MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR AND QUARTER ENDED JANUARY 31, 2009

May 19, 2009

The following management discussion and analysis ("MD&A") should be read in conjunction with the audited financial statements and accompanying notes ("Financial Statements") of El Nino Ventures Inc. (the "Company") for the year ended January 31, 2009 and 2008. 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.

Table of Contents:

1. OVERVIEW OF THE COMPANY

El Nino Ventures Inc. (the “Company”, “ELN”) 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. The Company has its registered corporate office based in Vancouver, British Columbia, Canada.

As at May 19, 2009 the Company had 40,483,692 shares outstanding with a total market capitalization of $3.4 million. The Company 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. It is important to outline that the Company has entered into agreements in the DRC which will give the Company a 70 percent interest in all of its project with provisions to increase its holdings to over 80 percent. This is based on the policy of the Company to acquire a significant controlling interest. It should also be noted that for the Infinity project a controlled Congolese subsidiary holds title to the research permits. Many mining projects in the DRC do not involve a transfer of title until a feasibility study has been completed. Management has deemed it important to perform the transfer before the feasibility study because of the political issues in the DRC. This transfer helps to ensure land tenure without doubt. For the Harmony project the transfer of title is well underway and should be completed over the next two months well in advance of the exploration season.

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”). At the end of its 2009 exploration program the Company has met exploration commitments and is only responsible for yearly payments to GCP to earn a 70 % interest in the project. In fiscal 2009, the Company spent $4,868,903 (2008 - $2,105,174) on the Infinity project bringing the total to date to $6,974,077.

Harmony - The Company has an agreement with MIMECO AG (“MIM”) giving it the option 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% by paying MIM the sum of US$15.0 million. The Company had been awaiting completion of the transfer of the property titles before commencing exploration activities. Transfer of title has occurred in January 2009.

Phoenix - On July 26, 2008, the Company signed a letter of intent (“LOI”) with Phoenix Mining Corporation (“PMC”) whereby the Company has the option to 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.

On November 14, 2008 PMC concluded a Protocole D'accord dated July 4, 2008 (the "Protocole") pursuant to which the Centre de Recherches Géologiques et Minières of the DRC ("CRGM") allowed PMC the exclusive right to carry on exploration for mineral resources over 30 Carrés measuring approximately 25 sq. kilometres and bearing the designation PR9316 (the "Property").

The Protocole provides that if the exploration work carried out by PMC permits the identification of one or more mineable deposits, PMC will de facto be granted the possibility of being granted one or more Mining Licenses over the Property (the "Mining Licenses").

Pursuant to a letter agreement (the "Letter Agreement") dated July 10, 2008 between PMC and ELN, PMC and ELN outlined a proposal whereby in consideration of exploration work carried out by ELN as well as other consideration, ELN would acquire 70% and PMC 30% of a SPRL (a Société Privée à Responsabilité Limitée) that would be incorporated to hold the Mining Licenses.

On December 16, 2008 the Company announced that it had signed an Acquisition of Interest Agreement with Phoenix and had received regulatory approval. All funds due under the agreement have been paid as to the date of this report.

Ireland - The Company explored 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. The Company has ceased activity on the Irish claims but is keeping the claims in good standing while a course of action is determined.

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 year ended January 31, 2009 no work was carried out and the Company is looking for a Joint Venture partner to continue work on this project.

Going concern

At January 31, 2009, the Company had cash and cash equivalents of $1,153,861, working capital of $1,168,273 and a deficit of $19,881,285. The funds on hand at January 31, 2009 are not sufficient to meet our planned corporate, administrative and exploration activities for the next twelve months. The Company has halted all exploration efforts due to market conditions and the Company will look at financing opportunities as they become available.

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.

On May 4, 2009 the Company announced a non-brokered private placement of up to 22,500,000 units at a price of $0.10 per unit ("Unit") for gross proceeds of up to $2,250,000. Each Unit will consist of one common share (a "Common Share") and one share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one Common Share at a price of $0.25 per share for a period of 18 months, subject to accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.30 per share for ten consecutive trading days. A finder's fee may be payable in cash, shares and/or warrants in relation to this financing, in accordance with regulatory policies. The foregoing is subject to regulatory approval.

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-08	31-Jul-08	31-Oct-08	31-Jan-09	Twelve Months Ended		
	Q1-09	Q2-09	Q3-09	Q4-09	31-Jan-09	31-Jan-08	LTD
Drilling	$ 9	$ 1,170	$ 927	$ (122)	$ 1,984	$ 412	$ 2,315
Consulting and labour	97	361	203	199	860	258	1,210
Assay	54	204	149	230	637	14	637
Asset retirement obligation	-	-	-	43	43	-	43
Geological and field	195	177	224	116	712	430	1,168
Option maintenance costs	131	153	-	(62)	222	412	632
Travel and accomodation	-	99	49	13	161	-	161
Depreciation and amortization	22	32	50	56	160	24	160
Geophysics	45	19	16	10	90	555	648
Total	$ 553	$ 2,215	$ 1,618	$ 483	$ 4,869	$ 2,105	$ 6,974

TABLE 1: ($000's)

Infinity Project, DRC	30-Apr-07	31-Jul-07	31-Oct-07	31-Jan-08	Twelve Months Ended	
	Q1-08	Q2-08	Q3-08	Q4-08	31-Jan-08	31-Jan-07
Drilling	$ -	$ -	$ -	$ 412	$ 412	$ -
Consulting and labour	-	45	123	90	258	-
Assay	-	-	-	14	14	-
Asset retirement obligation	-	-	-	-	-	-
Geological and field	-	180	250	-	430	-
Option maintenance costs	-	361	-	51	412	-
Travel and accomodation	-	-	-	-	-	-
Depreciation and amortization	-	-	-	24	24	-
Geophysics	-	97	180	278	555	-
Total	$ -	$ 683	$ 553	$ 869	$ 2,105	$ -

In the fourth quarter, the drill program wrapped up for the year and, in total, 15,764 were completed. Drilling is comprised of 4,665 meters of diamond drilling and 11,099 of reverse circulation drilling. The drill program at January 31, 2009 was completed and assay results were released in early January 2009. The 2009 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. Some follow up might be warranted in the future but the focus will be to drill the extension of the Kasala Project in 2009.

The second area drilled this year is on our northern permit #5214 (Kasala Project) where 76 holes were drilled. 56 holes were drilled using reverse circulation and 20 holes were drilled using diamond drilling. The latest assay results confirmed that copper mineralization in the Kasala area has a minimum strike length of approximately 800 metres and a width of approximately 250 metres. Intersections in some of the drill holes completed in 2008 indicate thicknesses of as much as 91 metres. The Kasala Main Zone is still open in all directions and at depth.

The Company commissioned its own preparation lab this year and which will result in efficient processing and reduced result turnaround times.

Results on research permit PR 5214 were released on January 12, 2009. This area has now been named the Kasala project. The discovery was made during the course of the Company's reverse circulation drilling program. Analytical results received from ALS Chemex indicate a 29 meter intersection grading 2.82% Cu between 17 and 46 meters, which includes an intersection of 4.11% Cu and 0.50% Co between 21 and 26 meters. An induced polarization ("IP") ground geophysical survey is now underway at Kasala to trace possible extensions of the mineralized zone. Final assays including the diamond drill holes have identified a mineralized zone of over a kilometer with several intercepts ranging from 55 to 91 meters of copper grades well over 1%. Also within these were several high grade zones of Copper grades over 3 % Copper. After the drilling stopped the Company commissioned an IP survey over the Kasala discovery and also on its extension that runs for over 2.5 kilometers going to the southeast. Our work has given us a solid geological model to work from and the plans for 2009 are to drill test the extension of the Kasala Main Zone.

In the 2009-2010 year other areas will be investigated on PR 2461 and 9316, our latest acquisition. PR 9316 hosts several active artisanal camps where cobalt and 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 -$122,961 (Q4 2008: $398,215) and for the year $1,983,597 (2008: $411,920). Drilling costs were negative for the quarter due to a Company review of expenses incurred over the period resulting in a credit to the Company's account as a result of overbilling by the drilling contractor.

