to acquire an initial 70% interest in a mineral Research Permit 2461 (the “Harmony Project”) in the Copperbelt, covering 50 square kilometers located east of Anvil Mining Limited’s Kinsevere Project. Under the agreement, the Company has the option to increase its interest to 85%. The Company is currently awaiting completion of the transfer of the property titles before commencing exploration activities.

Phoenix - On July 26, 2008, the Company signed a letter of intent (“LOI”) with Phoenix Mining Corporation (“PMC”) whereby the Company may earn into a 70% share interest in a mineral research permit in the Copperbelt. This interest covers approximately 25 square kilometers located between Lubumbashi and the Likasi Road and Airport Road junction (the “Phoenix” project) and is ideally located between the Ruashi project of Metorex and the Luishi project of Gecamines.

Ireland

The Company is currently exploring 13 prospecting licences, acquired between October 2007 and February 2008, and overlying approximately 500 square kilometers of the Central Carboniferous Limestone Basin, prospective for good grade zinc and lead mineralization.

Bathurst - The Company has earned a 50% interest in 1,902 mineral claims held by Xstrata Canada Inc. ("Xstrata") formerly Falconbridge Limited, to explore the Bathurst Mining Camp in New Brunswick, Canada. The Bathurst Camp is a world class mining district with full mining, milling and smelter infrastructure, containing numerous copper, zinc, lead and silver volcanogenic sulphide deposits of different sizes.

Bancroft – Comprised of the Halo Project and the Silver Crater Project and include certain claims east of the town of Bancroft, Ontario, Canada. The Bancroft area properties in total are comprised of 37 mineral claims containing 247 claim units. The claims cover a total of approximately 9,765 acres (3,952 hectares), and are located 10-40 km to the east of the town of Bancroft, Ontario. For the quarter and six months ended July 31, 2008 no work was carried out and the Company is looking for a Joint Venture partner to continue work on this project.

Going concern

At July 31, 2008, the Company had cash and cash equivalents of $4,739,779, working capital $3,947,745 and a deficit of $16,731,767. The funds on hand at July 31, 2008 are not sufficient to meet our planned corporate, administrative and exploration activities for the next twelve months.

The Company's ability to continue operations and exploration activities is dependent on management's ability to secure additional financing. While management has been successful in securing such additional sources of financing in the past, there can be no assurance it will be able to do so in the future. Because of this uncertainty, there is substantial doubt about the ability of the company to continue as a going concern.

The Company is actively seeking new financing and has commenced preliminary discussions with interested investors at this time.

2. PROJECT UPDATES

a) Infinity

Table 1 below presents the total net expenditures by quarter and life to date ("LTD") for the Infinity Project, DRC:

TABLE 1: ($000's)							
Infinity Project, DRC	30-Apr-07	31-Jul-07	30-Apr-08	31-Jul-08	Six Months Ended		
(Unaudited)	Q1-08	Q2-08	Q1-09	Q2-09	31-Jul-07	31-Jul-08	LTD
Drilling	$ -	$ -	$ 9	$ 1,170	$ -	$ 1,179	$ 1,511
Consulting and labour	-	44	97	361	44	458	808
Assay	-	-	54	204	-	258	258
Geological and field	-	181	195	177	181	373	828
Option maintenance costs	-	360	131	153	360	283	694
Travel and accomodation	-	-	-	99	-	99	99
Depreciation and amortization	-	-	22	32	-	54	54
Geophysics	-	98	45	19	98	65	622
Total	$ -	$ 683	$ 553	$ 2,215	$ 683	$ 2,769	$ 4,874

In the second quarter, the full mobilization and execution of the drill program commenced and 16,300 meters of the planned 2008 drill program of 25,000 meters were completed. Drilling is comprised of 9,200 meters of diamond drilling and 7,100 of reverse circulation drilling. The drill program at July 31, 2008 is 75% complete nearing completion and assay results should be available in early October.

The Company commissioned its own preparation lab this year and which will result in efficient processing and reduced result turnaround times. This 2008 drill campaign focused on two areas of the Infinity project. The first area drilled this year was to determine the extension of the discovery hole, reported last year, whose results indicated 3.5% copper over 10 meters. In the same area several holes were drilled on a cobalt anomaly and visual inspection indicated mineralization.

The second area drilled this year is on our northern permit 5214 where 48 holes were drilled. 30 holes were drilled using reverse circulation and 18 holes were drilled using diamond drilling. Out of those holes more than 25 holes had visual mineralization ranging from weak to very strong over substantial thickness. Assays are pending but the Company believes that the forthcoming results will indicate a very strong potential area to host a mineable deposit. Once all results are finalized, the Company will consider hiring a resource specialist to determine the extent and potential of this area. A ground geophysics survey is now underway in this area to further investigate the area using our drill holes data.

Going forward into the New Year other areas will be investigated on PR 2461 and 9318, our latest acquisition. PR 9318 host several active artisanal camps where cobalt and copper malachite are being sought. Upon approval of our environmental applications our exploration efforts will commence with ground surveys and geophysics.

Drilling costs for the quarter of $1,170,049(Q2-08: $nil) and for the six months $1,179,405(2008: $nil). Included in drilling costs are mobilization costs for the quarter of $40,973(Q2-08: $nil) and for the six months $50,329(2008: $nil).

The associated costs of a full drill program and maintenance of a permanent office in the DRC significantly increased across all major expenditure categories compared the three month and six months costs last year when the Company had just established its presence in the DRC due to increases in administrative staff, consultants, labour, and assaying results. Option maintenance payments for the quarter of $153,023(Q2-8: $360,846) and for the six months $283,660(2008: $360,846) comprised of $56,000 fair value for share issuances(100,000) and a cash payment of $97,023(Q2-9) a cash payment of $130,637(Q1-9), (Q2-08: $219,000 fair value for share issuances(300,000), a cash payment of $121,000 and permit fees).

Total exploration costs for the quarter comprised of drilling 53%(Q2-08: nil%), consulting and labour 16%(Q2-08: 6%), assay 9% (Q2-08: nil%), and option maintenance costs 7%(Q2-08: 53%).

