



For further information on the Company reference should be made to the Company’s public filings which are available on SEDAR. Information is also available at the Company’s website www.valleyhighventures.com. In addition, reference should be made to the Company’s audited financial statements for the year ended October 31, 2008. The following information is prepared in accordance with Canadian GAAP and denominated in Canadian dollars, unless otherwise noted. This Management Discussion & Analysis should be read in conjunction with the Company’s financial statements for the six months ended April 30, 2009.

The financial information in this MD&A is derived from the Company’s financial statements prepared in accordance with Canadian generally accepted accounting principles. This MD&A may contain forward looking statements based on assumptions and judgments of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

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1 PROFILE & STRATEGY

1.1 Profile & Strategy

Valley High Ventures Ltd. (the “Company” or “Valley High”) was incorporated on August 11, 1980 under the laws of the Province of British Columbia. The Company is pursuing opportunities related to the exploration of mineral resource properties principally in British Columbia, Canada and in Mexico and is considered to be in the exploration / development stage.

The Company is a reporting issuer in British Columbia and Alberta and its shares are listed on the TSX Venture Exchange under the symbol “VHV”.

The Company is in the process of acquiring and exploring mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

1.2 Cash and Going Concern

As of April 30, 2009 the Company had cash and cash equivalents of \$476,337 (October 2008: \$27,665), and working capital position of \$712,049 2008; (October 2008: 110,885). A significant position of the cash and cash equivalents was raised through a flow-through financing and therefore is restricted to exploration activities in Canada. Included within the determination of working capital is Value Added Taxes refundable from Mexico, although the Company is confident that these amounts will eventually be refunded there, however, can be no certainty as to the timing of these refunds.

The global credit crisis is being felt in all economic sectors and the junior mining sector is being particularly hard hit with low valuations and depressed metal prices. In November and December 2008, the Company was able to complete two separate financings; one flow-through financing that raised gross proceeds of \$500,000 and one other financing which raised gross proceeds of \$225,000 (refer section 3.3). The flow-through financing will enable the Company to continue to evaluate its Mount Polley properties and the second financing will help enable the Company to continue to hold and evaluate its Cordero property, as well as provide working capital. In February 2009, the Company also optioned its Cordero property to Levon Resources to further conserve cash, (refer Section 2.1)

In June 2009, the Company received its 2005 and 2006 British Columbia Mining Exploration Tax Credit (“BCMETC”) of \$150,348. The Company’s 2007 BCMETC refund has yet to be assessed and therefore, has not been accrued for.

To continue to develop its properties the Company will, within the next twelve months, have to raise additional equity or form strategic partnerships. As result of the current economic environment there cannot be any certainty that additional financings can be raised or strategic partnerships can be formed and therefore there is substantial doubt about the ability of the Company to continue as a going concern.

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

2 MILESTONES & PROJECTS UPDATE



2.1 Milestones / Highlights

In April 2009, the Company entered into an Option Agreement with Imperial Metals Corporation ("Imperial") whereby Imperial has been granted the right to acquire a 100% interest in one complete mineral cell and four partial cells that are adjacent to Imperial's Boundary Zone deposit on its Mount Polley mine property. Imperial may exercise its option by paying a total of \$300,000 (\$100,000 paid). The claims will be subject to a two stage royalty for material from the claims that is milled at the Mount Polley mine concentrator. The stage I royalty is \$2.50 per tonne for the first 400,000 tonnes of material milled. The stage II royalty is \$1.25 per tonne for all tonnes milled in excess of 400,000 tonnes. The stage II royalty can be reduced to \$0.62 per tonne by Imperial making a payment of \$1,000,000 to Valley High.

The optioned property comprises one complete mineral cell and four partial cells. Valley High owns a 90% interest in the tenure and will receive 90% of the proceeds. A private company owns the remaining 10% interest in the property.

In February 2009, the Company entered into an option and joint venture agreement with Levon Resources Ltd. ("Levon") whereby Levon may earn a 51% interest in Valley High's Cordero silver, gold, lead, zinc project, Chihuahua, Mexico by spending \$1,250,000 by the end of February 2013 with a first year work commitment of \$250,000. In addition Levon will provide an initial \$20,000 payment and will pay 50% of the underlying option payments due on certain portions of the property. Valley High will be the operator until Levon earns 51%, however Levon will provide technical input and geologic services to complete data synthesis and integration, targeting and drill testing. A finder's fee of \$20,000 was paid in respect of this transaction.