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 to the three month and annual costs from last year. Option maintenance payments for the quarter of $-61,235 (Q4 2008: $51,139) and for the year $222,425 (2008: $411,985) comprised of $46,000 fair value for share issuances (100,000) and a cash payment of $227,660 (Q2 2008: $219,000 fair value for share issuances (300,000), a cash payment of $121,000 and permit fees). The decrease in option maintenance costs is due to reclassifying option payments to Harmony/Phoenix out of Infinity.

Total exploration costs for the quarter comprised of drilling -25% (Q4 2008: 49%); consulting and labour 41% (Q42008: 11%); assay 48% (Q4 2008: 2%); geological and field expenses 24% (Q4 2008: nil%); and option maintenance costs -13% (Q4 2008: 6%).

Total exploration costs for the year comprised of drilling 41% (2008: 20%); consulting and labour 18% (2008: 12%); assay 13% (2008: 1%); geological and field expense 15% (2008: 20%); and option maintenance costs 5% (2008: 20%).

b) Harmony

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 in January 2009 the Company issued 200,000 shares to MIM and will be committed to total exploration expenditures of US$1.5 million over three years, at a minimum of US$500,000 per annum in order to exercise its option. The first anniversary period for the required spend will be January 2010, based on transfer of tile. The Company has the right, at anytime, to increase its interest to 85% by paying MIM the sum of $15.0 million. As at January 31, 2009, no costs were incurred at Harmony. Work in this area is scheduled to commence in 2009 but this will be dependent on the treasury of the Company.

c) Phoenix

On July 26, 2008, the Company signed a Letter of Intent (“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. Several artisanal areas are in existence on this permit and the Company is planning a limited reverse circulation drilling campaign in 2009.

Bathurst

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

TABLE 2: ($000's)

Bathurst Zinc Project, Canada	30-Apr-08	31-Jul-08	31-Oct-08	31-Jan-09	Twelve Months Ended		
	Q1-09	Q2-09	Q3-09	Q4-09	31-Jan-09	31-Jan-08	LTD
Option maintenance costs	$ -	$ -	$ 21	$ -	$ 21	$ 62	$ 171
Drilling and assay	249	8	6	-	263	1,872	$ 2,815
Geological and field	4	33	20	-	57	268	514
Geophysics	45	8	-	-	53	612	1,813
Management fees	25	-	-	-	25	175	300
Total	$ 323	$ 49	$ 47	$ -	$ 419	$ 2,989	$ 5,613

TABLE 2: ($000's)

Bathurst Zinc Project, Canada	30-Apr-07	31-Jul-07	31-Oct-07	31-Jan-08	Twelve Months Ended	
	Q1-08	Q2-08	Q3-08	Q4-08	31-Jan-08	31-Jan-07
Option maintenance costs	$ -	$ -	$ 21	$ 41	$ 62	$ 88
Drilling and assay	446	179	453	794	1,872	679
Geological and field	116	61	42	49	268	189
Geophysics	-	77	449	86	612	1,148
Management fees	38	38	50	49	175	100
Total	$ 600	$ 355	$ 1,015	$ 1,019	$ 2,989	$ 2,204

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.

d) 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	30-Apr-08 Q1-09	31-Jul-08 Q2-09	31-Oct-08 Q3-09	31-Jan-09 Q4-09	Twelve Months Ended 31-Jan-09	Twelve Months Ended 31-31-08	LTD
Option maintenance costs	$ -	$ -	$ -	$ -	$ -	$ 53	$ 53
Consulting and labour	8	111	80	20	219	20	$ 239
Geological and field	1	2	-	1	4	4	8
Drilling	-	184	88	-	272	-	272
Travel and accomodation	-	9	-	(1)	8	-	8
Total	$ 9	$ 306	$ 168	$ 20	$ 503	$ 77	$ 580

TABLE 3: ($000's)

Zinc Project, Ireland	30-Apr-07 Q1-08	31-Jul-07 Q2-08	31-Oct-07 Q3-08	31-Jan-08 Q4-08	Twelve Months Ended 31-Jan-08	Twelve Months Ended 31-Jan-07
Option maintenance costs	$ -	$ -	$ -	$ 53	$ 53	$ -
Consulting and labour	-	-	-	20	20	-
Geological and field	-	-	-	4	4	-
Drilling	-	-	-	-	-	-
Travel and accomodation	-	-	-	-	-	-
Total	$ -	$ -	$ -	$ 77	$ 77	$ -

This drill program as at January 31, 2009 is 100% complete and based on visual inspection of core samples there is no significant mineralization to report. The drill program commenced in Q2 2009 and 1,950 meters, of the planned 4,400 meter diamond drill program, were completed. The preliminary drill program was designed to test the two principal target horizons within the Lower Carboniferous limestone stratigraphy. Initial holes tested 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 is not expecting to do more work in 2009-2010 because of market condition, its treasury and also because of lack of results in the initial phase of drilling. Once the treasury of the Company is replenished the Company will re-evaluate its involvement in this area.

3. FINANCIAL PERFORMANCE REVIEW

Exploration Expenditures

TABLE 4: ($000's)

Exploration Expenditures	30-Apr-08 Q1-09	31-Jul-08 Q2-09	31-Oct-08 Q3-09	31-Jan-09 Q4-09	Twelve Months Ended 31-Jan-09	Twelve Months Ended 31-Jan-08
By type:						
Drilling and assay	$ 312	$ 1,566	$ 1,170	$ 108	$ 3,156	$ 2,458
Asset retirement obligation	-	-	-	43	43	
Consulting and labour	105	472	283	219	1,079	312
Geological and field	200	212	244	117	773	751
Option maintenance costs	131	153	21	189	494	549
Geophysics	90	27	16	10	143	1,167
Travel and accomodation	-	108	49	12	169	-
Depreciation and amortization	22	32	50	56	160	24
Management fees	25	-	-	-	25	175
Total	$ 885	$ 2,570	$ 1,833	$ 754	$ 6,042	$ 5,436
By project:						
Infinity	$ 553	$ 2,215	$ 1,618	$ 483	$ 4,869	$ 2,105
Bathurst	323	49	47	-	419	2,989
Ireland	9	306	168	20	503	77
Bancroft	-	-	-	-	-	265
Harmony/Phoenix	-	-	-	251	251	-
Total	$ 885	$ 2,570	$ 1,833	$ 754	$ 6,042	$ 5,436

TABLE 4: ($000's)

Exploration Expenditures	30-Apr-07 Q1-08	31-Jul-07 Q2-08	31-Oct-07 Q3-08	31-Jan-08 Q4-08	Twelve Months Ended 31-Jan-08	Twelve Months Ended 31-Jan-07
By type:						
Drilling and assay	$ 459	$ 193	$ 472	$ 1,334	$ 2,458	$ 679
Asset retirement obligation	-	-	-	-	-	
Consulting and labour	-	66	128	118	312	25
Geological and field	116	267	304	64	751	204
Option maintenance costs	22	361	21	145	549	(276)
Geophysics	-	174	629	364	1,167	1,148
Travel and accomodation	-	-	-	-	-	-
Depreciation and amortization	-	-	-	24	24	-
Management fees	38	38	50	49	175	100
Total	$ 635	$ 1,099	$ 1,604	$ 2,098	$ 5,436	$ 1,880
By project:						
Infinity	$ -	$ 683	$ 553	$ 869	$ 2,105	$ -
Bathurst	600	355	1,015	1,019	2,989	(324)
Ireland	-	-	-	77	77	-
Bancroft	35	61	36	133	265	2,204
Harmony/Phoenix	-	-	-	-	-	-
Total	$ 635	$ 1,099	$ 1,604	$ 2,098	$ 5,436	$ 1,880

For the quarter and for the year, 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*".

