Amended and Restated

EL NINO
VENTURES INC.
An international base metals exploration company

TSX.V: ELN OTCQX: ELNOF FSE: E7Q

# MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED 31 JULY 2012

*20 December 2012*

*The following management discussion and analysis ("MD&A") should be read in conjunction with the unaudited condensed interim financial statements and accompanying notes ("Financial Statements") of El Nino Ventures Inc. (the "Company") for the six month period ended 31 July 2012. Results have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All monetary amounts are 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 .*

*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.*

## 1. Overview of the Company

El Nino Ventures Inc. (the “Company”, “ELN”) was incorporated on 19 February 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 at 31 July 2012, the Company had 58,743,870 shares outstanding after the stock consolidation on 21 October 2011, with a total market capitalization of approximately $6.5 million. The Company shares trade on the TSX Venture Exchange (“ELN”), OTCQX (“ELNOF”) and the Frankfurt Stock Exchange (“E7Q”).

The Company is focusing its efforts on developing and growing its asset base. On 4 May 2010, the Company with its partner, Xstrata Zinc Canada Corporation – Xstrata Zinc Canada (“Xstrata Zinc”), optioned its extensive claims in the Bathurst Mining Camp, New Brunswick, to Votorantim Metals Canada Inc. (“VM Canada”) and can earn up to 70% of the claims by spending $20 million on exploration. In the DRC, the Company’s discovery on the Kasala Project (formerly Infinity Project) gives the Company a highly prospective project going forward. The Company is continuing to pursue acquisitions globally.

**Bathurst Option JV Base Metals Project (“The BOJV Project”) (Previously known as Bathurst Mining Camp Project, TriParty Agreement)) –** The BOJV Project is a 50/50 Joint Venture with ELN and Xstrata Zinc. The Tri-Party Agreement allows for VM Canada to earn up to 50% of the project by incurring exploration expenditures of $10 million over a period of 5 years. VM Canada may further increase its interest to 70% by spending an additional $10 million over 2 years.

The BOJV Project consists of an initial 4,712 claims in the Tri-Party Agreement with Xstrata Zinc & VM Canada. In January 2009, VM Canada entered into a binding MOU with Xstrata Zinc Corporation and the Company to pursue an Option-Joint Venture Agreement, whereby VM Canada may earn up to a 70% interest in those properties by making exploration expenditures of $20,000,000 over a period of seven years. Following a six-month period of due diligence, the companies entered negotiations to reach a final Option-JV Agreement which was concluded in July 2010. Meanwhile, VM Canada commenced exploration in August 2009 with a program of airborne and surface geophysical surveys, geochemistry, geological mapping, compilation of historical data and research into advanced exploration technologies suitable for application in the Bathurst Mining Camp (BMC). In the early part of 2010, VM Canada made application to the Government of New Brunswick (“GNB”) for financial assistance to apply new exploration methods. An Advanced Exploration Agreement (“AE Agreement”) between the GNB and VM Canada was executed in late September, 2010 regarding the implementation of a program that would match VM Canada’s exploration expenditures with GNB contributions. These expenditures are to be no less than $1,000,000 and no more than $2,500,000 per year for three years, for a maximum, total, GNB contribution of up to $7,500,000. GNB expenditures together with VM

Canada's expenditures would therefore result in exploration expenditures of up to $15,000,000 over the life of the AE Agreement. The effective date of this agreement is 1 April 2010.

In February 2011, The Company commenced the $5 million exploration program consisting of airborne and ground geophysics and drilling.

A Fugro Airborne Survey was completed over two large areas in the BOJV in May 2011. This was the first ever commercial survey using the 'Falcon' Gravity Gradiometer in a helicopter platform.

On 24 April 2012, The Company provided the results of $859,000 exploration program in H2-2011, consisting of airborne and surface geophysical surveys, geological mapping, compilation of historical data and research into advanced exploration technologies suitable for application in the BMC. This program was fully funded by VM Canada. Table 1 below illustrates the exploration activities performed from July to 31 December 2011.

**Figure 1- Exploration Activities Performed from July to 31 December 2011**

| | | |
|---|---|---|
| Diamond Drilling | 16 Drill holes | 5,011 m |
| Ground Geophysics | 2 Grids | 46.5 kilometres |
| Borehole Geophysics | 2 Drill holes | 450 m |
| Geological Mapping | 2 Claims | 12 Days |
| Airborne Gravity Gradiometry | 2 survey blocks7,727 km Completed in May 2011 | Results received from contractor |

**2012-2013 Exploration Plans for BOJV project:**

**2012-Q1:** Three drill holes were completed on third party options, in the Brunswick Belt, for a total of 1,975 metres ("m") to test for base metal mineralization at depth. No significant mineralization was intersected. These three drill holes as well as three holes completed in Q4 2011 were tested by borehole pulse electro- magnetic survey (EM survey), however no anomalies were detected.

**2012-Q2 to Q4 and 2013 Q1:** It is planned to drill-test airborne gravity gradiometer targets throughout the remainder of 2012. Ground geophysical surveys will be performed if necessary to refine some gravity targets.

**Murray Brook Project –** On 1 November 2010, VM Canada entered into an Option and Joint Venture Agreement with Murray Brook Minerals Inc. ("MBM") and Murray Brook Resources Incorporated ("MBR") concerning the Murray Brook Mining Lease No. 252 and the Camel Back

Claims Block No. 4925 (the “Properties"). Under VM Canada’s Option and Joint Venture Agreement with MBM and MBR, VM Canada can earn a 50% interest in the Properties, by funding $2,250,000 in exploration expenditures and making payments totaling $300,000 over a three year period commencing 1 November 2011. VM Canada can earn an additional 20% interest in the Properties by funding an additional $2,250,000 in exploration expenditures over an additional two year period.

The Murray Brook deposit is a polymetallic, volcanic hosted massive-sulfide deposit and is the fifth largest open pitiable deposit in the Bathurst Mining Camp, BMC. The property is located approximately 60 km west of Bathurst, New Brunswick, in Restigouche County, within the BMC. An existing gravel road accesses the property from a paved highway. The electricity grid is nearby, as are communities with goods, services and skilled labor. The gossan zone was removed during the open-pit mining operations carried out by Novagold Resources Inc. during the early 1990s. The hanging wall is moderately chloritic and is locally intensely deformed. The foot wall consists of fine grained, felsic tuff and tuffaceous sediments with moderate to strong chlorite and sericite alteration. Sulfides are mainly fine grained, massive, vaguely laminated pyrite with disseminated and banded sphalerite, chalcopyrite and galena. Removal of the gossan also removed any evidence of previous drilling within the shallow pit area. Consequently, VM Canada’s due diligence process to acquire the Murray Brook deposit required the confirmation of several historically reported drill results in addition to compilation of previous work. Significant drill results from the due diligence, drill twin-hole program included massive-sulfide intersections that were similar in width, position and positively confirmed the grades for copper, lead, zinc, gold and silver reported from the three previously drilled holes.

In January 2011, the Company provided notice to VM Canada to enter into a Participation Agreement on the Murray Brook Massive-sulfide Polymetallic Deposit situated in the BMC in New Brunswick, Canada. (See press release dated 20 January 2011).

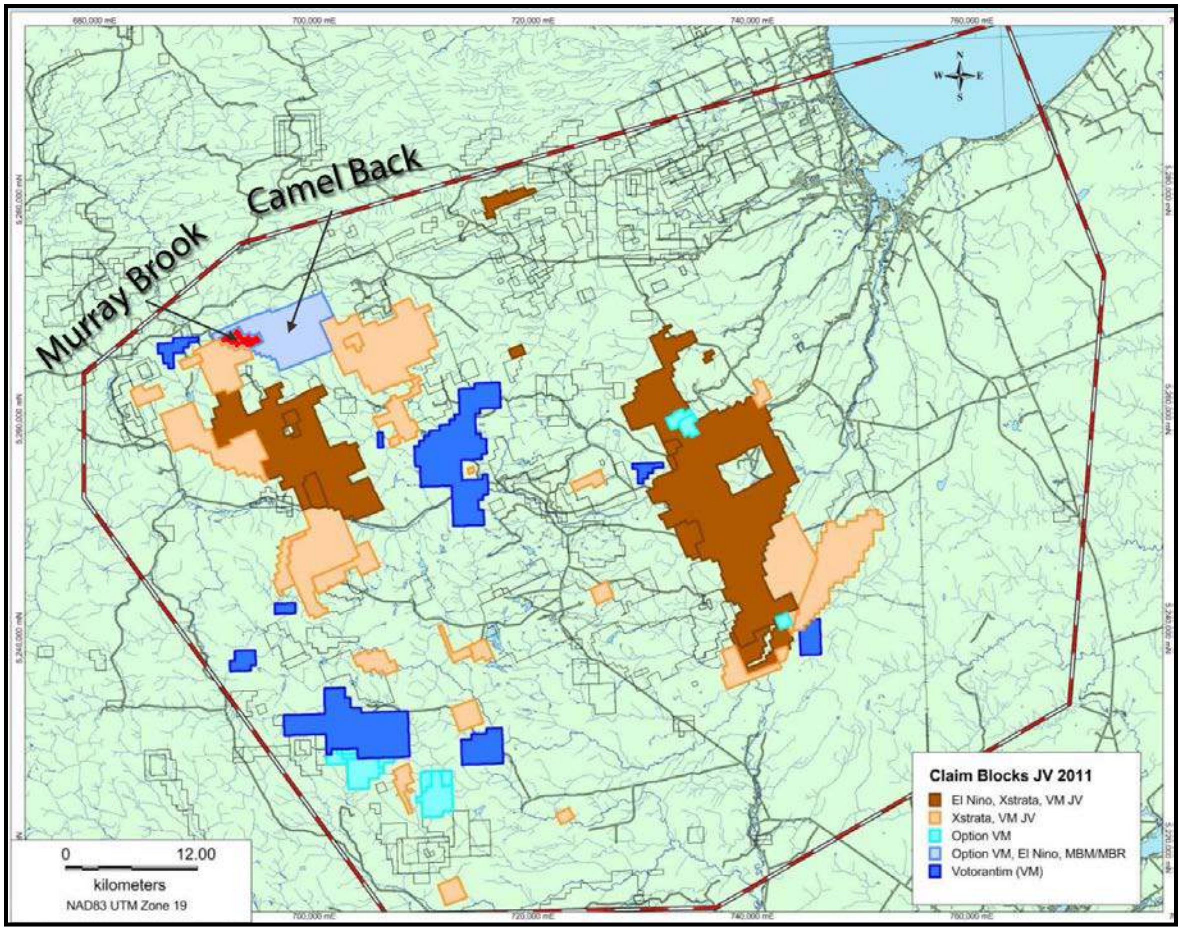


Image 1-Land tenure map showing the location of the Murray Brook Project in the BMC

In 2011, the Company and VM Canada spent $2.1 million on exploration. The entire 2011 program consisted of 60 vertical drill holes, totaling 10,327.5 m. The 2011 drill program was designed to start on the south, near-surface, portion of the deposit where thick, massive sulfide intercepts of high-grade zinc were recorded in historic drilling. The drill program then moved to the north, to systematically test deeper portions of the massive sulfide body. The 2011 drill program was successful in defining the deposit in areas of low drill-density, confirming higher grade intercepts in historic drilling, and delineating the margins of the massive sulfide body. Table 2 shows significant drill results from 2011 drilling program.

Murray Brook's 2012 exploration program is budgeted for $3.0 Million and consists of a multi-phase drill program and a NI 43-101 resource estimate with preliminary tonnage and grade calculations. This study was completed and announced on 28 February 2012.

**Figure 2 Significant drill results from 2011 drilling program**

| Hole ID | From m | To m | Interval m | Cu % | Pb % | Zn % | Au_ppm | Ag_ppm |
|---|---|---|---|---|---|---|---|---|
| MB-2011-15 | 29.00 | 35.30 | 6.30 | 0.16 | 1.21 | **3.84** | 0.11 | 8.38 |
| MB-2011-17 | 24.10 | 126.65 | **102.55** | **0.65** | 0.47 | 1.84 | 0.20 | 23.65 |
| MB-2011-18 | 47.00 | 107.00 | **60.00** | **1.01** | 0.04 | 0.19 | 0.20 | 11.95 |
| MB-2011-19 | 23.00 | 77.00 | **54.00** | **0.40** | 0.43 | 1.14 | 0.86 | 22.29 |
| MB-2011-20 | 15.00 | 125.00 | **110.00** | 0.32 | 0.71 | 2.41 | 0.25 | 27.34 |
| MB-2011-21 | 19.65 | 31.60 | 11.95 | **0.90** | 0.04 | 0.15 | 0.16 | 10.72 |
| MB-2011-22 | 17.60 | 95.20 | **77.60** | 0.29 | 0.81 | 2.42 | 0.44 | 32.96 |
| MB-2011-23 | 31.50 | 107.00 | **75.50** | **0.38** | 0.68 | 2.16 | 0.30 | 24.69 |
| MB-2011-24 | 38.00 | 55.90 | 17.90 | 0.08 | 0.43 | 0.68 | 0.03 | 8.56 |
| MB-2011-26 | 29.00 | 142.70 | **113.70** | **0.31** | 0.26 | 1.19 | 0.26 | 18.94 |
| MB-2011-27 | 38.00 | 69.50 | **31.50** | 0.51 | 0.20 | 0.85 | 0.31 | 14.03 |
| MB-2011-28 | 38.00 | 42.50 | 4.50 | **0.34** | 0.20 | 0.63 | 0.04 | 7.82 |
| MB-2011-29 | 21.00 | 57.30 | **36.30** | 0.19 | 0.92 | 1.90 | 0.80 | 33.39 |
| MB-2011-30 | 44.00 | 103.00 | **59.00** | 0.14 | 1.55 | **4.58** | **0.51** | **68.15** |
| MB-2011-30 | 44.00 | 103.00 | **59.00** | 0.14 | 1.55 | **4.58** | 0.51 | **68.15** |
| MB-2011-31 | 53.00 | 193.30 | **140.30** | 0.32 | 1.03 | **3.73** | 0.27 | **43.24** |
| MB-2011-33 | 59.00 | 215.10 | **156.10** | **0.23** | 0.85 | **2.64** | 0.41 | 29.94 |
| MB-2011-34 | 129.60 | 212.00 | **82.40** | 0.13 | 1.19 | **5.05** | 0.30 | **44.04** |
| MB-2011-34 | 129.60 | 212.00 | **82.40** | 0.13 | 1.19 | **5.05** | 0.30 | **44.04** |
| MB-2011-37 | 88.00 | 234.40 | **146.40** | 0.16 | 1.33 | **3.83** | 0.45 | **49.20** |
| MB-2011-39 | 118.90 | 222.00 | **103.10** | 0.11 | 1.81 | **5.45** | 0.51 | **65.70** |
| MB-2011-48 | 60.50 | 161.00 | **100.50** | 0.16 | 1.71 | **4.65** | 0.36 | **56.50** |
| MB-2011-49 | 35.00 | 181.00 | **146.00** | 0.59 | 1.40 | **3.85** | 0.63 | **56.10** |
| MB-2011-52 | 159.50 | 231.70 | **72.20** | 0.26 | **2.33** | **5.61** | 0.71 | **77.70** |
| MB-2011-54 | 156.20 | 201.00 | **44.80** | 0.17 | 1.55 | **4.26** | 0.70 | **60.70** |
| MB-2011-57 | 143.30 | 231.00 | **87.70** | 0.14 | **2.77** | **7.23** | 0.61 | **103.30** |
| MB-2011-63 | 168.40 | 240.00 | **71.60** | 0.18 | 1.89 | **4.98** | 0.91 | **79.90** |

## Murray Brook 2012 Mineral Resource Estimate

The resource estimate, which includes explanatory footnotes, is tabulated in Figure 3 below. The resource estimate is based on various assumptions regarding mining methods, processing and metal recoveries, payable metal net smelter return royalty ("NSR") credits and metal prices. This estimate makes no provision for capital costs to mine the deposit, nor mill the material mined, as resources are not reserves and the reader should not presume economic viability.