In addition, the Company renegotiated the terms of the underlying options on Cordero to US\$100,000 (US\$60,000 paid) in 2009; US\$100,000 in 2010; US\$300,000 in 2011; US\$600,000 in 2012 and US\$2,100,000 in 2013 (Total: US\$3.2 million).

2.2 Cordero Property, Mexico

The Company's Mexican subsidiary has options to acquire two claims in Mexico. The Cordero property is located approximately 220 kilometers south of the city of Chihuahua, and approximately 40 kilometers northeast of the town of Hidalgo del Parral. Cordero comprises a 332 hectares claim block that has been optioned and which contains the Cordero polymetallic prospect, from which historic artisanal underground mining has taken place; and a surrounding, a wholly-owned claim block, which contains the Sanson porphyry molybdenum prospect. The optioned property Cordero comprises the Herrera claims and the Jandrina claims that covers the Cordero property. The 100% owned Sanson mining claim was staked surrounding the Herrera and Jandrina claim groups and covers 9,210 hectares.

The following table summarizes the quarter by quarter expenditures, year to date ("YTD") and the life to date expenditure (since acquisition) ("LTD") on exploration properties in Mexico. This table includes the costs associated with the Cordero project.

Table 1: - Exploration, Mexico	Quarterly			Six months-ended		LTD
	Q408	Q109	Q209	Q208	Q209	
Administration costs	\$2,996	\$21,593	\$14,871	\$-	\$36,464	\$42,456
Consulting, labour & professional fees	42,054	44,528	52,316	-	96,844	138,898
Drilling & trenching	-	-	-	-	-	-
Property investigations	145	-	1,631	-	1,631	1,308
Property acquisition	-	32,836	43,095	-	75,931	75,931
Property payments received	-	-	(20,000)	-	(20,000)	(20,000)
Reimbursed costs	-	-	(97,526)	-	(97,526)	(97,526)
Travel & accommodation	-	1,767	11,926	-	13,694	13,694
Total exploration	45,195	100,724	6,313	-	\$107,037	\$154,761

The reduction in administration costs for the quarter can be attributed to lower legal fees in the second quarter compared with quarter one. The property payment received is from Levon Resources and is consistent with the agreement entered into in February 2009.



Property acquisition costs were US\$25,000 during the first quarter and US\$35,000 in the second quarter on the Cordero claim, the payment is consistent with the acquisition terms (section 2.1).

Under the Levon Agreement, Levon has agreed to pay 50% of the property option payments on Cordero from the date of agreement. Reimbursed costs represent funds received from Levon (excluding property option payments) for expenditures incurred at Cordero. The Levon Agreement was entered into on February 2009 and the reimbursement of costs commenced as of that date.

Field work commenced in mid February and continued through the end of the quarter. This work extended the earlier exploration coverage by an additional 2 kilometers. Partial results were released June 8, announcing the discovery of an extension to the overall target area towards the southwest including results from a trench that returned encouraging values of 355 metres grading 14.0 g/T Ag, 0.13 g/T Au, 0.12% Zn and 0.12% Pb.

2.3 Mount Polley Properties, British Columbia, Canada

The Mount Polley properties in British Columbia are made up of a number of claims blocks, which include the Lloyd, Nordik/Buc, Calm, October/Dome and Morehead claim blocks. The properties comprise approximately 10,000 hectares and are located adjacent to the Imperial's producing open-pit copper-gold mine, which is 100 km northeast of Williams Lake, British Columbia.

Lloyd Claims - The Company acquired a 90% interest in a portion of Lloyd claims in consideration for the issuance of 1,020,000 common shares valued at \$234,600. The Company acquired a 100% interest in the remaining claims, subject to a 1.5% Net Smelter Return ("NSR") by issuing 180,000 common shares (valued at \$41,400). The Lloyd claims include the boundary zone.