Other Expenses and items

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

TABLE 5: ($000's) Other Expenses	30-Apr-08 Q1-09	31-Jul-08 Q2-09	31-Oct-08 Q3-09	31-Jan-09 Q4-09	Twelve Months Ended 31-Jan-09	Twelve Months Ended 31-Jan-08
By type:						
Corporate costs	424	386	254	$ 388	1,452	$ 1,235
Stock based compensation	163	145	70	107	485	713
Write-down of investments	-	-	-	-	-	261
Depreciation and amortization	27	(20)	5	6	18	44
Interest Income	(85)	52	(145)	44	(134)	(202)
Foreign Exchange	-	(103)	(45)	(120)	(268)	131
Future Income Tax Recovery	-	-	-	-	-	(1,703)
Total	$ 529	$ 460	$ 139	$ 425	$ 1,553	$ 479

TABLE 5: ($000's) Other Expenses	30-Apr-07 Q1-08	31-Jul-07 Q2-08	31-Oct-07 Q3-08	31-Jan-08 Q4-08	Twelve Months Ended 31-Jan-08	Twelve Months Ended 31-Jan-07
By type:						
Corporate costs	$ 153	$ 292	$ 269	$ 521	$ 1,235	$ 1,010
Stock based compensation	80	124	268	241	713	133
Write-down of investments	-	-	-	261	261	-
Depreciation and amortization	3	4	8	29	44	8
Interest Income	(1)	(12)	(53)	(136)	(202)	(56)
Foreign Exchange	-	1	-	130	131	-
Future Income Tax Recovery	(1,703)	-	-	-	(1,703)	-
Total	$ (1,468)	$ 409	$ 492	$ 1,046	$ 479	$ 1,095

Total other expenses for the quarter were $424,786 (2008: $1,031,885), a decrease of $607,099, and for the year $1,553,254 (2008: $2,253,107), a decrease of $699,853. Corporate costs increased in fiscal 2009 by $217,314 (2008: $220,357) .Promotion and shareholder relations decreased by $204,186 fiscal 2009 compared to fiscal 2008. This is due to decreased travel in fiscal 2009 due in part to the economic slowdown. Labour, consulting and management fees increased by $224,283 as employee levels were increased, and consultants were engaged to oversee the projects. Audit, accounting and legal also increased by $75,469 due to the re-filing of financial statements done in the fiscal 2009.Stock based compensation decreased by $227,350 as fewer stock purchase options were issued in fiscal 2009 along with a reversal of SBC attributed to individuals who left the Company in the year.

Interest and foreign exchange for the quarter $77,226 (2008: $136,308) and for the year $402,522 (2008: $71,088) an increase of $331,434 comprised of interest from GIC's and foreign exchange gains made by purchasing US dollars. As a number of expenses relating to DRC are denominated in US dollars, the Company purchased a significant amount of US dollars when the Canadian dollar was close to par. As the expenses were incurred and settled the Canadian dollar had weakened relative to the US dollar resulting in a foreign exchange gain. Interest is negative in Q4 due to over-accrual of interest receivable.

Future income tax recovery in the year ended January 31, 2008 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: ($000's)

Summary Balance Sheets

	January 31, 2009	January 31, 2008	January 31, 2007
Cash and cash equivalents	$ 1,154	$ 7,901	$ 34
Restricted cash	-	-	-
Receivables, prepaids and deposits	308	240	65
Project advances	-	183	3,035
Marketable securities	-	-	261
Property, plant and equipment	668	296	45
Total Assets	$ 2,130	$ 8,620	$ 3,440
Accounts payable and accrued liabilities	$ 294	$ 168	$ 137
Asset retirement obligations	49	-	-
Total Liabilities	$ 343	$ 168	$ 137
Non-controlling interest	$ 6	$ 3	$ -
Share capital	$ 18,697	$ 18,161	$ 8,689
Contributed surplus	2,965	2,573	984
Deficit	(19,881)	(12,285)	(6,370)
Total shareholders' equity	$ 1,781	$ 8,449	$ 3,303

Cash and cash equivalents of $1,153,861 (2008: $7,901,027) was comprised of: cash of $126,215 (2008: $4,466,540) and short term deposits of $1,027,646 (2008: $3,434 487) that are cashable after 30 days without penalty, with interest rate guarantees extending up to one year.

Receivables, prepaids and deposits at January 31, 2009 are $308,152 (2008: $239,740) are comprised of interest on GICs of $4,151 (2008: $68,913); prepaid rent $119,994 (2008: $80,212); prepaid insurance $15,411 (2008: $60,669), prepaid salary $39,320 (2008: $nil), prepaid legal $27,200 (2008: $nil), GST receivable $30,906 (2008: $65,061) and prepaid travel $62,544 (2008: $nil).

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

Property, plant and equipment was $668,310 (net) (2008: $295,506) at year end. This increase is primarily due to acquisitions of office equipment, field equipment, the construction of a preparation lab and the establishment of an office in the DRC.

As at January 31, 2009, 40,483,692 (2008: 39,313,692) shares were issued and outstanding. Table 8 below summarizes the changes in share capital from January 31, 2008 to January 31, 2009.

TABLE 8: **Share Capital**	Number of Shares	Amount
Balance - January 31, 2008	39,313,692	18,160,683
Issued as consideration for mineral properties	400,000	62,000
Exercise of options	180,000	104,914
Exercise of warrants	590,000	369,659
Balance - January 31, 2009	40,483,692	18,697,256

As at January 31, 2009 the Company had 3,795,000 stock options and 5,876,944 warrants outstanding.

5. CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

TABLE 9: ($000's) **Summary of Cash Flows**	Three Months Ended January 31, 2009	Three Months Ended January 31, 2008	Twelve Months Ended January 31, 2009	Twelve Months January 31, 2008
Net change of cash related to:				
Operations	$ (1,180)	$ (1,191)	$ (6,560)	$ (3,638)
Investing	-	(99)	(568)	(295)
Financing	-	1,713	381	11,800
Net change in cash during the period	$ (1,180)	$ 423	$ (6,747)	$ 7,867
Cash & equiv. - Beginning of period	2,334	7,478	7,901	34
Cash & equiv. - End of period	$ 1,154	$ 7,901	$ 1,154	$ 7,901

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. Due to the recent turmoil in the world-wide capital markets it is difficult to currently find attractive financing options. The Company has announced a non-brokered private placement in order to raise funds to continue exploration activities. In order to preserve cash during the financial upheaval, management has suspended drilling operations and is putting projects on-hold until such time as is deemed prudent to re-enter the market.

Cash outflows from operating activities before working capital adjustments for the year were $6,559,800 (2008: $3,638,254) and consist of exploration expenditures and corporate costs (see "*Section 3 – Financial Performance Review*" above).

Cash outflows from investing activities for the year were $568,297 (2008: $294,611) and included $133,000 for vehicles in the DRC; $110,000 for office equipment of which $90,000 related to the DRC office; $261,000 for field equipment in the DRC; and $89,000 for leasehold improvements in the DRC; along with associated amortization.

Cash flows from financing activities for the year resulted in cash inflows of $380,931, net (2008: Cash inflows of $11,800,112 net). The significant decrease was due to limited additional financing being raised through the issuance of common shares on the exercising of options and 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 January 31, 2009 Period Ending January 31	Infinity Project, DRC $	Zinc Project, Ireland	Phoenix Project, DRC $	Total $
2009 (paid)	249,527 [3]	20,000	184,200 [2]	453,727
2010	123,640 [2]	20,000	61,820 [2]	205,460
2011	123,640 [2]		-	123,640
	496,807	40,000	246,020	782,827

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$1.2364 and has been paid subsequent to year-end.

3 – US$230,000 converted at an exchange rate of 1.0849

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 October 31, 2008 are $283,550.

7. RELATED PARTY TRANSACTIONS

The related party transactions are as follows:

a. During the quarter, the Company paid $nil (2008: nil) for the three months ended January 31; for the year ended January 31, 2009 $nil (2008: $14,000) for management fees and rent to a company controlled by the former Chairman, Chief Executive Officer and director.

b. During the quarter, the Company paid $2,362 (2008: $29,379) for the three months ended January 31; for the year ended January 31, 2009 $46,972 (2008: $49,835; along with 29,000 shares valued at $20,010 as a mineral property finders' fee) for consulting fees to a director.

c. Global Consulting Partners ("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 quarter, the Company paid $54,915 (2008: $nil) for the three months ended January 31; for the year ended January 31, 2009 $202,335 (2008: $nil) for management fees and $nil (2008: $nil) for the three months ended January 31,2009; for the year ended January 31,2009 $154,960 (2008: $83,985) 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

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, cobalt 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.

