



---

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE NINE MONTHS ENDED OCTOBER 31, 2010**  
*November 23, 2010*

---

El Nino Ventures Inc.

[www.elninoventures.com](http://www.elninoventures.com)

*The following management discussion and analysis (“MD&A”) should be read in conjunction with the unaudited interim financial statements and accompanying notes (“Financial Statements”) of El Nino Ventures Inc. (the “Company”) for the nine months ended October 31, 2010. 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. Further information is also available on the Company’s website at [www.elninoventures.com](http://www.elninoventures.com).*

*This MD&A contains forward-looking information. See “Forward-Looking Information” and “Risks and Uncertainties” for a discussion of the risks, uncertainties and assumptions relating to such information. Reference should also be made to the risk factors section in the Company’s most recently filed MD&A for the year ended January 31, 2010.*

**Table of Contents:**

1.	OVERVIEW OF THE COMPANY	3
2.	LITIGATION	5
3.	PROJECT UPDATES	7
4.	FINANCIAL PERFORMANCE REVIEW	10
5.	FINANCIAL POSITION	12
6.	CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES	13
7.	CONTRACTUAL OBLIGATIONS	14
8.	RELATED PARTY TRANSACTIONS	14
9.	CRITICAL ACCOUNTING ESTIMATES AND RISKS & UNCERTAINTIES	14
10.	FORWARD-LOOKING INFORMATION	21
11.	OUTLOOK	22
12.	ADDITIONAL INFORMATION	23

## 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”) and Canada. The Company has its registered corporate office based in Vancouver, British Columbia, Canada.

As of November 23, 2010 the Company had 90,538,930 shares outstanding with a total market capitalization of approximately \$5.21 million. The Company shares trade on the TSX Venture Exchange (“ELN”) and the Frankfurt Stock Exchange (“E7Q”).

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 Government of the DRC commissioned a mining review of contracts in 2008 to review and renegotiate contracts entered into between 1999 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. It is important to outline that the Company has entered into agreements in the DRC which will give the Company a 70% interest in all of its projects with provisions to increase its holdings to over 80%. This is based on the policy of the Company to acquire a significant controlling interest.

**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 kilometers of prospective exploration areas in the Copperbelt, located between Lubumbashi and Likasi (the “Kasala Project”). Under the terms of the Mineral Property Option Agreement, the Company had a final payment, due on May 18, 2010, of US\$100,000 and 100,000 shares of the Company to fully earn-in for its 70% interest. The Company believes it has complied with the terms of this agreement by arranging for both the funds and shares to be held in Trust with our lawyers as of May 18, 2010. On May 20, 2010, GCP gave notice to ELN that it is in default as per the terms of this agreement. Subsequently, the Company served Mr. Georges Kavvadias a Notice of Dispute and petitioned the Supreme Court of British Columbia in response to two alleged defaults of the Mineral Property Option Agreement. The Company does not believe it is in default and has in its Petition asked the courts to receive the funds and shares and hold them pending resolution of the amounts the Company is claiming in the Petition. The Company has also invoked the Arbitration clause within the Mineral Property Option Agreement to settle the disputes. A court date to hear these issues has been set for November 25, 2010. Pending the outcome of the above, the Company will have made cash payments of US\$550,000 and issued 700,000 shares and will have earned-in fully for its 70% interest in mineral research permits held by Infinity Resources Sprl (“Infinity”). As well, the Company has been made aware of an attempt by Georges Kavvadias to fraudulently transfer the Kasala permits from Infinity to a company controlled by Georges Kavvadias. The Company is taking all available steps to prevent this blatant attempt to deprive the Company of its rightful ownership in the Kasala properties.

El Nino Ventures Inc.

[www.elninoventures.com](http://www.elninoventures.com)

The Company received notice that the claims commenced by Mr. Kavvadias and GCP in the DRC were dismissed by the Tribunal of Commerce of Lubumbashi. The Company successfully argued that the jurisdiction for hearing the claims is in British Columbia and not the DRC. As well, the orders for garnishment of the shares held by the Company in the share capital of Infinity have been removed and remain registered in the Company's name. Mr. Kavvadias and GCP are appealing the decision.

**Harmony Project** – The Company entered into a Letter of Intent (“LOI”) with MIMCO AG (“MIM”) to acquire a 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. Through a check of the permit of registry, the Company became aware that the permits had not been properly maintained/transferred or renewed. The Company is in the process of reviewing its position regarding the terms of the LOI.

**Phoenix Project** – Due to capital restraints, the Company proposed an amendment to the existing Acquisition of an Interest Agreement with Phoenix Mining Corporation Sprl (“PMC”) to earn a 70% interest in mineral research permit #9316. The amendment would allow for the Company to continue to fund the project but to also conduct an initial exploration program to assist in a preliminary assessment that would determine the merits of the property for future investment. PMC rejected the proposal and as a result the Company gave notice of termination in accordance to the terms and conditions of the Agreement. This resulted in a spurious court action against the Company, by PMC. (See “*Section 2 – Litigation*”)

Subsequently, the Company received notice that the claims commenced by PMC in the DRC were dismissed by the Tribunal of Commerce of Lubumbashi. The Company successfully argued that the jurisdiction for hearing the claims is in British Columbia and not the DRC. As well, the orders for garnishment of the shares held by the Company in the share capital of Infinity have been removed and remain registered in the Company's name. The decision is being appealed by PMC.

**Bathurst Zinc Project** – The Company entered into an option agreement with Xstrata Canada Corporation – Xstrata Zinc Canada Division (“Xstrata Zinc”) 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 Zinc by advancing the required \$5.0 million. On August 6, 2009, as finalized on March 24, 2010, the Company entered into an option agreement with Votorantim Metals Canada Inc. (“Votorantim”). The tripartite agreement is between Votorantim, ELN and Xstrata Zinc whereby Votorantim can earn up to a 70% interest in 1,805 mineral claims owned 50/50 by ELN and Xstrata Zinc. Votorantim has indicated that it has acquired further claims to the Joint Venture as well as identifying targets for the 2010 exploration/drilling program anticipated this year.

**Bancroft Properties** – The Company released the majority of original claims comprising the Bancroft group of properties. Currently it has retained a 100% interest in the Halo Project and the Silver Crater Project and certain claims east of the town of Bancroft, Ontario, Canada. For the period ended October 31, 2010 no work was carried out and the Company continues to seek a Joint Venture partner for the project.

## **Going Concern**

At October 31, 2010, the Company had cash and cash equivalents of \$1,003,282, working capital of \$1,088,019 and a deficit of \$24,096,225. The funds on hand at October 31, 2010 are not sufficient to meet our projected corporate, administrative and possible exploration activities for fiscal 2011. The Company performed a minimal amount of exploration activities due to financial market conditions and the current litigation in the DRC. The Company feels that once its ongoing efforts to stabilize and implement the restructuring of its corporate affairs in the DRC are complete, the Company will be in a better position to raise sufficient funds to meet its financial requirements and develop an exploration plan for the Company's projects.

The Company's ability to continue operations and exploration activities is dependent on Management's ability to provide financing and although current management has demonstrated it has done so in the past, there is 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.

## **2. Litigation**

On December 21, 2009, the Company was served with a notice of claim, submitted in the DRC by Mr. Georges Kavvadias, a principal of GCP and who acts as manager (the "Country Manager") of the Company's DRC joint venture company, Infinity (70% ELN/30% GCP).

The Company received in May 2010, notice that the claim commenced in the DRC were dismissed by the Tribunal of Commerce of Lubumbashi. The Company successfully argued that the jurisdiction for hearing the claim is in British Columbia and not the DRC. As well, the orders for garnishment of the shares held by the Company in the share capital of Infinity have been removed and remain registered in the Company's name contrary to the representations of Georges Kavvadias and GCP. The Company continues to take the position that the actions of its previous Country Manager, Mr. Kavvadias, are both spurious and without merit. Mr. Kavvadias and GCP have appealed the decision.

The Company served Mr. Kavvadias and GCP a Notice of Dispute and petitioned the Supreme Court of British Columbia in response to two alleged defaults of the Mineral Property Option Agreement. The Company has stated in its Notice of Dispute and is prepared to prove that:

- The amounts claimed are not due and owing and that Mr. Kavvadias and GCP, despite repeated requests are unable to provide an accounting of the funds entrusted with him for the advancement of exploration works in the DRC.
- GCP is in breach of the Representations and Warranty contained in the Mineral Property Option Agreement.

El Nino Ventures Inc.

[www.elninoventures.com](http://www.elninoventures.com)

- A claim of US\$850,349, for the right to set-off, as against any sums which may be due and owing to Mr. Kavvadias and GCP, as well as unspecified damages for breach of the agreements by Mr. Kavvadias and GCP and for further damages for fraud and fraudulent misrepresentation by Mr. Kavvadias and GCP.

In addition to the above, the Company is claiming that Mr. Kavvadias breached the Mineral Property Option Agreement, in addition to the breach of warranty, by purloining funds provided to him, by denying the Company access to financial information and the Company's leased premises, equipment and property in the DRC and refusing to follow the budgetary decisions of the Company.