**Figure 3- Murray Brook Mineral Resource Estimate Summary**

| Category | NSR Cut-Off $/t | Tonnes | Cu% | Pb% | Zn% | Au g/t | Ag g/t |
|---|---|---|---|---|---|---|---|
| Measured | $20 | 1,620,873 | 0.27 | 1.19 | 3.53 | 0.5 | 44.1 |
| Indicated | $20 | 17,063,441 | 0.43 | 0.93 | 2.52 | 0.51 | 38.8 |
| M + I | $20 | 18,684,314 | 0.42 | 0.95 | 2.61 | 0.5 | 39.3 |
| Inferred | $20 | 3,020,893 | 0.62 | 0.75 | 1.83 | 0.75 | 35 |

*Mineral resources which are not mineral reserves do not have demonstrated economic viability.*
*The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
*(1) The quantity and grade of reported Inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred resources as an Indicated or Measured mineral resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured mineral resource category.*
*(2) The mineral resources in this news release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standard Committee on Reserve Definitions and adopted by CIM Council*
*(3) The Dec 31, 2011 two year trailing average US metal prices used in this estimate were $3.71/lb Cu, $1.03/lb Pb, $0.98/lb Zn, $1,397/oz Au, $27.63/oz Ag. The C$/US$ Exchange rate was 0.99.*
*(4) Overall payable metal in the NSR calculation were 81% Cu, 72% Pb, 64% Zn, 71% Au and 56% Ag.*
*(5) Mineral resources were determined within a Whittle pit shell with 45 degree slopes utilizing mining costs of C$2.50/tonne for mineralized material and waste rock, and C$1.75/tonne for overburden.*
*(6) Costs used to determine the C$20/tonne NSR resource cut-off value were processing at C$15/tonne and G&A C$5/tonne.*
*(7) The Murray Brook Mineral Resource Estimate was undertaken by Eugene Puritch, P.Eng. of P&E Mining Consultants Inc.*

As of 31 July 2012, earn-in expenditures and property payments (by both ELN and VM Canada) totaled $3,900,000 and $300,000 respectively, of which ELN contributed 50% as its share of the costs to earn its initial 25% interest. All expenditures which exceed the initial earn-in amount of $2,250,000 will be counted towards the $2,250,000 required to earn the additional 20%. Upon earning in for 70%, the parties will enter into a formal Joint Venture agreement consisting of the following; ELN-35%/VM Canada-35%/MBM-30%.

**2012-2013 Exploration Program:**

A minimum $3 million budget has been proposed for the remainder of 2012 exploration program. The budget includes $2.5 million for diamond drilling work on the Murray Brook deposit and a $500,000 exploration program on the Murray Brook property and the adjacent Camel Back property. The Camel Back property is located in the area between the Murray Brook deposit to the west, which is one of the largest massive sulfide deposits in the Bathurst Mining Camp (BMC), and the Caribou deposit to the east which was recently acquired by Trevali Mining Corporation.

The 2012 exploration program consists of:

- $2.5 million budgeted for drill programs to develop the project including:
    - An 18,470 m drill program that began February 2012 and was completed on 17 June 2012.
    - Delineate the outer perimeter of the Murray Brook deposit and advance the resources into the measured (highest confidence) category

- $0.5 million budgeted for exploration of the Murray Brook and Camel Back Properties
    - Mapping and prospecting
    - Ground gravity geophysics
    - 2,000 m of drilling with bore-hole EM surveys

**Metallurgy**

Metallurgical test-work of bulk sample material from the Murray Brook deposit is currently underway at RPC Laboratories (Fredericton, New Brunswick), under the direction of Votorantim Metals Canada Inc., the operators of the Murray Brook Project. Three holes were drilled to provide sample materials for metallurgical tests. The test-work is focused on determining potential metal recoveries based on a recommended metals recovery process flowsheet which, subsequently, will form the basis for a small scale metallurgical pilot plant program. Metallurgical results, along with a revised resource estimate which will incorporate 2012 drill results, will form the basis of a Preliminary Economic Assessment (PEA or Scoping Study) to be completed in Q1 2013.

Over the past couple of months, the company has announced strong results, from 2012 drilling program. Table 4 shows significant drill results from the 2012 drilling program.

**Figure 4 Significant drill results from 2012 drilling program**

| Hole ID | From m | To m | Interval m | Cu % | Pb % | Zn % | Au ppm | Ag ppm |
|---|---|---|---|---|---|---|---|---|
| MB-2012-66 | 32.00 | 48.50 | 16.50 | 0.37 | 1.50 | 3.03 | 1.412 | 65.2 |
| MB-2012-66 | 51.00 | 62.00 | 11.00 | 0.17 | 1.69 | 3.40 | 1.216 | 65.4 |
| MB-2012-67 | 15.00 | 41.00 | 26.00 | 0.32 | 1.41 | 3.35 | 1.071 | 62.0 |
| MB-2012-67 | 77.65 | 83.00 | 5.35 | 0.11 | 1.26 | 2.92 | 0.604 | 61.8 |
| MB-2012-68 | 207.22 | 216.00 | 8.78 | 0.06 | **2.24** | **7.29** | **0.163** | **62.5** |
| MB-2012-68 | 220.00 | 236.00 | 16.00 | 0.10 | **2.34** | 6.83 | 0.643 | 85.3 |
| MB-2012-70 | 141.75 | 150.40 | 8.65 | 0.16 | **3.67** | **6.43** | **0.598** | **85.5** |
| MB-2012-70 | 181.00 | 184.00 | 3.00 | 0.22 | **2.82** | **6.60** | **0.310** | **69.4** |
| MB-2012-70 | 191.00 | 195.75 | 4.75 | 0.05 | 0.86 | 3.08 | 0.222 | 24.2 |
| MB-2012-70 | 201.00 | 211.00 | 10.00 | 0.09 | 1.59 | 4.07 | 0.610 | 54.7 |
| MB-2012-70 | 211.00 | 235.00 | 24.00 | 0.40 | **4.55** | **11.58** | **1.533** | **147.8** |
| MB-2012-71 | 56.00 | 61.25 | 5.25 | **1.18** | 1.29 | 2.59 | 0.790 | 50.3 |
| MB-2012-71 | 65.30 | 76.00 | 10.70 | 0.41 | 1.57 | 2.80 | 0.966 | 56.1 |
| MB-2012-72 | 82.00 | 93.00 | 11.00 | 0.43 | 1.24 | 2.59 | 0.923 | 51.2 |
| MB-2012-74 | 55.00 | 62.00 | 7.00 | 0.96 | 1.42 | 2.52 | 0.816 | 58.0 |
| MB-2012-76 | 34.00 | 38.00 | 4.00 | **1.91** | 1.19 | 2.89 | 0.490 | 25.1 |
| MB-2012-76 | 60.00 | 62.00 | 2.00 | 0.11 | **3.00** | **7.54** | **1.391** | **68.9** |
| MB-2012-76 | 72.70 | 75.30 | 2.60 | 0.24 | 1.21 | 2.78 | 1.010 | 51.9 |
| MB-2012-102 | 68.0 | 118.2 | 50.2 | 0.83 | 1.05 | 4.15 | 0.324 | 42.5 |
| **Including** | 83.0 | 104.0 | 21.0 | **1.07** | **1.56** | **6.12** | **0.269** | **60.8** |
| MB-2012-102 | 122.5 | 174.0 | 51.5 | 0.09 | 0.89 | 3.39 | 0.199 | 34.7 |
| MB-2012-106 | 94.0 | 104.5 | 10.5 | 0.33 | **1.57** | 3.86 | 1.302 | 74.2 |
| MB-2012-106 | 129.0 | 149.5 | 20.5 | 0.32 | **1.23** | 2.99 | 1.108 | 54.5 |
| MB-2012-107 | 54.8 | 112.0 | 57.2 | 0.15 | **1.82** | 5.89 | 0.323 | 79.9 |
| **Including** | 62.0 | 93.0 | 31.0 | 0.18 | **2.58** | **9.23** | **0.336** | **108.7** |
| MB-2012-110 | 108.0 | 233.0 | 125.0 | 0.26 | **1.27** | 4.56 | 0.604 | 47.1 |
| **Including** | 108.0 | 145.0 | 37.0 | 0.14 | **1.64** | **7.92** | **0.241** | **61.88** |
| MB-2012-114 | 56.0 | 135.5 | 79.5 | 0.53 | 0.98 | 3.45 | 0.324 | 46.5 |
| **Including** | 98.0 | 126.0 | 28.0 | 0.18 | **2.48** | **7.59** | 0.557 | 102.2 |
| **And** | 153.6 | 169.0 | 15.5 | 0.10 | **1.63** | **4.12** | 0.525 | 51.9 |
| **Including** | 153.6 | 163.0 | 9.4 | 0.12 | **2.30** | **5.41** | **0.750** | **71.0** |
| MB-2012-117 | 100.4 | 185.0 | 84.6 | 0.15 | **1.82** | **4.62** | 0.521 | 69.8 |
| **Including** | 170.0 | 183.0 | 13.0 | 0.29 | **4.11** | **10.34** | 1.396 | 126.0 |
| MB-2012-121 | 24.0 | 113.1 | 89.1 | 0.43 | **1.12** | 2.42 | 1.141 | 55.5 |
| **Including** | 42.0 | 58.0 | 16.0 | 0.33 | **1.19** | **3.13** | **2.213** | **66.0** |

**Kasala Project –** Pursuant to an agreement dated 19 May 2007, the Company exercised its option to acquire a 70% interest in certain mineral research permits (the "Kasala Mineral Research Permits") covering 352 square kilometres of prospective exploration areas in the Copperbelt, 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 280,000 shares to which 240,000 shares were issued. The remaining US$100,000 and 100,000 shares that are payable and issuable, respectively, on 18 May 2010 are being held in trust with the approval of the Supreme Court in British Columbia with regard to the Company's petition to set-off the US$100,000 and 100,000 shares against the $1,445,064 being claimed by the Company. The Supreme Court decision also referred the Company's claims to Arbitration in order to settle the disputes. (See "*Section 2 – Litigation*").

Following notice that the claims commenced by Mr. Kavvadias and GCP in the DRC were dismissed by the Tribunal of Commerce of Lubumbashi the Company initially filed claims in the Supreme Court of British Columbia which in turn determined that the petitions are to be decided through Arbitration. Both parties agreed to an Arbitrator and after numerous delays on the part of Mr. Kavvadias the hearing to determine whether or not the Arbitrator has the jurisdiction to arbitrate all of the Company's claims was held on 22nd and 23rd August 2012 with a successful decision in the Company's favor, rendered by the Arbitrator. After further delays by Mr. Kavvadias, the company has asked the arbitrator to set a hearing date as soon as possible without any further delays to argue the Company's petition. It is expected that a hearing will be held during Q1, 2013.at which time management feels confident that is will be successful in its claims against Mr. Kavvadias and his company GCP Group.

The Company has also been successful in receiving favorable results in its claims launched in the DRC. All four judgments were decided in the Company's favor. Mr. Kavvadias is appealing each by manipulating the lack of rule of law in the DRC, in an effort to delay a final decision by the courts to dismiss those appeals. To date two appeals have been rendered in favor of ELN, with the final two still to be determined.

Despite the obvious and well known problems inherent with the legal system in the DRC, the Company will continue to do its utmost to ultimately secure its assets and be in a position to resume its business affairs in order to advance its highly prospective Kasala copper project.

**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.

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 Resources Sprl (“Infinity”) have been removed and remain registered in the Company’s name. The appeal by PMC was subsequently dismissed.

**Harmony Project –** The Company entered into a Letter of Intent (“LOI”) with MIMECO AG (“MIM”) to acquire a 70% interest in a mineral research permit #2461 (the “Harmony Project”) in the Copper belt, covering 50 square kilometres 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. In January 2011, the Company terminated the LOI related to the Harmony Mineral Research Permits.

**Bancroft Properties –** 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% 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. No programs were carried out during the past year and the Company is seeking a joint venture partner to further develop this project.

### Going Concern

As at 31 July 2012, the Company had cash and cash equivalents of $37,066, a working capital deficiency of $261,447 and a deficit of $22,951,820. The funds on hand at 31 July 2012 are not sufficient to meet our planned corporate, administrative and proposed exploration activities for the next twelve months. 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.

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 21 December 2009, the Company was served with a notice of claim, submitted in the DRC by Mr. Georges Kavvadias, a principal of GCP and who acted as manager (the “Country Manager”) of the Company’s DRC joint venture company, Infinity (70% ELN/30% GCP). An underlying agreement provides GCP to retain 10% and 20% is held by Fonaco Sprl, a company controlled by Mr. Hassan Sabra, the original owner of the Kasala permits.

In May 2010, the Company received notice that the claims commenced in the DRC were dismissed by the Tribunal of Commerce of Lubumbashi. The Company successfully argued that the jurisdiction for hearing the claim was in British Columbia and not the DRC. Appeals were filed which have subsequently been dismissed. The Company continues to take the position that all past, present and potential future actions of its previous Country Manager, Mr. Kavvadias, are both spurious and without merit.

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.
- A claim of US$1,445,064, for the right to set-off, 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.

The decision by the Supreme Court of British Columbia was to have the claims and dispute decided through arbitration. After numerous delays by Mr. Kavvadias, the initial arbitration hearing to determine jurisdictional issues was held on the 22nd and 23rd August 2012, at which time the arbitrator's decision was made in favor of ELN and included costs. A final hearing date is now being set for early Q1 at which time the company expects to finally bring a successful conclusion this matter and bring Mr. Kavvadias to accountability. The company is also in the process of filing an order for costs against Mr. Kavvadias, relating to the recent decisions by the arbitrator**.**

In addition, the Company was made aware of an attempt by Mr. Kavvadias to fraudulently transfer the Kasala permits from Infinity to a company controlled by Mr. Kavvadias. The Company has taken all available steps to prevent this blatant attempt to deprive the Company of its rightful ownership in the Kasala properties and has invoked a Force Majeure clause to further protect the Company's interests.

Two judgments were petitioned by the Company in the DRC; (1) to remove Mr. Kavvadias as manager and declare him incompetent; (2) that he fraudulently used a power of attorney and issued minutes fraudulently appointing him manager. Both decisions have been rendered in the Company's favor by courts. Mr. Kavvadias was found guilty and fined by the court and required to pay all court costs. Appeals have been submitted for both with one being dismissed and a date to hear the other has not been set at this time. Manipulation of the appeal process in the DRC by Mr. Kavvadias has resulted in numerous rescheduling of the hearing dates and as a result a final date to try and dismiss the appeal is still pending.

## 3. Project Updates

a) Kasala Project (formerly Infinity Project)

*2012 Exploration Program*

Due to the uncertainty and timing of the outcome of the current Notices of Dispute, 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 programs to advance the Kasala project. The Company has as well, received interest from a number of companies with whom Management has initiated discussions and meetings with regard to potential joint venture opportunities.

The Company 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 kilometres 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.

<u>2013 Projection</u>

As at 16 December 2011, there were no new drill holes and no new geochemistry in place. Work on the Kasala project for 2012 year-to-date entailed compilation and thorough analysis of all earlier geochemistry and airborne geophysics (radiometric and magnetic) with geology, stratigraphy, topography, hydrology, satellite and existing, publicly available maps and data to refine the exploration target area and identify new drill targets.

*Historical Exploration/Drilling*

The Company has been unable to conduct any exploration programs during 2011/12. Prior drilling to-date totals 15,764 m, consisting of 4,665 m of diamond drilling and 11,099 m 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 kilometre with a minimum strike length of approximately 800 m and a width of approximately 250 m. Intersections in some drill holes indicate thicknesses of as much as 91 m. Some significant assay results are: 3.5% copper ("Cu") over 10 m, 2.82% Cu over 29 m which includes a 5 m intersection of 4.11% Cu and 0.50% cobalt ("Co").

b) Harmony Project

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 kilometres 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. In January 2011, the Company terminated the LOI related to the Harmony Mineral Research Permits.

c) Bathurst Option JV Base Metals Project (“The BOJV Project”) (Previously known as Bathurst Mining Camp Project, TriParty Agreement)

The BOJV Project is a 50/50 Joint Venture with ELN and Xstrata Zinc. Subsequently the companies entered into a Tri-Party Agreement with VM Canada whereby they can earn up to 50% of the project by incurring exploration expenditures of $10 million over a period of 5 years. VM Canada may further increase its interest to 70% by spending an additional $10 million over 2 years. VM Canada has advised ELN that an $859,000 exploration program including airborne and surface geophysical surveys, geological mapping, compilation of historical data and research into advanced exploration technologies suitable for application in the BMC as well as a drill program have been completed and the results have been delivered to the Company and were announced on 24 April 2012 (See press release dated 24 April 2012).

d) Ireland Zinc Project

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

e) Murray Brook Project

VM Canada entered into a Joint Venture Agreement with Murray Brook Minerals Inc. and Murray Brook Resources (collectively, “MBM”) which provided for VM Canada to earn 50% of the Murray Brook project.

Under Votorantim’s Option and Joint Venture Agreement with Murray Brook Minerals Inc. and Murray Brook Resources Inc., both privately held companies, Votorantim can earn a 50% interest in the properties by funding $2,250,000 in exploration expenditures and making payments totalling $300,000 over a three year period that commenced 1 November 2010. Votorantim can earn an additional 20% interest in the properties by funding an additional $2,250,000 in exploration expenditures over an additional two year period. ELN has elected to enter into a participation agreement wherein it can earn 50% of Votorantim's interest by paying 50% of the costs incurred by Votorantim in the Option and Joint Venture Agreement.