Total exploration costs for the six months comprised of drilling 43%(Q2-08: nil%), consulting and labour 17%(Q2-08: 6%), assay comprise 9% (Q2-08: nil%), and option maintenance costs 13%(Q2-08: 27%).

b) <u>Harmony</u>

On February 4, 2008, the Company entered into an agreement with MIM to acquire an initial 70% interest in a mineral Research Permit 2461 in the Copperbelt, covering 55 square kilometers located east of the Kinsevere Project of Anvil Mining. Upon transfer of title (pending) the Company will issue 200,000 shares to MIM will be committed to total exploration expenditures of of US$1.5 million over three years, at a minimum of US$500,000 per annum. The Company has the right, at anytime, to increase its interest to 85% by paying MIM the sum of $15.0 million. As at July 31, 2008, the no costs were incurred at Harmony. The Company is awaiting transfer of the title to commence its exploration program.

c) Phoenix

On July 26, 2008, the Company signed a LOI with PMC whereby the Company will earn into a 70% share interest in mineral Research Permit 9316 located in the Copperbelt. This interest is 25 square kilometers located between Lubumbashi and the Likasi Road and Airport Road junction (the "Phoenix" project). The Company will be responsible for all exploration and development costs of Phoenix and upon the identification of a minable deposit, PMC will obtain the mining licence and transfer the respective licence to a newly incorporated Congolese subsidiary. The Company maintains that this project's mineral research permit is not affected by the current DRC review of mining contracts.

d) Bathurst

Table 2 below presents the total net expenditures by quarter and LTD for the Bathurst Zinc Project:

TABLE 2: ($000's)

Bathurst Zinc Project, Canada (Unaudited)	30-Apr-07 Q1-08	31-Jul-07 Q2-08	30-Apr-08 Q1-09	31-Jul-08 Q2-09	Six Months Ended 31-Jul-07	Six Months Ended 31-Jul-08	LTD
Option maintenance costs	$ -	$ -	$ -	$ -	$ -	$ -	$ 149
Drilling and assay	446	179	249	8	624	257	$ 2,809
Geological and field	116	61	4	33	177	37	$ 494
Geophysics	-	77	45	8	77	54	$ 1,813
Management fees	38	38	25	-	76	25	$ 301
Total	$ 600	$ 355	$ 323	$ 49	$ 954	$ 373	$ 5,566

Note: no costs were specifically allocated to the Bathurst Zinc Project prior to July 31, 2006.

Drill assay results were determined via visual inspection of core samples which did not support further assaying, and as at May 9, 2008 there was no significant mineralization to report. The Company is in discussions with Xstrata to determine how to move forward on this project.

Total exploration costs for the quarter comprised of drilling and assay 16%(Q2-08: 50%), geological and field 67%(Q2-08: 17%), geophysics 17%(Q2-08: 22%), and management fee costs nill%(Q2-08: 11%).

Total exploration costs for the six months comprisd of drilling and assay 69%(2008: 65%), geological and field costs comprise 10%(Q2008: 19%), geophysics costs comprise 14%(2008: 8%), and management fee costs 7%(2008: 8%).

e) Ireland Zinc Project

Table 3 below presents the total net expenditures by quarter and LTD for the Ireland Zinc Project:

TABLE 3: ($000's)

Zinc Project, Ireland (Unaudited)	30-Apr-07 Q1-08	31-Jul-07 Q2-08	30-Apr-08 Q1-09	31-Jul-08 Q2-09	Six Months Ended 31-Jul-07	Six Months Ended 31-Jul-08	LTD
Option maintenance costs	-	-	-	-	-	-	53
Consulting and labour	-	-	8	111	-	119	139
Geological and field	-	-	1	2	-	3	7
Drilling	-	-	-	184	-	184	184
Travel and accomodation	-	-	-	9	-	9	9
Total	$ -	$ -	$ 9	$ 306	$ -	$ 315	$ 392

The drill program at July 31, 2008 for this season 80% complete and based on visual inspection of core samples there is no significant mineralization to report.

Drilling costs for the quarter comprise 60%(Q2-08: nil%), consulting costs comprise 36%(Q2-08: nil%), travel and accommodation costs comprise 3%(Q2-08: nil%), and geological and field costs 1%(Q2-08: nil%). The drill program commenced in Q2-09 and 1,800 meters, of the planned 4,400 meter diamond drill program, has been completed.

Drilling costs for the six months comprise 58%(2008: nil%), consulting costs comprise 38%(2008: nil%), travel and accommodation costs comprise 3%(2008: nil%), and geological and field costs 1%(2008: nil%).

3. FINANCIAL PERFORMANCE REVIEW

Exploration Expenditures

TABLE 4 ($000's)

Exploration Expenditures	30-Apr-07	31-Jul-07	30-Apr-08	31-Jul-08	Six Months Ended	
(Unaudited)	Q1-08	Q2-08	Q1-09	Q2-09	31-Jul-07	31-Jul-08
By type:						
Drilling and assay	$ 458	$ 192	$ 312	$ 1,566	$ 650	$ 1,878
Consulting and labour	-	65	105	472	65	577
Geological and field	116	268	200	212	384	412
Option maintenance costs	22	360	131	153	382	284
Geophysics	-	175	90	29	175	119
Travel and accomodation	-	-	-	108	-	108
Depreciation and amortization	-	-	22	32	-	54
Management fees	38	38	25	-	76	25
Total	$ 634	$ 1,098	$ 885	$ 2,572	$ 1,732	$ 3,457
By project:						
Infinity	$ -	$ 683	$ 553	$ 2,215	$ 683	$ 2,769
Bathurst	600	355	323	50	$ 954	$ 373
Ireland	-	-	9	307	$ -	$ 315
Bancroft	34	60	-	-	$ 95	$ -
Total	$ 634	$ 1,098	$ 885	$ 2,572	$ 1,732	$ 3,457

For the quarter and for the six months, a majority of exploration expenditures were related to the Infinity drill program and the DRC office. For details on the projects and these related expenditures, see "*Section 2 – Project Updates*".

Total exploration expenditures by type and by project for the quarter were $2,572,437 (2008: $1,098,903) and for the six months were $3,457,403 (2008: $1,732,844). For details on the projects and these related expenditures, see "*Section 2 – Project Updates*".

Other Expenses and items

Table 5 below presents other expenses by quarter and LTD related to corporate costs, depreciation and amortization, and stock based compensation:

TABLE 5: ($000's)

Other expenses:	30-Apr-07	31-Jul-07	30-Apr-08	31-Jul-08	Six Months Ended	
(Unaudited)	Q1-08	Q2-08	Q1-09	Q2-09	31-Jul-07	31-Jul-08
Audit, accounting and legal	$ 6	$ 9	$ 68	$ 51	$ 15	$ 119
Depreciation and amortization	3	4	4	2	6	6
Labour, Consulting and management fees	42	111	189	101	153	291
Promotion and shareholder relations	58	114	71	92	173	163
Stock based compensation	79	124	163	145	203	308
Other costs	47	59	97	141	106	237
	$ 235	$ 421	$ 592	$ 532	$ 656	$ 1,124

Total other expenses for the quarter were $532,666 (2008: $421,587), an increase of $111,079, and for the six months $1,124,754 (2008: $657,166), an increase of $467,588 comprised of accounting costs of $104,688 related directly to British Columbia Securities Commission re-filings, additional audit fees and the 2009 audit fee accrual, office costs $109,839 related to the establishment of an independent office and the incremental costs of rent, telephone and communications, insurance and other costs, labour, consulting, and labour, consulting and management fees of $137,749 related to the recruitment and establishment of full time management team, and stock based compensation costs of $104,484.