Following receipt from GCP of the Notices of Default relating to the Mineral Property Option Agreement, the Company has invoked the arbitration clauses contained in the agreements. Whereas in the past, GCP has commenced litigation both in British Columbia which has been resolved and in the DRC which has been dismissed, with respect to past disputes, the Company's purpose for invoking the arbitration clause is to obtain a quick resolution of the current disputes.

In the years preceding 2009, the Company believed that its interests in the DRC which were to have been served by the Country Manager who was representing both the Company and Infinity, was not being carried on without some ongoing measure of concern. During the fiscal year 2009, the Company continued to question the actions of the Country Manager and on September 1, 2009, the Company gave notice that it was not renewing his contract. During this time, the Company began a restructuring of its corporate affairs with the resignation of the President/CEO, Mr. Jean Luc Roy, who was replaced by Mr. Harry Barr. As well as minimizing exploration activities and putting the Company's projects under a care and maintenance program, the Company under Mr. Barr then began a corporate due diligence program. It identified a critical need to raise sufficient funds for both a proposed geochemical program for the Kasala project, which it did complete, as well as working capital. Subsequently the Company was successful in raising initially \$452,800 in August, a further \$1,500,000 in November 2009 and finally an additional \$500,000 in January 2010. Management also began to take a much more active role in its affairs in the DRC. During the first few months of 2010 Management engaged both a new VP Business Development, DRC and Business Consultant, both of whom have a full understanding and extensive business experience within the DRC.

During the due diligence process, a complete review of the Company's portfolio of projects in the DRC was undertaken. Management determined that its primary focus should remain the Kasala project and that it warranted further exploration programs to advance the copper/cobalt discovery on the property.

The Company has been made aware of an attempt by Georges Kavvadias to fraudulently transfer the Kasala permits from Infinity to a company controlled by Georges Kavvadias. The Company is taking all available steps to prevent this blatant attempt to deprive the Company of its rightful ownership in the Kasala properties.

### 3. 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**  
(unaudited)

	31-Jan-09	30-Apr-10	31-Jul-10	31-Oct-10	31-Jan-10	30-Apr-10	31-Jul-10	31-Oct-10	Nine Months Ended		LTD
	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	31-Oct-10	31-Oct-09	
Assay	\$ 230	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	\$ 637
Asset retirement obligation	43	-	-	-	-	-	-	-	-	-	43
Consulting and labour	199	-	-	-	-	-	-	-	-	-	1,210
Depreciation and amortization	56	-	-	-	-	-	-	-	-	-	160
Drilling	(122)	-	-	-	-	-	-	-	-	-	2,315
Geological and field	116	-	-	-	-	-	-	-	-	-	1,168
Geophysics	10	-	-	-	-	-	-	-	-	-	648
Option maintenance costs	(62)	-	-	-	-	-	-	-	-	-	632
Travel and accommodation	13	-	-	-	-	-	-	-	-	-	161
<b>Total</b>	<b>\$ 210</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,294</b>

#### 2010 Exploration Program

Due to the uncertainty and timing of the outcome of the current Notices of Dispute as well as the Company’s efforts to remove Mr. Kavvadias as manager of Infinity, all of the exploration programs in the DRC were put on hold and/or a care and maintenance program. Upon successfully achieving the above issues, the Company will proceed with establishing a budget and undertaking further exploration drill program to advance the Kasala project.

The Company has previously completed two surface exploration programs, one early in 2009 consisting of an induced polarization (“IP”) ground geophysical survey to trace possible extensions of the mineralized zone that runs for over 2.5 kilometers to the Southeast and ground surveys consisting of geochemical and geophysical programs later in the year after receiving approval of our environmental applications. These programs identified new anomalies that are very prospective and will be the focus of our targeting for future drill programs.

### *Historical Exploration/Drilling*

The Company was unable to conduct an exploration program during 2009, and will unlikely be able to in 2010 as well. Prior drilling to date totals 15,764 meters, consisting of 4,665 meters of diamond drilling and 11,099 meters of reverse circulation drilling (RC). In 2008, drilling was focused on two areas within the Kasala Main Zone. The first area was tested with several drill holes on a cobalt anomaly with visual inspection indicating mineralization. A decision to follow up with further drilling will be made at a later date. The second area drilled in 2008 was on the northern permit #5214 (the Kasala project) to determine the extension of the discovery hole. There were 56 RC drill holes and 20 diamond drill holes for a total of 76 holes drilled with final assay results confirming copper mineralization in the Kasala area of over a kilometer with a minimum strike length of approximately 800 meters and a width of approximately 250 meters. Intersections in some drill holes indicate thicknesses of as much as 91 meters. Some significant assay results are; 3.5% copper over 10 meters, 2.82% copper over 29 meters which includes a 5 meter intersection of 4.11% copper and 0.50 % Cobalt.

#### b) Harmony

The Company entered into a LOI with MIM giving it the option to acquire an initial 70% interest in a mineral research permit #2461 (the “Harmony Research Permits”) located in the Copperbelt, covering 50 square kilometers located east of Anvil Mining Limited’s Kinsevere project. Through a check of the permit of registry, the Company became aware that the permits had not been properly maintained/transferred or renewed. The Company is in the process of reviewing its position regarding the terms of the LOI.



c) Phoenix

On July 26, 2008 the Company signed a LOI with PMC whereby the Company had an option to earn a 70% share interest in a mineral Research Permit in the DRC Copperbelt. Management reviewed the recommendations of its Project Manager and requested an extension of the terms of the LOI to better evaluate the potential for the project. PMC rejected the request and the Company therefore gave notice that it would not be exercising its option. As a result, PMC initiated litigation against the Company. (See “Section 2 – Litigation”)

Subsequently, the Company received notice that the claim has been dismissed by the Tribunal of Commerce of Lubumbashi. The Company successfully argued that the jurisdiction for hearing the claim is in British Columbia and not the DRC. As well, the orders for garnishment of the shares held by the Company in the share capital of Infinity have been removed and remain registered in the Company’s name. Mr. Kavvadias and GCP have appealed the decision.

d) Bathurst

The Company is party to a tripartite option agreement with Xstrata Zinc and Votorantim. The agreement calls for Votorantim to incur \$10 million in exploration expenditures over five years to earn 50% and a further \$10 million over two years to earn an additional 20%. Votorantim has advised ELN that it will be conducting airborne magnetics, geophysical and geochemical surveys as well as a drill program this year.

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

TABLE 2: (\$000's)

**Bathurst Zinc Project, Canada**  
(unaudited)

	31-Jan-09	30-Apr-10	31-Jul-10	31-Oct-10	31-Jan-10	30-Apr-10	31-Jul-10	31-Oct-10	Nine Months Ended		LTD
	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	31-Oct-10	31-Oct-09	
Option maintenance costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171
Drilling and assay	-	-	-	-	-	-	-	-	-	-	2,815
Geological and field	-	-	-	-	-	-	-	-	-	-	514
Geophysics	-	-	-	-	-	-	-	-	-	-	1,813
Management fees	-	-	-	-	-	-	-	-	-	-	300
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,613</b>

e) Ireland Zinc Project

In fiscal 2009, 2,840 meters of diamond drilling was performed. No significant mineralization was intersected and as a result the Company has decided to relinquish the licenses.

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

TABLE 3: (\$000's)

Zinc Project, Ireland (unaudited)	31-Jan-09	30-Apr-10	31-Jul-10	31-Oct-10	31-Jan-10	30-Apr-10	31-Jul-10	31-Oct-10	Nine Months Ended		LTD	
	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	31-Oct-10	31-Oct-09		
Option maintenance costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53
Consulting and labour	20	12	-	-	-	-	-	-	\$ -	\$ -	12	262
Geological and field	1	-	-	-	-	-	-	-	\$ -	\$ -	-	8
Drilling	-	-	-	-	-	-	-	-	\$ -	\$ -	-	272
Travel and accommodation	(1)	-	-	-	-	-	-	-	\$ -	\$ -	-	8
<b>Total</b>	<b>\$ 20</b>	<b>\$ 12</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12</b>	<b>\$ 603</b>

#### 4. Financial Performance Review

##### Exploration Expenditures

TABLE 4: (\$000's)

Exploration Expenditures (unaudited)	31-Jan-09	30-Apr-10	31-Jul-10	31-Oct-10	31-Jan-10	30-Apr-10	31-Jul-10	31-Oct-10	Nine Months Ended	
	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	31-Oct-10	31-Oct-09
<b>By type:</b>										
Asset retirement obligation	\$ 43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Consulting and labour	219	12	-	-	-	-	-	-	\$ -	\$ -
Depreciation and amortization	56	-	-	-	-	-	-	-	\$ -	\$ -
Drilling and assay	108	-	-	-	-	-	-	-	\$ -	\$ -
Geological and field	117	-	-	-	-	-	-	-	\$ -	\$ -
Geophysics	10	-	-	-	-	-	-	-	\$ -	\$ -
Management fees	-	-	-	-	-	-	-	-	\$ -	\$ -
Option maintenance costs	189	-	-	-	-	-	-	-	\$ -	\$ -
Travel and accommodation	12	-	-	-	-	-	-	-	\$ -	\$ -
<b>Total</b>	<b>\$ 754</b>	<b>\$ 12</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12</b>
<b>By project:</b>										
Infinity	\$ 483	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bathurst	-	-	-	-	-	-	-	-	\$ -	\$ -
Ireland	20	12	-	-	-	-	-	-	\$ -	\$ 12
Bancroft	-	-	-	-	-	-	-	-	\$ -	\$ -
Harmony/Phoenix	251	-	-	-	-	-	-	-	\$ -	\$ -
<b>Total</b>	<b>\$ 754</b>	<b>\$ 12</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12</b>

For details on the projects and these related expenditures, see "Section 3 – Project Updates".