On May 11, 2012 the Company and Votorantim Metals Canada Inc. (“Votorantim”) have earned the 50% interest from Murray Brook Minerals Inc. (“MBM) Murray Brook polymetallic project. MBM has also been provided with a valid notice that ELN and Votorantim are exercising their option to acquire and become owner of an additional 20% (for a total of 70%) beneficial interest in the Murray Brook mining claims.

During 2011 and 2012, ELN and VMC completed more than 28,000 m of drilling with encouraging results. The 2012 drill program was completed in June.

A recently completed (February 2012) NI 43-101 Mineral Resource Estimate for the Murray Brook Zn-Cu-Pb-Ag-Au deposit, which includes explanatory footnotes, is presented in Figure 3. The resource estimate is based on various assumptions regarding mining methods, processing and metal recoveries, payable metal NSR credits and metal prices. This estimate makes no provision for capital costs to mine the deposit, nor mill the material mined, as resources are not reserves and the reader should not presume economic viability. The Technical Report on the 2012 NI 43-101 Mineral Resource Estimate is filed on SEDAR.com and is available on ELN’s website.

Metallurgical test-work of bulk sample material from the Murray Brook deposit is currently underway at RPC Laboratories (Fredericton, New Brunswick), under the direction of Votorantim Metals Canada Inc., the operators of the Murray Brook Project. Three holes were drilled to provide sample materials for metallurgical tests. The test-work is focused on determining potential metal recoveries based on a recommended metals recovery process flowsheet which, subsequently, will form the basis for a small scale metallurgical pilot plant program. Metallurgical results, along with a revised resource estimate which will incorporate 2012 drill results, will form the basis of a Preliminary Economic Assessment (PEA or Scoping Study) anticipated to be completed in Q1/Q2, 2013.

More Metallurgical studies (Phase 2- Pilot Plant), Preliminary Economic Assessment Studies, Geotechnical drilling, detailed delineation of base of oxidation and environmental assessment studies are slated for completion in 2013.

A $3 million budget has been approved for the year 2012 - 2013 exploration program that includes $2.5 million budgeted for drilling measured resources at the Murray Brook deposit and $500,000 exploration program on Murray Brook and Camel Back exploration claims defined by the option agreement with Murray Brook Minerals.

The objective of this exploration program is to explore for Volcanic Massive Sulphide (“VMS”) deposits at depths of up to 200 m below surface. The Camel Back property is located in the area between the Murray Brook deposit to the west, which is one of the largest massive sulfide deposits in the BMC, and the Caribou deposit to the east, which is the second largest deposit in the camp with historic resources of some 65 million tonnes.

## 4. Selected Quarterly Financial Information

The following selected financial information is derived from the unaudited interim consolidated financial statements of the Company. The figures have been prepared in accordance with IFRS, except for the figures for the period ended 31 October 2010, which have been prepared in accordance with Canadian GAAP.

| | For the Quarters Ended (unaudited) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 31 Jul | 30 April | 31 Jan | 31 Oct | 31 July | 30 April | 31 Jan | 31 Oct |
| | 2012 | 2012 | 2012 | 2011 | 2011 | 2011 | 2011 | 2010 |
| Total revenues | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Net loss | (351,860) | (594,188) | (595,765) | (350,773) | (604,667) | (355,357) | (395,380) | (398,392) |
| Net income(loss) per share | (0.01) | (0.01) | (0.02) | (0.01) | (0.01) | (0.01) | (0.01) | (0.03) |
| Total assets | 8,212,523 | 8,254,735 | 7,187,137 | 7,576,193 | 7,761,281 | 8,239,019 | 6,488,001 | 6,838,368 |

### Results of Operations

### Six-month period ended 31 July 2012

The six-month period ended 31 July 2012, resulted in a loss from operations of $946,048 which compares with a loss of $960,024 for the same period in 2011. The slight decrease of $13,976 was mainly attributable to the net effect of the following:

- Decrease of $118,611 in consulting fees. Cost of $465,236 for the six months ended 31 July 2012 compared to $465,236 for the same period in 2011.
- Decrease of $24,741 in accounting and audit. No expense for the six months ended 31 July 2012 compared to $24,741 for the same period in 2011.
- Decrease of $26,369 in legal fees. Cost of $17,122 for the six months ended 31 July 2012 compared to $43,491 for the same period in 2011.
- Decrease of $53,040 in share-based payments. Cost of $31,267 for the six months ended 31 July 2012 compared to $84,307 for the same period in 2011.
- Increase of $72,982 in investor and shareholder relations. Cost of $185,356 for the six months ended 31 July 2012 compared to $112,374 for the same period in 2011.
- Increase in write-down of exploration and evaluation properties of $238,922 for the six months ended 31 July 2012 compared to $Nil for the same period in 2011.

### Three-month period ended 31 July 2012

The three-month period ended 31 July 2012 resulted in a loss from operations of $381,860 which compares with a loss of $603,076 for the same period in 2011. The decrease in loss of $251,216 was mainly attributable to the net effect of the following:

- Decrease of $172,628 in consulting fees. Cost of $92,835 for the three months ended 31 July 2012 compared to $265,463 for the same period in 2011.
- Decrease of $36,404 in investor and shareholder relations. Cost of $70,335 for the three months ended 31 July 2012 compared to $106,739 for the same period in 2011.

- Decrease of $64,943 in share-based payments. Cost of $10,418 for the three months ended 31 July 2012 compared to $75,261 for the same period in 2011.

- Decrease of $40,706 in legal fees. Cost of $959 for the three months ended 31 July 2012 compared to $41,665 for the same period in 2011.

- Increase in write-down of exploration and evaluation properties of $82,086 for the three months ended 31 July 2012 compared to $Nil for the same period in 2011.

## 5. Cash Flow, Liquidity and Capital Resources

During the six month period ended 31 July 2012, the Company's working capital, defined as current assets less current liabilities, resulted to a deficit of $261,447 compared with the working capital of $269,829 as at 31 January 2012. The Company has total issued and outstanding of 58,743,870 shares as at 31 July 2012.

### Six-month period ended 31 July 2012

Cash outflows from operating activities for the six months ended were $346,882 (2011:$1,062,238) and consist of corporate costs and write-down of exploration and evaluation properties.

Cash outflows from investing activities for the six months ended were $1,472,139 (2011:$611,230) which were primarily related to exploration and evaluation expenditures and purchase of property, plant and equipment.

Cash flows from financing activities for the six months ended resulted in cash inflows of $1,725,950 net (2011:$2,135,114 net). The Company raised $1,223,350 from issuing non flow-through common shares and $608,000 from issuing flow-through common shares of which $105,400 was received during the previous year. The Company paid $56,923 in private placement fees.

## 6. Contractual Obligations

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

## 7. Related Party Transactions

The related party transactions during the six month period ended 31 July 2012, which occurred in the normal course of operations and were measured at the exchange amount (the amount of consideration established and agreed to by the related parties), were as follows:

a. During the six month period ended 31 July 2012, the Company paid $221,833 and $87,826 (2011: $235,777 and $Nil) for consulting and shared office costs respectively to PFN, a company with common directors and officers.

b. During the six month period ended 31 July 2012, the Company paid $54,308 (2011: $95,500) for management fees, respectively, to a company controlled by the Chief Executive Officer and Director.

c. During the six month period ended 31 July 2012, the Company paid $48,308 (2011: $Nil) for consulting fees, to a company controlled by the Chief Operating Officer and Director.

d. During the six month period ended 31 July 2012, the Company paid $32,167 (2011: $Nil) for wages, to the new Chief Financial Officer.

e. During the six month period ended 31 July 2012, the Company paid $Nil (2011: $82,000) for consulting, to the previous Chief Financial Officer.

f. During the six month period ended 31 July 2012, the Company paid $13,845 (2011: $10,500) for bonuses, to Directors.

g. During the six month period ended 31 July 2012, the Company expensed $14,957 (2011: $58,671) in share-based payments related to stock options previously granted to the key management personnel.

## 8. Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

## 9. Critical Accounting Estimates and Risks & Uncertainties

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Areas requiring significant management estimates include the valuation, impairment and useful life of property and equipment, and deferred 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.

*Basis of presentation and consolidation*

For the six months ended 31 July 2012, the Company accounted for its investments in Infinity 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 during the six months ended 31 July 2012. As a result, the Company's financial statements at 31 July 2012 and for the year then ended do not include the assets and liabilities and results of operations of Infinity.

*Foreign Political Risk*

The Company's material properties are currently located in the Democratic Republic of Congo 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 licenses and permits on acceptable terms, in a timely manner or at all. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

*Estimates of Mineral Resources*

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

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

*Key Management and Competition*

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

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

*Title to Properties*

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

*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.

## 9. Financial Instruments

The Company classifies all financial instruments as either available-for-sale, financial assets or liabilities at fair value through profit or loss ("FVTPL"), loans and receivables or other financial liabilities. Loans and receivables and other financial liabilities are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in accumulated other comprehensive income. These amounts will be reclassified from shareholders' equity to net income when the investment is sold or when the investment is impaired and the impairment is considered less than temporary. Instruments classified as FVTPL are measured at fair value with unrealized gains and losses recognized on the statement of loss and deficit.

The Company has designated its cash as FVTPL, which is measured at fair value. Amounts receivable receivables are classified as loans and receivables, which are measured at amortized cost. Trade payables are classified as other financial liabilities which are measured at amortized cost.

Credit Risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies and amounts receivable are mostly due from the Government of Canada. As a result, the Company is not subject to a significant credit risk.

Currency Risk

For the six months ended 31 July 2012, a small portion of the Company's operation was in the DRC. As a result, a portion of the Company's receivables, payables and accruals were denominated in the US dollar and were therefore subject to fluctuation in exchange rates. However, the Company considers its currency risk to be insignificant.

Liquidity Risk

The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash and cash equivalents to capital and operating needs. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. For the six months ended 31 July 2012, the Company had a working capital deficit of $261,447 compared with the working capital of $269,829 as at 31 January 2012.

Other Risks

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate risk and commodity price risk arising from financial instruments.

## 10. Subsequent Events

On 14 and 28 August 2012, the Company announced high grade assay results for an additional 18 holes from the latest round of drilling at the Murray Brook polymetallic massive sulfide deposit. The 2012 drill program commenced 9 February 2012 and was completed 17 June 2012. Ninety-seven vertical holes have been completed for a total of 18,470 m drilled.

Drill holes MB-2012-124 and MB-2012-126 were collared in the Western Massive Sulfide Zone, which is thicker and more Zn-Pb-Ag rich than the Eastern Massive Sulfide Zone (Image 2). These holes were planned to infill gaps in the previous drilling. MB-2012-124 intersected 81.0 m of 4.27% zinc, 1.35% lead, 0.237 gpt gold and 54.0 gpt silver from 29 m down hole, including 10 m of 7.39% zinc, 2.55% lead, 0.278 gpt gold and 114.8 gpt silver (Figure 11). MB-2012-126 intersected 71.5 m of 65% zinc, 0.89% lead, 0.379 gpt gold and 38.5 gpt silver from 22.5 m down hole, including 11.5 m of 7.10% zinc, 2.13% lead, 0.441 gpt gold and 87.6 gpt silver (Figure 5).

MB-2012-132 was drilled to infill gaps in the previous drilling and test continuity in the central sections of the Western Mineralized Zone, which is thicker and more Zn-Pb-Ag rich than the Eastern Massive Sulfide Zone (Image 2). Hole MB-2012-132 intersected 112 m of 6.15% zinc, 0.1% copper, 1.92% lead, 0.64 gpt gold and 70.6 gpt silver from 89 m down hole, including 33.0 metres of 10.50% zinc, 0.11% copper, 3.60% lead, 1.37 gpt gold and 126.7 gpt silver from 167 m down hole (Figure 6).

Drill holes MB-2012-133, 135, 137, 139 and 140 were drilled to better delineate the southwest boundary of the Western Zone (Image 3). Drill hole MB-2012-139 intersected 26.0 m of 2.06% zinc, 0.47% copper, 0.36% lead, 0.28 gpt gold and 21.4 gpt silver from 88 m down hole (Figure 2). Drill hole MB-2012-140 intersected 27 m of 2.73% zinc, 0.60% copper, 0.64% lead, 0.25 gpt gold and 36.7 gpt silver from 64.6 m down hole (Figure 1).

The five drill holes extend the near-surface mineralization in the Western Zone down-dip by approximately 50 m. This area was not drilled previously and is outside the 2012 NI 43-101 compliant resource estimation (Image 3).

Drill holes MB-2012-131 and MB-2012-134 and MB-2012-136 were collared in the Eastern

Massive Sulfide Zone and were drilled to better delineate the northeast boundary of the mineralized Eastern Zone (Image 4). Drill hole MB-2012-134 intersected 18.4 m of 3.21% zinc, 0.41% copper, 1.54% lead, 1.16 gpt gold and 61.9 gpt silver from 139 m down hole (Figure 1).

All other holes reported herein were drilled to better delineate the southwest boundary of the mineralized Western Zone.

**Figure 5 - Composited Drill Hole Intercepts, drill holes MB-2012-122 to MB-2012-130 ***

| Hole ID | From m | To m | Interval | Cu % | Pb % | Zn % | Au gpt | Ag gpt |
|---|---|---|---|---|---|---|---|---|
| **MB-2012-122** | 17.0 | 29.3 | 12.3 | 2.60 | 0.24 | 1.81 | 0.115 | 24.9 |
| ***Including*** | 14.4 | 22.0 | 7.6 | 4.79 | 0.10 | 0.62 | 0.198 | 35.6 |
| ***And*** | 34.7 | 50.4 | 15.7 | 1.92 | 0.06 | 0.18 | 0.018 | 9.4 |
| **MB-2012-123** | 18.0 | 54.9 | 36.9 | 0.80 | 0.13 | 1.22 | 0.209 | 19.8 |
| **MB-2012-124** | 29.0 | 110.0 | 81.0 | 0.23 | 1.35 | 4.27 | 0.237 | 54.0 |
| ***Including*** | **29.0** | **39.0** | **10.0** | **0.80** | **2.55** | **7.39** | **0.278** | **114.8** |
| ***Including*** | **56.0** | **67.0** | **11.0** | **0.03** | **2.00** | **5.33** | **0.132** | **61.6** |
| ***Including*** | **84.9** | **92.0** | **7.1** | **0.07** | **1.10** | **5.41** | **0.280** | **46.6** |
| **And** | 128.0 | 137.0 | 9.0 | 0.18 | 1.08 | 4.22 | 0.327 | 56.7 |
| **MB-2012-125** | 22.0 | 60.3 | 38.3 | 0.54 | 0.03 | 0.10 | 0.165 | 10.4 |
| **MB-2012-126** | **22.5** | **94.0** | **71.5** | **0.55** | **0.89** | **3.65** | **0.379** | **38.5** |
| ***Including*** | **22.5** | **34.0** | **11.5** | **2.41** | **2.13** | **7.10** | **0.441** | **87.6** |
| ***Including*** | **39.0** | **74.0** | **35.0** | **0.18** | **0.75** | **3.60** | **0.493** | **32.2** |
| **MB-2012-127** | 26.0 | 62.3 | 36.3 | 0.62 | 0.36 | 1.18 | 0.853 | 21.5 |
| **MB-2012-128** | 27.0 | 49.4 | 22.4 | 1.05 | 0.30 | 0.82 | 0.132 | 20.3 |
| **MB-2012-129** | 71.0 | 77.0 | 6.0 | 0.78 | 0.80 | 2.67 | 0.587 | 28.9 |
| **MB-2012-130** | 46.0 | 50.6 | 4.6 | 1.12 | 0.06 | 0.34 | 0.077 | 8.7 |
| ***And*** | 52.7 | 67.7 | 15.0 | 1.19 | 0.14 | 0.56 | 0.204 | 18.1 |

**Figure 6 - Composited Drill Hole Intercepts, drill Holes MB-2012-131 to MB-2012-140 ***

| Hole ID | From m | To m | Interval | Cu % | Pb % | Zn % | Au gpt | Ag gpt |
|---|---|---|---|---|---|---|---|---|
| **MB-2012-131** | 152.0 | 173.0 | 21.0 | 0.73 | 0.83 | 1.64 | 1.12 | 33.6 |
| **MB-2012-132** | 89.0 | 201.0 | **112.0** | **0.10** | **1.92** | **6.15** | **0.64** | **70.6** |
| ***Including*** | 167.0 | 200.0 | **33.0** | **0.10** | **3.60** | **10.50** | **1.37** | **126.7** |
| **MB-2012-133** | 183.0 | 210.2 | 27.2 | 0.93 | 0.03 | 0.08 | 0.07 | 8.9 |
| ***Including*** | 191.0 | 210.2 | 19.2 | 1.10 | 0.02 | 0.10 | 0.10 | 7.8 |
| **MB-2012-134** | 139.0 | 157.4 | 18.4 | 0.41 | **1.54** | **3.21** | **1.16** | 61.9 |
| **MB-2012-135** | 144.8 | 147.0 | 2.2 | 0.42 | 0.14 | 0.54 | 0.03 | 7.5 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **MB-2012-139** | 88.0 | 114.0 | 26.0 | 0.47 | 0.36 | **2.06** | 0.28 | 21.4 |
| **MB-2012-140** | 64.6 | 91.6 | 27.0 | 0.60 | 0.64 | **2.73** | 0.25 | 36.7 |
| ***Including*** | 67.0 | 77.0 | **10.0** | **0.10** | **1.10** | **4.90** | **0.18** | **50.5** |

*The composite assays provided are of massive sulfide intersections only employing a 0% Zn cutoff

Note: The widths of the intersections are approximate to the true width of the mineralized zone.