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.

Foreign currency translation

The temporal method of translation is used to translate foreign currency transactions and the financial statements of foreign subsidiaries, which are considered financially and operationally integrated, into the Company's functional currency. The temporal method is applied as follows:
(i) Monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date;
(ii) Non-monetary assets and liabilities, and equity are translated at historical rates; and
(iii) Revenue and expense items are translated at the rate of exchange prevailing at the time of the transaction or at average exchange rates during the period as appropriate.

Gains and losses on re-measurement to the functional currency are included in net income for the period.

The Company has selected a Canadian dollar reporting currency. Where the functional currency differs from the reporting currency, the current rate method of translation is used. The current rate method is applied as follows:
(i) Assets and liabilities are re-measured at the rate of exchange in effect at the balance sheet date;
(ii) Equity is measured at historical rates; and
(iii) Revenue and expense items are translated at the rate of exchange prevailing at the time of transaction or at average exchange rates during the period as appropriate.

The translation adjustments arising on conversion to the reporting currency are accumulated as a component of other comprehensive loss (income).

Mineral properties and deferred exploration costs

Exploration and associated costs relating to non-specific projects or properties are expensed in the period incurred. When management has established that a resource exists, significant property acquisition (including transaction costs), exploration and development costs relating to those specific properties are deferred until the project to which they relate is sold, abandoned, impaired or placed into production.

Asset impairment

The Company performs impairment tests on property, plant and equipment and mineral properties when events or circumstances occur which indicate the assets may not be recoverable.

Where information is available and conditions suggest impairment, estimated future net cash flows for each project are calculated using estimated future prices, proven and probable reserves and resources, and operating, capital and reclamation costs on an undiscounted basis. When estimated future cash flows are less than the carrying value, the project is considered impaired. Reductions in the carrying value of each project would be recorded to the extent the net book value of the investment exceeds the discounted estimated future cash flows. Where estimates of future net cash flows are not available and where other conditions suggest impairment, management assesses whether the carrying value can be recovered.

The Company has not recorded impairment on any of its properties as all exploration expenses are expensed in the period in which they are incurred.

Investments

Investment in companies over which El Nino has significant influence are accounted for using the equity method.

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. These 90 days have now passed and the Company is no longer registered with the SEC. As a result of deregistering, the requirement to file certain reports with the SEC, including Form 20F and Form 6K, immediately ceased.

Foreign Political Risk

The Company's material properties are currently located in the Democratic Republic of Conga and, as such, are exposed to various degrees of political, economic and other risks and uncertainties. The

Company's operations and investments may be affected by local political and economic developments, including expropriation, nationalization, invalidation of government orders, permits or agreements pertaining to property rights, political unrest, labour disputes, limitations on repatriation of earnings, limitations on mineral exports, limitations on foreign ownership, inability to obtain or delays in obtaining necessary mining permits, opposition to mining from local, environmental or other non-governmental organizations, government participation, royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations, taxation and changes in laws, regulations or policies as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

Government Laws, Regulation & Permitting

Mining and exploration activities of the Company are subject to both domestic and foreign laws and regulations governing prospecting, development, production, taxes, labour standards, occupational health, mine safety, waste disposal, toxic substances, the environment and other matters. Although the Company believes that all exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a substantial adverse impact on the Company.

The operations of the Company will require licenses and permits from various governmental authorities to carry out exploration and development at its projects. There can be no assurance that the Company will be able to obtain the necessary licences and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Estimates of Mineral Resources

The mineral resource estimates contained in this MD&A are estimates only and no assurance can be given that any particular level of recovery of minerals will in fact be realized or that an identified resource will ever qualify as a commercially mineable (or viable) deposit which can be legally or commercially exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material.

If the Company's exploration programs are successful, additional funds will be required in order to complete the development of its properties. There is no assurance that the Company will be successful in raising sufficient funds to meet its obligation or to complete all of the currently proposed exploration programs. If the Company does not raise the necessary capital to meet its obligations under current contractual obligations, the Company may have to forfeit its interest in properties or prospects earned or assumed under such contracts.

Key Management and Competition

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees. Locating mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. The success of the Company is largely dependent on the performance of its key individuals. Failure to retain key individuals or to attract or retain additional key individuals with necessary skills could have a materially adverse impact upon the Company's success.

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than itself with respect to the discovery and acquisition of interests in mineral properties, the recruitment and retention of qualified employees and other persons to carry out its mineral exploration activities. Competition in the mining industry could adversely affect the Company's prospects for mineral exploration in the future.

Title to Properties

Acquisition of rights to the mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. Although the Company has investigated the title to all of the properties for which it holds concessions or other mineral leases or licenses or in respect of which it has a right to earn an interest, the Company cannot give an assurance that title to such properties will not be challenged or impugned.

The Company has the right to earn an 85% interest in certain of its properties (70% interest in the Infinity and Phoenix Properties).
To earn its 85% interest in each property, the Company is required to make certain cash payments. If the Company fails to make these payments, the Company may lose its right to such properties and forfeit any funds expended to such time.

Commodity Prices

The profitability of the Company's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable. The Company's revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of copper or gold.

Financial Instruments

Fair Values

As at January 31, 2009 the Company's carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values due to their short term maturity.

The following is a summary of the accounting model the Company elected to apply to each of its significant categories of financial instruments:

Cash and cash equivalents……………………………..	Held-for-trading
Accounts receivable……………………………………	Loans and receivables
Investments…………………………………………….	Available-for-sale
Project advances……………………………………….	Loans and receivables
Accounts payable and accrued liabilities…...………….	Other liabilities

Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are netted against the fair value of the financial instrument on initial recognition, with the exception of transaction costs related to financial instruments that are classified as held for trading. Transaction costs related to held for trading financial instruments are expensed as incurred.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies.

Currency Risk

As at January 31, 2009 a significant portion of the Company's cash and cash equivalents were held in Canadian dollars and were therefore subject to fluctuation against the US dollar. If the Canadian dollar had weakened (strengthened) against the US dollar, with all other variables held constant, by 100 basis points (one cent) at year end, net loss would have been $1,500 lower ($1,500 higher). Other comprehensive loss would have remained unchanged.

The Company's significant subsidiaries are located in the DRC. As a result a portion of the Company's accounts receivable, accounts payable and accruals are denominated in the US dollar and are therefore subject to fluctuation in exchange rates.

Interest Rate Risk

Included in the loss for the year in these financial statements is interest income on Canadian and US dollar cash and cash equivalents. If interest rates throughout the year had been 10 basis points (0.1%) lower (higher) then net loss would have been $4,000 lower ($4,000 higher).

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future (note 1).

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.

As we face the very difficult times seen in the world financial markets the Company has acted responsibly in halting its exploration programs worldwide. We have cut our expenses to a care and maintenance level until the financial markets give us an opportunity to seek the financing necessary to further develop our land holdings. We believe that the results we anticipate from our Kasala project will show that we have a viable project to develop over the next few years.

As the funds on hand at January 31, 2009 are not sufficient to meet our planned corporate, administrative and exploration activities for the next twelve months the Company has halted all exploration efforts. The Company has announced a non-brokered private placement in order to raise funds for continued drilling on DRC projects.

Although management has been successful in raising 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 financial results and discussion 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.

We also look forward to working with Phoenix Mining Corporation SPRL on our new acquisition as this permit is located in a very promising area. Our initial visits to the site have shown several areas where artisanal workers have unveiled areas of both copper and cobalt mineralization.

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:

Jean Luc Roy, President & Chief Executive Officer
El Nino Ventures Inc.
Suite 1440, 1166 Alberni Street
Vancouver, BC V6E 3Z3
Phone: (604) 683-4886
E-mail: jlroy@elninoventures.com

TRADING SYMBOLS

TSX Venture Exchange: ELN
Frankfurt Stock Exchange: E7Q

El Nino Ventures Inc.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

January 31, 2009 and 2008

(Expressed in Canadian Dollars, except where indicated)

EL NINO VENTURES INC.