## Other Expenses and items

TABLE 5: (\$000's)

Other Expenses (unaudited)	31-Jan-09	30-Apr-10	31-Jul-10	31-Oct-10	31-Jan-10	30-Apr-10	31-Jul-10	31-Oct-10	Nine Months Ended	
	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	31-Oct-10	31-Oct-09
<b>By type:</b>										
Corporate costs	\$ 388	\$ 249	\$ 259	\$ 165	\$ 368	\$ 252	\$ 321	\$ 339	\$ 912	\$ 673
Stock based compensation	107	35	24	15	-	6	22	36	\$ 64	\$ 74
Write-down of investments	-	283	300	233	1,105	99	128	17	\$ 244	\$ 816
Loss on derecognition of assets and liabilities	-	748	-	-	748	-	-	-	\$ -	\$ 748
Depreciation and amortization	6	5	5	4	-	7	4	4	\$ 15	\$ 14
Interest Income	44	(2)	(1)	(1)	(1)	-	-	-	\$ -	\$ (4)
Foreign Exchange	(120)	(9)	(10)	1	(70)	7	1	2	\$ 10	\$ (18)
Future Income Tax Recovery	-	-	-	-	-	-	-	-	\$ -	\$ -
<b>Total</b>	<b>\$ 425</b>	<b>\$ 1,309</b>	<b>\$ 577</b>	<b>\$ 417</b>	<b>\$ 2,150</b>	<b>\$ 371</b>	<b>\$ 476</b>	<b>\$ 398</b>	<b>\$ 1,245</b>	<b>\$ 2,303</b>

Total other expenses for the quarter were \$398,392 (2009: \$416,620), a decrease of \$18,228. The decrease is mainly due to a decrease in write-down of investments in Infinity and Harmony of \$17,583.

This is partly offset by an increase in labour, consulting and management costs of \$76,926, an increase in transfer and filing fees of \$3,764; an increase in travel of \$67,193; and an increase in audit, accounting and legal by \$66,822, primarily due to the legal fees related to the ongoing litigations (See “*Section 2 – Litigation*”). Stock based compensation increased by \$20,765 as stock purchase options were granted in fiscal June 2010.

## 5. Financial Position

TABLE 6: (\$000's)

### Summary Balance Sheets

(unaudited)

	31-Oct-10	January 31, 2010
Cash and cash equivalents	\$ 1,003	\$ 1,435
Receivables, prepaids and deposits	118	113
Project advances	-	-
Marketable securities	-	-
Property, plant and equipment	22	37
<b>Total Assets</b>	<b>\$ 1,143</b>	<b>\$ 1,585</b>
Accounts payable and accrued liabilities	\$ 33	\$ 92
<b>Total Liabilities</b>	<b>\$ 33</b>	<b>\$ 92</b>
Share capital	\$ 20,112	\$ 19,652
Contributed surplus	5,094	4,708
Deficit	(24,096)	(22,867)
<b>Total shareholders' equity</b>	<b>\$ 1,110</b>	<b>\$ 1,493</b>

Cash and cash equivalents of \$1,003,282 (January 31, 2010: \$1,434,475) were comprised of: cash of \$1,003,282 (January 31, 2010: \$1,434,475) and short term deposits of \$nil (January 31, 2009: \$nil).

Receivables, prepaids and deposits totaled \$117,825 (January 31, 2010: \$113,418) comprised of prepaid insurance, prepaid rent and advances of \$78,711; GST receivable of \$16,287; and other items including deposits on facilities of \$22,827.

Property, plant and equipment were \$22,028 (net) (January 31, 2010: \$37,120). This decrease is primarily due to amortization recognized in the period.

As at October 31, 2010, there were 90,538,930 (January 31, 2010: 74,303,930) shares, issued and outstanding. Table 7 below summarizes the changes in share capital from January 31, 2010 to October 31, 2010.

	Number of	
	Shares	Amount
Balance - January 31, 2010	74,303,930	19,652,024
Issuance of shares	100,000	6,000
Issuance of shares	16,135,000	806,750
Fair value assigned to warrants	-	(369,462)
Exercise of options	-	-
Exercise of warrants	-	-
Forfeiture of warrants	-	31,509
Share issue costs	-	(14,625)
<b>Balance - October 31, 2010</b>	<b>90,538,930</b>	<b>20,112,196</b>

As at October 31, 2010 the Company had 4,850,000 (January 31, 2010: 2,215,000) stock options and 48,429,571 (January 31, 2010: 35,239,015) warrants outstanding.

El Nino Ventures Inc.

[www.elninoventures.com](http://www.elninoventures.com)

## 6. Cash Flow, Liquidity and Capital Resources

TABLE 8: (\$000's)

**Summary of Cash Flows**

(unaudited)

	Three Months Ended 31-Oct-10	Three Months Ended 31-Oct-09	Nine Months Ended 31-Oct-10	Nine Months Ended 31-Oct-09
Net change of cash related to:				
Operations	\$ (261)	\$ (106)	\$ (985)	\$ (553)
Investing	(18)	(233)	(244)	(878)
Financing	792	385	798	385
Net change in cash during the period	\$ 513	\$ 46	\$ (431)	\$ (1,046)
Cash & equiv. - Beginning of period	490	62	1,434	1,154
Cash & equiv. - End of period	\$ 1,003	\$ 108	\$ 1,003	\$ 108

To fund its working capital, including exploration activities and corporate expenses, the Company requires access to capital markets to raise financing through equity offerings. All financing activities are currently provided through equity offerings. Due to a carry over into 2009 of the turmoil and uncertainty in the world-wide capital markets it was difficult to find attractive financing options. The Company during the last six months of 2009 was able to complete two non-brokered financings for gross proceeds of \$1,952,800 with an additional \$500,000 raised in January 2010. Also, the Company was able to complete a non-brokered financing- for gross proceeds of \$806,750 in October 2010. In order to preserve cash during these times of uncertainty, management has suspended drilling operations and has put its projects on a care and maintenance program until such time as it is deemed prudent and there is a resolution to the current litigation.

Cash outflows from operating activities before working capital adjustments for the nine months were \$984,877 (2009: \$552,933) and mainly consist of corporate costs (see “*Section 4 – Financial Performance Review*” above).

Cash outflows from investing activities for the nine months were \$244,441 (2009: \$877,763) which primarily related to the purchase of investments related to the funds sent to Infinity in the DRC.

Cash inflows from financing activities for the nine months resulted were \$798,125 (2009: \$384,691).

## 7. Contractual Obligations

The Company has no remaining contractual obligations under any of its property option agreements.

## 8. Related Party Transactions

- a. During the nine months ended October 31, 2010, the Company paid \$69,000 (2009: \$nil) for management fees to a company controlled by the acting Chief Executive Officer and director.
- b. During the nine months ended October 31, 2010, the Company paid \$65,000 (2009: \$nil) for consulting fees to a company controlled by the Chief Financial Officer and director.

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.

## 9. Critical Accounting Estimates and Risks & Uncertainties

For a full version of the Company's critical accounting estimates reference should be made to the Company's Management Discussion and Analysis and audited financial statements for the year ended January 31, 2010, which are available on the Company's website at [www.elninoventures.com](http://www.elninoventures.com) and at [www.sedar.com](http://www.sedar.com).

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

### *Basis of presentation and consolidation*

For the nine month period ended October 31, 2010, the Company accounted for its investments in Infinity and Harmony using the cost method rather than on a consolidated basis as the Company did not exercise control or significant influence over its investments in Infinity and Harmony during the nine month period ended October 31, 2010. As a result, the Company's financial statements at October 31, 2010 and for the nine month period then ended do not include the assets and liabilities and results of operations of Infinity and Harmony. During the nine month period ended October 31, 2010, the Company recorded a provision for write-down of \$244,441 as a result of a write-down of the investments carried at cost to a fair value of \$1.

El Nino Ventures Inc.

[www.elninoventures.com](http://www.elninoventures.com)

### *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 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.

### *International Financial Reporting Standards ("IFRS")*

In January 2006, the Canadian Accounting Standards Board adopted a strategic plan, which includes the decision to move financial reporting for Canadian publicly accountable enterprises to a single set of globally accepted standards, IFRS, as issued by the International Accounting Standards Board. The effective implementation date of the conversion from Canadian generally accepted accounting principles ("Canadian GAAP") to IFRS is January 1, 2011, with an effective transition date of January 1, 2010 for financial statements prepared on a comparative basis. The Company is engaged in an assessment and conversion process which may include consultation with external consulting firms and expects to be ready for the conversion to IFRS in advance of January 1, 2011. The Company's approach to the conversion to IFRS includes three phases.