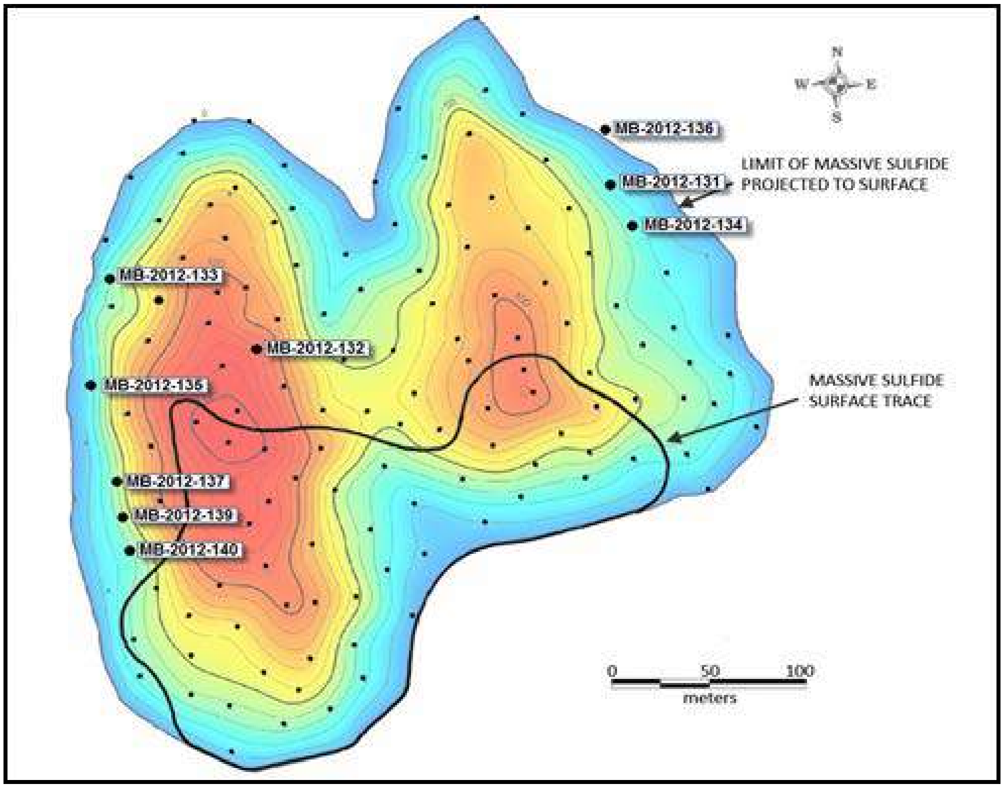


Image 2 – Drill hole collar location on contour map of Murray Brook showing massive sulfide thickness contoured at 10 metre intervals (source: Votorantim Metals Canada)

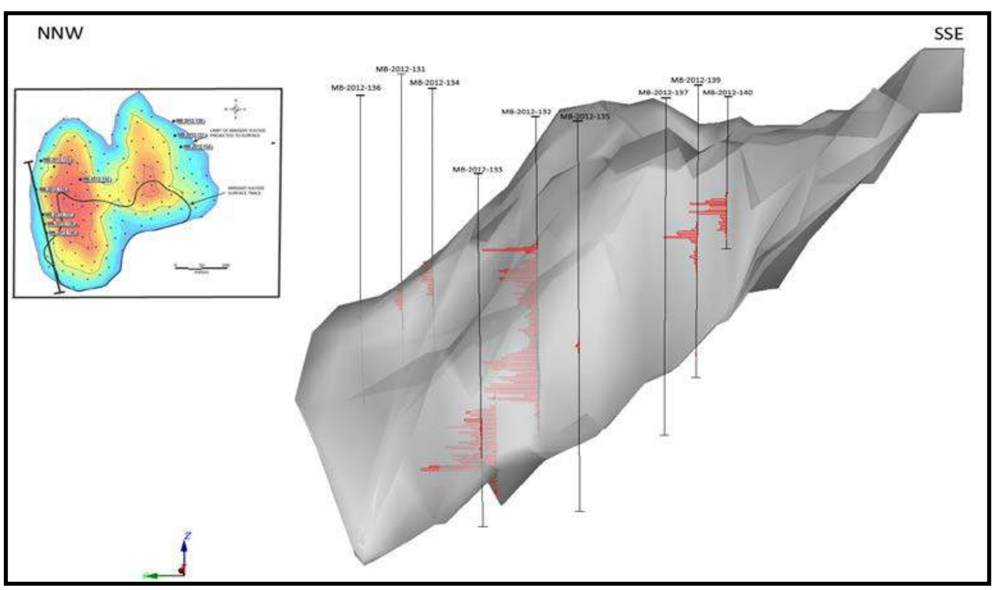

Image 3 – View looking northeast along the horizontal at the 3D model of the Murray Brook deposit (grey). Location of the view plane is highlighted in the index map at the left top corner.

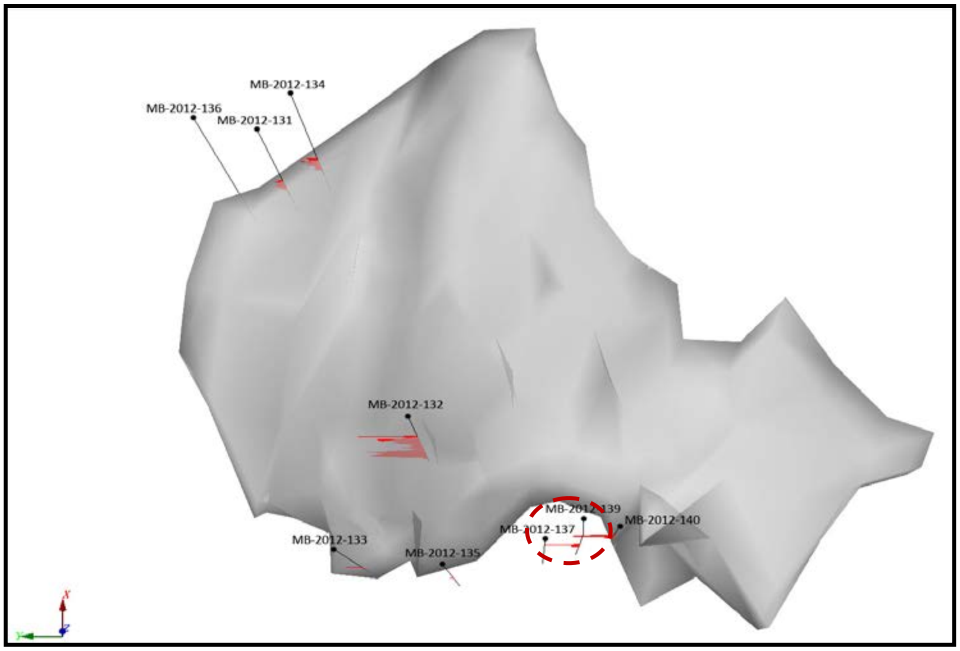


Image 4 View looking down at the 3D model of the Murray Brook deposit (grey). The red dashed line illustrates the collar locations of drill holes MB-2012-139 and MB-2012-140.

[1]Figures 2 to 4 are provided for illustrative purposes, they are not to scale and have no demonstrated economic viability.

On 28 August 2012, the Company was provided with the option to earn an additional 15% in the Murray Brook project. Under a purchase agreement signed by Votorantim Metals Canada ("VMC") on 28 August 2012 with Murray Brook Minerals ("MBM") and Murray Brook Resources Inc. (collectively the owners), VMC acquired the right to purchase the owners remaining 30% of the Murray Brook Project.

In the event that ELN elects to earn in on the option from VMC and the owners to earn an additional 15% in the project, this would result in ELN having a combined total of 50% (35% +15%) in the Murray Brook Project.

On 7 September 2012, the Company announced that the board of directors has approved the repricing of its non-brokered flow-through and non flow-through private placement of up to a combined 33,333,333 units for gross proceeds up to $3,000,000. Each non flow-through unit ("NFT Unit") has been re-priced to $0.09 per NFT Unit which will consist of one common share and one-half of one non-transferable share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one common share of the Company at a price of $0.15 per share for 18 months from closing, subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.25 per share for 10 consecutive trading days on the TSX Venture Exchange.

Each flow-through unit ("FT Unit") will consist of one common flow-through share in the capital of the Company and one-half of one non flow-through, non-transferable share purchase warrant has been re-priced to $0.10 per FT Unit. Each whole warrant will entitle the holder thereof to purchase one additional non flow-through common share of the Company at $0.16 for a period of 18 months from closing, subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.26 per share for 10 consecutive trading days on the TSX Venture Exchange. The amended private placement terms and any finder's fees payable are subject to regulatory approval.

On 26 September 2012, the Company retained the services of Renmark Financial Communications Inc. to enhance and increase its existing investor relations activities. Renmark will focus on increasing visibility of the Company in the retail investment community. For the services provided, monthly retainer of $7,000 with a 3-month out clause to Renmark Financial Communications Inc. was paid out.

On 5 October 2012, the Company closed the first tranche of its non-brokered flow-through and non flow-through private placement for gross proceeds of $1,351,452. It issued 5,166,133 non flow-through units (NFT Units) at a price of $0.09 per NFT Unit. Each NFT Unit consists of one common share and one-half of one non-transferable share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one common share of the Company at a price of $0.15 per share for a period of 18 months from closing subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.25 per share for 10 consecutive trading days on the TSX Venture Exchange.

In addition, the Company issued 8,865,000 flow-through units ("FT Unit") at $0.10 per FT Unit. Each FT Unit consists of one common flow-through share and one-half of one non-transferable, non flow-through, share purchase warrant. Each whole Warrant will entitle the holder to purchase one non flow-through common share of the Company at a price of $0.16 per share for a period of 18 months from closing subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.26 per share for 10 consecutive trading days on the TSX Venture Exchange. The Company paid $24,407.50 and 166,600 warrants in finder's fees in connection with this first tranche closing of the private placement.

On 23 October 2012, the Company provided an update of the exploration work performed during the period January 2012 to September 2012 on its Bathurst Option Joint Venture (BOJV) Project with Votorantim Canada (VMC) and Xstrata Zinc. The Project area covers much of the Bathurst Mining Camp in north-central New Brunswick. The BOJV agreement is a separate agreement to ELN's agreement with VMC to develop the Murray Brook Polymetallic project.

Exploration Summary

The Bathurst Mining Camp (BMC) is a roughly circular shaped area with a diameter of approximately 70 km located in the Miramichi Highlands of northern New Brunswick (Figure 3). The BMC hosts 46 base metal mineral deposits with historic and current mineral resources and another one hundred mineral occurrences, all hosted by Cambro-Ordovician rocks deposited in an ensialic back-arc basin. The largest deposit is the Brunswick #12 Mine, with 300 million tonnes of zinc-lead-copper-silver-gold resources. The mine is slated to close by March 2013.

Work on the BOJV to date in 2012 includes 6145 metres of diamond drilling, in 21 drill holes, ground gravity surveys, anomaly identification and target generation for drill testing (Table 4). Surface geochemical sampling programs are underway and the results will be announced when all the assay results are received from the laboratory.

This phase of exploration drilling campaign focused on geophysical and geochemical targets in the Brunswick Belt. No significant base metal mineralization was intersected.

Table-4 Summary of Exploration Activities Performed during the period Q2 and Q3, 2012

| | | |
|---|---|---|
| **Diamond Drilling** | 21 Holes | 6145 Metres |
| **Ground Geophysics** | 42 Km | |
| **Borehole Geophysics** | 5 holes for 2083 m surveyed | |
| **Surface Sampling (Soil Sampling)** | 253 | |

On 16 November 2012, the Company proceeded with the second tranche of its non-brokered flow-through and non flow-through private placement for up to a combined 33,333,333 units for total gross proceeds of up to $3,000,000. The terms of the private placement as announced on September 7, 2012 remain unchanged.

## 11. Controls and Procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with IFRS. The design of the Company's internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company's financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

## 12. Qualified Person Statement

"Section 1 and Project Over View of Section 3" together with the "Subsequent Events" section of this report have been reviewed and approved for technical content by Ali Hassanalizadeh, M.Sc. P.Geo, Vice President Exploration for ELN and a Qualified Person under the provisions of NI 43-101.

## 13. 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"): industry; commodity prices; competition; foreign political risk; government laws; regulation and permitting; title to properties; estimates of mineral resources; cash flows and additional funding requirements; key management; possible dilution to present and prospective shareholders; material risk of dilution presented by large number of outstanding share purchase options and warrants; trading volume; volatility of share price; foreign currency risk; and, conflict of interest.

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

**14. Outlook**

The Company's main focus at this time is the continued participation in the advancement of the massive sulphide Murray Brook project in New Brunswick. The Company elected to participate with VM Canada and Murray Brook Minerals Inc. by funding 50% of VM Canada's costs to acquire 50% of the project with an option to acquire the other 50%. The Murray Brook project continues to be very prospective with very good drill results and the Company expects to continue to participate and fund the project throughout the coming year.

The Company is also focused on the exploration and development of its projects in the DRC's Copperbelt where it has identified a highly prospective copper/cobalt discovery through 17,500 m of drilling to date on its Kasala property. Due to the spurious and fraudulent activities of its former country manager Georges Kavvadias and his unsuccessful attempt to illegally transfer the Kasala exploration permits and until such time as the two default notices are settled through the current British Columbia arbitration process, the Company is delaying the start of the planned exploration program and has put the Kasala project in a care and maintenance status. In anticipation of resuming its exploration activities, the Company is continuing to develop both the programs and budget to advance the Kasala project.

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 recognizes that it will have to demonstrate strong control over its affairs in the DRC before it will be able to attract not only experienced and qualified technical, administrative personnel to implement the Company's overall business strategy but potential joint venture partners as well.

Although current management has demonstrated its ability to raise funds in the past, with the current financial market conditions and global economic uncertainty, there can be no assurance it will be able to do so in the future. Although the Company has been successful in all of its Court actions, as with all disputes, there is no guarantee that the results from the appeals will be favorable towards the Company or that there will be further spurious acts. 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.

## 15. Additional Information

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

***For more information, please contact***:

Mr. Harry Barr, Chairman & CEO
El Nino Ventures Inc.
650 – 555 West 12th Avenue,
Vancouver, British Columbia, V5Z 3X7

**TRADING SYMBOLS**

TSX Venture Exchange: ELN
OTCQX: ELNOF
Frankfurt Stock Exchange: E7Q

Amended and Restated

EL NINO
VENTURES INC.
An international base metals exploration company

TSX.V: ELN OTCQX: ELNOF FSE: E7Q

# CONDENSED
# INTERIM FINANCIAL STATEMENTS

***Six Months Ended 31 July 2012 and 2011***

**(An Exploration Stage Company)**

(Unaudited - Expressed in Canadian dollars)

Amended and Restated

**MANAGEMENT'S COMMENTS ON**

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS**

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of El Niño Ventures Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements are prepared in accordance with International Financial Reporting Standards and reflect management's best estimates and judgment based on information currently available.