Table 6 below presents other items by quarter and LTD related to interest income, foreign exchange and future income tax recovery:

TABLE 6: ($000's)

Other Items:	30-Apr-07	31-Jul-07	30-Apr-08	31-Jul-08	Six Months Ended	
(Unaudited)	Q1-08	Q2-08	Q1-09	Q2-09	31-Jul-07	31-Jul-08
Interest income	$ (1)	$ (11)	$ (53)	$ (49)	$ (13)	$ (102)
Foreign exchange	-	-	(31)	(1)	-	(33)
Future income tax recovery	(1,701)	-	-	-	(1,702)	-
	$ (1,702)	$ (11)	$ (84)	$ (50)	$ (1,715)	$ (135)

Interest and foreign exchange for the quarter $50,724 (2008: $11,555) and for the six months $135,630 (2008: $12,953) an increase of $122,677 comprised of interest from the GIC's of $89,932 and foreign exchange gains of $32,745 due a stronger canadian dollar for most of the quarter and for the six months.

Future income tax recovery in Q1-08 relates to the utilization of unrecorded tax losses to offset a future tax liability from the issuance of flow-through shares.

4. FINANCIAL POSITION

Table 7 below presents the assets, liabilities and shareholders' equity of the Company as at July 31, 2008 and January 31, 2008:

TABLE 7: ($000's)
Summary Balance Sheets

(Unaudited)	July 31, 2008		January 31, 2008	
Cash and cash equivalents	$	4,740	$	7,787
Restricted cash		81		80
Receivables, prepaids and deposits		655		275
Project advances		-		183
Property, plant and equipment		727		295
Total assets	$	6,203	$	8,620
Accounts payable and accrued liabilities	$	1,448	$	169
Non-controlling interest		6		3
Total liabilities	$	1,454	$	172
Share capital	$	18,693	$	18,160
Contributed surplus		2,788		2,573
Deficit		(16,732)		(12,285)
Total shareholders' equity	$	4,749	$	8,448

Cash and cash equivalents of $4,739,779(January 31, 2008: $7,786,666) comprised cash of $1,589,779 (January 31, 2008: $4,386,666) and short term deposits of $3,150,000(January 31, 2008: $3,400,000) that are cashable after 30 days without penalty, with interest rate guarantees extending up to one year.

Restricted cash $80,522 (January 31, 2008: $79,874) relates to funds that are held in trust for the benefit of Xstrata relating to the Bathurst Project. These funds will be utilized to pay for the remaining project costs.

Receivables, prepaids and deposits at July 31, 2008 are $654,896 (January 31, 2008: $274,227) are comprised advances for drilling operations of $237,592 (January 31, 2008: $16,468), interest on GIC's $107,376 (January 31, 2008: $34,487), prepaid rent of $93,506 (January 31, 2008: $84,712), permits and related legal costs related to Harmony, $64,363 (January 31, 2008: $nil), and other items $149,059 (January 31, 2008: $138,560).

Project advances decreased as funds advanced to Xstrata relating to the Bathurst Properties were expensed.

Property, plant and equipment increased by $431,579 (net) (January 31, 2008: $44,709) during the year, primarily due to acquisitions of office equipment, field equipment, the construction of a preparation lab and the establishment of an office at the Infinity Project, DRC.

As at July 31, 2008, 40,283,692 (January 31, 2008: 39,313,692) shares were issued and outstanding. Table 8 below summarizes the changes in share capital from January 31, 2008 to July 31, 2008.

TABLE 8 **Share Capital** (Unaudited)	Number of Shares	Amount
Balance – January 31, 2008	39,313,692	$ 18,160,683
Issued as consideration for mineral properties	200,000	56,000
Exercise of options	180,000	106,800
Exercise of warrants	590,000	369,659
Balance – April 30, 2008	40,283,692	$ 18,693,142

As at July 31, 2008 the Company had 3,200,000 stock options and 6,230,277 warrants outstanding.

5. CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

Table 9 below provides an overview of the Company's cash flows from operating, investing and financing activities for the six months ended July 31, 2008 and 2007.

TABLE 9: ($000's) **Summary of cash flows** (Unaudited)	Three months ended July 31, 2008	Three months ended July 31, 2007	Six months ended July 31, 2008	Six months ended July 31, 2007
Net change of cash related to:				
Operations	$ (1,885)	$ (1,009)	$ (2,918)	$ (1,405)
Investing	(247)	(85)	$ (511)	$ (85)
Financing	-	3,144	$ 383	$ 4,506
Net change in cash during the period	$ (2,132)	$ 2,050	$ (3,046)	$ 3,016
Cash & equiv. - Beginning of period	6,872	999	7,786	33
Cash & equiv. - End of period	$ 4,740	$ 3,049	$ 4,740	$ 3,049

To fund its working capital, including exploration activities and corporate expenses, the Company requires continued access to capital markets to raise financing through equity offerings. All financing activities are currently provided through equity offerings.

Cash outflows from operating activities before working capital amounts for the three months were 2,802,130 (2008: $1,161,654) and consist of cash paid on account of exploration expenditures and corporate costs (see "*Section 3 – Financial Performance Review*" above). These cash expenses, net of changes in non-cash operating working capital, resulted in a net cash outflow from operating activities for the period of $1,885,402 (2008: $1,009,374).

Cash outflows from investing activities for the three months were $247,915 (2008: $84,976) and included $84,990 for office equipment of which $72,471 related to the DRC office , $74,412 for field equipment in the DRC including $52,677 of expenditures related to a new portable assay laboratory, and $138,513 for leasehold improvements in the DRC.

Cash outflows from financing activities for the three months resulted were $648 (2008: Cash inflows of $3,143,941). The significant decrease of $3,143,293 was due to $nil (2008: $3,143,941) of additional financing being raised through the issuance of common shares.

Cash outflows from operating activities before working capital adjustments for the six months were $4,003,497 (2008: $1,935,125) and consist of paid on account of exploration expenditures and corporate costs (see "*Section 3 – Financial Performance Review*" above). These cash expenses, net of changes in non-cash operating working capital, resulted in a net cash outflow from operating activities for the period of $2,918,582 (2008: $1,405,077).

Cash outflows from investing activities for the six months were $510,474 (2008: $84,976) and included $116,842 for vehicles in the DRC, $97,346 for office equipment of which $82,313 related to the DRC office, $207,773 for field equipment in the DRC including $128,559 of expenditures related to a new portable preparation laboratory, and $138,513 for leasehold improvements in the DRC.

Cash flows from financing activities for the six months resulted in cash inflows of $382,169 net (2008: Cash inflows of $4,505,613 net). The significant decrease of $4,123,444 was due to a only $381,807 (2008: $4,505,603) of additional financing being raised through the issuance of common shares on the exercising of 180,000 options and 590,000 warrants.

6. CONTRACTUAL OBLIGATIONS

Table 10 below outlines the Company's contractual obligations under its property option agreements (with corresponding receipts where applicable). If the Company does not meet its property option maintenance obligations, it may be in default of the applicable agreement and could therefore lose the rights to the related properties under option:

TABLE 10 [1] Property Option Cash Payments as at July 31, 2008 Period Ending January 31	Infinity Project, DRC $	Phoenix Project, DRC $	Total $
2009 (paid)	227,500	51,285	278,785
2009	-	159,000 [2]	159,000
2010	106,000 [2]	-	106,000
2011	106,000 [2]	-	106,000
	$ 439,500	$ 210,285	$ 649,785

Notes:

1 – Table includes cash only and excludes share issuances, contingent share issuances, and commitments that are related to future lease payments.