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

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
Chartered Accountants
PricewaterhouseCoopers Place
250 Howe Street, Suite 700
Vancouver, British Columbia
Canada V6C 3S7
Telephone +1 604 806 7000
Facsimile +1 604 806 7806

AUDITORS' REPORT

To the Shareholders of El Nino Ventures Inc.

We have audited the consolidated balance sheets of El Nino Ventures Inc. as at January 31, 2009 and 2008 and the consolidated statements of loss, comprehensive loss and deficit, and cash flows for each of the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2009 and 2008 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) PricewaterhouseCoopers LLP

Chartered Accountants

Vancouver, British Columbia, Canada
May 22, 2009

El Nino Ventures Inc.

Consolidated Balance Sheets

As at January 31, 2009 and 2008

(Expressed in Canadian Dollars)

	2009 $	2008 $
Assets		
Current assets		
Cash and cash equivalents (Note 15)	1,153,861	7,901,027
Accounts receivable and prepaids	308,152	239,740
Investments	1	1
Project advances	-	183,466
	1,462,014	8,324,234
Property, plant and equipment (Note 4)	668,310	295,506
	2,130,324	8,619,740
Liabilities		
Current		
Accounts payable and accrued liabilities	293,741	167,804
	293,741	167,804
Asset retirement obligation (Note 6)	49,456	-
Non-controlling interest (Note 5)	6,182	3,191
Shareholders' Equity		
Share capital (Note 7)	18,697,256	18,160,683
Contributed surplus (Note 9)	2,964,974	2,573,302
Deficit	(19,881,285)	(12,285,240)
	1,780,945	8,448,745
	2,130,324	8,619,740

Nature of operations and going concern (Note 1)

Related party transactions (Note 11)

Commitments (Notes 5 and 16)

Subsequent events (Note 18)

ON BEHALF OF THE BOARD:

"Jean Luc Roy" **Director**

"Damian Towns" **Director**

El Nino Ventures Inc.

Consolidated Statements of Loss and Deficit

For the years ended January 31, 2009 and 2008

(Expressed in Canadian Dollars)

	2009 $	2008 $
Expenditures		
Net Exploration Expenditures (Note 5)	6,042,791	5,435,922
Other Expenses (Income)		
Corporate costs (Note 17)	1,452,694	1,235,380
Stock-based compensation (Note 8)	485,314	712,664
Write-down of investments	-	261,249
Depreciation and amortization	17,768	43,814
Interest income	(134,481)	(202,170)
Foreign exchange (gain) loss	(268,041)	131,082
	1,553,254	2,182,019
Loss before income taxes	7,596,045	7,617,941
Future income tax recovery (Note 10)	-	(1,702,766)
Loss for the year	7,596,045	5,915,175
Other Comprehensive (income) Loss		
Transitional adjustment	-	(82,450)
Unrealized loss on investments	-	82,450
Loss and Comprehensive Loss for the year	7,596,045	5,915,175
Deficit – beginning of year	12,285,240	6,370,065
Deficit – end of year	19,881,285	12,285,240
Basic and diluted loss per share	0.19	0.20
Weighted average number of shares outstanding	40,171,041	28,974,023

El Nino Ventures Inc.

Consolidated Statements of Cash Flows

For the years ended January 31, 2009 and 2008

(Expressed in Canadian Dollars)

	2009 $	2008 $
Cash flows from operating activities		
Net loss for the year	(7,596,045)	(5,915,175)
Items not affecting cash:		
Future income tax recovery (Note 10)	-	(1,702,766)
Stock-based compensation	485,314	712,664
Shares issued for mineral properties (Note 7)	62,000	251,310
Asset retirement obligations	49,456	-
Loss on sale of assets	18,181	-
Write-down of investments	-	261,249
Depreciation and amortization	177,312	43,814
	(6,803,782)	(6,348,904)
Changes in non-cash operating working capital:		
Accounts receivable and prepaids	(68,412)	(174,117)
Project advances	183,466	2,851,113
Accounts payable and accrued liabilities	128,928	33,654
	(6,559,800)	(3,638,254)
Cash flows from financing activities		
Issuance of common shares, net (Note 7)	380,931	11,800,112
	380,931	11,800,112
Cash flows from investing activities		
Property, plant and equipment	(568,297)	(294,611)
	(568,297)	(294,611)
Increase (decrease) in cash and cash equivalents	(6,747,166)	7,867,247
Cash and cash equivalents – Beginning of year	7,901,027	33,780
Cash and cash equivalents – End of year	1,153,861	7,901,027

Supplemental cash flow information (Note 15)

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

1. Nature of operations & 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.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that the Company will obtain the necessary financing to complete the exploration and development of mineral property interests, or that the current or future exploration and development programs of the Company will result in profitable mining operations.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Several adverse conditions cast significant doubt upon the validity of this assumption. Consistent with other entities in the exploration stage, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and continue its exploration activities. The Company's ability to continue as a going concern is dependent upon management's ability to secure additional financing. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used, and such adjustments would be material.

2. Changes in accounting policy and adoption of recent accounting pronouncements

General standards of financial statement presentation

CICA Handbook Section 1400, "General Standards of Financial Statement Presentation" has been amended to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This standard is effective for interim and annual financial statements beginning on or after January 1, 2008. This standard requires that management make an assessment of the Company's ability to continue as a going concern and to use the going concern basis in the preparation of the financial statements unless management either intends to liquidate the Company or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, those uncertainties should be disclosed. The adoption of this new accounting policy on February 1, 2008 did not have any impact on the Company's consolidated financial statements.

2. Changes in accounting policy and adoption of recent accounting pronouncements, continued

Capital disclosures and financial instruments – disclosure and presentation

On December 1, 2006, the CICA issued three accounting standards: Handbook Section 1535, "Capital Disclosures", Handbook Section 3862, "Financial Instruments – Disclosures", and Handbook Section 3863, "Financial Instruments – Presentation". Section 15335 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company early adopted Section 1535 on February 1, 2007 and management has evaluated the impact of this standard and the necessary disclosures are included in Note 12.

Capital disclosures and financial instruments – disclosure and presentation, continued

CICA Handbook Section 3862 "Financial Instrument Disclosures" and CICA Handbook Section 3863, "Financial Instruments – Presentation" requires entities to provide disclosure of quantitative and qualitative information in their financial statements that enable users to evaluate (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and management's objectives, policies and procedures for managing such risks. Effective February 1, 2008 the Company adopted these requirements and management has evaluated the impact of these standards and the necessary disclosures are included in Note 13.

3. Significant accounting policies

Basis of presentation and consolidation

The financial statements of the Company and the accompanying notes have been prepared in accordance with generally accepted accounting principles in Canada ("Canadian GAAP").

The consolidated financial statements include the assets, liabilities and results of all entities controlled by the Company. The effects of transactions between entities in the consolidated group are eliminated. Where control of an entity is obtained during a financial year, its results are included in the consolidated statements of loss and deficit from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control exists.

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

3. 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 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.

Cash and cash equivalents

Cash and cash equivalents are recognized at fair value and may include cash on hand, term deposits cashable within three months without penalty and short-term highly liquid investments with original term to maturity of three months or less which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Mineral properties

The Company is in the process of developing its mineral properties. The Company has adopted the policy of expensing mineral exploration costs and option maintenance payments incurred prior to management's determination that a property has economically recoverable reserves.

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.

The Government of the DRC commissioned a mining review of contracts in 2008 to review and renegotiate contracts entered into between 1998 and 2003. The Company was not included in this review as we do not have a contract based agreement. The Company's tenure is governed by the regulations of the Mining Code of the DRC and as such, has never been involved in this review process.

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.

Investments

Investments in publicly traded marketable securities are recorded at fair value as determined by active market prices. Unrealized gains and losses on investments are recognized in other comprehensive loss. If a decline in fair value is deemed to be other-than-temporary, the unrealized loss is recognized in the statement of loss and deficit for the period.