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

# El Niño Ventures Inc.

## Condensed Interim Statements of Financial Position
## As at 31 July 2012, 31 January 2012 and 1 February 2011
## (Unaudited)

(Expressed in Canadian dollars)

| | Notes | 31 July 2012 | 31 January 2012 (Audited) | 1 February 2011 (Audited) |
|---|---|---|---|---|
| | | **$ (Restated) (Note 3)** | $ (Restated) (Note 3) | $ (Restated) (Note 3) |
| **ASSETS** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | | **37,066** | 187,060 | 724,673 |
| Amounts receivable | 6 | **24,214** | 29,394 | 37,226 |
| Marketable securities | | **1** | 1 | 1 |
| Prepaid expenses | 5 | **83,056** | 124,668 | 12,631 |
| | | **144,337** | 341,123 | 774,531 |
| **Exploration and evaluation properties** | 7 | **7,984,706** | 6,837,164 | 5,695,231 |
| **Property, plant and equipment** | 8 | **83,479** | 8,849 | 18,238 |
| **Investments** | | **1** | 1 | 1 |
| **Total assets** | | **8,212,523** | 7,187,137 | 6,488,001 |
| **EQUITY AND LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade payables and accrued liabilities | 9 | **405,784** | 71,294 | 22,329 |
| **Total liabilities** | | **405,784** | 71,294 | 22,329 |
| **Equity** | | | | |
| Common shares | 10 | **23,394,983** | 22,727,285 | 21,405,683 |
| Shares to be issued | 10 | **319,950** | 105,400 | - |
| Reserves | | **7,043,626** | 6,288,930 | 5,159,199 |
| Deficit | | **(22,951,820)** | (22,005,772) | (20,099,210) |
| **Total equity** | | **7,806,739** | 7,115,843 | 6,465,672 |
| **Total equity and liabilities** | | **8,212,523** | 7,187,137 | 6,488,001 |

**APPROVED BY THE BOARD:**

*"Harry Barr"* — Director

*"John Oness"* — Director

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

# El Niño Ventures Inc.
## Condensed Interim Statements of Loss and Comprehensive Loss
## For the six months ended 31 July 2012 and 2011
## (Unaudited)
(Expressed in Canadian dollars)

| | Notes | Three months ended 31 July 2012 | Three months ended 31 July 2011 | Six months ended 31 July 2012 | Six months ended 31 July 2011 |
|---|---|---|---|---|---|
| | | $ **(Restated) (Note 3)** | $ (Restated) (Note 3) | $ **(Restated) (Note 3)** | $ (Restated) (Note 3) |
| **Administration expenses** | | | | | |
| Accounting and audit | | 17,112 | 15,619 | - | 24,741 |
| Bank charges and interest | | 358 | 1,007 | 1,095 | 1,656 |
| Consulting fees | 16 | 92,835 | 265,463 | 346,625 | 465,236 |
| Depreciation | 8 | 5,890 | 2,669 | 11,045 | 5,338 |
| Information technology | | 4,675 | 12,772 | 16,418 | 25,072 |
| Insurance, licenses and fees | | 11,360 | 11,910 | 22,398 | 18,024 |
| Investor & shareholder relations | | 70,335 | 106,739 | 185,356 | 112,374 |
| Legal | | 959 | 41,665 | 17,122 | 43,491 |
| Management fees | 16 | 21,000 | 21,000 | 42,000 | 95,500 |
| Office and miscellaneous | | 6,001 | 6,990 | 22,221 | 11,425 |
| Rent | | 14,998 | 5,123 | 20,772 | 10,226 |
| Share-based payments | 11 | 10,418 | 75,361 | 31,267 | 84,307 |
| Telephone and utilities | | 2,540 | 3,213 | 5,179 | 4,468 |
| Transfer agent and regulatory fees | | 6,648 | 13,024 | 20,825 | 36,475 |
| Travel, lodging and food | | 10,463 | 17,398 | 34,143 | 15,320 |
| **Net loss before other items** | | (275,592) | (599,953) | (776,466) | (953,653) |
| **Other items** | | | | | |
| Foreign exchange gain/loss | | 5,500 | (3,583) | 5,500 | (9,751) |
| Finance income | 12 | 318 | 460 | 63,840 | 3,380 |
| Write-down of exploration and evaluation properties | | (82,086) | - | (238,922) | - |
| **Net loss and comprehensive loss for the period** | | (351,860) | (603,076) | (946,048) | (960,024) |
| **Loss per share – basic and diluted** | 13 | (0.01) | (0.01) | (0.02) | (0.02) |

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

# El Niño Ventures Inc.

**Condensed Interim Statements of Cash Flows**
**For the six months ended 31 July 2012 and 2011**
**(Unaudited)**
(Expressed in Canadian dollars)

| | | Six months ended | |
|---|---|---|---|
| | **Notes** | **31 July 2012** | 31 July 2011 |
| | | **$** | $ |
| | | **(Restated)** | (Restated) |
| | | **(Note 3)** | (Note 3) |
| **OPERATING ACTIVITIES** | | | |
| Loss before tax | | **(946,048)** | (960,024) |
| Adjustments for: | | | |
| Depreciation | 8 | **11,045** | 5,338 |
| Share-based payments | 11 | **31,267** | 84,307 |
| Flow-through share premium income | 12 | **(63,350)** | - |
| Write-down of exploration and evaluation properties | | **238,922** | - |
| Changes in operating working capital | | | |
| Decrease (increase) in amounts receivable | | **5,180** | (105,006) |
| Decrease (increase) in prepaid expenses | | **41,612** | (100,737) |
| Increase (decrease) in trade payables and accrued liabilities | | **334,490** | 13,884 |
| **Cash used in operating activities** | | **(346,882)** | (1,062,238) |
| **INVESTING ACTIVITIES** | | | |
| Exploration and evaluation expenditures | | **(1,386,464)** | (611,035) |
| Purchase of property, plant and equipment | 8 | **(85,675)** | (195) |
| **Cash used in investing activities** | | **(1,472,139)** | (611,230) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from issuance of common shares | 10 | **1,725,950** | 2,135,114 |
| Share issue costs | 10 | **(56,923)** | - |
| **Cash from financing activities** | | **1,669,027** | 2,135,114 |
| **Increase (decrease) in cash and cash equivalents** | | **(149,994)** | 461,646 |
| Cash and cash equivalents, beginning of year | | **187,060** | 724,673 |
| **Cash and cash equivalents, end of period** | | **37,066** | 1,186,319 |

**Supplemental cash flow information** (Note 17)

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

# El Niño Ventures Inc.

## Condensed Interim Statements of Changes in Equity
## For the six months ended 31 July 2012 and 2011
## (Unaudited)

(Expressed in Canadian dollars)

| | Number of shares | Common shares | Shares to be issued | Stock option reserve | Warrant reserve | Deficit | Total |
|---|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ | $ |
| Balances, 1 February 2011 (Restated)(Note 3) | 36,215,558 | 21,405,683 | - | 1,365,484 | 3,793,715 | (20,099,210) | 6,465,672 |
| Shares issued for | | | | | | | |
| Cash | 11,303,769 | 2,083,160 | - | - | - | - | 2,083,160 |
| Exercise of warrants | 114,286 | 50,731 | - | - | (12,874) | - | 37,857 |
| Share-based payments | - | - | - | 84,307 | - | - | 84,307 |
| Share issue costs | - | (30,903) | - | - | - | - | (30,903) |
| Fair value allocated to warrants | - | (781,386) | - | - | 781,386 | - | - |
| Net loss for the year | - | - | - | - | - | (960,024) | (960,024) |
| Balances, 31 July 2011 (Restated)(Note 3) | 47,633,613 | 22,727,285 | - | 1,449,791 | 4,562,227 | (21,059,234) | 7,680,069 |
| Share subscriptions received in advance | - | - | 105,400 | - | - | - | 105,400 |
| Share-based payments | - | - | - | 276,912 | - | - | 276,912 |
| Net loss for the year | - | - | - | - | - | (946,538) | (946,538) |
| Balances, 31 January 2012 (Restated)(Note 3) | 47,633,613 | 22,727,285 | 105,400 | 1,726,703 | 4,562,227 | (22,005,772) | 7,115,843 |
| Shares issued for | | | | | | | |
| Cash | 11,110,257 | 1,448,050 | (105,400) | - | - | - | 1,342,650 |
| Share subscriptions received in advance | - | - | 319,950 | - | - | - | 319,950 |
| Share-based payments | - | - | - | 31,267 | - | - | 31,267 |
| Share issue costs | - | (56,923) | - | - | - | - | (56,923) |
| Fair value allocated to warrants | - | (723,429) | - | - | 723,429 | - | - |
| Net loss for the period | - | - | - | - | - | (946,048) | (946,048) |
| **Balances, 31 July 2012** (Restated)(Note 3) | **58,743,870** | **23,394,983** | **319,950** | **1,757,970** | **5,285,656** | **(22,951,820)** | **7,806,739** |

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

## 1. CORPORATE INFORMATION

El Niño Ventures Inc. (the "Company") was incorporated on 19 February 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 with the aim of developing them to a stage where they can be exploited at a profit or to arrange joint ventures whereby other companies provide funding for development and exploration.

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.

The Company's principal address and records are located at 650-555 West 12th Avenue, Vancouver, BC V5Z 3X7.

On 21 October 2011, the Company consolidated its share capital on a one (1) new common share without par value for every two and one-half (2.5) existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation (Note 10).

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of 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. BASIS OF PREPARATION

### 2.1 Basis of presentation

The Company's financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in Note 15 and are presented in Canadian dollars except where otherwise indicated.

### 2.2 Statement of compliance

The condensed consolidated financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with International Accounting Standards ("IAS") 34, '*Interim Financial Reporting*' using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

### 2.3 New and revised standards and interpretations not yet adopted

At the date of authorization of these financial statements, the IASB and IFRIC has issued the following new and revised standards, amendments and interpretations which are not yet effective during the period ended 31 July 2012.

- IFRS 9 '*Financial Instruments: Classification and Measurement'* is a new financial instruments standard effective for annual periods beginning on or after 1 January 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.

- IFRS 10 '*Consolidated Financial Statements*' is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces consolidation requirements in IAS 27 (as amended in 2008) and SIC-12.

- IFRS 11 '*Joint Arrangements*' is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces IAS 31 and SIC-13.

- IFRS 12 '*Disclosure of Interests in Other Entities*' is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces disclosure requirements in IAS 27 (as amended in 2008), IAS 28 (as revised in 2003) and IAS 31.

- IFRS 13 '*Fair Value Measurement'* is a new standard effective for annual periods beginning on or after 1 January 2013 that replaces fair value measurement guidance in other IFRSs.

- IAS 1 (Amendment) '*Presentation of Financial Statements*' is effective for annual periods beginning on or after 1 July 2012 and includes amendments regarding Presentation of Items of Other Comprehensive Income.

- IAS 19 (Amendment) '*Employee Benefits*' is effective for annual periods beginning on or after 1 January 2013 and revises recognition and measurement of post-employment benefits.

- IAS 28 (Amendment) '*Investments in Associates and Joint Ventures*' is effective for annual periods beginning on or after 1 January 2013 that prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

### 2.3 New and revised standards and interpretations not yet adopted, continued

- IAS 32 (Amendment) '*Offsetting Financial Assets and Financial Liabilities'* is effective for annual periods beginning on or after 1 January 2014.

- IFRIC 20 '*Stripping Costs in the Production Phase of a Surface Mine*' is a new interpretation effective for annual periods beginning on or after 1 January 2013 that prescribes the accounting for stripping costs in the production phase of a surface mine.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**3.1** These condensed interim financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's annual financial statements for the year ended 31 January 2012, except for the following change in accounting policy:

### 3.2 Change in accounting policy

The Company changed its accounting policy related to the exploration and evaluation properties. Exploration and evaluation expenditures, including the costs of acquiring licenses, costs associated with exploration and evaluation assets acquired in a business combination, are now capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss. The Company previously expensed its exploration and evaluation expenditures as incurred.

Option payments received are treated as a reduction of the carrying value of the related exploration and evaluation properties and deferred costs until the receipts are in excess of costs incurred, at which time they are credited to income. Option payments are at the discretion of the optionee, and accordingly, are recorded on a cash basis.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of the mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and reclassified to mining property and development assets within property, plant and equipment.

The effects of the change in accounting policy related to the Company's exploration and evaluation properties are as follows:

(Expressed in Canadian dollars)

### 3.2 Change in accounting policy, continued

Reconciliation of Statement of Financial Position as at 31 July 2012:

| | As previously reported | Effect of the change in accounting policy | As restated |
|---|---|---|---|
| | **$** | **$** | **$** |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 37,066 | - | 37,066 |
| Amounts receivable | 24,214 | - | 24,214 |
| Marketable Securities | 1 | - | 1 |
| Prepaid Expenses | 83,056 | - | 83,056 |
| | 144,337 | - | 144,337 |
| **Exploration and evaluation properties** | - | 7,984,707 | 7,984,707 |
| **Property, plant and equipment** | 83,479 | - | 83,479 |
| **Investments** | 1 | - | 1 |
| **Total assets** | 227,817 | 7,984,707 | 8,212,524 |
| **EQUITY AND LIABILITIES** | | | |
| Current liabilities | | | |
| Trade payables and accrued liabilities | 405,784 | - | 405,784 |
| **Total liabilities** | 405,784 | - | 405,784 |
| **Equity** | | | |
| Common shares | 23,394,983 | - | 23,394,983 |
| Shares to be issued | 319,950 | - | 319,950 |
| Reserves | 7,043,626 | - | 7,043,626 |
| Deficit | (30,936,526) | 7,984,707 | (22,951,819) |
| **Total equity** | (177,967) | 7,984,707 | 7,806,740 |
| **Total equity and liabilities** | 227,817 | 7,984,707 | 8,212,524 |

(Expressed in Canadian dollars)

## 3.2 Change in accounting policy, continued

Reconciliation of Statement of Financial Position as at 31 January 2012:

| | As previously reported | Effect of the change in accounting policy | As restated |
|---|---|---|---|
| | **$** | **$** | **$** |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 187,060 | - | 187,060 |
| Amounts receivable | 29,394 | - | 29,394 |
| Marketable Securities | 1 | - | 1 |
| Prepaid Expenses | 124,668 | - | 124,668 |
| | 341,123 | - | 341,123 |
| **Exploration and evaluation properties** | - | 6,837,164 | 6,837,164 |
| **Property, plant and equipment** | 8,849 | - | 8,849 |
| **Investments** | 1 | - | 1 |
| **Total assets** | 349,973 | 6,837,164 | 7,187,137 |
| **EQUITY AND LIABILITIES** | | | |
| Current liabilities | | | |
| Trade payables and accrued liabilities | 71,294 | - | 71,294 |
| **Total liabilities** | 71,294 | - | 71,294 |
| **Equity** | | | |
| Common shares | 22,727,285 | - | 22,727,285 |
| Shares to be issued | 105,400 | - | 105,400 |
| Reserves | 6,288,930 | - | 6,288,930 |
| Deficit | (28,842,936) | 6,837,164 | (22,005,772) |
| **Total equity** | 278,679 | 6,837,164 | 7,115,843 |
| **Total equity and liabilities** | 349,973 | 6,837,164 | 7,187,137 |

(Expressed in Canadian dollars)

## 3.2 Change in accounting policy, continued

Reconciliation of Statement of Financial Position as at 31 July 2011:

| | As previously reported | Effect of the change in accounting policy | As restated |
|---|---|---|---|
| | **$** | **$** | **$** |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 1,186,319 | - | 1,186,319 |
| Amounts receivable | 142,232 | - | 142,232 |
| Marketable Securities | 1 | - | 1 |
| Prepaid Expenses | 113,368 | - | 113,368 |
| | 1,441,920 | - | 1,441,920 |
| **Exploration and evaluation properties** | - | 6,306,266 | 6,306,266 |
| **Property, plant and equipment** | 13,095 | - | 13,095 |
| **Investments** | 1 | - | 1 |
| **Total assets** | 1,455,016 | 6,306,266 | 7,761,282 |
| **EQUITY AND LIABILITIES** | | | |
| Current liabilities | | | |
| Trade payables and accrued liabilities | 36,213 | - | 36,213 |
| Flow-through tax liabilities | 45,000 | - | 45,000 |
| **Total liabilities** | 81,213 | - | 81,213 |
| **Equity** | | | |
| Common shares | 22,727,285 | - | 22,727,286 |
| Reserves | 6,012,018 | - | 6,012,017 |
| Deficit | (27,365,500) | 6,306,266 | (21,059,234) |
| **Total equity** | 1,373,803 | 6,306,266 | 7,680,069 |
| **Total equity and liabilities** | 1,455,016 | 6,306,266 | 7,761,282 |

(Expressed in Canadian dollars)

### 3.2 Change in accounting policy, continued

Reconciliation of Statement of Financial Position as at 1 February 2011:

| | As previously reported | Effect of the change in accounting policy | As restated |
|---|---|---|---|
| | **$** | **$** | **$** |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 724,673 | - | 724,673 |
| Amounts receivable | 37,226 | - | 37,226 |
| Marketable Securities | 1 | - | 1 |
| Prepaid Expenses | 12,631 | - | 12,631 |
| | 774,531 | - | 774,531 |
| **Exploration and evaluation properties** | - | 5,695,231 | 5,695,231 |
| **Property, plant and equipment** | 18,238 | - | 18,238 |
| **Investments** | 1 | - | 1 |
| **Total assets** | 792,770 | 5,695,231 | 6,488,001 |
| **EQUITY AND LIABILITIES** | | | |
| Current liabilities | | | |
| Trade payables and accrued liabilities | 22,329 | - | 22,329 |
| **Total liabilities** | 22,329 | - | 22,329 |
| **Equity** | | | |
| Common shares | 21,405,683 | - | 21,405,683 |
| Reserves | 5,159,199 | - | 5,159,199 |
| Deficit | (25,794,441) | 5,695,231 | (20,099,210) |
| **Total equity** | 770,441 | 5,695,231 | 6,465,672 |
| **Total equity and liabilities** | 792,770 | 5,695,231 | 6,488,001 |