2 – Denominated in US$ and has been converted at an exchange rate of US$1:CAD$1.06.

Commitments with respect to operating leases for premises and office equipment expire on various dates up to November 30, 2012. The total future minimum lease payments subsequent to July 31, 2008 are $528,781.

7. RELATED PARTY TRANSACTIONS

The related party transactions are as follows:

a. During the period, the Company paid $nil (2007: 6,000) for the three months ended July 31, $nil (2007: $12,000) for the six months ended July 31, for management fees and rent to a company controlled by the Chairman, Chief Executive Officer and director.

b. During the period, Company paid $nil (2007: $33,000) for the three months ended July 31, $nil (2007: $33,000) for the six months ended July 31, for management fees to a company controlled by the President and Chief Operating Officer.

c. During the period, the Company paid $nil (2007: $6,800) for the three months ended July 31, $nil (2007: $12,139) for the six months ended July 31 for consulting fees to a company controlled by the Corporate Secretary.

d. During the period, the Company paid $9,055 (2007: $7,300) for the three months ended July 31, $25,555 (2007: $13,300) for the six months ended July 31 for accounting fees to a company controlled by the Chief Financial Officer.

e. During the period, the Company paid $8,250 (2007: $5,125) for the three months ended July 31, $15,250 (2007: $10,500) for the six months ended July 31 for consulting fees to a director.

f. GCP owns 30% of the shares of Infinity and one of the controlling shareholders of GCP is an officer and director of Infinity, and has been retained by Infinity under a management contract to manage the project in the DRC (Note 5a). During the period, the company paid $45,497 (2007: $17,816) for the three months ended July 31, $100,052 (2007: $17,816) for the six months ended July 31 for management fees and $98,960 (2007: $47,250) for the three months ended July 31 $98,960 (2007: $47,250) for the six months ended July 31 for option maintenance costs.

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.

8. CRITICAL ACCOUNTING ESTIMATES AND RISKS & UNCERTAINTIES

For a full version of the Company's critical accounting estimates reference should be made to the Company's Management Discussion and Analysis and audited financial statements for the year ended January 31, 2008, which are available on the Company's website at www.elninoventures.com and at www.sedar.com.

The preparation of financial statements in conformity with GAAP 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 date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Areas requiring significant management estimates include the valuation, impairment and useful life of intangible assets and property and equipment, and future income taxes. These estimates are reviewed periodically (at least annually), and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The Company's significant accounting policies are described in Note 3 of the Financial Statements.

Management Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported, and disclosed in the financial statements and the accompanying notes. Actual results could differ from those estimates. Realization of the Company's assets and liabilities is subject to risks and uncertainties, including reserve and resource estimation; future copper and other base and precious metal prices; estimated costs of future production, changes in government legislation and regulations, estimated future income taxes, the availability of financing, the valuation of stock-based compensation and of warrants, and various operational factors.

Flow-Through Shares

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 the 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 the unrecognized losses (losses multiplied by the effective corporate tax rate) is recorded as a future income tax recovery up to the amount of the future income tax liability that was previously recognized on the renounced expenditures.

International Financial Reporting Standards ("IFRS")

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

Disclosure Controls and Internal Controls Over Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer, as appropriate to permit timely decisions regarding public disclosure. Management, including the Chief Executive Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*, as at July 31, 2008. Based on this evaluation, the Chief Executive Officer has concluded that certain weaknesses exist in internal controls over financial reporting for the Company's disclosure controls and procedures.

Internal Controls over Financial Reporting

The Company is a Venture Issuer and under Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (MI 52-109), and files a Venture Issuer Basic Certificate ("Certificate") which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109.

Accordingly, the CEO is not making any representations relating to the establishment and maintenance of:

- internal controls over financial reporting and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The CEO's responsibility is limited to ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making with respect to the Certificate.

SEC Reporting requirements conclude

On April 29, 2008, the Company filed a Form 15F with the United States Securities and Exchange Commission (the "SEC") to voluntarily terminate the registration of its common shares (OTC Bulletin Board symbol: ELNOF) under the United States Securities Exchange Act of 1934. The termination is expected to take effect no later than ninety days after the filing of Form 15F. As a result of filing, the requirement to file certain reports with the SEC, including Form 20F and Form 6K, immediately ceased.

9. FORWARD-LOOKING INFORMATION

Forward-looking information is included in this MD&A, which involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Forward-looking information is identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions.

Such information may involve but are not limited to comments with respect to strategies, expectations, planned operations or future actions.

Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this MD&A. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the following factors (as discussed under "Risks and Uncertainties" below): industry; commodity prices; competition; foreign political risk; government laws; regulation and permitting; title to properties; estimates of mineral resources; cash flows and additional funding requirements; key management; possible dilution to present and prospective shareholders; material risk of dilution presented by large number of outstanding share purchase options and warrants; trading volume; volatility of share price; foreign currency risk; and, conflict of interest.

Although the forward-looking information contained in this MD&A is based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information. Forward-looking information reflects management's current beliefs and is based on information currently available to the Company. Such information reflects current assumptions regarding future events and operating performance including, without limitation, a strong global demand for mineral commodities, continued funding and continued strength in the industry in which the Company operates, and speaks only as of the date of this discussion. The forward-looking information is made as of the date of this MD&A.

10. OUTLOOK

The Company's principal focus is exploration and development in the Copperbelt. This includes continuing to drill test at Infinity, commencing drill tests at Harmony and Phoenix, and continuing to evaluate and acquire highly prospective mineral resource permits in the Copperbelt with the ultimate goal of delineating proven reserves and placing them into production.

This is a very important time for the Company and with the uncertainty in the capital markets at present we feel that only companies with good projects will move forward. We believe that when we receive our results from our recent drill campaign, the Company will be able to demonstrate the rewards of its efforts in the Copperbelt and move forward toward its goal of outlining and developing mineable deposits in the Copperbelt and the DRC.

Acquisitions

Phoenix - On July 26, 2008, the Company announced it had signed a letter of intent with Phoenix Mining Corporation whereby the Company will earn into a 70% share interest in mineral Research Permit 9316 located in the DRC Copperbelt. This interest is 25 square kilometers located between Lubumbashi and the Likasi Road and Airport Road junction (the "Phoenix" project) and is underlain by prospective geology. This permit is ideally situated between the Ruashi project of Metorex and the Luishi project of Gecamines and the permit has several active artisanal workings on it where the artisans are exploiting both Cobalt and Copper.

The Company is currently awaiting completion the comprehensive agreement, transfer of the property titles and completion and approval of an environmental report before the commencement of work. The Company anticipates all of these items will occur by the middle of October so that exploration work can commence. Our initial work will consist of ground surveys and surface geophysics over areas consisting of both past and present artisanal workings. The Company is currently awaiting completion the comprehensive agreement and transfer of the property titles before commencing exploration activities.