3. Significant accounting policies, continued

Property, plant and equipment

Property, plant and equipment are valued at cost less accumulated amortization. The Company provides for amortization using the straight-line method as follows:

i) Computer and field equipment – 3 years
ii) Automotive, furniture and office equipment – 5 years
iii) Leasehold improvements – 8 years
iv) Software – 1 year

Asset impairment

The Company performs impairment tests on property, plant and equipment when events or circumstances occur which indicate the assets may not be recoverable.

When estimated future cash flows are determined to be less than the carrying value, the asset is considered impaired. Reductions in the carrying value of each asset are recorded to the extent the carrying value exceeds the discounted estimated future cash flows. Where future net cash flows cannot be estimated and other events or changes in circumstances suggest impairment, management determines whether the carrying cost is recoverable and at fair value using best estimates and comparative situations in the marketplace.

Asset retirement obligations

The Company records asset retirements obligations at fair value in the period in which the liability is incurred. Fair value is determined based on the estimated future cash flows required to settle the liability discounted at the Company's credit adjusted risk free interest rate. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability accreted over time to its full value. The associated asset retirement costs are expensed in the period recorded in exploration expense.

Foreign currency translation

The Company's functional and reporting currency is the Canadian dollar. All transactions initiated in other currencies are translated into the functional currency as follows:

i) Monetary assets and liabilities at the rate of exchange in effect at the balance sheet date,
ii) Non-monetary assets and liabilities, and equity at historical rates, and
iii) Revenue and expense items at the average rate of exchange prevailing during the year.

Gains and losses on translation are included in determining net income for the year.

3. Significant accounting policies, continued

Loss per share

Basic loss per common share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year.

Diluted loss per common share is calculated using the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the year. In the Company's case, basic and diluted loss per share are the same as the effect of the outstanding stock options (Note 8) and warrants (Note 8) would be anti-dilutive.

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.

Income taxes

The Company uses the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward to future years. The amount of future tax assets recognized is limited to the amount that is more likely than not to be realized.

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 granued 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.

3. Significant accounting policies, continued

Future accounting requirements

Business Combination
In January 2009, the CICA issued Handbook Section 1582, "Business Combinations". This section requires that all assets and liabilities of an acquired business will be recorded at fair value at acquisition. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 1, 2011. The Company is currently assessing the impact of the new standard on its financial statements.

Non Controlling Interests
In January 2009, the CICA issued Handbook Section 1601, "Consolidations" and Section 1602, "Non-Controlling Interests". Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of these new standards on its financial statements.

Credit Risk and Fair Value of Financial Assets and Financial Liabilities
In January 2009, the CICA issued EIC abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC requires the Company to take into account the Company's own credit risk and the credit risk of the counterparty in determining the fair value of financial assets and financial liabilities, including derivative instruments. The Company is currently assessing the impact of the new standard on its financial statements.

Mining Exploration Costs
In March 2009, the CICA issued EIC abstract 174, "Mining Exploration Costs" which provides guidance to mining enterprises related to the measurement of exploration costs and the conditions that a mining enterprise should consider when determining the need to perform an impairment review of such costs. The guidance is applicable to fiscal periods ending after the issuance date. Adoption of this section will have no impact on the Company's financial statements.

(Expressed in Canadian Dollars)

4. Property, plant and equipment

	January 31, 2009			January 31, 2008		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Automotive	$291,431	$(69,150)	$222,281	$189,825	$(25,592)	$164,233
Computer and office equipment	266,604	(67,455)	199,149	101,184	(18,405)	82,779
Field equipment	317,870	(70,990)	246,880	58,136	(9,642)	48,494
Total	$875,905	$(207,595)	$668,310	$349,145	$(53,639)	$295,506

Effective February 1, 2008 the Company changed its capital asset amortization policy from the declining balance method to the straight line method. The Company feels that this method of calculating its amortization expense better reflects the underlying use of the assets.

5. Mineral properties

Cumulative acquisition and exploration expenditures as at January 31, 2009 are as follows:

	Option maintenance costs	Exploration costs	Option payments received	January 31, 2009
Infinity Project, DRC	$ 634,410	$ 6,339,667	$ -	$ 6,974,077
Bathurst Zinc Project, Canada	169,631	5,443,031	-	5,612,662
Zinc Project, Ireland	52,969	527,177	-	580,146
Bancroft Properties, Canada	110,463	358,356	(386,250)	82,569
Harmony / Phoenix Projects, DRC	250,850	-	-	250,850
Total	**$ 1,218,323**	**$12,668,231**	**$ (386,250)**	**$13,500,304**

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**

(Expressed in Canadian Dollars)

5. Mineral properties, continued

Details of exploration expenditures are as follows:

	Year ended January 31, 2009 $	Year ended January 31, 2008 $
Infinity Project, DRC		
Assays	637,428	13,723
Asset retirement obligation	43,367	-
Consulting and labour	860,142	258,111
Depreciation and amortization	159,544	23,781
Drilling	1,983,597	411,920
Geological and field expenses	711,431	430,200
Geophysics	90.058	555,454
Option maintenance costs and related legal costs	222,425	411,985
Travel and accommodation	160,911	-
Total	4,868,903	2,105,174
Bathurst Zinc Project, New Brunswick, Canada		
Option maintenance costs	20,600	61,518
Drilling	263,064	1,871,974
Geological and field expenses	57,656	267,655
Geophysics	53,421	612,491
Management fee	25,000	175,000
Total	419,741	2,988,638
Zinc Project, Ireland		
Option maintenance costs	-	52,969
Travel and accommodation	8,684	-
Drilling	272,054	-
Engineering and consulting	218,913	20,249
Geological and field expenses	3,646	3,631
Total	503,297	76,849
Bancroft Uranium Projects, Ontario, Canada		
Option maintenance costs	-	22,300
Assays	-	10,323
Drilling	-	150,574
Engineering and consulting	-	32,778
Geological and field expenses	-	49,286
Total	-	265,261
Harmony / Phoenix Projects, DRC		
Option maintenance costs	250,850	-
Net exploration expenditures for the year	6,042,791	5,435,922

5. Mineral properties, continued

DRC Projects

In the DRC, the Company has three projects underway; Infinity, Harmony and Phoenix. Business in the DRC is conducted 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"), a private British Virgin Islands company. Total consideration consists of cash payments of US$550,000 (US$350,000 paid) and the issuance of 700,000 shares (500,000 issued). During the year ended January 31, 2009, the Company issued 200,000 (2008: 300,000) shares (fair value $46,000 (2008: $219,000)) and paid the required US$100,000 in May 2008. The remaining US$200,000 and 200,000 shares are payable and issuable, respectively, in two equal annual installments on May 18, 2009 and May 18, 2010.

In February 2008, the mineral research permits were transferred by GCP into Infinity upon transfer of US$130,000, 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 Infinity under a management contract to manage the project in the DRC.

GCP subscribed for its 30% interest in Infinity for $3,191 (US$3,000) and this amount will be carried as a non-controlling interest until the Company has earned its 70% interest in the mineral research permits.

b. Harmony Project

On February 4, 2008, the Company entered into an agreement with MIMECO AG ("MIM") to acquire an initial 70% option in a mineral research permit in the DRC Copperbelt, located east of the Kinsevere Project of Anvil Mining. Upon transfer of title in January 2009, the Company issued 200,000 shares to MIM and committed to total exploration expenditures of US$1.5 million over a 3 year period, at a minimum of US$500,000 per annum beginning in fiscal 2010. 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 as a non-controlling interest until the Company has earned its 70% interest in the mineral research permits.

5. Mineral properties, continued

c. Phoenix Project

On November 14, 2008, the Company signed an agreement with Phoenix Mining Corporation ("PMC") whereby the Company has the option to earn a 70% share interest in a mineral research permit in the DRC Copperbelt. This interest is located between Lubumbashi and the Likasi Road and Airport Road junction (the "Phoenix" project).

Pursuant to the terms of the comprehensive agreement and transfer of title the Company has the option to pay US$200,000 (US$150,000 paid) and then issue 300,000 shares over a three year period in equal annual instalments on November 14, 2009, November 14, 2010, and November 14, 2011 to maintain its interest. The remaining US$50,000 has been remitted subsequent to year-end.