In April 2009, the Company entered into an option agreement with Imperial whereby Imperial has been granted the right to acquire a 100% in one complete mineral cell and four partial cells that are adjacent to Imperial's Boundary Zone. Imperial may exercise its option by paying a total of \$300,000 (\$100,000 paid) in cash on or before January 1, 2010. The claims will be subject to a two stage royalty for material from the claims that is milled at the Mount Polley mine concentrator. The stage I royalty is \$2.50 per tonne for the first 400,000 tonnes of material milled. The stage II royalty is \$1.25 per tonne for all tonnes milled in excess of 400,000 tonnes. The stage II royalty can be reduced to \$0.62 per tonne by Imperial making a payment of \$1,000,000 to Valley High

Nordik/Buc Claims - The Company acquired a 100% interest in the Nordik mineral claims in consideration for the issuance of 666,666 common shares valued at \$153,333. The vendors retained a 2% NSR on the claims, which can be purchased for \$500,000 for each one-half percent. The Company acquired a 100% interest subject to a 2% NSR, in the Buc claims for the issuance of 25,000 shares (valued at \$13,250) and a cash payment of \$10,000. The Nordik/Buc claims border the Mount Polley Mine property on the east side and extended to the opposite side of Polley Lake.

Calm Claims - The Company acquired a 100% interest in the Calm mineral claims in consideration for the issuance of 333,333 common shares (valued at \$76,667) and a cash payment of \$25,000. The vendors retained a 2% NSR on the claims, which can be purchased for \$500,000 for each one-half percent. The Calm claims are located several kilometers west of the Mount Polley Mine and south of Morehead Lake.

October/Dome Claims - The Company acquired a 100% interest in certain mineral claims (collectively the "October/Dome Claims") in consideration for the issuance of 733,334 common shares valued at \$168,666. The vendors retained a 2% NSR on the claims, which can be purchased for \$500,000 for each one-half percent. These claims are located north of the Lloyd claims. On March 10, 2006, the Company acquired the right to earn a 100% interest, subject to a 1.5% NSR, in an additional claim block (the "Dome" Claims) adjacent to the existing claims for a cash payment of \$10,000 (paid) and the issuance of 270,000 shares over a four year period (190,000 issued valued at \$68,200).

On June 13, 2008, the Company acquired the Morehead claim block for a cash payment of \$8,000.



The following table summarizes deferred expenditure as at October 2008 and April 30, 2009. It also summarizes the expenditures during the first six months of the year.

Table 2: Mt Polley Properties	Opening Balance	Expenditures		Closing Balance
	Oct-2008	Q109	Q209	Apr-09
Administration	\$20,920	\$-	\$-	\$20,920
Consulting and professional fees	270,379	40,411	611	311,391
Drilling and trenching	680,680	-	-	680,680
Exploration tax credit	-	-	(150,348)	(150,348)
Property investigations	484,307	-	-	484,306
Property acquisition costs	801,526	3,562	7,800	812,888
Property payments received	-	-	(90,000)	(90,000)
Travel and accommodation	50,624	-	-	50,624
Mineral property interests	\$2,308,436	\$43,973	\$(231,937)	\$2,120,461

During the second quarter the Company recorded its 2005 and 2006 BCMETC refunds as a result of receiving both the assessment and the physical refunds prior to preparation of the quarter end. As the original expenditures were deferred the Company applied the BCMETC refund against mineral property interests.

In addition, during the period the Company received a net \$90,000 from Imperial for property options payments on the Boundary zone.

2.4 Key Management

Robert Cameron, President and Chief Executive Officer, has over 27 years in the mining industry. Prior to joining Valley High, he held the position of Mining Analyst for Research Capital Inc. and prior to that held the position of Vice President and Manager of Exploration for Phelps Dodge Corporation of Canada Limited (a subsidiary of Freeport McMoRan Copper and Gold Inc.). The Board is comprised of Alan Stephens, Chairman, who has over 31 years of international mining experience in Chile, Mexico and Brazil, including managing exploration teams in Latin America, Africa, Europe and Asia; Kathrine MacDonald, VP Business Development, who has over 25 years of experience in the Finance Industry, including Investment Banking, Management, Finance, and Corporate Relations for public mining companies; James Mustard, Independent Director, who has over 33 years of diverse experience covering a broad range of exploration activity, and engineering functions at both open pit and underground development projects and mines and, Ray Strafehl, Independent Director, who has been a registered Commodity Trading Advisor with the National Futures Association since 1998. Mr. Strafehl also has over 27 years of experience in the Investment and Venture Capital Finance Industry and Corporate Relations for public mining companies.