Current Projects

Infinity - Drilling is in progress, with the Company expecting to drill over 20,000 meters. The current drill program commenced in May, and as of July 31, 2008 a total of 9,200 meters has been drilled which is comprised of 7,100 meters of reverse circulation drilling and 2,100 meters of diamond drilling.

Two areas were the focus of this drill campaign. The first area was to drill test the extension of the discovery hole, reported last year, whose results indicated 3.5 % copper was intersected over 10 meters. Several drill holes were done in the area and assays are pending. In the same area several drill holes have visual cobalt mineralisation and based on assay results further drilling might be commenced to determine the extent of this area.

The second area was on its mineral resource permit PR 5214 where over 40 drill holes were performed with the majority of them resulting in visual mineralisation from weak to very strong over varied thicknesses. The assay results form these holes should be available over the next 6 to 8 weeks and the Company, depending on results, will perform a resource calculation where the density of the drill holes warrant drilling.

The Company commissioned its own preparation laboratory this year that works under the supervision of ALS Chemex. This is a very important tool for us as it will reduce our sample shipping costs and will ensure a more efficient turnaround of our assay results.

Harmony - The Company is currently awaiting completion of the transfer of the property titles before commencing exploration activities.

Ireland - On May 5, 2008, the Company announced that it had commenced diamond drilling on its prospecting licences in Ireland. The preliminary 4,000 metre drill program will test the two principal target horizons within the Lower Carboniferous limestone stratigraphy. Initial holes will test Navan Bed units on licences near Granard northwest of Dublin. Subsequent holes will test Waulsortian Reef targets on licences located southwest of Dublin. The Company expects to assess these prospects later in the year, based on results. As of July 31, 2008 the 1,900 meters of diamond drilling has been completed.

Bathurst - The Company met its requirement of $5.0 million funding by March 31, 2008, and is in discussions with Xstrata to determine how to move forward on these properties.

Bancroft - With the default of the CanAm option on the Bancroft properties, the Company is currently evaluating the future exploration strategy for the properties.

The Company is focused on its current drilling programs and is actively investigating new opportunities with a focus on areas of known mineralization in the DRC.

11. ADDITIONAL INFORMATION

Additional information relating to the Company, is available on SEDAR at www.sedar.com or on the Company's website at www.elninoventures.com.

For more information, please contact:

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TRADING SYMBOLS

TSX Venture Exchange: ELN
Frankfurt Stock Exchange: E7Q

EL NINO VENTURES INC.

El Nino Ventures Inc.

(An Exploration Stage Company)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six Months Ended July 31, 2008

(Unaudited - Expressed in Canadian Dollars)

EL NINO VENTURES INC.

Suite 1440 - 1166 Alberni Street • Vancouver • British Columbia • Canada • V6E 3Z3 • Telephone (604) 683-4886 • Fax (604) 683-4887

MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of El Nino Ventures Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgment based on information currently available.

The Company's independent auditor has not performed a review of these interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

El Nino Ventures Inc.
Consolidated Balance Sheets
As at July 31, 2008 and January 31, 2008
(Unaudited)
(Expressed in Canadian Dollars)

	July 31, 2008 (Unaudited) $	January 31, 2008 $
Assets		
Current assets		
Cash and cash equivalents	4,739,779	7,786,666
Restricted cash	80,522	79,874
Receivables, prepaids and deposits	654,896	274,227
Investments	1	1
Project advances (Note 4d)	-	183,466
	5,475,198	8,324,234
Property, plant and equipment, net (Note 3)	727,085	295,506
	6,202,283	8,619,740
Liabilities		
Current		
Accounts payable and accrued liabilities	1,446,931	167,804
	1,446,931	167,804
Non-controlling interests (Note 4a, 4b)	6,182	3,191
	1,453,113	170,995
Shareholders' Equity		
Share capital (Note 5)	18,693,142	18,160,683
Contributed surplus (Note 7)	2,787,795	2,573,302
Deficit	(16,731,767)	(12,285,240)
	4,749,170	8,448,745
	6,202,283	8,619,740

Nature of operations and going concern (Note 1)
Related party transactions (Note 9)
Commitments (Note 11)

ON BEHALF OF THE BOARD:

"Jean Luc Roy", Director

"Damian Towns", Director

- The accompanying notes are an integral part of these financial statements -

El Nino Ventures Inc.

Consolidated Statements of Loss and Deficit

For the three and six months ended July 31, 2008 and 2007

(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended July 31, 2008 $	Three months ended July 31, 2007 $	Six months ended July 31, 2008 $	Six months ended July 31, 2007 $
Expenditures				
Net Exploration Expenditures (Note 4)	2,572,437	1,098,903	3,457,403	1,732,844
Other Expenses (Income)				
Corporate costs (Note 12)	385,553	293,306	809,879	446,534
Stock-based compensation (Note 6)	145,000	124,113	308,135	203,651
Depreciation and amortization	2,113	4,168	6,740	6,981
Foreign exchange	(1,278)	-	(32,745)	
Interest income	(49,446)	(11,555)	(102,885)	(12,953)
	481,942	410,032	989,124	644,213
Loss before income taxes	3,054,379	1,508,935	4,446,527	2,377,057
Future income tax recovery (note 8)	-	-	-	(1,702,766)
Loss for the period	3,054,379	1,508,935	4,446,527	674,291
Deficit – beginning of period	13,677,388	5,535,421	12,285,240	6,370,065
Deficit – end of period	16,731,767	7,044,356	16,731,767	7,044,356
Basic and diluted loss per share	$ 0.10	$ 0.06	$ 0.15	$ 0.03
Weighted average number of shares outstanding	29,784,946	25,664,584	29,705,395	25,516,474

El Nino Ventures Inc.

Consolidated Statements of Comprehensive Loss

For the three and six months ended July 31, 2008 and 2007

(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended July 31, 2008 $	Three months ended July 31, 2007 $	Six months ended July 31, 2008 $	Six months ended July 31, 2007 $
Loss for the period	3,017,048	1,508,935	4,409,196	674,291
Other Comprehensive Loss (Income)				
Transition adjustment	-	-	-	(82,450)
Unrealized loss on investments	-	165,000	-	208,950
Comprehensive Loss for the period	3,017,048	1,673,935	4,409,196	800,791

El Nino Ventures Inc.