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 license and transfer the respective license to a newly incorporated Congolese subsidiary jointly owned by the Company (70%) and PMC (30%)

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 area to determine its next course of action. The Company expects to incur minimal ongoing maintenance costs until a course of action is determined.

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. On 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 will pay $20,000 (paid Jan 2008) and issue 29,000 (issued Jan 2008) shares fair valued at $20,010 and will pay the Director $40,000 on September 21, 2008 (to be paid in two equal installments on January 10, 2009 (paid) and June 10, 2009 (accrued)). Payment due on January 31, 2010 shall be made in the amount of 5% of total exploration expenditures made in fiscal 2010. Payments made in subsequent years will equate to 5% of the Company's total annual exploration expenditures.

In 2011 and each subsequent year the Company will pay the higher 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.

The properties are held in good standing while the Company evaluates its future prospects in the project areas to determine its next course of action. The Company expects to incur minimal ongoing maintenance costs until a course of action is determined.

5. Mineral Properties, continued

Bancroft Properties, Bancroft, Ontario, Canada

The Company has earned a 100% interest in the Bancroft properties which comprise the Halo Project and the Silver Crater Project and include certain claims east of the town of Bancroft, Ontario, Canada.

The Halo Project is subject to a 3% Net Smelter Return Royalty ("NSR") and the Company has the option to purchase 1% of the total NSR for $250,000. The Silver Crater Project is subject to a 3% NSR and the Company has the option to purchase 1% of the total NSR for $250,000.

The Company granted CanAm Uranium Corp. (now called CleanPath Resources 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 (Note 4) and cash payments totalling $125,000 (received). On March 7, 2008 the Company sent a default notice to notify CanAm that they had 45 days to remedy the default in order to avoid termination of the option agreement. The Company received no remedy for the default in the timeframe provided. The Company wrote off $nil (2008: $157,986) of the receivable from CanAm relating to the calendar 2007 exploration program, and $nil (2008: $nil) is recorded as receivable from CanAm.

The Company is currently evaluating the property's future prospects to determine the next course of action.

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

Fiscal Year Ending January 31	Infinity Project, DRC $ [2]	Zinc Project, Ireland $	Phoenix Project DRC $	Total $
2009 (paid)	249,527[3]	20,000	184,200	453,727
2010	123,640[2]	20,000	61,820[2]	205,460
2011	123,640[2]	-	-	123,640
	496,807	40,000	246,020	782,827

Notes:
1 – Table includes cash only and excludes share issuances (Note 7), and commitments that are related to future lease payments (Note 16).
2 – Denominated in US$ and has been converted at an exchange rate of 1.2364. Paid subsequent to year end.
3 – US$230,000 converted at an exchange rate of 1.0849.

(Expressed in Canadian Dollars)

6. Asset retirement obligation

The Company is required to recognize a liability for a legal obligation to perform asset retirement activities, including decommissioning, reclamation and environmental monitoring activities once the Infinity Project is permanently closed. Although these activities are conditional upon future events, the Company is required to make a reasonable estimate of the fair value of the liability. Based on the existing level of terrestrial disturbance the undiscounted Asset Retirement Obligations ("ARO") were estimated to be US$40,000 as at January 31, 2009.

Determination of the undiscounted ARO and the timing of these obligations was based on internal estimates using information currently available, existing regulations, and estimates of closure costs.

The discount rate used when estimating the fair value of the ARO is a credit-adjusted risk-free interest rate with the same maturity as the removal obligation. The Company used a credit adjusted risk free interest rate of 3.00% to calculate the present value of the ARO, which was $38,265 (rounded to US$40,000)

7. Share capital

Authorized

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

Issued

	Number of Shares	Amount
Balance – January 31, 2007	17,986,953	$ 8,689,012
Mineral properties (Notes 5)	30,000	12,300
Mineral properties (Notes 5)	300,000	219,000
Mineral properties (Notes 5)	29,000	20,010
Private placement	3,750,000	1,500,000
Private placement	6,015,000	3,007,500
Private placement	5,888,889	5,300,000
Exercise of options	417,642	264,572
Exercise of warrants	4,896,208	3,015,702
Fair value on unit offerings assigned to warrants	-	(1,302,901)
Share issuance costs	-	(861,746)
Future income tax on flow-through (Note 10)	-	(1,702,766)
Balance – January 31, 2008	39,313,692	18,160,683
Mineral properties (Notes 5, 7a)	200,000	46,000
Mineral properties (Notes 5, 7b)	200,000	16,000
Share issue costs	-	(1,069)
Exercise of options	180,000	106,800
Exercise of warrants	590,000	368,842
Balance – January 31, 2009	**40,483,692**	**$ 18,697,256**

(Expressed in Canadian Dollars)

7. Share capital, continued

Placements

a. On May 18, 2008, 200,000 shares were issued for the Infinity mineral properties at fair value of $46,000.

b. On January 15, 2009, 200,000 shares were issued for the Harmony mineral properties at fair value of $16,000.

8. Stock options and warrants

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 January 31, 2009, the Company has reserved 8,016,738 common shares under the plan (January 31, 2008 – 4,353,390).

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, 2007	1,527,642	$0.44
Granted	2,372,000	$0.62
Exercised	(417,642)	$0.37
Forfeited	(300,000)	$0.62
Balance – January 31, 2008	3,182,000	$0.57
Granted	1,650,000	$0.30
Exercised	(180,000)	$0.34
Expired	(30,000)	$0.15
Forfeited	(827,000)	$0.59
Balance – January 31, 2009	3,795,000	$0.46

At January 31, 2009 the following stock options were outstanding and exercisable:

Number of stock options outstanding	Number of stock options exercisable	Exercise Price	Expiry Date
830,000	771,667	$0.50	3/29/11
1,215,000	1,148,332	$0.60	7/11/12
100,000	33,334	$0.90	01/03/13
150,000	50,000	$0.70	01/24/13
500,000	-	$0.60	04/01/13 - 09/23/13
1,000,000	-	$0.10	12/29/13
3,795,000	2,003,333	$0.57	

Stock-based compensation for the year ended January 31, 2009 was $485,314 (2008: $712,664).

As at January 31, 2009, a total of 1,791,667 options (2008: 1,831,542 options) are not exercisable as they are pending vesting. The fair value of the associated stock-based compensation calculated for these unvested options that has not yet been expensed is $91,257 (2008: $440,265).

(Expressed in Canadian Dollars)

8. Stock options and warrants, continued

Subsequent to year end, the Board has elected to re-price and extend the terms of the following stock options. The re-pricing is subject to TSX and shareholder approval.

Number of stock options outstanding	Current Exercise Price	New Exercise Price	Current Expiry Date	New Expiry Date
830,000	$0.50	$0.10	3/29/11	3/29/13
1,215,000	$0.60	$0.10	7/11/12	6/11/13
100,000	$0.90	$0.10	01/03/13	No change
150,000	$0.70	$0.10	01/24/13	No change
500,000	$0.60	$0.10	04/01/13 - 09/23/13	No change
1,000,000	$0.10	No change	12/29/13	No change

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

	2009	2008
Risk-free interest rate	1.6% to 3.5%	3.6% to 4.6%
Options expected life	3.5 to 4.0 years	3.5 to 4.0 years
Expected volatility	99.4% to 124.4%	95.4% to 111.2%
Expected dividend yield	nil	nil

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.

Warrants

Warrant activity is summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – January 31, 2007	7,118,223	$ 0.70
Granted	8,420,277	0.88
Exercised	(4,896,208)	0.53
Expired	(289,590)	1.00
Balance – January 31, 2008	10,352,702	$ 0.92
Granted	-	Nil
Exercised	(590,000)	0.54
Expired	(3,532,425)	0.86
Balance – January 31, 2009[2]	6,230,277	$ 0.19

(Expressed in Canadian Dollars)

8. Stock options and warrants, continued

At January 31, 2009, the following warrants were outstanding:

Date	Number of Shares	Fair value of warrants	Exercise Price	Expiry Date
July 9, 2007	2,932,500	27,690	$0.15	Jan. 9, 2010 [2]
August 30, 2007	353,333	101,406	$0.90	Feb. 29, 2009 [1]
August 30, 2007	2,944,444	31,509	$0.15	Feb. 29, 2010 [2]
Balance – January 31, 2008	6,230,277	$ 160,605	$0.19	

Note:
1 – These warrants expired unexercised subsequent to January 31, 2009.
2 – These warrants were amended to extend their expiry date by one year and to lower the exercise price to $0.15. The closing price of the Company's shares must be $0.20 or greater for a period of 10 consecutive trading days, at which time the warrant holder will have 30 days to exercise their warrants. The re-pricing resulted in a charge to stock based compensation recorded in the current period.