3 FINANCIAL POSITION REVIEW

3.1 Cash and Working Capital

Table 3: Cash and Working Capital	Oct-08	Apr-09
Cash and cash equivalents	\$27,665	\$476,337
Accounts receivable and prepaid expenses	203,588	345,080
Accounts payable and accrued liabilities	(105,065)	(74,614)
Due to related parties	(15,333)	(34,754)
Net working capital	\$110,855	\$712,049

A portion of the accounts receivable relates to value added taxes (“VAT”) receivable in Mexico. The Company is currently working actively to gain access to these funds and although management is confident that these amounts are refundable and represent valid claims, the timing of the payment from the Mexican authorities remains uncertain. Also included within accounts receivable is a \$150,348 accrual for BCMETC for 2005 and 2006 fiscal years which were received subsequent to the period end.



The Company also has a 2007 BCMETC refund outstanding and has not recorded these amounts as a receivable as at April 30, 2009. As the Company has not received the refund or an assessment of the return, there remains doubt as to the amount and timing of any such payment and as such, the Company has not accrued for any receivable in respect of the 2007 refund.

3.2 Other Assets

Table 4: Other Assets	Oct-08	Apr-09
Bond and reclamation deposits	8,000	8,000
Property, plant and equipment	14,559	8,586
Mineral property interests	\$2,308,436	2,120,461
Total Other Assets	\$2,330,995	\$2,137,047

In April 2009, the Company recognized \$150,348 from BCMETC refund which has been credited against the carrying costs of the property. In British Columbia, Canada, you are entitled to an exploration credit for those hard dollars (non flow-through) spent on exploration. Also in April 2009, the Company received its first option payment from Imperial related to the operation agreement on the Boundary zone. As a result, the Company has recognized the \$90,000 payment as a recovery of previously deferred exploration costs and has credited mineral properties as a result. Any future receipts will be treated as a cost recovery until all deferred costs have been recuperated.

As at April 30, 2009, the Company had total assets of \$2,958,464 (2008: \$2,562,248) the majority of which comprises deferred costs associated with the Mount Polley properties in British Columbia. Due to the location of these properties next to established infrastructure and the Imperial's. Mount Polley Mine, management believes that it will be able to recover these costs and therefore, has not recorded any impairment on these deferred costs.

3.3 Equity and Financing

Table 5: Shareholders' Equity	Oct-08	Apr-09
Common shares	\$7,867,439	8,313,410
Contributed surplus	398,107	671,029
Deficit	(5,823,696)	(6,135,343)
Total shareholders equity	\$2,441,850	2,849,096

Outstanding Shares and Options

As at April 30, 2009, the Company had the following securities issued and outstanding:

Table 6: Outstanding number of shares, options and warrants	Oct-08	Apr-09
Common shares	25,699,554	30,070,554
Options	2,499,000	3,037,000
Warrants	-	2,311,000
Fully diluted	28,198,554	35,418,554

In March 2009, the Company issued 60,000 common shares in connection with the Option Agreement on the October/Dome claims.

In December 2008, the Company closed a non-brokered private placement of 2,250,000 units at a price of \$0.10 per unit for gross proceeds of \$225,000. Each unit is comprised of one common share and one transferable warrant. Each warrant entitles the holder to purchase one common share for a period of two years from the closing of the Private Placement at a price of \$0.25 per warrant. The proceeds from the Private Placement will be used to fund exploration on the Cordero property in Mexico and for general working capital. In connection with the Private Placement, the Company paid a finder's fee of \$10,500 in cash and has issued 21,000 units at a deemed price of \$0.10 per Finder's Unit. Each Finder Unit consists of one common share and one



non-transferable warrant Each Finder's warrant entitles the holder to purchase one common share of the Company for a period of two years from the closing of the Private Placement at a price of \$0.25 per share.