- Phase one, an initial general diagnostic of its accounting policies and Canadian GAAP relevant to its financial reporting requirements to determine the key differences and options with respect to acceptable accounting standards under IFRS.
- Phase two, an in-depth analysis of the IFRS impact in those areas identified under phase one. The Company substantially completed assessing and quantifying IFRS transition adjustments. The Company's auditors are in the process of completing their review of these adjustments. A summary of this analysis is provided in Table 1 below.
- Phase three, the implementation of the conversion process, including the completion of the opening balance sheet together with related discussion and notes, is expected to be completed between now and January 1, 2011.

At this point, the Company's IT accounting and financial reporting systems are not expected to be significantly impacted. Further, the Company has in place internal and disclosure control procedures to ensure continued effectiveness during this transition period.

The above comments, including the summary in Table 1, should not be considered as a complete and final list of the changes that will result from the transition to IFRS as the Company intends to maintain a current and proactive approach based on changes in circumstances and no final determinations have been made. IFRS accounting standards, and the interpretation thereof, are constantly evolving. As a result, the Company expects there may be new or revised IFRS accounting standards prior to the issuance of its first IFRS financial statements. The Company is continuing to monitor IFRS accounting developments and updates and will assess their impact in the course of its transition process to IFRS.

Table 1. Summary of financial statements impact on transition from Canadian GAAP to IFRS.

<b>Key Area</b>	<b>Canadian GAAP (as currently applied)</b>	<b>IFRS</b>	<b>Analysis and preliminary conclusions</b>
Property, plant and equipment (“PP&E”)	PP&E is recorded at historical cost.  Depreciation is based on their useful lives after due estimation of their residual values.	PP&E can be recorded using the cost (on transition to IFRS, the then fair value can be deemed to be the cost) or revaluation models.  Depreciation must be based on the useful lives of each significant component within PP&E.	PP&E will continue to be recorded at their historical costs due to the complexity and resources required to determine fair values on an annual basis.  Based on an analysis of PP&E and its significant components, the Company has determined that no change to their useful lives is warranted and, therefore, depreciation expense will continue to be calculated using the same rates under IFRS.
Mineral properties	Exploration, evaluation and development costs are capitalized when incurred. They are amortized on the basis of production or written off when the prospect is no longer deemed prospective or is abandoned.	IFRS has limited guidance with respect to these costs and currently allows exploration and evaluation costs to be either capitalized or expensed.	The existing accounting policy will be maintained.
Asset retirement obligations (“ARO”)	Canadian GAAP limits the definition of ARO to legal obligations.	IFRS defines ARO as legal or constructive obligations.	The broadening of this definition is unlikely to cause a significant change in the Company’s current estimates.



<p>Impairment of long lived assets</p>	<p>Impairment tests of its long-term assets are considered annually based on indications of impairment.</p> <p>Impairment tests are generally done on the basis of undiscounted future cash flows.</p> <p>Write-downs to net realizable values under an impairment test are permanent changes in the carrying value of assets.</p>	<p>Impairment tests of “cash generating units” are considered annually in the presence of indications of impairment.</p> <p>Impairment tests are generally carried out using the discounted future cash flows.</p> <p>Write downs to net realizable values under an impairment test can be reversed if the conditions of impairment cease to exist.</p>	<p>Assets will continue to be grouped under the Company’s various mining operations. Currently, there are no indications of impairment and, therefore, no impairment test has been performed.</p> <p>Impairment tests using discounted values could generate a greater likelihood of write downs in the future.</p> <p>Potential significant volatility in earnings could arise as a result of the difference in the treatment of write-downs.</p>
<p>Stock-based compensation</p>	<p>Stock-based compensation is determined using fair value models (e.g. Black-Scholes) for equity-settled awards and the intrinsic model for cash-settled awards.</p> <p>The Company recognizes stock-based compensation on straight line method and updates the value of the options for forfeitures as they occur.</p> <p>The Company included stock-based compensation in contributed surplus and previously recognized compensation cost is not reversed if a vested employee stock option expires unexercised.</p>	<p>Stock-based compensation is determined using fair value models for all awards. However, upon settlement, cash-settled awards are adjusted to the value actually realized (intrinsic model).</p> <p>Under IFRS, stock-based compensation is amortized under the graded method only. In addition, the Company is required to update its value of options for each reporting period for expected forfeitures.</p> <p>IFRS does not preclude the Company from recognizing a transfer of compensation costs within equity (i.e. from contributed surplus to deficit) after vesting.</p>	<p>The utilization of fair value models for cash-settled awards will change the estimate of the related liability while the awards remain outstanding and create greater volatility in earnings until the awards are settled.</p> <p>The Company is in the final stages of quantifying the impact of this change on stock-based compensation.</p> <p>The Company does not intend to transfer stock-based compensation expense included in contributed surplus to another component of equity.</p>

Income taxes	<p>There is no exemption from recognizing a deferred income tax for the initial recognition of an asset or liability in a transaction that is not a business combination. The carrying amount of the asset or liability acquired is adjusted for the amount of the deferred income tax recognized.</p> <p>All deferred income tax assets are recognized to the extent that it is “more likely than not” that the deferred income tax assets will be realized.</p>	<p>A deferred income tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction affects neither accounting profit nor taxable profit.</p> <p>A deferred tax asset is recognized if it is “probable” that it will be realized.</p>	<p>The Company does not expect the difference in recognition of deferred income tax to have any significant change in the future.</p> <p>“Probable” in this context is not defined and does not necessarily mean “more likely than not”. The Company is in the final stages of quantifying the impact of this difference.</p>
Financial instruments	Financial instruments are classified as either held-to-maturity, available-for-sale, held-for-trading, loans and receivables or other financial liabilities.	Under IFRS 1, the Company may elect to reclassify any financial asset or liability to a fair value through profit or loss (“FVTPL”) designation.	The Company may choose to re-designate its available-for-sale investments as FVTPL.

The above assessment and conclusions are based on the analysis completed by the Company as of the date of this report and may be subject to change between now and January 1, 2011.

Key deliverables and milestones for the remainder of the year include:

- Finalization of the IFRS opening balance sheet
- Finalization of external auditor review
- Draft IFRS-compliant financial statements

It is expected that all items will be completed within the required timelines for conversion.

El Nino Ventures Inc.

[www.elninoventures.com](http://www.elninoventures.com)

### *Foreign Political Risk*

The Company's material properties are currently located in the DRC 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.

El Nino Ventures Inc.

[www.elninoventures.com](http://www.elninoventures.com)

### *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.

### *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.

### *Disclosure Controls and Internal Control over Financial Reporting*

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

TSX Venture listed companies are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"). In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **10. 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.

El Nino Ventures Inc.

[www.elninoventures.com](http://www.elninoventures.com)

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.

## **11. Outlook**

The Company's current focus is the exploration and development of its projects in the DRC, Copperbelt. The Company has identified a highly prospective copper/cobalt discovery through 17,500 metres of drilling to date on its Kasala property. Due to the spurious and fraudulent activities of its former country manager, Georges Kavvadias and his ongoing attempts to illegally transfer the exploration permits for Kasala as well as such time as the two default notices are settled by the Arbitration process currently scheduled to be heard on November 25, 2010, the Company has put its exploration activities on hold and its projects in a care and maintenance program. Due to the uncertainty of doing business in the DRC, the Company has begun to actively identify properties of merit for acquisition both in other areas of Africa as well as internationally.

Depending on the outcome of the current disputes identified previously in this document, it is the intent of the Company to continue to advance the Kasala project through a series of enhanced soil geochemical sampling, ground geophysics and drill programs in order to define an initial resource calculation. Management believes that it will have to demonstrate strong control over its affairs in the DRC before it will be able to attract experienced and qualified technical, administrative and financial personnel to implement the Company's overall business strategy. In the interim, the company has begun identifying those individuals who will be instrumental in moving the Company forward not only in the DRC, but potentially with acquisitions in other jurisdictions both within Africa as well as other areas internationally.

Even though current management has demonstrated its ability to raise funds in the past, there can be no assurance it will be able to do so in the future. As with all disputes, there is no guarantee that the results will be favorable towards the Company. Therefore there may be a need to restructure and rebrand the Company to reflect the Company's efforts to diversify and increase its property holdings. Because of these uncertainties, there is substantial doubt about the ability of the Company to continue as 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.

## 12. Additional Information

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.elninoventures.com](http://www.elninoventures.com).

*For more information, please contact:*

Mr. Harry Barr, Chairman & Acting CEO  
El Nino Ventures Inc.  
2303 West 41<sup>st</sup> Avenue,  
Vancouver, British Columbia, V6M 2A3

### TRADING SYMBOLS

TSX Venture Exchange: ELN  
Frankfurt Stock Exchange: E7Q



---

**El Nino Ventures Inc.**  
**(An Exploration Stage Company)**

INTERIM FINANCIAL STATEMENTS  
*Nine Months Ended October 31, 2010*  
*(Unaudited - Expressed in Canadian Dollars)*

---

EL NINO VENTURES INC.

2303 West 41<sup>st</sup> Avenue • Vancouver • British Columbia • Canada • V6M 2A3 • Telephone (604) 685-1870 • Fax (604) 683-4887

---



**El Nino Ventures Inc.**

**Interim Financial Statements**

**October 31, 2010**

(Unaudited – See “Notice to Reader” on following page)

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited interim financial statements for the period ended October 31, 2010 in accordance with Section 7050 of the CICA Handbook.