Consolidated Statements of Cash Flows

For the three and six months ended July 31, 2008 and 2007

(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended July 31, 2008 $	Three months ended July 31, 2007 $	Six months ended July 31, 2008 $	Six months ended July 31, 2007 $
Cash flows from operating activities				
Loss for the period	(3,054,379)	(1,508,935)	(4,446,527)	(674,291)
Items not affecting cash:				
Depreciation and amortization	34,091	4,168	60,714	6,981
Future Income tax recovery (Note 8)		-	-	(1,702,766)
Other	17,158	-	18,181	-
Shares issued for mineral properties (Note 4)	56,000	219,000	56,000	231,300
Stock-based compensation (Note 6)	145,000	124,113	308,135	203,651
	(2,802,130)	(1,161,654)	(4,003,497)	(1,935,125)
Changes in non-cash operating working capital:				
Receivables, prepaids and deposits	(332,897)	21,407	(380,669)	(221,339)
Project advances (Note 4d)	-	231,532	183,466	822,218
Accounts payable and accrued liabilities	1,249,625	(100,659)	1,282,118	(70,831)
	(1,885,402)	(1,009,374)	(2,918,582)	(1,405,077)
Cash flows from financing activities				
Restricted cash	(648)	-	(648)	-
Issuance of common shares, net	-	3,143,931	382,817	4,505,613
	(648)	3,143,931	382,169	4,505,613
Cash flows from investing activities				
Property, plant and equipment, net (Note 3)	(246,915)	(84,976)	(510,474)	(84,976)
	(246,915)	(84,976)	(510,474)	(84,976)
Increase (decrease) in cash and cash equivalents	(2,132,965)	2,049,581	(3,046,887)	3,015,560
Cash and cash equivalents – Beginning of period	6,872,744	999,759	7,786,666	33,780
Cash and cash equivalents – End of period	4,739,779	3,049,340	4,739,779	3,049,340

1. Nature of operations and going concern

El Nino Ventures Inc. (the "Company") was incorporated on February 19, 1988 under the laws of the Province of British Columbia, Canada. The Company is an exploration stage company engaged in the acquisition, exploration and development of mineral properties in the Democratic Republic of Congo ("DRC"), Canada and Ireland 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.

At July 31, 2008, the Company had cash and cash equivalents of $4,739,779, working capital $3,947,745 and a deficit of $16,731,767. The funds on hand at July 31, 2008 are not sufficient to meet our planned corporate, administrative and exploration activities for the next twelve months. Additional financing will be required to meet the Company's obligations as they become due.

The Company's ability to continue operations and exploration activities is dependent on management's ability to secure additional financing. While management has been successful in securing such additional sources of financing in the past, there can be no assurance it will be able to do so in the future. Because of this uncertainty, there is substantial doubt about the ability of the company to continue as a going concern.

These consolidated financial statements do not include the adjustments that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

Basis of presentation and consolidation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principals ("GAAP") on a basis consistent with the annual financial statements of the Company. Disclosure requirements for interim financial statements do not contain all the information that is required of annual financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended January 31, 2008 which are available on the Company's website at www.elninoventures.com.

The accounting policies followed by the Company are set out in Note 4 of the audited consolidated financial statements for the year ended January 31, 2008, and have been consistently followed in the preparation of these consolidated financial statements. We have reclassified certain comparative figures to reflect the Company's current presentation.

These consolidated financial statements include the accounts of the Company and its 70% owned DRC subsidiaries, Infinity Resources SPRL ("Infinity") and Harmony Resources SPRL ("Harmony"). All significant inter-company transactions and balances have been eliminated.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

Estimates, risks, and uncertainties

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported, and disclosed in these consolidate financial statements and the accompanying notes. Actual results could differ from those estimates. Realization of the Company's assets and liabilities is subject to risks and uncertainties, including reserve and resource estimation; future copper and other base and precious metal prices; estimated costs of future production, changes in government legislation and regulations, estimated future income taxes, the availability of financing, the valuation of stock-based compensation and of warrants, and various operational factors.

3. Property, plant and equipment

			July 31, 2008			**January 31, 2008**
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Vehicles	$ 291,431	$ (40,007)	$ 251,424	$ 189,825	$ (25,592)	$ 164,233
Office equipment	172,230	(26,298)	145,932	101,184	(18,405)	82,779
Field equipment	265,909	(23,023)	242,886	58,136	(9,642)	48,494
Leasehold Improvements	88,513	(1,670)	86,843	-	-	-
Total	**$ 818,083**	**$ (90,998)**	**$ 727,085**	**$ 349,145**	**$ (53,639)**	**$ 295,506**

4. Mineral properties

Cumulative acquisition and exploration expenditures as at July 31, 2008 are as follows:

	Option maintenance costs	Exploration costs	Option payments received	July 31, 2008
Infinity Project, DRC	$ 695,645	$ 4,178,574	$ -	$ 4,874,219
Bathurst Zinc Project, Canada	149,031	5,417,024	-	5,566,055
Zinc Project, Ireland	52,969	339,104	-	392,073
Bancroft Properties, Canada	110,463	358,356	(386,250)	82,569
Total	**$ 1,008,108**	**$ 10,293,058**	**$ (386,250)**	**$ 10,914,916**

Cumulative acquisition and exploration expenditures as at January 31, 2008 are as follows:

	Option maintenance costs	Exploration costs	Option payments received	January 31, 2008
Infinity Project, DRC	$ 411,985	$ 1,693,189	$ -	$ 2,105,174
Bathurst Zinc Project, Canada	149,031	5,043,890	-	5,192,921
Zinc Project, Ireland	52,969	23,880	-	76,849
Bancroft Properties, Canada	110,463	358,356	(386,250)	82,569
Total	**$ 724,448**	**$ 7,119,315**	**$ (386,250)**	**$ 7,457,513**

El Nino Ventures Inc.

Notes to the Consolidated Financial Statements

For the three and six months ended July 31, 2008 and 2007

(Expressed in Canadian Dollars)

4. Mineral properties (continued)

Exploration expenditures for the three and six months ended are as follows:

	Three months ended July 31, 2008 $	Three months ended July 31, 2007 $	Six months ended July 31, 2008 $	Six months ended July 31, 2007 $
Infinity Project, DRC				
Assays	204,028	-	258,221	-
Consulting and labour	361,572	44,599	458,203	44,599
Depreciation and amortization	31,978		53,974	
Drilling	1,170,049	-	1,179,405	-
Geological and field expenses	178,374	180,337	373,321	180,337
Geophysics	18,913	97,309	64,263	97,309
Option maintenance costs	153,023	360,846	283,660	360,846
Travel and accommodation	97,998	-	97,998	
Total	2,215,935	683,091	2,769,045	683,091
Bathurst Zinc Project, New Brunswick, Canada				
Drilling	8,434	179,204	257,003	624,857
Geological and field expenses	33,435	61,332	37,710	176,851
Geophysics	8,094	77,453	53,421	77,453
Management fee	-	37,500	25,000	75,000
Total	49,963	355,489	373,134	954,161
Zinc Project, Ireland				
Consulting	111,697	-	119,197	-
Drilling	183,697	-	183,697	-
Geological and field expenses	2,461	-	3,646	-
Travel and accommodation	8,684	-	8,684	-
Total	306,539	-	315,224	-
Bancroft Uranium Projects, Ontario, Canada				
Assays	-	10,323	-	10,323
Consulting	-	20,518	-	28,038
Drilling	-	3,631	-	16,600
Geological and field expenses	-	25,851	-	18,331
Option maintenance costs	-	-	-	22,300
Total	-	60,323	-	95,592
Net exploration expenditures for the period	**$ 2,572,437**	**$ 1,098,903**	**$ 3,457,403**	**$ 1,732,844**

4. Mineral properties (continued)

DRC Projects

In the DRC, the company currently has three projects being Infinity, Harmony, and Phoenix and conducts business there under the rules and regulations of the New Mining Code that came into effect in 2003. The Company maintains that its mineral research permits are not affected by the current Congolese review of mining contracts

a. Infinity Project

Pursuant to an agreement dated May 19, 2007, the Company has the option to acquire a 70% interest in certain mineral research permits located between Lubumbashi and Likasi in the DRC from GCP Group Ltd. ("GCP"). The total of consideration, payable and issued for this option consists of cash payments of US$550,000 (US$350,000 paid) and 700,000 shares (500,000 issued) of the Company. The remaining US$200,000 and 200,000 shares are, payable and issuable, respectively, in two equal annual instalments on May 18, 2009 and May 18, 2010.