(Expressed in Canadian dollars)

### 3.2 Change in accounting policy, continued

Reconciliation of Statement of Loss and Comprehensive Loss for the three months ended 31 July 2012:

| | As previously reported | Effect of the change in accounting policy | As restated |
|---|---|---|---|
| | **$** | **$** | **$** |
| **Net Exploration Expenditures** | 444,170 | (444,170) | - |
| **General and Administrative Expenses** | | | |
| Accounting and audit | 17,112 | - | 17,112 |
| Bank charges and interest | 358 | - | 358 |
| Consulting fees | 92,835 | - | 92,835 |
| Depreciation | 5,890 | - | 5,890 |
| Information technology | 4,675 | - | 4,675 |
| Insurance, licenses and fees | 11,360 | - | 11,360 |
| Investor & shareholder relations | 70,335 | - | 70,335 |
| Legal | 959 | - | 959 |
| Management fees | 21,000 | - | 21,000 |
| Office and Miscellaneous | 6,001 | - | 6,001 |
| Rent | 14,998 | - | 14,998 |
| Share-based payments | 10,418 | - | 10,418 |
| Telephone and utilities | 2,540 | - | 2,540 |
| Transfer agent and regulatory fees | 6,648 | - | 6,648 |
| Travel, lodging and food | 10,463 | - | 10,463 |
| **Loss before other items** | (719,762) | 444,170 | (275,592) |
| **Other items** | | | |
| Foreign exchange gain | 5,500 | - | 5,500 |
| Finance income | 318 | - | 318 |
| Write-down of exploration and evaluation properties | - | (82,086) | (82,086) |
| **Net loss and comprehensive loss for the period** | (719,762) | 362,084 | (351,860) |
| **Loss per share – basic and diluted** | (0.01) | - | (0.01) |

(Expressed in Canadian dollars)

### 3.2 Change in accounting policy, continued

Reconciliation of Statement of Loss and Comprehensive Loss for the three months ended 31 July 2011:

| | As previously reported | Effect of the change in accounting policy | As restated |
|---|---|---|---|
| | **$** | **$** | **$** |
| **Net Exploration Expenditures** | 611,035 | (611,035) | - |
| **General and Administrative Expenses** | | | |
| Accounting and audit | 15,619 | - | 15,619 |
| Bank charges and interest | 1,007 | - | 1,007 |
| Consulting fees | 267,054 | - | 267,054 |
| Depreciation | 2,669 | - | 2,669 |
| Information technology | 12,772 | - | 12,772 |
| Insurance, licenses and fees | 11,910 | - | 11,910 |
| Investor & shareholder relations | 106,739 | - | 106,739 |
| Legal | 41,665 | - | 41,665 |
| Management fees | 21,000 | - | 21,000 |
| Office and Miscellaneous | 6,990 | - | 6,990 |
| Rent | 5,123 | - | 5,123 |
| Share-based payments | 75,361 | - | 75,361 |
| Telephone and utilities | 3,213 | - | 3,213 |
| Transfer agent and regulatory fees | 13,024 | - | 13,024 |
| Travel, lodging and food | 17,398 | - | 17,398 |
| **Loss before other items** | (1,212,579) | 611,035 | (601,544) |
| **Other items** | | | |
| Foreign exchange gain | (3,583) | - | (3,583) |
| Finance income | 460 | - | 460 |
| **Net loss and comprehensive loss for the period** | (1,215,702) | 611,035 | (604,667) |
| **Loss per share – basic and diluted** | (0.03) | 0.02 | (0.01) |

(Expressed in Canadian dollars)

## 3.2 Change in accounting policy, continued

Reconciliation of Statement of Loss and Comprehensive Loss for the six months ended 31 July 2012:

| | As previously reported | Effect of the change in accounting policy | As restated |
|---|---|---|---|
| | **$** | **$** | **$** |
| **Net Exploration Expenditures** | 1,386,464 | (1,386,464) | - |
| **General and Administrative Expenses** | | | |
| Accounting and audit | - | - | - |
| Bank charges and interest | 1,095 | - | 1,095 |
| Consulting fees | 346,625 | - | 346,625 |
| Depreciation | 11,045 | - | 11,045 |
| Information technology | 16,418 | - | 16,418 |
| Insurance, licenses and fees | 22,398 | - | 22,398 |
| Investor & shareholder relations | 185,356 | - | 185,356 |
| Legal | 17,122 | - | 17,122 |
| Management fees | 42,000 | - | 42,000 |
| Office and Miscellaneous | 22,221 | - | 22,221 |
| Rent | 20,772 | - | 20,772 |
| Share-based payments | 31,267 | - | 31,267 |
| Telephone and utilities | 5,179 | - | 5,179 |
| Transfer agent and regulatory fees | 20,825 | - | 20,825 |
| Travel, lodging and food | 34,143 | - | 34,143 |
| **Loss before other items** | (2,162,930) | 1,386,464 | (776,466) |
| **Other items** | | | |
| Foreign exchange gain | 5,500 | - | 5,500 |
| Finance income | 63,840 | - | 63,840 |
| Write-down of exploration and evaluation properties | - | (238,922) | (238,922) |
| **Net loss and comprehensive loss for the period** | (2,093,590) | 1,147,542 | (946,048) |
| **Loss per share – basic and diluted** | (0.04) | 0.02 | (0.02) |

# El Niño Ventures Inc.

## Notes to the Condensed Interim Financial Statements

For the three and six months ended 31 July 2012 and 2011

(Unaudited)

(Expressed in Canadian dollars)

### 3.2 Change in accounting policy, continued

Reconciliation of Statement of Loss and Comprehensive Loss for the six months ended 31 July 2011:

| | As previously reported | Effect of the change in accounting policy | As restated |
|---|---|---|---|
| | **$** | **$** | **$** |
| **Net Exploration Expenditures** | 611,035 | (611,035) | - |
| **General and Administrative Expenses** | | | |
| Accounting and audit | 24,741 | - | 24,741 |
| Bank charges and interest | 1,656 | - | 1,656 |
| Consulting fees | 465,236 | - | 465,236 |
| Depreciation | 5,338 | - | 5,388 |
| Information technology | 25,072 | - | 25,072 |
| Insurance, licenses and fees | 18,024 | - | 18,024 |
| Investor & shareholder relations | 112,374 | - | 112,374 |
| Legal | 43,491 | - | 43,491 |
| Management fees | 95,500 | - | 95,500 |
| Office and Miscellaneous | 11,425 | - | 11,425 |
| Rent | 10,226 | - | 10,226 |
| Share-based payments | 84,307 | - | 84,307 |
| Telephone and utilities | 4,468 | - | 4,468 |
| Transfer agent and regulatory fees | 36,475 | - | 36,475 |
| Travel, lodging and food | 15,320 | - | 15,320 |
| **Loss before other items** | (1,564,688) | 611,035 | (953,653) |
| **Other items** | | | |
| Foreign exchange loss | (9,751) | - | (9,751) |
| Finance income | 3,380 | - | 3,380 |
| **Net loss and comprehensive loss for the period** | (1,571,059) | 611,035 | (960,024) |
| **Loss per share – basic and diluted** | (0.04) | 0.02 | (0.02) |

# El Niño Ventures Inc.

**Notes to the Condensed Interim Financial Statements**

For the three and six months ended 31 July 2012 and 2011

(Unaudited)

(Expressed in Canadian dollars)

## 3.2 Change in accounting policy, continued

Reconciliation of Statement of Cash Flows for the six months ended 31 July 2012:

| | As previously reported | Effect of the change in accounting policy | As restated |
|---|---|---|---|
| | **$** | **$** | **$** |
| **OPERATING ACTIVITIES** | | | |
| Loss before tax | (2,093,590) | 1,147,542 | (946,048) |
| Adjustment for: | | | |
| Depreciation | 11,045 | - | 11,045 |
| Share-based payments | 31,267 | - | 31,267 |
| Flow-through share premium income | (63,350) | - | (63,350) |
| Write-down of exploration and evaluation properties | - | 238,922 | 238,922 |
| Changes in operating working capital | | | |
| Increase in amounts receivable | 5,180 | - | 5,180 |
| Increase in prepaid expenses | 41,612 | - | 41,612 |
| Increase in trade payables and accrued liabilities | 334,490 | - | 334,490 |
| **Cash used in operating activities** | (1,733,346) | 1,386,464 | (346,882) |
| **INVESTING ACTIVITIES** | | | |
| Exploration and evaluation expenditures | - | (1,386,464) | (1,386,464) |
| Purchase of property, plant and equipment | (85,675) | - | (85,675) |
| **Cash used in investing activities** | (85,675) | - | (1,472,139) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from issuance of common shares | 1,725,950 | - | 1,725,950 |
| Share issued costs | (56,923) | - | (56,923) |
| **Cash flow used in financing activities** | 1,669,027 | - | 1,669,027 |
| **Decrease in cash and cash equivalents** | (149,994) | - | (149,994) |
| Cash and cash equivalents, beginning of year | 187,060 | - | 187,060 |
| | 37,066 | - | 37,066 |

(Expressed in Canadian dollars)

### 3.2 Change in accounting policy, continued

Reconciliation of Statement of Cash Flows for the six months ended 31 July 2011:

| | As previously reported | Effect of the change in accounting policy | As restated |
|---|---|---|---|
| | **$** | **$** | **$** |
| **OPERATING ACTIVITIES** | | | |
| Loss before tax | (1,571,059) | 611,035 | (960,024) |
| Adjustment for: | | | |
| Depreciation | 5,338 | - | 5,338 |
| Share-based payments | 84,307 | - | 84,307 |
| Changes in operating working capital | | | |
| Increase in amounts receivable | (105,006) | - | (105,006) |
| Increase in prepaid expenses | (100,737) | - | (100,737) |
| Increase in trade payables and accrued liabilities | 13,884 | - | 13,884 |
| **Cash used in operating activities** | (1,673,273) | 611,035 | (1,062,238) |
| **INVESTING ACTIVITIES** | | | |
| Exploration and evaluation expenditures | - | (611,035) | (611,035) |
| Purchase of property, plant and equipment | (195) | - | (195) |
| **Cash used in investing activities** | (195) | (611,035) | (611,230) |
| **FINANCING ACTIVITIES** | | | |
| Proceeds from issuance of common shares | 2,135,114 | - | 2,135,114 |
| **Cash flow used in financing activities** | 2,135,114 | - | 2,135,114 |
| **Decrease in cash and cash equivalents** | 461,646 | - | 461,646 |
| Cash and cash equivalents, beginning of year | 724,673 | - | 724,673 |
| | 1,186,319 | - | 1,186,319 |

### 3.3 Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including

(Expressed in Canadian dollars)

### 3.3 Significant accounting judgments, estimates and assumptions, continued

expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to the fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and measurement of deferred tax assets and liabilities and ability to continue as a going concern. Actual results may differ from those estimates and judgments.

## 4. SEGMENTED INFORMATION

For the six months ended 31 July 2012, the Company operates in two geographical areas, being Canada and the Democratic Republic of Congo (DRC). The following is an analysis of total expenses, current assets and non-current assets by geographical area:

| | Canada | DRC | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Net loss** | | | |
| For the six month ended 31 July 2012 | **707,126** | **238,922** | **946,048** |
| For the six month ended 31 July 2011 | 743,912 | 216,112 | 960,024 |
| For the three months ended 31 July 2012 | 269,773 | 82,086 | 351,859 |
| For the three months ended 31 July 2011 | 446,738 | 157,929 | 604,667 |
| **Current assets** | | | |
| As at 31 July 2012 | **144,337** | **-** | **144,337** |
| As at 31 January 2012 | 341,123 | - | 341,123 |
| **Exploration and evaluation properties** | | | |
| As at 31 July 2012 | **7,984,706** | **-** | **7,984,706** |
| As at 31 January 2012 | 6,837,164 | - | 6,837,164 |
| **Property, plant and equipment** | | | |
| As at 31 July 2012 | **83,479** | **-** | **83,479** |
| As at 31 January 2012 | 8,849 | - | 8,849 |
| **Investments** | | | |
| As at 31 July 2012 | **1** | **-** | **1** |
| As at 31 January 2012 | 1 | - | 1 |

(Expressed in Canadian dollars)

## 5. PREPAID EXPENSES

The Company's prepaid expenses are as follows:

| | **31 July 2012** | 31 January 2012 |
|---|---|---|
| | **$** | $ |
| Insurance | **15,637** | 9,402 |
| Prepaid administration expenses | **67,419** | 115,266 |
| **Total prepaid expenses** | **83,056** | 124,668 |

## 6. AMOUNTS RECEIVABLE

The Company's amounts receivables arise from two main sources: Goods and Services Tax / Harmonized Sales Tax ("GST/HST") receivable due from the government taxation authorities and advances. These are as follows:

| | **31 July 2012** | 31 January 2012 |
|---|---|---|
| | **$** | $ |
| GST/HST receivable | **24,214** | 29,144 |
| Other receivables | **-** | 250 |
| **Total amounts receivable** | **24,214** | 29,394 |

(Expressed in Canadian dollars)

## 7. EXPLORATION AND EVALUATION PROPERTIES

The Company's exploration and evaluation properties expenditures for the six month period ended 31 July 2012 were as follows:

| | Murray Brook Project | Kasala Project, DRC | Bathurst Zinc Project | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **ACQUISITION COSTS** | | | | |
| Balance, 31 January 2012 | 150,000 | 169,631 | - | 319,631 |
| **Balance, 31 July 2012** | **150,000** | **5,612,662** | **82,569** | **5,845,231** |
| **EXPLORATION AND EVALUATION COSTS** | | | | |
| Balance, 31 January 2012 | 989,658 | 5,445,306 | 82,569 | 6,517,533 |
| Drilling | 914,138 | - | - | 914,138 |
| Engineering and consulting | 124,597 | - | - | 124,597 |
| Geological and field expenses | 102,845 | - | - | 102,845 |
| Geophysics and environment | 5,962 | - | - | 5,962 |
| **Balance, 31 July2012** | **2,137,201** | **5,445,306** | **82,569** | **7,665,075** |
| **TOTAL (Note 3)** | **2,287,200** | **5,614,937** | **82,569** | **7,984,706** |

(Expressed in Canadian dollars)

## 7. EXPLORATION AND EVALUATION PROPERTIES, continued

The Company's exploration and evaluation properties expenditures for the year ended 31 January 2012 were as follows:

| | Murray Brook Project | Kasala Project, DRC | Bathurst Zinc Project | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **ACQUISITION COSTS** | | | | |
| Balance, 1 February 2011 | - | 169,631 | - | 169,631 |
| Additions | 150,000 | - | - | 150,000 |
| **Balance, 31 January 2012** | **150,000** | **169,631** | **82,569** | **319,631** |
| **EXPLORATION AND EVALUATION COSTS** | | | | |
| Balance, 1 February 2011 | - | 5,443,031 | 82,569 | 5,525,600 |
| Assaying | 30,448 | - | - | 30,448 |
| Drilling | 746,326 | - | - | 746,326 |
| Engineering and consulting | 160,469 | - | - | 160,469 |
| Geological and field expenses | 43,653 | 2,275 | - | 45,928 |
| Geophysics and environment | 7,687 | - | - | 7,687 |
| Property fees | 1,075 | - | - | 1,075 |
| **Balance, 31 January 2012** | **989,658** | **5,445,306** | **82,569** | **6,517,533** |
| **TOTAL (Note 3)** | **1,139,658** | **5,614,937** | **82,569** | **6,837,164** |

### 7.1 DRC Project

Business in the DRC is conducted under the rules and regulations of the New Mining Code that came into effect in 2003.

**Kasala Project**

Pursuant to an agreement dated 19 May 2007, the Company exercised its option to acquire a 70% interest in certain mineral research permits (the "Kasala Mineral Research Permits") covering 352 square kilometres of prospective exploration areas in the Copperbelt, 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 280,000 shares to which 240,000 shares were issued. The remaining US$100,000 and 40,000 shares that are payable and issuable, respectively, on 18 May 2010, are being held in trust pending the decision

### 7.1 Kasala Project, continued

by the courts in British Columbia in regards to the Company's petition to set-off the US$100,000 and 40,000 shares against the $850,000 being claimed by the Company as well as orders for arbitration to settle the disputes (Note 18).

In February 2008, the Kasala Mineral Research Permits were transferred by GCP into Infinity Resources Sprl ("Infinity") in contemplation of the Company fulfilling all of the terms of the option agreement.

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 Kasala Mineral Research Permits, the terms of which shall be negotiated 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.