---

## Notice to Reader of the Interim Financial Statements

The interim financial statements of El Nino Ventures Inc. (the “Company”) and the accompanying interim balance sheet as at October 31, 2010 and the interim statements of loss, comprehensive loss and deficit and cash flows for the nine month period then ended are the responsibility of the Company’s management. These interim financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, James Stafford, Chartered Accountants.

The interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgements and estimates necessary to prepare these interim financial statements in accordance with Canadian generally accepted accounting principles.

“Harry Barr”

Harry Barr, Acting Chief Executive Officer  
November 23, 2010

“John Oness”

John Oness, Chief Financial Officer  
November 23, 2010

---

# El Nino Ventures Inc.

## Balance Sheets

As at October 31, 2010 and January 31, 2010

(Unaudited)

(Expressed in Canadian Dollars)

	October 31, 2010	January 31, 2010
	\$	\$ (Audited)
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,003,282	1,434,475
Amounts receivable and prepaids (Note 3)	117,825	113,418
Available-for-sale securities	1	1
	<u>1,121,108</u>	<u>1,547,894</u>
<b>Investments</b> (Note 4)	1	1
<b>Property, plant and equipment, net</b> (Note 5)	<u>22,028</u>	<u>37,120</u>
	<u>1,143,137</u>	<u>1,585,015</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	<u>33,089</u>	<u>91,745</u>
<b>Shareholders' Equity</b>		
<b>Share capital</b> (Note 7)	20,112,196	19,652,024
<b>Contributed surplus</b> (Note 9)	5,094,077	4,707,974
<b>Deficit</b>	<u>(24,096,225)</u>	<u>(22,866,728)</u>
	<u>1,110,048</u>	<u>1,493,270</u>
	<u>1,143,137</u>	<u>1,585,015</u>
<b>Nature of operations and going concern</b> (Note 1)		
<b>Related party transactions</b> (Note 11)		
<b>Commitments</b> (Note 14)		
<b>Contingencies</b> (Note 15)		
<b>Subsequent events</b> (Note 17)		

ON BEHALF OF THE BOARD:

“John Oness”, Director

“Spiros Cacos”, Director

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

# El Nino Ventures Inc.

## Statements of Loss, Comprehensive Loss and Deficit

### For the three and nine months ended October 31, 2010 and 2009

(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended October 31, 2010 \$	Three months ended October 31, 2009 \$ (Restated)	Nine months ended October 31, 2010 \$	Nine months ended October 31, 2009 \$ (Restated)
<b>Expenditures</b>				
<b>Net Exploration Expenditures</b> (Note 6)	-	-	-	11,832
<b>Other Expenses (Income)</b>				
Corporate costs (Note 16)	339,363	164,646	911,985	672,556
Stock-based compensation (Note 8)	35,765	15,000	64,111	74,000
Loss on derecognition of assets and liabilities (Notes 2 and 4)	-	-	-	748,152
Write-down of investments (Notes 2 and 4)	17,583	232,673	244,441	815,866
Depreciation and amortization	3,790	3,812	15,092	13,608
Foreign exchange loss (gain)	1,891	608	9,832	(18,464)
Interest income	-	(119)	(3)	(2,844)
	<u>398,392</u>	<u>416,620</u>	<u>1,245,458</u>	<u>2,302,874</u>
<b>Loss before income taxes</b>	<u>398,392</u>	<u>416,620</u>	<u>1,245,458</u>	<u>2,314,706</u>
<b>Loss for the period</b>	398,392	416,620	1,245,458	2,314,706
<b>Other comprehensive (income) loss</b>				
Unrealized loss on investments	-	-	-	-
Loss and comprehensive loss for the period	<u>398,392</u>	<u>416,620</u>	<u>1,245,458</u>	<u>2,314,706</u>
<b>Deficit – beginning of period</b>	<u>23,713,794</u>	<u>21,779,371</u>	<u>22,866,728</u>	<u>19,881,285</u>
<b>Deficit – end of period</b>	<u>24,112,186</u>	<u>22,195,991</u>	<u>24,112,186</u>	<u>22,195,991</u>
<b>Basic and diluted loss per share</b>	\$0.01	\$0.01	\$0.02	\$0.06
<b>Weighted average number of shares outstanding</b>	77,736,158	45,136,301	75,487,685	42,063,398

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

# El Nino Ventures Inc.

## Statements of Cash Flows

For the three and nine months ended October 31, 2010 and 2009

(Unaudited)

(Expressed in Canadian Dollars)

	Three months ended October 31, 2010 \$	Three months ended October 31, 2009 \$ (Restated)	Nine months ended October 31, 2010 \$	Nine months ended October 31, 2009 \$ (Restated)
<b>Cash flows from operating activities</b>				
Loss for the period	(398,392)	(416,620)	(1,245,458)	(2,314,706)
Items not affecting cash:				
Depreciation and amortization	3,790	3,812	15,092	13,608
Stock-based compensation (Note 9)	35,765	15,000	64,111	74,000
Foreign exchange gain	-	-	-	(2,886)
Loss on derecognition of assets and liabilities (Notes 2 and 4)	-	-	-	748,152
Write-down of investments (Notes 2 and 4)	17,583	232,673	244,441	815,866
	<u>(341,254)</u>	<u>(165,135)</u>	<u>(921,814)</u>	<u>(665,966)</u>
Changes in non-cash operating working capital:				
Receivables, prepaids and deposits	82,632	56,230	(4,407)	136,541
Accounts payable and accrued liabilities	<u>(2,803)</u>	<u>2,736</u>	<u>(58,656)</u>	<u>(23,508)</u>
	<u>(261,425)</u>	<u>(106,169)</u>	<u>(984,877)</u>	<u>(552,933)</u>
<b>Cash flows from financing activities</b>				
Restricted cash	-	(54,625)	-	(54,625)
Share issue costs	-	(13,484)	-	(13,484)
Issuance of common shares, net	<u>792,245</u>	<u>452,800</u>	<u>798,125</u>	<u>452,800</u>
	792,245	384,691	798,125	384,691
<b>Cash flows from investing activities</b>				
Purchase of investments (Notes 2 and 4)	(17,583)	(232,673)	(244,441)	(807,366)
Derecognition of cash (Notes 2 and 4)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,397)</u>
	<u>(17,583)</u>	<u>(232,673)</u>	<u>(244,441)</u>	<u>(877,763)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	513,237	45,849	(431,193)	(1,046,005)
<b>Cash and cash equivalents – Beginning of period</b>	<u>490,045</u>	<u>62,007</u>	<u>1,434,475</u>	<u>1,153,861</u>
<b>Cash and cash equivalents – End of period</b>	<u>1,003,282</u>	<u>107,856</u>	<u>1,003,282</u>	<u>107,856</u>

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

# **El Nino Ventures Inc.**

Notes to the Financial Statements

**For the nine months ended October 31, 2010 and 2009**

---

(Expressed in Canadian Dollars)

## **1. Nature of operations and going concern**

El Nino Ventures Inc. (the “Company”) was incorporated on February 19, 1988 under the laws of the Province of British Columbia, Canada. The Company is focusing its efforts on developing and growing its asset base. On May 4, 2010, the Company with its partner, Xstrata Zinc Canada, optioned its extensive claims in the Bathurst Mining Camp, New Brunswick, to Votorantim Metals Canada Inc. Votorantim Metals Inc. can earn up to 70% of the claims by spending \$20 million on exploration. In the Democratic Republic of Congo (“DRC”), the Company’s discovery on the Kasala property gives the Company a bona fide development project going forward. The Company is aggressively pursuing acquisitions globally.

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. Significant accounting policies**

### **Basis of presentation and consolidation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principals (“GAAP”) on a basis consistent with the annual financial statements of the Company. Disclosure requirements for interim financial statements do not contain all the information that is required of annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the audited financial statements for the year ended January 31, 2010 which are available on the Company’s website at [www.elninoventures.com](http://www.elninoventures.com).

The accounting policies followed by the Company are set out in Note 3 of the audited financial statements for the year ended January 31, 2010, and have been consistently followed in the preparation of these financial statements. Certain comparative figures have been reclassified to reflect the Company’s current presentation.

# El Nino Ventures Inc.

## Notes to the Financial Statements

### For the nine months ended October 31, 2010 and 2009

(Expressed in Canadian Dollars)

## 2. Significant accounting policies, continued

### Basis of presentation and consolidation, continued

For the nine month period ended October 31, 2010, the Company accounted for its investments in Infinity Resources SPRL (“Infinity”) and Harmony Resources SPRL (“Harmony”) using the cost method rather than on a consolidated basis as the Company did not exercise control or significant influence over its investments in Infinity and Harmony during the nine month period ended October 31, 2010. As a result, the Company’s financial statements at October 31, 2010 and for the nine month period then ended do not include the assets and liabilities and results of operations of Infinity and Harmony. During the nine month period ended October 31, 2010, the Company recorded a provision for write-down of \$244,441 (2009: \$815,866) as a result of a write-down of the investments carried at cost to a fair value of \$1 (Notes 4, 6a and 18).