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 (or amendment of the original terms of the warrant) using the Black-Scholes pricing model with the following assumptions:

	2009	2008
Risk-free interest rate	1.3% to 4.3%	4.1% to 4.3%
Warrants expected life	1.1 to 1.5 years	1.0 to 1.5 years
Expected volatility	83.4% to 139%	71.5% to 83.8%
Expected dividend yield	nil	nil

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 warrants.

9. Contributed surplus

	2009	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	-	126,901
Exercise of options	(44,800)	(111,401)
Exercise of warrants	(48,842)	(441,452)
Stock-based compensation	485,314	712,664
Balance – End of year	$ 2,964,974	$ 2,573,302

(Expressed in Canadian Dollars)

10. Income taxes

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

	2009	2008
Loss for the year	$ 7,596,045	$ 7,617,941
Canadian federal and provincial income tax rates	30.50%	33.90%
Income tax recovery at statutory rates	2,316,794	2,582,482
Permanent differences	(222,152)	(237,163)
Change in prior year provision to actual	(583,178)	-
Changes in Canadian tax rates	(84,101)	-
Differences in foreign tax rates	24,027	(65,083)
Change in valuation allowance	(1,451,390)	(577,470)
Future income tax recovery	$ -	$ 1,702,766

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

Future income tax assets	2009	2008
Non-capital loss carry forwards	$ 2,495,701	$ 1,376,806
Net capital loss carry forwards	38,070	48,594
Share issue costs	180,930	259,549
Resource property costs	755,345	323,578
Other	65,312	75,441
Future income tax assets	3,535,358	2,083,968
Valuation allowance	(3,535,358)	(2,083,968)
Net future income tax asset (liability)	$ -	$ -

As at January 31, 2009, the Company had non-capital tax loss carry forwards, which have not been recorded in these financial statements due to the uncertainty of their recovery, available to reduce future prescribed taxable income in the DRC and Canada as follows:

	DRC	Canada
2010	-	81,481
2011	-	85,810
2012	2,081,509	-
2014 and thereafter	4,709,243	1,672,461
	$ 6,790,752	$ 1,839,752

Future income tax recovery

During 2007, flow-through shares totalling $4,993,448 were issued, with those funds being required to be spent on qualifying Canadian Exploration Expenditures. Upon renunciation filed February 26, 2007, the Company no longer has the ability to use the expenditures for tax purposes and the Company 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 is offset by the reversal of a portion of the Company's valuation allowance on future income tax assets and a recovery of future income taxes in the amount of $1,702,766 was recorded in the year ended January 31, 2008.

11. Related party transactions

The related party transactions are as follows:

a. During the period, the Company paid $nil (2008: $14,000) for management fees and rent to a company controlled by the former Chairman, Chief Executive Officer and director.

b. During the period, the Company paid $46,972 (2008: $46,500; along with 29,000 shares valued at $20,010 as a mineral property finders' fee) for consulting fees to a director.

c. 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 6a). During the period, the Company paid $202,335 (2008: $nil) for management consulting services.

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.

12. Capital Disclosure

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration of its mineral properties. The Board of Directros has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The properties in which the Company currently has interests are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the size of the Company, is reasonable.

In order to facilitate the management of capital and development of its mineral properties, the Company prepares annual expenditure budgets, which are updated as necessary. In addition, the Company may issue new equity, incur additional debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture agreements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the year ended January 31, 2009 compared to the year ended January 31, 2008. The Company is not subject to externally imposed capital requirements.

13. Financial Instruments

Fair Values

As at January 31, 2009 the Company's carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values due to their short term maturity.

The following is a summary of the accounting model the Company elected to apply to each of its significant categories of financial instruments:

Cash and cash equivalents……………………………..	Held-for-trading
Accounts receivable……………………………………	Loans and receivables
Investments…………………………………………….	Available-for-sale
Project advances……………………………………….	Loans and receivables
Accounts payable and accrued liabilities…...………….	Other liabilities

Transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability are netted against the fair value of the financial instrument on initial recognition, with the exception of transaction costs related to financial instruments that are classified as held for trading. Transaction costs related to held for trading financial instruments are expensed as incurred.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies.

Currency Risk

As at January 31, 2009 a significant portion of the Company's cash and cash equivalents were held in Canadian dollars and were therefore subject to fluctuation against the US dollar. If the Canadian dollar had weakened (strengthened) against the US dollar, with all other variables held constant, by 100 basis points (one cent) at year end, net loss would have been $1,500 lower ($1,500 higher). Other comprehensive loss would have remained unchanged.

The Company's significant subsidiaries are located in the DRC. As a result a portion of the Company's accounts receivable, accounts payable and accruals are denominated in the US dollar and are therefore subject to fluctuation in exchange rates.

Interest Rate Risk

Included in the loss for the year in these financial statements is interest income on Canadian and US dollar cash and cash equivalents. If interest rates throughout the year had been 10 basis points (0.1%) lower (higher) then net loss would have been $4,000 lower ($4,000 higher).

(Expressed in Canadian Dollars)

13. Financial instruments, continued

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash equivalents to capital and operating needs. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future (note 1).

14. 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 year ended January 31, 2009 is as follows:

	Canada	DRC	Republic of Ireland	Total
Total expenses	$ 1,972,995	$ 5,119,753	$ 503,297	$ 7,596,045
Capital assets	50,729	617,581	$ -	668,310
Current assets	1,286,111	175,903	-	1,462,014
Total assets	$ 1,336,840	$ 793,484	$ -	$ 2,130,324

The breakdown by geographic area for the year ended January 31, 2008 is as follows:

	Canada	DRC	Republic of Ireland	Total
Total expenses	$ 5,414,632	$ 2,126,460	$ 76,849	$ 7,617,941
Capital assets	$ 86,160	$ 209,346	$ -	$ 295,506
Current assets	8,176,952	147,282	-	8,324,234
Total assets	$ 8,263,112	$ 356,628	$ -	$ 8,619,740

15. Supplemental cash flow information

Cash and cash equivalents comprise the following:

	2009	2008
Cash on hand and balances in bank	$ 126,215	$ 4,466,540
Short term deposits [1]	1,027,646	3,434,487
Balance – End of year	$ 1,153,861	$ 7,901,027

Note:
1 – Short term deposits include investments that are cashable after 30 days without penalty, with interest rate guarantees extending up to one year.

(Expressed in Canadian Dollars)

16. Commitments

The Company has committed to an operating lease dated October 12, 2007 for office space in Vancouver, expiring October 31, 2012 with monthly lease payments of $4,163. The future minimum lease payments are as follows:

2010	49,956
2011	49,956
2012	49,956
2013	37,467
	$ 187,335

The table above excludes commitments that are related to maintaining property option payments, as disclosed in Note 5.

17. Corporate costs

Details of corporate costs are as follows:

	Year ended January 31, 2009 $	Year ended January 31, 2008 $
Audit, accounting and legal	157,766	82,297
Labour, consulting and management fees	580,078	353,285
Office and miscellaneous	338,439	159,091
Loss on sale of assets	18,181	-
Promotion and shareholder relations	224,435	484,537
Transfer and filing fees	55,916	44,287
Travel	77,879	111,883
Corporate costs for the year	1,452,694	1,235,380

18. Subsequent events

Subsequent to year end, the Company signed an agreement with Agoracom Investor Relations Corp. (“Agoracom”). Agoracom will provide communications between the Company and its shareholders, prospective shareholders and the investment community as a whole. As part of its compensation the Company grants Agoracom 200,000 share purchase options at $0.10 per share for a period of two years.