In February 2008, the mineral research permits were transferred by GCP into Infinity, the Company's 70% owned Congolese subsidiary, in contemplation of the Company fulfilling all of the terms of the option agreement. GCP owns the remaining 30% of the shares of Infinity and one of the controlling shareholders of GCP is an officer and director of Infinity, and has been retained by the Company under a management contract to manage the project in the DRC and should the Company not fulfill the terms of the option agreement, then the mineral research permits will be returned to GCP.

GCP subscribed for its 30% interest in Infinity for $3,191 (US$3,000) and this amount will be carried until the Company has earned its 70% interest in the mineral research permits. Accordingly, the 30% interest in Infinity held by GCP is reported and disclosed as a non-controlling interest in these consolidated financial statements.

b. Harmony Project

On February 4, 2008, the Company entered into an agreement with MIMECO AG ("MIM") to acquire an initial 70% interest in a mineral research permit in the DRC Copperbelt, located east of the Kinsevere Project of Anvil Mining. Upon transfer of title (pending), the Company will issue 200,000 shares to MIM and will be committed to total exploration expenditures of US$1.5 million over a 3 year period, at a minimum of US$500,000 per annum. The Company has a right, at anytime, to increase its interest to 85% by paying MIM the sum of US$15.0 million.

MIM subscribed for its 30% interest in Harmony, the Company's 70% owned Congolese subsidiary for $2,991 (US$3,000). This amount will be carried until the Company has earned its 70% interest in the mineral research permits. Accordingly, the 30% interest in Harmony held by MIM is reported and disclosed as a non-controlling interest in these consolidated financial statements.

4. Mineral properties (continued)

c. Phoenix Project

On July 26, 2008, the Company signed a letter of intent with Phoenix Mining Corporation ("PMC") whereby the Company will earn into a 70% share interest in a mineral research permit in the DRC Copperbelt. This interest is 25 square kilometers located between Lubumbashi and the Likasi Road and Airport Road junction (the "Phoenix" project).

Pursuant to the terms of the letter of intent, upon finalization of a comprehensive agreement (pending) and transfer of title (pending) the Company is required to pay US$200,000 (US$50,000 paid (Note 4g)) and then issue 300,000 shares over a three year period, in equal annual instalments on July 10, 2009, July 10, 2010, and July 10, 2011.

The Company will be responsible for all exploration and development costs of Phoenix and upon the identification of a minable deposit, PMC will obtain the mining licence and transfer the respective licence to a newly incorporated Congolese subsidiary jointly owned by the Company (70%) and PMC (30%).

d. Bathurst Zinc Project, Bathurst, New Brunswick, Canada

Pursuant to an agreement dated May 26, 2006, the Company entered into an option agreement with Xstrata Zinc Canada ("Xstrata") to explore the Bathurst Mining Camp in New Brunswick and acquire a 50% interest. The Company has vested its 50% interest in the related mineral claims held by Xstrata by advancing the required $5.0 million. The company is currently evaluating its future prospects in the project areas to determine its next course of action.

e. Zinc Project, Ireland

The Company currently holds certain prospecting licences acquired between October 2007 and February 2008, in the Central Carboniferous Limestone Basin, prospective for zinc and lead mineralization. By an agreement dated September 14, 2006, the Company and a Director entered into an agreement whereby the Director will assist and advise the Company in its efforts to acquire exploration licences in Ireland. Upon the Company being granted one or more exploration licences, the Company paid $20,000 and issued 29,000 shares fair valued at $20,010 and pay the Director $40,000 per year on September 21, 2008, 2009 and 2010.

In 2011 and each subsequent year the Company will pay the director the greater of $20,000 cash or 5% of the total exploration expenditures made by the Company in the twelve month period preceding the anniversary date of the licence grant. Once an aggregate of $500,000 has been paid or the project is abandoned, the agreement will terminate.

4. Mineral properties (continued)

f. Bancroft Properties, Bancroft, Ontario, Canada

The Bancroft properties comprise the Halo Project and the Silver Crater Project and include certain claims east of the town of Bancroft, Ontario, Canada. The Company has earned a 100% interest in certain properties known as the Halo Project. The property is subject to a 3% Net Smelter Return Royalty ("NSR"). The Company has the option to purchase 1% of the total NSR for $250,000.

The Company has earned a 100% interest in certain properties known as the Silver Crater Project. 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 granted CanAm Unranium Corp. ("CanAm") an option to acquire 80% of its Bancroft properties under certain funding requirements. Under the terms of this agreement, the Company received 275,000 shares of CanAm and cash payments totalling $125,000 (received). On March 7, 2008, the Company sent a default notice to CanAm requesting they fulfil their obligations under the related option agreement. No remedy was received by the Company within the required 45 days, and the option agreement to CanAm was effectively terminated.

The company is currently evaluating the properties future prospects to determine the next course of action.

g. Details of property option maintenance cash payments are as follows [1]:

Period Ending January 31	Infinity Project, DRC $	Phoenix Project, DRC $	Total $
2009 (paid)	227,500	51,285	278,785
2009	-	159,000 [2]	159,000
2010	106,000 [2]	-	106,000
2011	106,000 [2]	-	106,000
	$ 439,500	**$ 210,285**	**$ 649,785**

Notes:
1 – Table includes cash only and excludes share issuances, exploration expenditures (Note 4b), contingent share issuances (Note 4c) and office lease commitments (Note 12).
2 – Denominated in US$ and has been converted at an exchange rate of US$1:CAD$1.06.

5. Share capital

Authorized

The Company's authorized share capital consists of an unlimited number of common shares without par value.

Issued

	Number of Shares	Amount
Balance – January 31, 2008	39,313,692	$ 18,160,683
Mineral Properties (Note 8a)	200,000	56,000
Exercise of options (Note 10)	180,000	106,800
Exercise of warrants (Note 10)	590,000	369,659
Balance – July 31, 2008	**40,283,692**	**$ 18,693,142**

(Expressed in Canadian Dollars)

6. Stock options and warrants

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.

Range of assumptions

The fair value of stock options is estimated on the date of grant and 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:

	Warrants	Options
Risk-free interest rate	4.1% to 4.3%	3.0% to 4.6%
Options expected life	1.0 to 1.5 years	3.5 to 4.0 years
Expected volatility	72% to 84%	93% to 111%
Expected dividend yield	nil	nil

Stock options

The Company has 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 July 31, 2008, the Company has reserved 8,016,738 (January 31, 2008 – 4,353,390) common shares under the plan.