### Estimates, risks, and uncertainties

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

## 3. Amounts receivable and prepaids

	October 31, 2010	January 31, 2010 (Audited)
Goods and Services (Harmonized Sales) Tax receivable	\$ 16,287	\$ 12,883
Loan receivable	58,278	6,584
Prepaids	20,433	82,846
Deposits	22,827	11,105
<b>Total</b>	<b>\$ 117,825</b>	<b>\$ 113,418</b>

## 4. Investments

For the nine month period ended October 31, 2010 and 2009, the Company accounted for its investments in Infinity and Harmony using the cost method as the Company did not exercise control or significant influence over its investments in Infinity and Harmony during the nine month period ended October 31, 2010 and 2009 (Notes 2, 6a and 18).

The method of accounting for these investments by the Company using the cost method at October 31, 2010 and for the nine month period then ended resulted in a loss on derecognition of assets and liabilities of \$nil (2009: \$748,152) for the nine month period ended October 31, 2010.

During the nine month period ended October 31, 2010, the Company recorded in the Statements of Loss, Comprehensive Loss and Deficit a write-down of its investments in Infinity and Harmony of \$244,441 (2009: \$815,866) to a fair value of \$1.

# El Nino Ventures Inc.

## Notes to the Financial Statements

### For the nine months ended October 31, 2010 and 2009

(Expressed in Canadian Dollars)

#### 5. Property, plant and equipment

	October 31, 2010			January 31, 2010 (Audited)		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Computer and office equipment	73,810	(51,782)	22,028	73,810	(36,690)	37,120
<b>Total</b>	<b>\$ 73,810</b>	<b>\$ (51,782)</b>	<b>\$ 22,028</b>	<b>\$ 73,810</b>	<b>\$ (36,690)</b>	<b>\$ 37,120</b>

#### 6. Mineral properties

Cumulative acquisition and exploration expenditures as at October 31, 2010 are as follows:

	Option maintenance costs	Exploration costs	Option payments received	October 31, 2010
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	551,536	-	604,505
Bancroft Properties, Canada	110,463	358,356	(386,250)	82,569
Harmony / Phoenix Projects, DRC	250,850	-	-	250,850
<b>Total</b>	<b>\$ 1,218,323</b>	<b>\$ 12,692,590</b>	<b>\$ (386,250)</b>	<b>\$13,524,663</b>

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

	Three months ended October 31, 2010	Three months ended October 31, 2009 (Restated)	Nine months ended October 31, 2010	Nine months ended October 31, 2009 (Restated)
<b>Zinc Project, Ireland</b>				
Consulting	\$ -	\$ -	\$ -	\$ 11,832
<b>Net exploration expenditures for the period</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,832</b>



# El Nino Ventures Inc.

Notes to the Financial Statements

**For the nine months ended October 31, 2010 and 2009**

---

(Expressed in Canadian Dollars)

## 6. Mineral properties, continued

### a. DRC Projects

In the DRC, the Company currently has two projects being Infinity and Harmony. Business in the DRC is conducted under the rules and regulations of the New Mining Code that came into effect in 2003.

#### i. Infinity Project

Pursuant to an agreement dated May 19, 2007, the Company exercised its option to acquire a 70% interest in certain mineral research permits (the "Infinity Mineral Research Permits") located between Lubumbashi and Likasi in the DRC from GCP Group Ltd. ("GCP") a private British Virgin Islands company (the "Mineral Property Option Agreement"). Total consideration to be paid consists of cash payments of US\$550,000 (US\$450,000 paid) and the issuance of 700,000 shares (600,000 issued). The remaining US\$100,000 and 100,000 shares that are payable and issuable, respectively, on May 18, 2010 are being held in trust pending the decision by the courts in B.C. in regards to the Company's petition to set-off the US\$100,000 and 100,000 shares against the \$850,000 being claimed by the Company as well as orders for arbitration to settle the disputes (Notes 7 and 15).

In February 2008, the Infinity Mineral Research Permits were transferred by GCP into Infinity in contemplation of the Company fulfilling all of the terms of the option agreement. The controlling shareholder of GCP is an officer of Infinity, and was retained by the Company under a management contract to manage the Company's DRC projects up until August 2009, at which time the contract expired and was not renewed (Note 15).

The Company's rights under the Mineral Property Option Agreement are subject to a 1.5% net smelter return royalty ("NSR") and the Company has the right to purchase an additional 20% interest in the Infinity Mineral Research Permits, the terms of which shall be negotiated as between the parties. Under the Mineral Property Option Agreement, the Company is the operator of any work programs and is responsible for funding all authorized and approved exploration, development, feasibility, capital and other costs ("Exploration Expenditures") relating to the exploration and development of the property until such time as the property reaches commercial production. Upon reaching commercial production, the Company will be entitled to reimbursement for all Exploration Expenditures incurred from the profits of such commercial production.

During the nine month period ended October 31, 2010, the Company accounted for its investment in Infinity using the cost method (Notes 2 and 4).

# El Nino Ventures Inc.

Notes to the Financial Statements

**For the nine months ended October 31, 2010 and 2009**

---

(Expressed in Canadian Dollars)

## 6. Mineral properties, continued

### a. DRC Projects, continued

#### ii. 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 (the “Harmony Mineral Research Permits”) in the DRC Copperbelt, located east of the Kinsevere Project of Anvil Mining (the “LOI”). As consideration, the Company issued 200,000 shares to MIM and committed to making exploration expenditures totalling 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 any time, to increase its interest to 85% by paying MIM the sum of US\$15.0 million.

In January 2009, the Harmony Mineral Research Permits were transferred by MIM into Harmony in contemplation of the Company fulfilling all of the terms of the option agreement.

Under the terms of the LOI, the Company is the operator and is responsible for all authorized and approved costs of exploration and development of the properties. If the property goes into production, the Company will be reimbursed all costs of exploration and development by Harmony before any profit split will be available to MIM.

In August 2010, through a check of the permit registry, the Company became aware that the permits related to the Harmony Project had not been properly maintained/transferred or renewed. The Company is in the process of reviewing its position regarding the terms of the LOI.

Total exploration expenditures related to the Harmony Project for the nine month period ended October 31, 2010 was \$Nil.

During the nine month period ended October 31, 2010, the Company accounted for its investment in Harmony using the cost method (Notes 2 and 4).

#### iii. 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 (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; as well as to pay US\$250,000 on December 16, 2009; US\$300,000 on December 16, 2010; US\$350,000 on December 16, 2011; and US\$1,100,000 on December 16, 2012 in order to maintain its interest in the Project.

# El Nino Ventures Inc.

Notes to the Financial Statements

**For the nine months ended October 31, 2010 and 2009**

---

(Expressed in Canadian Dollars)

## 6. Mineral properties, continued

### a. DRC Projects, continued

#### iii. Phoenix Project, continued

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

During the year ended January 31, 2010, the Company notified PMC, as per the agreement, that the Company would not be exercising its option on the property (Note 15).

### b. Bathurst Zinc Project, Bathurst, New Brunswick, Canada

The Company entered into an option agreement with Xstrata Canada Corporation – Xstrata Zinc Canada Division (“Xstrata Zinc”) 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.

On March 24, 2010, Votorantim Metals Canada Inc. (“Votorantim”) finalized its Option / Joint Venture Agreement with the Company and Xstrata Zinc to earn a 50% interest in the Bathurst Mining Camp project by incurring exploration expenditures of \$10 million over a period of five years. Votorantim can increase its interest to 70% by spending another \$10 million over an additional two years thereafter the Company and Xstrata Zinc interests would be reduced to 15% from 25% respectively.

### c. Zinc Project, Ireland

The Company held 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 paid \$20,000 and issued 29,000 shares fair valued at \$20,010 and will pay the Director \$40,000 on September 21, 2008 (to be paid in two equal instalments 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 greater of \$20,000 cash or 5% of the total exploration expenditures made by the Company in the twelve month period preceding the anniversary date of the licence grant. Once an aggregate of \$500,000 has been paid or the project is abandoned, the agreement will terminate.

# El Nino Ventures Inc.

Notes to the Financial Statements

**For the nine months ended October 31, 2010 and 2009**

(Expressed in Canadian Dollars)

## 6. Mineral properties, continued

### c. Zinc Project, Ireland, continued

In fiscal 2009, 2,840 metres of diamond drilling was performed. No significant mineralization was intersected and as a result the Company has decided to relinquish the licenses.

### d. 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 is evaluating the properties' future prospects to determine the next course of action.

## 7. Share capital

### Authorized

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

### Issued

	Number of Shares	Amount
Balance – January 31, 2010	74,303,930	\$ 19,652,024
Issuance of shares (Note 6a(i))	100,000	6,000
Issuance of shares (Note 7a)	16,135,000	806,750
Fair value assigned to warrants	-	(369,462)
Exercise of options	-	-
Exercise of warrants	-	-
Forfeiture of warrants	-	31,509
Share issue costs	-	(14,625)
<b>Balance – October 31, 2010</b>	<b>90,538,930</b>	<b>\$ 20,112,196</b>

### Placements

- On October 12, 2010, gross proceeds of \$806,750 were raised in a 16,135,000 unit private placement at a price of \$0.05 per unit, consisting of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one additional common share until October 12, 2013 at a price of \$0.10 per share. A commission of \$13,125 and \$1,500 other related cost were paid in connection with this financing.