**Harmony Project**

On 4 February 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 Copper belt, located east of the Kinsevere Project of Anvil Mining (the "LOI"). As consideration, the Company issued 80,000 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 had 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 was the operator and was responsible for all authorized and approved costs of exploration and development of the properties. If the property goes into production, the Company was to be reimbursed for all costs of exploration and development by Harmony before any profit split would 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 terminated the LOI related to the Harmony Mineral Research Permits.

**Phoenix Project**

On 14 November 2008, the Company signed an agreement with Phoenix Mining Corporation ("PMC") whereby the Company had the option to earn a 70% share interest in a mineral research permit in the DRC Copper belt. 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 120,000 shares over a three year period, in equal annual instalments on 14 November 2009, 14 November 2010, and 14 November 2011; as well as to pay US$250,000 on 16 December 2009; US$300,000 on 16 December 2010; US$350,000 on 16 December 2011; and US$1,100,000 on 16 December 2012 in order to maintain its interest in the Project.

During a prior year ended 31 January 2010, the Company notified PMC, as per the agreement, that the Company would not be exercising its option on the property (Note 18).

**7.2 Bathurst Option JV Base Metals Project, BOJV, (Previously known as Bathurst Mining Camp Project ,TriParty Agreement)**

The Bathurst Option JV Base Metals Project ("BOJV") is a 50/50 joint venture with Xstrata Zinc Canada Inc. ("Xstrata"). The Tri-Party Agreement allows for Votorantim Metals Canada Inc. ("VM Canada") to earn up to 50% of the project by incurring exploration expenditures of $10 million over a period of 5 years. VM Canada may further increase its interest to 70% by spending an additional $10 million over 2 years.

The BOJV project consists of an initial 4,712 claims in the Tri-Party Agreement with Xstrata and VM Canada. In January 2009, VM Canada entered into a binding MOU with Xstrata and the Company to pursue an Option-Joint Venture Agreement, whereby VM Canada may earn up to a 70% interest in those properties by making exploration expenditures of $20,000,000 over a period of seven years. Following a six-month period of due diligence, the companies entered negotiations to reach a final Option-JV Agreement which was concluded in July 2010.

Meanwhile, VM Canada commenced exploration in August 2009 with a program of airborne and surface geophysical surveys, geochemistry, geological mapping, compilation of historical data and research into advanced exploration technologies suitable for application in the Bathurst Mining Camp (BMC). In the early part of 2010, VM Canada made application to the Government of New Brunswick ("GNB") for financial assistance in applying new exploration methods. An Advanced Exploration Agreement between the GNB and VM Canada was executed in late September 2010 regarding the implementation of a program that would match VM Canada's exploration expenditures with GNB contributions. These expenditures are to be no less than $1,000,000 and no more than $2,500,000 per year for three years, for a maximum, total, GNB contribution of up to $7,500,000. GNB expenditures together with VM Canada's expenditures would therefore result in exploration expenditures of up to $15,000,000 over the life of the Agreement. The effective date for this agreement is 1 April 2010. In February 2011, the Company announced that a $5 million exploration program has begun consisting of airborne and ground

### 7.2 Bathurst Option JV Base Metals Project, BOJV, (Previously known as Bathurst Mining Camp Project ,TriParty Agreement), continued

geophysics and drilling. A Fugro Airborne Survey was completed over two large areas in the BMC in May 2011. This was the first ever commercial survey using the 'Falcon' Gravity Gradiometer in a helicopter platform.

On 24 April 2012, the Company announced the results of $859,000 exploration program in H2-2011, consisting of airborne and surface geophysical surveys, geological mapping, compilation of historical data and research into advanced exploration technologies suitable for application in the BMC. This program was fully funded by VM Canada.

### 7.3 Murray Brook Project

VM Canada entered into a Joint Venture Agreement with Murray Brook Minerals Inc. and Murray Brook Resources (collectively, "MBM") which provided for VM Canada to earn 50% of the Murray Brook project.

Under Votorantim's Option and Joint Venture Agreement with Murray Brook Minerals Inc. and Murray Brook Resources Inc., both privately held companies, Votorantim can earn a 50% interest in the properties by funding $2,250,000 in exploration expenditures and making payments totalling $300,000 over a three year period that commenced 1 November 2010. Votorantim can earn an additional 20% interest in the properties by funding an additional $2,250,000 in exploration expenditures over an additional two year period. The Company has elected to enter into a participation agreement wherein it can earn 50% of Votorantim's interest by paying 50% of the costs incurred by Votorantim in the Option and Joint Venture Agreement.

On 10 May 2012, the Company gave formal notice to Murray Brook Minerals Inc. (MBM) and Votorantim Metals Canada ("Votorantim") of a 50% earned interest in the Murray Brook, Polymetallic project, Bathurst, New Brunswick. MBM has also been provided with a valid notice that the Company and Votorantim are exercising their option to acquire and become owner of an additional 20% (for a total of 70%) beneficial interest in the Murray Brook mining claims.
Votorantim and El Nino gave notice to MBM in July that it had now earned in for a further 20% interest.which now results in both El Nino Ventures and Votorantim Metals Canada currently holding 35% each.

In Fall 2012 Votorantim entered into a Share Purchase Option Agreement to acquire the 30% interest held by Murray Brook Minerals ("MBM"). The Company can participate for 50% of MBM's 30% interest which will result in a 50/50 joint venture with Votorantim on the Murray Brook Project. It is the intent of the company to acquire a 50% interest in the Murray Brook project based on its ability to fund its 50% share of the costs for the project.

### 7.4 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. No programs were carried out during the past year and the Company is seeking a joint venture partner to further develop this project.

(Expressed in Canadian dollars)

## 8. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in the Company's property, plant and equipment for the period ended 31 July 2012 are as follows:

| | Leasehold improvements | Computer equipment | Furniture and fixtures | Software | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **COST** | | | | | |
| As at 31 January 2012 | - | 16,754 | 50,019 | 8,325 | 75,098 |
| Additions | 76,870 | 4,592 | 2,755 | 1,458 | 85,675 |
| **As at 31 July 2012** | **76,870** | **21,346** | **52,774** | **9,783** | **160,773** |
| **DEPRECIATION AND IMPAIRMENT** | | | | | |
| As at 31 January 2012 | - | 15,466 | 42,458 | 8,325 | 66,249 |
| Change for the year | 3,844 | 1,194 | 5,278 | 729 | 11,045 |
| **As at 31 July 2012** | **3,844** | **16,660** | **47,736** | **9,054** | **77,294** |
| **NET BOOK VALUE** | | | | | |
| As at 31 January 2012 | - | 1,288 | 7,561 | - | 8,849 |
| **As at 31 July 2012** | **73,026** | **4,686** | **5,038** | **729** | **83,479** |

(Expressed in Canadian dollars)

## 9. TRADE PAYABLES AND ACCRUED LIABILITIES

The Company's trade and accrued liabilities are principally comprised of amounts outstanding for trade purchases relating to exploration and evaluation activities and amounts payable for financing activities. The usual credit period taken for trade purchases is between 30 to 90 days. These are broken down as follows:

| | **31 July 2012** | 31 January 2012 |
|---|---|---|
| | **$** | $ |
| Trade payables | **405,784** | 47,294 |
| Accrued liabilities | **-** | 24,000 |
| **Total trade payables and accrued liabilities** | **405,784** | 71,294 |

Included in trade payables and accrued liabilities are amounts due to related parties which are disclosed in Note 16.

During the previous year ended 31 January 2012, gross proceeds of $450,000 were raised in a 1,800,000 flow-through unit non-brokered private placement at a price of $0.25 per unit, consisting of one common flow-through share and a one-half non flow-through share purchase warrant. This issuance of flow-through shares resulted in a flow-through share liability of $45,000 at the date of issue with $Nil remaining at 31 January 2012 (Note 10).

During the previous year ended 31 January 2012, the Company incurred approximately $990,000 in qualifying Canadian exploration expenditures resulting in a flow-through share income, with a corresponding decrease in the flow-through share liability of $45,000, on the basis that the Company has the intention of renouncing these qualifying Canadian exploration expenditures to the respective investors.

During the period ended 31 July 2012, gross proceeds of $503,000 were raised in a 3,353,332 flow-through unit non-brokered private placement at a price of $0.15 per unit, consisting of one common flow-through share and a one-half non flow-through share purchase warrant. This issuance of flow-through shares resulted in a flow-through share liability of $63,350 at the date of issue (Note 10).

During the period ended 31 July 2012, the Company incurred approximately $503,000 in qualifying Canadian exploration expenditures resulting in a flow-through share income, with a corresponding decrease in the flow-through share liability of $63,350, on the basis that the Company has the intention of renouncing these qualifying Canadian exploration expenditures to the respective investors (Note 12).

## 10. SHARE CAPITAL

### 10.1 Authorized share capital

The Company has authorized an unlimited number of common and preferred shares with no par value. At 31 July 2012, the Company had 58,743,870 common shares outstanding (31 January 2012: 47,633,613) and no preferred shares outstanding (31 January 2012: Nil).

### 10.2 Shares issuances

During the six months ended 31 July 2012 and 2011, the Company issued common shares as follows:

On 28 March 2011, gross proceeds of $1,538,860 were raised in an 8,793,484 non flow-through unit non-brokered private placement at a price of $0.175 per unit, consisting of one common share and a one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share until 28 September 2012 at a price of $0.25 per share. The Company paid $27,598 in finder's fees.

On 28 March 2011, gross proceeds of $450,000 were raised in a 1,800,000 flow-through unit non-brokered private placement at a price of $0.25 per unit, consisting of one common flow-through share and a one-half non flow-through share purchase warrant. Each whole warrant entitles the holder to purchase one additional non flow-through common share until 28 March 2012 at a price of $0.50 per share. The Company paid $2,500 in finder's fees. This issuance of flow-through shares resulted in a flow-through share liability of $45,000 at the date of issue (Note 9).

On 8 April 2011, gross proceeds of $89,300 were raised in a 510,285 non flow-through unit non-brokered private placement at a price of $0.175 per unit, consisting of one common share and a one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share until 8 October 2012 at a price of $0.25 per share. The Company paid $805 in finder's fees.

On 8 April 2011, gross proceeds of $50,000 were raised in a 200,000 flow-through unit non-brokered private placement at a price of $0.25 per unit, consisting of one common flow-through share and a one-half non flow-through share purchase warrant. Each whole warrant entitles the holder to purchase one additional non flow-through common share until 8 April 2012 at a price of $0.50 per share.

On 6 May 2011, a total of 40,000 common shares were issued upon exercise of share purchase warrants at $0.25 per share for total proceeds of $10,000.

On 10 May 2011, a total of 74,286 common shares were issued upon exercise of share purchase warrants at $0.375 per share for total proceeds of $27,857.

On 21 October 2011, the Company consolidated its share capital on a one (1) new common share

### 10.2 Shares issuances, continued

without par value for every two and one-half (2.5) existing common shares without par value basis. All common shares and per share amounts have been restated to give retroactive effect to the share consolidation (Note 1).

On 16 February 2012, gross proceeds of $361,450 were raised in a 2,780,385 non flow-through unit non-brokered private placement at a price of $0.13 per unit, consisting of one common share and one-half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.23 per share for a period of 18 months from closing subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.40 per share for 10 consecutive trading days on the TSX Venture Exchange. The Company paid $18,823 and 114,450 warrants in finder's fees.

On 16 February 2012, gross proceeds of $81,000 were raised in a 540,000 flow-through unit non-brokered private placement at a price of $0.15 per unit, consisting of one common flow-through share and a one-half of one non-transferable, non flow-through, share purchase warrant. Each whole warrant entitles the holder to purchase one non flow-through common share of the Company at a price of $.025 per share for a period of 18 months from closing subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.40 per share for 10 consecutive trading days on the TSX Venture Exchange. The Company paid $1,050 and 7,000 warrants in finder's fees.

On 30 March 2012, gross proceeds of $577,940 were raised in a 4,445,692 non flow-through unit non-brokered private placement at a price of $0.13 per unit, consisting of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.23 per share for a period of 18 months from closing subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.40 per share of 10 consecutive trading days on the TSX Venture Exchange. The Company paid $17,115 and 109,550 warrants in finder's fees.

On 30 March 2012, gross proceeds of $343,250 were raised in a 2,288,334 flow-through unit non-brokered private placement at a price of $0.15 per unit, consisting of one common flow-through share and one-half of one non-transferable, non flow-through, share purchase warrant. Each whole warrant entitles the holder to purchase one non flow-through common share of the Company at a price of $0.25 per share for a period of 18 months from closing subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.40 per share for 10 consecutive trading days on the TSX Venture Exchange. The Company paid $12,232 and 81,550 warrants in finder's fees.

On 17 April 2012, gross proceeds of $69,010 were raised in a 530,846 non flow-through unit non-brokered private placement at a price of $0.13 per unit, consisting of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.23 per share for a period of 18

(Expressed in Canadian dollars)

### 10.2 Shares issuances, continued

months from closing subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.40 per share for 10 consecutive trading days on the TSX Venture Exchange. The Company paid $701 and 5,390 warrants in finder's fees.

On 17 April 2012, gross proceeds of $78,750 were raised in a 525,000 flow-through unit non-brokered private placement at a price of $0.15 per unit, consisting of one common flow-through share and one-half of one non-transferable, non flow-through, share purchase warrant. Each whole warrant entitles the holder to purchase one non flow-through common share of the Company at a price of $0.25 per share for a period of 18 months from closing subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.40 per share for 10 consecutive trading days on the TSX Venture Exchange. The Company paid $7,002 and 36,750 warrants in finder's fees.

### 10.3 Shares to be issued

During the period ended 31 July 2012, the Company received $319,950 (31 January 2012: $105,400) in share subscriptions for which the shares were not yet issued as at 31 July 2012.

### 10.4 Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants for the six months ended 31 July 2012 and for the year ended 31 January 2012:

| | **31 July 2012** | | 31 January 2012 | |
|---|---|---|---|---|
| | **Number of warrants** | **Weighted average exercise price** | Number of warrants | Weighted average exercise price |
| Outstanding, beginning of year | **12,065,882** | **$0.27** | 19,371,828 | $0.33 |
| Granted | **5,909,818** | **$0.24** | 5,651,882 | $0.29 |
| Exercised | **-** | **-** | (114,286) | $0.33 |
| Forfeited | **(1,000,000)** | **$0.32** | (12,843,542) | $0.32 |
| **Outstanding, end of period** | **16,975,700** | **$0.25** | 12,065,882 | $0.27 |

(Expressed in Canadian dollars)

### 10.4 Share purchase warrants, continued

The following table summarizes information regarding share purchase warrants outstanding as at 31 July 2012.

| Date issued | Number of warrants | Exercise price | Expiry date |
|---|---|---|---|
| 5 October 2010 | 6,414 000 | $0.25 | 5 October 2013 |
| 28 March 2011 | 4,396,740 | $0.25 | 28 September 2012 |
| 8 April 2011 | 255,142 | $0.25 | 8 October 2012 |
| 16 February 2012 | 277,000 | $0.25 | 16 August 2013 |
| 16 February 2012 | 1,504,642 | $0.23 | 16 August 2013 |
| 30 March 2012 | 1,225,717 | $0.25 | 30 September 2013 |
| 30 March 2012 | 2,332,396 | $0.23 | 30 September 2013 |
| 17 April 2012 | 299,250 | $0.25 | 17 October 2013 |
| 17 April 2012 | 270,813 | $0.23 | 17 October 2013 |
| **Balance– 31 July 2012** | **16,975,700** | | |

### 10.5 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 polices of the TSX Venture Exchange.

The following is a summary of the changes in the Company’s stock option plan for the six months ended 31 July 2012 and for the year ended 31 January 2012:

| | **31 July 2012** | | 31 January 2012 | |
|---|---|---|---|---|
| | **Number of options** | **Weighted average exercise price** | Number of options | Weighted average exercise price |
| Outstanding, beginning of year | **2,044,000** | **$0.43** | 1,414,000 | $0.45 |
| Granted | **-** | **-** | 1,444,000 | $0.43 |
| Exercised | **-** | **-** | - | - |
| Forfeited | **(314,000)** | **$0.47** | (814,000) | $0.47 |
| **Outstanding, end of period** | **1,730,000** | **$0.43** | 2,044,000 | $0.43 |

(Expressed in Canadian dollars)

### 10.5 Stock options, continued

The weighted average fair value of the options granted as at 31 July 2012 was estimated at $Nil (31 January 2011: $0.27) per option at the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used for the calculation were:

| | **31 July 2012** | 31 January 2012 |
|---|---|---|
| Risk free interest rate | - | 2.12% |
| Expected life | - | 5 years |
| Expected volatility | - | 153.11% |
| Expected dividend per share | - | - |