The Company has granted stock options to directors, officers, consultants and certain employees. Stock option activity is summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance – January 31, 2008	3,182,000	$0.57
Granted	450,000	$0.60
Exercised	(180,000)	$0.34
Forfeited	(252,000)	$0.70
Balance – July 31, 2008	**3,200,000**	**$0.58**

(Expressed in Canadian Dollars)

6. Stock options and warrants (continued)

At July 31, 2008 the following stock options were outstanding and exercisable:

Number of stock options outstanding	Number of stock options vested	Exercise Price	Expiry Date
30,000	30,000	$0.15	September 10, 2008
870,000	695,000	$0.50	March 29, 2011
1,600,000	999,999	$0.60	July 11, 2012
100,000	-	$0.90	January 3, 2013
150,000	-	$0.70	January 24, 2013
200,000	-	$0.60	April 1, 2013
100,000	-	$0.60	June 2, 2013
150,000	-	$0.60	June 18, 2013
3,200,000	**1,724,999**	**$0.55**	

Stock-based compensation for the six month period ended July 31, 2008 was $308,135 (2007: $203,651).

Warrants

Warrant activity is summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – January 31, 2008	10,352,702	$0.92
Exercised	(590,000)	$0.54
Expired	(3,532,425)	$0.86
Balance – July 31, 2008	**6,230,277**	**$1.00**

At July 31, 2008, the following warrants were outstanding:

Date	Number of Shares	Exercise Price	Expiry Date
July 9, 2007	2,932,500	$0.60	Jan. 9, 2009
August 30, 2007	353,333	$0.90	Feb. 29, 2009
August 30, 2007	2,944,444	$1.40	Feb. 29, 2009
Balance – July 31, 2008	**6,230,277**	**$1.00**	

7. Contributed surplus

	July 31, 2008	January 31, 2008
Balance – Beginning of year	$ 2,573,302	$ 983,663
Fair value assigned to warrants	-	1,302,901
Fair value assigned to warrants on finders' fees	-	126,927
Exercise of options	(44,800)	(111,401)
Exercise of warrants	(48,842)	(441,452)
Stock-based compensation	308,135	712,664
Balance – End of period	**$ 2,787,795**	**$ 2,573,302**

8. Income taxes

A recovery of future income taxes in the amount of $nil (2007: $1,702,766) was recorded for the six month period ended July 31, 2008.

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 filed February 26, 2007, the Company no longer had the ability to use the expenditures for tax purposes and was required to record a future tax liability of $1,702,766. However, since the Company had unused tax losses and resource pools in excess of the renunciation, the future tax liability was offset by the reversal of a portion of the Company's valuation allowance on future income tax assets.

9. Related party transactions

The related party transactions are as follows:

a. During the period, the Company paid $nil (2007: 6,000) for the three months ended July 31, $nil (2007: $12,000) for the six months ended July 31, for management fees and rent to a company controlled by the Chairman, Chief Executive Officer and director.

b. During the period, Company paid $nil (2007: $33,000) for the three months ended July 31, $nil (2007: $33,000) for the six months ended July 31, for management fees to a company controlled by the President and Chief Operating Officer.

c. During the period, the Company paid $nil (2007: $6,800) for the three months ended July 31, $nil (2007: $12,139) for the six months ended July 31 for consulting fees to a company controlled by the Corporate Secretary.

d. During the period, the Company paid $9,055 (2007: $7,300) for the three months ended July 31, $25,555 (2007: $13,300) for the six months ended July 31 for accounting fees to a company controlled by the Chief Financial Officer.

e. During the period, the company paid $8,250 (2007: $5,125) for the three months ended July 31, $15,250 (2007: $10,500) for the six months ended July 31 for consulting fees to a director.

f. GCP owns 30% of the shares of Infinity and one of the controlling shareholders of GCP is an officer and director of Infinity, and has been retained by Infinity under a management contract to manage the project in the DRC (Note 5a). During the period, the company paid $45,497 (2007: $17,816) for the three months ended July 31, $100,052 (2007: $17,816) for the six months ended July 31 for management fees and $98,960 (2007: $47,250) for the three months ended July 31 $98,960 (2007: $47,250) for the six months ended July 31 for option maintenance costs.

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.

(Expressed in Canadian Dollars)

10. Segmented information

The Company's only business activity is exploration and development of mineral properties. This activity is carried out in Canada, the DRC, and the Republic of Ireland.

The breakdown by geographic area for the six months ended July 31, 2008 is as follows:

	Canada	DRC	Total
Current assets	$ 5,021,481	$ 453,717	$ 5,475,198
Property, plant and equipment	$ 59,704	$ 667,381	$ 727,085
Total assets	**$ 5,081,185**	**$ 1,124,175**	**$ 6,202,283**

The breakdown by geographic area for the six months ended July 31, 2007 is as follows:

	Canada	DRC	Total
Current assets	$ 5,433,662	$ 249,751	$ 5,683,413
Property, plant and equipment	$ 35,455	$ 87,249	$ 122,704
Total assets	**$ 5,469,117**	**$ 337,000**	**$ 5,806,117**

11. Commitments

The Company has entered into operating leases for premises and office equipment expire on various dates up to November 30, 2012.

The future minimum lease payments, less rent deposits, are as follows:

2009	$ 84,418
2010	126,436
2011	126,436
2012	122,083
2013	10,600
	$ 528,781

The table above excludes commitments that are related to exploration expenditures (Note 4b) and maintaining property option payments (Note 4g).

12. Corporate costs

Details of corporate costs are as follows:

	Three months ended July 31, 2008 $	Three months ended July 31, 2007 $	Six months ended July 31, 2008 $	Six months ended July 31, 2007 $
Audit, accounting and legal	51,097	9,115	119,803	15,115
Labour, consulting and management fees	101,709	111,426	291,372	153,623
Office and miscellaneous	93,669	18,617	150,321	40,482
Promotion and shareholder relations	92,944	114,632	164,377	173,457
Transfer and filing fees	22,010	18,405	41,094	31,098
Travel and accommodation	24,124	21,111	42,912	32,759
Corporate costs for the period	**$ 385,553**	**$ 293,306**	**$ 809,879**	**$ 446,534**

13. Management of financial risk

The Company operates internationally with operations in DRC, Canada and Ireland, which gives rise to the risk that its financial instruments may be adversely impacted by exchange rate fluctuations. A significant portion of its expenses are also incurred in US dollars. A significant change in the currency exchange rates between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations.

The Company financial instruments are also exposed to liquidity risk and interest risk.

Liquidity risk; the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk through the management of its capital structure. Accounts payable and accrued liabilities are due within the current operating period.

Interest rate risk; the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of guaranteed term deposits is limited because these investments have fixed rates of return.

The Company had no significant foreign denominated financial instruments as at July 31, 2008 and January 31, 2008 (excluding foreign currency commitments that are related to exploration expenditures (Note 4b) and maintaining property option payments (Note 4g).