# El Nino Ventures Inc.

## Notes to the Financial Statements

### For the nine months ended October 31, 2010 and 2009

(Expressed in Canadian Dollars)

#### 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% of the number of issued shares of the Company. The exercise price of any options granted under the plan will be determined by the Board of Directors, at its sole discretion, but shall not be less than the last closing price of the Company’s common shares on the day before the date on which the Directors grant such options, less the maximum discount permitted under the policies of the TSX Venture Exchange.

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, 2010	2,215,000	\$0.39
Granted	2,820,000	0.15
Exercised	-	-
Expired	-	-
Forfeited	(185,000)	0.19
<b>Balance – October 31, 2010</b>	<b>4,850,000</b>	<b>\$0.26</b>

At October 31, 2010 the following stock options were outstanding and exercisable:

Number of stock options outstanding	Number of stock options vested	Exercise Price	Expiry Date
115,000	115,000	\$0.50	March 29, 2011
615,000	615,000	\$0.60	July 11, 2012
150,000	100,000	\$0.70	January 24, 2013
200,000	133,333	\$0.60	April 1, 2013
150,000	100,000	\$0.60	September 3, 2013
800,000	800,000	\$0.10	December 29, 2013
2,820,000	266,668	\$0.15	June 25, 2015
<b>4,850,000</b>	<b>2,130,001</b>		

Stock-based compensation for the period ended October 31, 2010 was \$64,111 (2009: \$74,000).

##### Warrants

Warrant activity is summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – January 31, 2010	35,239,015	\$0.15
Granted	16,135,000	\$0.10
Expired	(2,944,444)	\$0.15
<b>Balance – October 31, 2010</b>	<b>48,429,571</b>	<b>\$0.13</b>

# El Nino Ventures Inc.

## Notes to the Financial Statements

### For the nine months ended October 31, 2010 and 2009

(Expressed in Canadian Dollars)

#### 8. Stock options and warrants, continued

##### Warrants, continued

At October 31, 2010, the following warrants were outstanding:

Date issued	Number of Shares	Exercise Price	Expiry Date
August 20, 2009	5,660,000	\$0.15	February 20, 2011
August 20, 2009	206,000	\$0.15	February 20, 2011
November 20, 2009	21,428,571	\$0.15	May 20, 2011
January 22, 2010	5,000,000	\$0.15	January 22, 2012
October 12, 2010	16,135,000	\$0.10	October 12, 2013
<b>Balance – October 31, 2010</b>	<b>48,429,571</b>		

#### 9. Contributed surplus

	October 31, 2010	January 31, 2010
Balance – Beginning of year	\$ 4,707,974	\$ 2,964,974
Fair value assigned to warrants	369,462	1,790,911
Fair value assigned to warrants on finders' fees	-	7,185
Exercise of options	-	-
Exercise of warrants	-	(15,407)
Forfeiture of warrants	-	(113,689)
Stock-based compensation	48,150	74,000
<b>Balance – End of period</b>	<b>\$ 5,094,077</b>	<b>\$ 4,707,974</b>

#### 10. Income taxes

A recovery of future income taxes in the amount of \$nil (2009: \$nil) was recorded for the nine month period ended October 31, 2010.

The Company has significant non-capital tax loss carry-forwards as well as accumulated Canadian and foreign exploration and development expenses that are available to reduce Canadian taxable income of future periods. Due to uncertainty surrounding the realization of future income tax assets, the Company has recognized a 100% valuation allowance against its future income tax assets. As such, no future income tax asset is recorded on the balance sheet.

# El Nino Ventures Inc.

## Notes to the Financial Statements

### For the nine months ended October 31, 2010 and 2009

(Expressed in Canadian Dollars)

#### 11. Related party transactions

The related party transactions are as follows:

- a. During the period, the Company paid \$69,000 (2009: \$nil) for management fees to a company controlled by the acting Chief Executive Officer and director.
- b. During the period, the Company paid \$65,000 (2009: \$nil) for consulting fees to a company controlled by the acting Chief Financial Officer and director.

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. Segmented information

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

The breakdown by geographic area for the nine month period ended October 31, 2010 is as follows:

	Canada	DRC	Republic of Ireland	Total
Total expenses	\$ 1,245,458	\$ -	\$ -	\$ 1,245,458
Current assets	\$ 1,121,108	\$ -	\$ -	\$ 1,121,108
Property, plant and equipment	\$ 22,028	\$ -	\$ -	\$ 22,028
Other assets	\$ 1	\$ -	\$ -	\$ 1
<b>Total assets</b>	<b>\$ 1,143,137</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,143,137</b>

The breakdown by geographic area for the year ended January 31, 2010 is as follows:

	Canada	DRC	Republic of Ireland	Total
Total expenses	\$ 2,961,084	\$ -	\$ 24,359	\$ 2,985,443
Current assets	\$ 1,547,894	\$ -	\$ -	\$ 1,547,894
Property, plant and equipment	\$ 37,120	\$ -	\$ -	\$ 37,120
Other assets	\$ 1	\$ -	\$ -	\$ 1
<b>Total assets</b>	<b>\$ 1,585,015</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,585,015</b>

# El Nino Ventures Inc.

Notes to the Financial Statements

**For the nine months ended October 31, 2010 and 2009**

(Expressed in Canadian Dollars)

## 13. Supplemental cash flow information

Cash and cash equivalents comprise the following:

	October 31, 2010	January 31, 2010
Cash on hand and balances in bank	\$ 1,003,282	\$ 1,434,475

## 14. Commitments

The Company has certain commitments that are related to exploration expenditures as disclosed in Note 6.

## 15. Contingencies

- a. As a result of the Company's notice of termination of the agreement with PMC, an order for the garnishment of the shares held by the Company in the share capital of Infinity was rendered at the request of PMC to guarantee payment of an alleged debt towards PMC (Note 6a(iii)). The Company received in May 2010, notice that the claim commenced in the DRC was dismissed by the Tribunal of Commerce of Lubumbashi. The Company successfully argued that the jurisdiction for hearing the claim is in British Columbia and not the DRC. As well, the orders for garnishment of the shares held by the Company in the share capital of Infinity have been removed and remain registered in the Company's name contrary to the representations of Georges Kavvadias and GCP. The Company continues to take the position that the actions of its previous Country Manager, Georges Kavvadias, GCP and PMC are both spurious and without merit. As a loss is not deemed to be likely, no accruals have been made as of October 31, 2010.

The Company received in May 2010, notice that the claim commenced in the DRC was dismissed by the Tribunal of Commerce of Lubumbashi. The decision is being appealed by Georges Kavvadias and GCP.

- b. The Company was served with a claim filed in the DRC by Georges Kavvadias, an officer of Infinity, and GCP (Note 6a(i)). An order for the garnishment of the shares held by the Company in the share capital of Infinity was rendered at the request of GCP to guarantee payment of an alleged debt towards GCP. The Company received in May 2010, notice that the claim commenced in the DRC was dismissed by the Tribunal of Commerce of Lubumbashi. The Company successfully argued that the jurisdiction for hearing the claim is in British Columbia and not the DRC. As well, the orders for garnishment of the shares held by the Company in the share capital of Infinity have been removed and remain registered in the Company's name contrary to the representations of Georges Kavvadias and GCP. The Company continues to take the position that the actions of its previous Country Manager, Georges Kavvadias, GCP and PMC are both spurious and without merit. As a loss is not deemed to be likely, no accruals have been made as of October 31, 2010.

The decision is being appealed by Georges Kavvadias and GCP.



# El Nino Ventures Inc.

Notes to the Financial Statements

**For the nine months ended October 31, 2010 and 2009**

---

(Expressed in Canadian Dollars)

## 15. Contingencies, continued

- c. On May 18, 2010, the Company delivered the final payments due under the Mineral Property Option Agreement with GCP to the Company's legal counsel, to be held in trust pending completion of the release instruction from GCP. On May 21, 2010, the Company received a notice of default related to the Mineral Property Option Agreement with GCP. GCP is also claiming that the Company has failed to pay exploration and development costs in the amount of US\$296,627. The Company denies it is in default and that it is indebted at all to GCP. The Company has served Georges Kavvadias and GCP a Notice of Dispute and petitioned the Supreme Court of British Columbia in response to two alleged defaults of the Mineral Property Option Agreement. The Company has stated in its Notice of Dispute and is prepared to prove that:
- The amounts claimed are not due and owing and that Georges Kavvadias and GCP despite repeated requests are unable to provide an accounting of the funds entrusted with him for the advancement of exploration works in the DRC.
  - GCP is in breach of the Representations and Warranty contained in the Mineral Property Option Agreement.
  - A claim of USD \$850,349, for the right to set-off, as against any sums which may be due and owing to Georges Kavvadias and GCP, as well as unspecified damages for breach of the agreements by Georges Kavvadias and GCP and for further damages for fraud and fraudulent misrepresentation by Georges Kavvadias and GCP.

In addition to the above, the Company is claiming that Georges Kavvadias breached the Mineral Property Option Agreement, in addition to the breach of warranty, by purloining funds provided to him, by denying the Company access to financial information and the Company's leased premises, equipment and property in the DRC and refusing to follow the budgetary decisions of the Company.