The following table summarizes information regarding stock options outstanding and exercisable as at 31 July 2012:

| **Exercise price** | **Number of options outstanding** | **Weighted-average remaining contractual life (years)** | **Weighted average exercise price** |
|---|---|---|---|
| **Options outstanding** | | | |
| $0.20 - $0.39 | 792,000 | 3.25 | $0.36 |
| $0.40 - $0.59 | 938,000 | 4.32 | $0.43 |
| **Total options outstanding** | **1,730,000** | **3.81** | **$0.43** |
| **Options exercisable** | | | |
| $0.20 - $0.39 | 792,000 | 3.25 | $0.36 |
| $0.40 - $0.59 | 938,000 | 4.32 | $0.43 |
| **Total options exercisable** | **1,730,000** | **3.81** | **$0.43** |

(Expressed in Canadian dollars)

## 11. SHARE-BASED PAYMENTS

Share-based payments for the following options granted by the Company will be amortized over the vesting period, of which $31,267 was recognized in the six months ended 31 July 2012, (30 July 2011: $84,307):

| Grant date | Fair value | Three months ended 31 July 2012 | Three months ended 31 July 2011 | Six months ended 31 July 2012 | Six months ended 31 July 2011 |
|---|---|---|---|---|---|
| | $ | **$** | $ | **$** | $ |
| 25 June 2010 | 108,005 | **-** | 13,473 | **-** | 6,624 |
| 24 May 2011 | 390,746 | **10,417** | - | **31,267** | 77,683 |
| **Total** | 498,751 | **10,417** | 13,473 | **31,267** | 84,307 |

## 12. FINANCE INCOME

The finance income for the Company is broken down as follows:

| | Three months ended 31 July 2012 | Three months ended 31 July 2011 | Six months ended 31 July 2012 | Six months ended 31 July 2011 |
|---|---|---|---|---|
| | **$** | $ | **$** | $ |
| Interest income | **318** | 460 | **490** | 3,380 |
| Flow-through share premium income (Note 9) | **-** | - | **63,350** | - |
| **Total** | **318** | 460 | **63,840** | 3,380 |

## 13. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following data:

| | Three months ended 31 July 2012 | Three months ended 31 July 2011 | Six months ended 31 July 2012 | Six months ended 31 July 2011 |
|---|---|---|---|---|
| | **$** | $ | **$** | $ |
| Net loss | **(351,860)** | (604,667) | **(946,048)** | (960,024) |
| Weighted average number of shares – basic and diluted | **53,953,076** | 47,624,186 | **53,53,076** | 44,094,619 |
| **Loss per share, basic and diluted** | **(0.01)** | (0.01) | **(0.02)** | (0.02) |

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. All of the stock options and share purchase warrants were anti-dilutive for the six months ended 31 July 2012 and 2011.

(Expressed in Canadian dollars)

## 14. CAPITAL RISK MANAGEMENT

The Company's objectives are to safeguard the Company's ability to continue as a going concern in order to support the Company's normal operating requirements, continue the exploration of its mineral properties.

The Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for general administration costs, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company is not subject to any externally imposed capital requirements. There were no significant changes in the Company's approach or the Company's objectives and policies for managing its capital.

## 15. FINANCIAL INSTRUMENTS

### 15.1 Categories of financial instruments

| | **31 July 2012** | 31 January 2012 |
|---|---|---|
| | **$** | $ |
| **FINANCIAL ASSETS** | | |
| **FVTPL, at fair value** | | |
| Cash and cash equivalents | **37,066** | 187,060 |
| **Loans and receivables, at amortized cost** | | |
| Amounts receivable | **-** | 250 |
| **Available-for-sale, at fair value** | | |
| Marketable securities | **1** | 1 |
| Investments | **1** | 1 |
| **Total financial assets** | **37,068** | 187,312 |
| **FINANCIAL LIABILITIES** | | |
| **Other liabilities, at amortized cost** | | |
| Trade payables | **405,784** | 47,294 |
| **Total financial liabilities** | **405,784** | 47,294 |

(Expressed in Canadian dollars)

### 15.2 Fair value

The fair value of financial assets and financial liabilities at amortized cost is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions. The Company considers that the carrying amount of all its financial assets and financial liabilities recognized at amortized cost in the financial statements approximates their fair value due to the demand nature or short term maturity of these instruments.

The following table provides an analysis of the Company's financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the inputs used to determine the fair value are observable.

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable either directly or indirectly.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

| **Six months ended 31 July 2012** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| **Financial assets at fair value** | | | | |
| Cash and cash equivalents | 37,066 | - | - | 37,066 |
| Marketable securities | 1 | - | - | 1 |
| Investments | - | - | 1 | 1 |
| **Total financial assets at fair value** | **37,067** | **-** | **1** | **37,068** |

There were no transfers between Level 1, 2 and 3 during the six months ended 31 July 2012.

| **As at 31 January 2012** | **Level 1** | **Level 2** | **Level 3** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| **Financial assets at fair value** | | | | |
| Cash and cash equivalents | 187,060 | - | - | 187,060 |
| Marketable securities | 1 | - | - | 1 |
| Investments | - | - | 1 | 1 |
| **Total financial assets at fair value** | **187,061** | **-** | **1** | **187,062** |

There were no transfers between Level 1, 2 and 3 during the year ended 31 January 2012.

### 15.3 Management of financial risks

The financial risk arising from the Company's operations are credit risk, liquidity risk, interest rate risk, currency risk and commodity price risk. These risks arise from the normal course of operations and all transactions undertaken are to support the Company's ability to continue as a going concern. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

**Credit risk**

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies and amounts receivable are mostly due from the Government of Canada. As a result, the Company is not subject to a significant credit risk.

**Liquidity risk**

The Company is reliant upon equity issuances as its sole source of cash. The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company continuously reviews its actual expenditures and forecast cash flows and matches the maturity dates of its cash and cash equivalents to capital and operating needs. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at 31 July 2012, the Company had a working capital deficit of $261,447 (31 January 2012: $269,829).

**Currency risk**

For the six months ended 31 July 2012, a significant portion of the Company's operation was in the DRC. As a result, a portion of the Company's receivables, payables and accruals were denominated in the US dollar and were therefore subject to fluctuation in exchange rates. However, the Company considers its currency risk to be insignificant.

If the Canadian dollar had weakened (strengthened) against the US dollar, with all other variables held constant, by 100 basis point (1%) at year end, the impact on net loss would have been $79 lower ($79 higher).

**Interest rate risk**

Included in the loss for the period in these financial statements is interest income on Canadian dollar cash and cash equivalents. If interest rates throughout the year had been 10 basis points (0.1%) lower (higher) then net loss would have been $172 lower ($172 higher).

(Expressed in Canadian dollars)

### 15.3 Management of financial risks, continued

**Commodity price risk**

The Company, being an exploration stage company, is not subject to any other market risks including commodity price risk.

## 16. RELATED PARTY TRANSACTIONS

For the six months ended 31 July 2012, the Company had transactions with Pacific North West Capital Corp. ("PFN"), a company with management and directors in common with the Company. PFN provides office and consulting services to the Company.

### 16.1 Related party expenses

The Company's related party expenses paid and/or accrued to PFN are as follows:

| | Three months ended 31 July 2012 | Three months ended 31 July 2011 | Six months ended 31 July 2012 | Six months ended 31 July 2011 |
|---|---|---|---|---|
| | **$** | **$** | **$** | $ |
| Consulting fees | **56,952** | 7,132 | **221,833** | 7,132 |
| Shared office costs | **46,659** | 55,537 | **87,826** | 70,369 |
| **Total related party expenses** | **110,708** | 62,669 | **324,199** | 77,501 |

### 16.2 Due from/to related parties

The assets and liabilities of the Company include the following amounts due to related parties:

| | **31 July 2012** | 31 January 2012 |
|---|---|---|
| | **$** | $ |
| Key management personnel | **-** | 250 |
| **Total amount due from related parties** | **-** | 250 |
| Key management personnel | **36,832** | 10,293 |
| PFN | **219,200** | 3,327 |
| **Total amount due to related parties** | **256,032** | 13,620 |

The amounts due to/from related parties are non-interest bearing, unsecured and due on demand.

(Expressed in Canadian dollars)

### 16.3 Key management personnel compensation

The remuneration of directors and other members of key management were as follows:

| | Three months ended 31 July 2012 | Three months ended 31 July 2011 | Six months ended 31 July 2012 | Six months ended 31 July 2011 |
|---|---|---|---|---|
| | **$** | $ | **$** | $ |
| Short-term benefits – management consulting fees | **108,449** | 65,274 | **299,176** | 235,777 |
| Share-based payments | **3,592** | 49,725 | **14,957** | 58,671 |
| **Total key management personnel compensation** | **112,041** | 114,999 | **314,133** | 294,448 |

## 17. SUPPLEMENTAL CASH FLOW INFORMATION

### 17.1 Cash payments for interest and taxes

The Company made the following cash payments for interest and income taxes:

| | Three months ended 31 July 2012 | Three months ended 31 July 2011 | Six months ended 31 July 2012 | Six months ended 31 July 2012 |
|---|---|---|---|---|
| | **$** | **$** | **$** | $ |
| Interest paid | - | - | - | - |
| Income taxes paid | - | - | - | - |
| **Total cash payments** | - | - | - | - |

## 18. CONTINGENCIES

**18.1** During a prior year, the Company was served with two separate claims filed in the DRC by Georges Kavvadias, GCP and PMC. An order for the garnishment of the shares held by the Company in the share capital of Infinity was rendered to guarantee payment of an alleged debt towards GCP and PMC. GCP was claiming fees and expenses of US$82,312, plus damages, alleged to be owing to them by the Company in connection with the provision of services alleged to have been rendered by GCP and Infinity (Note 7). PMC alleged that the Company was obligated under the termination agreement to make the first anniversary payment to PMC of US$250,000 as well as to pay damages (Note 7). In May 2010, the Company received notice that the claims commenced in the DRC was dismissed by the Tribunal of Commerce of Lubumbashi (the "Tribunal"). 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 contrary to the representations of Georges Kavvadias and GCP.

## 18. CONTINGENCIES, continued

**18.2** On 18 May 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 the decision by the courts in British Columbia (Note 7). On 21 May 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 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:

- The amounts claimed are not due and owing and that Georges Kavvadias and GCP, despite repeated requests by the Company, 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; and
- A claim of US$1,445,064, 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 the 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 Notice of Default relating to the Mineral Property Option Agreement, the Company invoked the arbitration clauses contained in the agreements. In January 2011, the decision of the Supreme Court was to defer all decisions regarding the above to arbitration. At this time the arbitrator has been chosen, both parties have submitted their supporting documentation and the hearing to hear jurisdictional issues was held on the 22nd and 23rd of August 2012 with a decision rendered fully in favour of El Nino Ventures. The Company is now requesting that the arbitrator now set the date for hearing all of the Company's claims be held as soon as possible and without further delay. It is anticipated that the date will be set for a final hearing during Q1, 2013. At which time, management is confident that it will be successful in its efforts to bring Mr. Kavvadias and his company GCP Group to accountability.

**18.3** Pursuant to the application filed by the Company in the DRC, the minutes appointing Georges Kavvadias as the General Manager were declared null and void by the Tribunal. The application to remove Georges Kavvadias as General Manager has been granted. A shareholders meeting was then held and a new Manager of Infinity was appointed by the Company. Appeals have been submitted, with a date to hear them not been set at this time. As a result of these decisions by the court, a shareholder's meeting of Infinity was held and the Company appointed a new manager for its joint venture company, Infinity Resources Sprl.

## 18. CONTINGENCIES, continued

**18.4** The Company was 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 submitted an application to prevent Cadastre Minier ("CAMI") from transferring the exploration permits, which it did. Further, the CAMI has viewed the actions of Mr. Kavvadias as being fraudulent and has initiated criminal charges against him.

## 19. EVENTS AFTER THE REPORTING PERIOD

19.1 On 28 August 2012, the Company was provided with the option to earn an additional 15% in the Murray Brook project. Under a purchase agreement signed by Votorantim Metals Canada ("VMC") on 28 August 2012 with Murray Brook Minerals ("MBM") and Murray Brook Resources Inc. (collectively the owners), VMC acquired the right to purchase the owners remaining 30% of the Murray Brook Project. In the event that ELN elects to earn in on the option from VMC and the owners to earn an additional 15% in the project, this would result in ELN having a combined total of 50% (35% +15%) in the Murray Brook Project.

19.2 On 7 September 2012, the Company announced that the board of directors has approved the repricing of its non-brokered flow-through and non flow-through private placement of up to a combined 33,333,333 units for gross proceeds up to $3,000,000. Each non flow-through unit ("NFT Unit") has been re-priced to $0.09 per NFT Unit which will consist of one common share and one-half of one non-transferable share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one common share of the Company at a price of $0.15 per share for 18 months from closing, subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.25 per share for 10 consecutive trading days on the TSX Venture Exchange.

Each flow-through unit ("FT Unit") will consist of one common flow-through share in the capital of the Company and one-half of one non flow-through, non-transferable share purchase warrant has been re-priced to $0.10 per FT Unit. Each whole warrant will entitle the holder thereof to purchase one additional non flow-through common share of the Company at $0.16 for a period of 18 months from closing, subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.26 per share for 10 consecutive trading days on the TSX Venture Exchange. The amended private placement terms and any finders fees payable are subject to regulatory approval.

19.3 On 26 September 2012, the Company retained the services of Renmark Financial Communications Inc. to enhance and increase its existing investor relations activities. Renmark will focus on increasing visibility of the Company in the retail investment community. For the services provided, monthly retainer of $7,000 with a 3-month out clause to Renmark Financial Communications Inc. was paid out.

## 19. EVENTS AFTER THE REPORTING PERIOD, continued

19.4 On 5 October 2012, the Company closed the first tranche of its non-brokered flow-through and non flow-through private placement for gross proceeds of $1,351,452. It issued 5,166,133 non flow-through units (NFT Units) at a price of $0.09 per NFT Unit. Each

NFT Unit consists of one common share and one-half of one non-transferable share purchase warrant ("Warrant"). Each whole Warrant will entitle the holder to purchase one common share of the Company at a price of $0.15 per share for a period of 18 months from closing subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.25 per share for 10 consecutive trading days on the TSX Venture Exchange.

In addition, the Company issued 8,865,000 flow-through units ("FT Unit") at $0.10 per FT Unit. Each FT Unit consists of one common flow-through share and one-half of one non-transferable, non flow-through, share purchase warrant. Each whole Warrant will entitle the holder to purchase one non flow-through common share of the Company at a price of $0.16 per share for a period of 18 months from closing subject to an accelerated expiry, such expiry being accelerated to 30 days in the event the Company's shares have closed at or above a price of $0.26 per share for 10 consecutive trading days on the TSX Venture Exchange. The Company paid $24,407.50 and 166,600 warrants in finder's fees in connection with this first tranche closing of the private placement.

19.5 On 16 November 2012, that the Company proceeded with the second tranche of its non-brokered flow-through and non flow-through private placement for up to a combined 33,333,333 units for total gross proceeds of up to $3,000,000. The terms of the private placement as announced on 7 September 2012 remain unchanged.

## 20. RESTATEMENT OF FINANCIAL STATEMENTS

The financial statements as at 31 July 2012 and for the three months then ended have been restated to reflect the change in the Company's accounting policy related to the exploration and evaluation properties as discussed in Note 3.

## 21. APPROVAL OF THE RESTATED FINANCIAL STATEMENTS

The restated financial statements of the Company for the three and six months ended 31 July 2012 were approved and authorized by the Board of Directors on 20 December 2012.

# FORM 52-109F2R
# CERTIFICATION OF REFILED INTERIM FILINGS

This certificate is being filed on the same date that **El Nino Ventures Inc**. (the "issuer") has refiled the **interim financial statements and interim MD&A for the interim period ended July 31, 2012**.

I, **Harry Barr, Chairman and Chief Executive Officer, of EL NINO VENTURES INC.**, certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of **EL NINO VENTURES INC.** (the "issuer") for the interim period ended **July 31, 2012.**
2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: **December 20, 2012**

*"Harry Barr"*

Harry Barr, Chairman and Chief Executive Officer

**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i. 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

ii. 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 this certificate. 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.

## FORM 52-109F2R
## CERTIFICATION OF REFILED INTERIM FILINGS

This certificate is being filed on the same date that **El Nino Ventures Inc**. (the "issuer") has refiled the **interim financial statements and interim MD&A for the interim period ended July 31, 2012**.

I, **Robert Guanzon, Chief Financial Officer, of EL NINO VENTURES INC.**, certify the following:

1. ***Review:*** I have reviewed the interim financial report and interim MD&A (together, the "interim filings") of **EL NINO VENTURES INC.** (the "issuer") for the interim period ended **July 31, 2012.**
2. ***No misrepresentations:*** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. ***Fair presentation:*** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: **December 20, 2012**

*"Robert Guanzon"*

Robert Guanzon, Chief Financial Officer

**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

i. 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
ii. 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 this certificate. 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.