In November 2008, the Company closed a non-brokered private placement of 2,000,000 flow-through shares at a price of \$0.25, for gross proceeds of \$500,000. In connection with the offering, a finder's fee of \$25,000 cash was paid and issued 40,000 non-flow-through units, with each unit comprised of one common share and one transferable warrant. Each warrant will entitle the holder to purchase one common share for a period of two years from the closing of the private placement at a price of \$0.35 per warrant. As the proceeds from flow-through are required to be spent on certain Qualifying Canadian Exploration Expenditures and then those tax losses are renounced to the individual shareholder, the Company no longer has the ability to use the expenditures for tax purposes. The Company is required to record a future tax liability which is equal to the renunciation, times the corporation tax rate when expenditures are renounced (January 2009). This amounted to \$127,500. However, the Company can utilize previously unrecognized future income tax assets to offset the liability; the Company applied \$127,500 in future income tax assets to this liability, this amount is recognized in the statement of loss and deficit as a future income tax recovery. The Company had initially recognized \$152,500 in the first quarter using current rates but adjusted this to substantially enacted future tax rates in its second quarter.

4 EXPENDITURE REVIEW

Table 7: Expenditures	Quarterly				Six-Months Ended			
	Q108	Q208	Q308	Q408	Q109	Q209	Q208	Q209
Expensed exploration								
Administration	\$-	\$-	\$-	\$2,996	\$21,593	\$14,871	\$-	\$36,464
Consulting, labour, & professional fees	-	-	-	42,054	44,528	52,316	-	96,844
Drilling and trenching	-	-	-	-	-	-	-	-
Property investigations	-	-	-	145	-	1,631	-	1,631
Property acquisition cost	-	-	-	-	32,836	43,095	-	75,931
Property payments received	-	-	-	-	-	(20,000)	-	(20,000)
Reimbursed costs	-	-	-	-	-	(97,526)	-	(97,526)
Travel and accommodation	-	-	-	-	1,768	11,926	-	13,694
Property write-downs	1,623	-	-	1,933,874	-	-	1,623	-
	\$1,623	\$-	\$-	\$1,979,089	\$100,725	\$6,313	\$1,623	\$107,037
Other expenses								
Consulting, labour, & professional fees	\$27,000	-	\$6,000	\$61,401	\$46,215	\$63,617	\$45,254	\$109,832
Depreciation	-	-	-	1,126	3,038	2,936	-	5,974
Interest expense (income)	22,186	(2,335)	(29)	(253)	(264)	5,706	19,851	5,442
Gain on settlement	-	-	-	(329,425)	-	-	-	-
Other costs	(10,023)	1,221	604	16,889	19,412	9,864	(8,801)	29,276
Regulatory & compliance costs	747	8,445	2,905	8,135	4,049	2,965	9,192	7,014
Stock-based compensation	-	-	40,782	81,685	83,865	84,850	-	168,715
Travel and promotion	3,237	-	17,134	3,000	19	5,836	3,237	5,855
Total other expenses	43,147	7,331	67,396	(157,442)	156,334	175,775	68,733	332,109
Future income tax recovery	-	-	-	-	(152,500)	25,000	-	(127,500)
Net Loss	\$44,770	\$7,331	\$67,396	\$1,821,626	\$104,558	\$207,089	\$70,356	\$311,646

Exploration expenditures

On September 26, 2008 (Q409), the Company acquired CoroMex. Prior to this, the Company had been deferring all exploration expenditures as they all related to the Mount Polley properties. As a result of the addition of the Mexican subsidiary and its properties, the expensed exploration costs rose from the fourth quarter of 2008 and the first quarter of 2009 (refer to section 2.2).



Acquisition costs of US\$25,000 and US\$35,000 for Cordero's Q109 and Q209 respectively were paid in respect of Cordero (section 2.2).

The property write-down in the fourth quarter relates to the Company's Mexican properties. The Company reviewed these properties at fiscal year end and due to the current economic environment, coupled with declining commodity prices and the lack of a formal recovery plan for the acquisition costs of the property, the Company wrote-off the book value of Mexican properties. The Company still firmly believes in the potential of the Cordero property but due to the lack of dedicated financing at this time and a formal cost recovery plan it has elected to write-down its acquisition cost.