Following receipt from GCP of the Notices of Default relating to the Mineral Property Option Agreement, the Company has invoked the arbitration clauses contained in the agreements. Whereas in the past, GCP has commenced litigation both in British Columbia which has been resolved and in the DRC which has been dismissed, with respect to past disputes, the Company's purpose for invoking the arbitration clause is to obtain a quick resolution of the current disputes.

In August 2010, a date for the hearing for the dispute was set for November 25, 2010.

# El Nino Ventures Inc.

## Notes to the Financial Statements

### For the nine months ended October 31, 2010 and 2009

(Expressed in Canadian Dollars)

#### 16. Corporate costs

Details of corporate costs are as follows:

	Three months ended October 31, 2010 \$	Three months ended October 31, 2009 \$ (Restated)	Nine months ended October 31, 2010 \$	Nine months ended October 31, 2009 \$ (Restated)
Audit, accounting and legal (recovery)	63,820	(3,002)	174,646	39,720
Labour, consulting and management fees	186,732	109,806	452,058	404,364
Office and miscellaneous	40,014	49,084	123,255	122,538
Promotion and shareholder relations	1,144	2,062	35,349	58,531
Transfer and filing fees	9,857	6,093	42,616	30,522
Travel	37,796	603	84,061	16,881
<b>Corporate costs for the period</b>	<b>\$ 339,363</b>	<b>\$ 164,646</b>	<b>\$ 911,985</b>	<b>\$ 672,556</b>

#### 17. Subsequent events

There are no subsequent events for the period from the date of the nine month period ended 31 October 2010 to the date the financial statements were available to be issued on 23 November 2010.

# El Nino Ventures Inc.

## Notes to the Financial Statements

### For the nine months ended October 31, 2010 and 2009

(Expressed in Canadian Dollars)

#### 18. Restatement of financial statements

The financial statements as at October 31, 2009 and for the three and nine month period then ended have been restated to account for the Company's investments in Infinity and Harmony using the cost method rather than on a consolidated basis as the Company did not exercise control or significant influence over its investments in Infinity and Harmony during the nine period ended October 31, 2009. As a result, the Company recorded a loss on derecognition of assets and liabilities of \$748,152 and a write-down of its investments in Infinity and Harmony of \$815,866 (Notes 2 and 4).

Changes in the balance sheet as at October 31, 2009 are as follows:

	Formerly Reported \$	Increase (Decrease) \$	Amended and Restated \$
<b>Assets</b>			
Cash and cash equivalents	144,504	(36,648)	107,856
Restricted cash	54,625	-	54,625
Amounts receivable and prepaids	123,220	(64,535)	58,685
Available-for-sale securities	1	-	1
Investments	-	1	1
Property, plant and equipment, net	498,986	(461,866)	37,120
<b>Total assets</b>	<b>821,336</b>	<b>(563,048)</b>	<b>258,288</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	270,233	-	270,233
Asset retirement obligation	43,096	(43,096)	-
	<u>313,329</u>	<u>(43,096)</u>	<u>270,233</u>
<b>Shareholders' Equity</b>			
Share capital	19,050,166	-	19,050,166
Contributed surplus	3,133,880	-	3,133,880
Deficit	(21,682,221)	(513,770)	(22,195,991)
	<u>501,825</u>	<u>(513,770)</u>	<u>(11,945)</u>
Non-controlling interests	6,182	(6,182)	-
	<u>508,007</u>	<u>(519,952)</u>	<u>(11,945)</u>
<b>Total liabilities and shareholders' equity</b>	<b>821,336</b>	<b>(563,048)</b>	<b>258,288</b>

# El Nino Ventures Inc.

## Notes to the Financial Statements

### For the nine months ended October 31, 2010 and 2009

(Expressed in Canadian Dollars)

#### 18. Restatement of financial statements, continued

Changes in the statement of loss, comprehensive loss and deficit for the three months ended October 31, 2009 are as follows:

	Formerly Reported \$	Increase (Decrease) \$	Amended and Restated \$
<b>Net Exploration Expenditures</b>	<u>281,975</u>	<u>(281,975)</u>	<u>-</u>
<b>Other Expenses (Income)</b>			
Corporate costs	164,646	-	164,646
Stock-based compensation	15,000	-	15,000
Write-down of investments	-	232,673	232,673
Depreciation and amortization	3,812	-	3,812
Foreign exchange loss (gain)	401	207	608
Interest income	(119)	-	(119)
<b>Loss for the period</b>	<u>465,715</u>	<u>(49,095)</u>	<u>416,620</u>
<b>Basic and diluted loss per share</b>	\$ 0.010	\$ (0.001)	\$ 0.009
<b>Weighted average number of shares outstanding</b>	<u>45,136,301</u>	<u>-</u>	<u>45,136,301</u>

Changes in the statement of loss, comprehensive loss and deficit for the nine months ended October 31, 2009 are as follows:

	Formerly Reported \$	Increase (Decrease) \$	Amended and Restated \$
<b>Net Exploration Expenditures</b>	<u>991,300</u>	<u>(979,468)</u>	<u>11,832</u>
<b>Other Expenses (Income)</b>			
Corporate costs	675,441	(2,885)	672,556
Stock-based compensation	74,000	-	74,000
Loss on derecognition of assets and liabilities	-	748,152	748,152
Write-down of investments	-	815,866	815,866
Depreciation and amortization	13,608	-	13,608
Foreign exchange loss (gain)	49,431	(67,895)	(18,464)
Interest income	(2,844)	-	(2,844)
<b>Loss for the period</b>	<u>1,800,936</u>	<u>513,770</u>	<u>2,314,706</u>
<b>Basic and diluted loss per share</b>	\$ 0.043	\$ 0.012	\$ 0.055
<b>Weighted average number of shares outstanding</b>	<u>42,063,398</u>	<u>-</u>	<u>42,063,398</u>

# El Nino Ventures Inc.

## Notes to the Financial Statements

### For the nine months ended October 31, 2010 and 2009

(Expressed in Canadian Dollars)

#### 18. Restatement of financial statements, continued

Changes in the statement of cash flows for the three months ended October 31, 2009 are as follows:

	Formerly Reported \$	Increase (Decrease) \$	Amended and Restated \$
<b>Cash flows from operating activities</b>			
Loss for the period	(465,715)	49,095	(416,620)
Items not affecting cash:			
Depreciation and amortization	55,622	(51,810)	3,812
Asset retirement obligation	(64)	64	-
Stock-based compensation	15,000	-	15,000
Write-down of investments	-	232,673	232,673
Changes in non-cash operating working capital:			
Receivables, prepaids and deposits	64,649	(8,419)	56,230
Accounts payable and accrued liabilities	2,736	-	2,736
	(327,772)	221,603	(106,169)
<b>Cash flows from financing activities</b>			
Restricted cash	(54,625)	-	(54,625)
Share issue costs	(13,484)	-	(13,484)
Issuance of common shares, net	452,800	-	452,800
	384,691	-	384,691
<b>Cash flows from investing activities</b>			
Purchase of investments	-	(232,673)	(232,673)
<b>Increase (decrease) in cash and cash equivalents</b>	56,919	(11,070)	45,849
<b>Cash and cash equivalents – Beginning of period</b>	87,585	(25,578)	62,007
<b>Cash and cash equivalents – End of period</b>	144,504	(36,648)	107,856

# El Nino Ventures Inc.

## Notes to the Financial Statements

### For the nine months ended October 31, 2010 and 2009

(Expressed in Canadian Dollars)

#### 18. Restatement of financial statements, continued

Changes in the statement of cash flows for the nine months ended October 31, 2009 are as follows:

	Formerly Reported \$	Increase (Decrease) \$	Amended and Restated \$
<b>Cash flows from operating activities</b>			
Loss for the period	(1,800,936)	(513,770)	(2,314,706)
Items not affecting cash:			
Depreciation and amortization	169,324	(155,716)	13,608
Asset retirement obligation	(6,360)	6,360	-
Shares issued for mineral properties	8,500	(8,500)	-
Stock-based compensation	74,000	-	74,000
Foreign exchange gain	-	(2,886)	(2,886)
Loss on derecognition of assets and liabilities	-	748,152	748,152
Write-down of investments	-	815,866	815,866
Changes in non-cash operating working capital:			
Receivables, prepaids and deposits	184,932	(48,391)	136,541
Accounts payable and accrued liabilities	(23,508)	-	(23,508)
	<u>(1,394,048)</u>	<u>841,115</u>	<u>(552,933)</u>
<b>Cash flows from financing activities</b>			
Restricted cash	(54,625)	-	(54,625)
Share issue costs	(13,484)	-	(13,484)
Issuance of common shares, net	452,800	-	452,800
	<u>384,691</u>	<u>-</u>	<u>384,691</u>
<b>Cash flows from investing activities</b>			
Purchase of investments	-	(807,366)	(807,366)
Derecognition of cash	-	(70,397)	(70,397)
	<u>-</u>	<u>(877,763)</u>	<u>(877,763)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,009,357)</b>	<b>(36,648)</b>	<b>(1,046,005)</b>
<b>Cash and cash equivalents – Beginning of period</b>	<b>1,153,861</b>	<b>-</b>	<b>1,153,861</b>
<b>Cash and cash equivalents – End of period</b>	<b>144,504</b>	<b>(36,648)</b>	<b>107,856</b>