Other Expenditures

Prior to the change in the management team at Valley High (March 2008), management and administration fees of approximately \$30,000 were being charged per quarter. These fees terminated upon establishment of the new management team in the second quarter of 2008. In September 2008, the Company appointed Robert Cameron as the President and CEO of the Company which has resulted in an increase in the consulting, labour and professional fees. The increase in consulting, labour and professional fees for the quarter is due to the expensing of a finder's fee in respect to the Levon Agreement (\$20,000)

The acquisition of the Company's Mexican subsidiary has resulted in the recognition of depreciation for the quarter where no depreciation had previously been recognized.

Interest expense for the quarter has increased as the Company renounced exploration expenses in January 2009 in advance of incurring the costs (permissible under the ("lock back rule")) and has therefore accrued interest expenses on these unspent exploration expenses that were renounced.

The gain on settlement of the debt arose from the acquisition of the Company's Mexican subsidiary. As part of the agreement, a related party debt was settled through the issuance of 2,333,333 common shares of the Company; this share issuance was fair valued at \$583,333 which resulted in a \$329,425 gain being recognized.

Other costs include foreign exchange losses (gain) with the addition of the Company's Mexican subsidiary and rent paid to Coro as a result of the appointment of Robert Cameron. The Company shares an office with Coro Mining.

Stock-based compensation increased from quarter three as the majority of options granted were in June 2008, which was midway through the third quarter. The Company recognizes the fair value of the options over the life of the vesting period.

The future income tax recovery relates to the recognition of previous tax losses to offset future income tax liability from the renouncement of the tax losses for the flow through financing that occurred in November 2008. The Company initially recognized the renounced expenditures at current tax rates which resulted in a tax liability of \$152,500. Upon review of this amount, the Company determined that the substantially enacted future income tax rate should have been used rather than the current rate and therefore the Company adjusted the future income tax recovery by \$25,000 in the second quarter.

4.1 Related Parties Transactions

As at January 31, 2008, as a result of the agreement with Coro, the management group of the Company changed. The outstanding related party loans were consequently renegotiated and management fees and rent and other expenses revised. During the three and six months ended April 30, 2009, rent and administrative charges of \$10,364 and \$19,021 respectively were charged by Coro Mining Corp.

5. CASH FLOW REVIEW

For the three months ended April 30, 2009, cash outflow from operations, after non-cash working capital movements, was \$98,610 (2008 inflow: \$11,917). The main cash expenses were consulting, labour & professional fees and regulatory and compliance costs. Cash outflow from financing was \$3,318 (2008 inflow: \$19,360) due to the financing undertaken in



November and December. Cash inflow from investing activities was \$89,389 (2008 outflow: \$21,560) which was principally comprised of the \$90,000 receipt from Imperial's.

For the six months ended April 30, 2009, cash outflow from operations, after non-cash working capital movements, was \$266,630 (2008: \$9,850). The main cash expenses were exploration costs in Mexico and consulting, labour & professional fees and regulatory and compliance costs. Cash inflow from financing was \$669,876 (2008: \$22,745) due to the financing undertaken in November and December. Cash inflow from investing activities was \$45,426 (2008 outflow: \$24,315) which was comprised of payments related to deferred expenditures on the Mount Polley properties.

6 OUTLOOK

At Cordero, as the results of the initial work are compiled, planning has begun for a drill program to test targets on this large property. Such work is expected to commence in the second half of the year.

At the Company's Mount Polley, Imperial plans to complete additional drilling on the newly acquired tenure and will evaluate the merits of mining this zone.

Elsewhere on the larger Mount Polley lands the Company is developing its drill program scheduled for this summer. Sufficient funds are available to complete this program with the flow through financing that was completed in November 2008. Drilling will focus on geophysical targets located north and west of the current mine operations at Imperial's Mount Polley mine.

The company continues to seek additional exploration opportunities in Canada and Mexico.

7 RISKS, CRITICAL ACCOUNTING ESTIMATES & POLICIES

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

7.1 Future Changes in Accounting Policies

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that for fiscal years beginning on or after January 1, 2011, publicly-listed companies must report under IFRS which effectively replaces Canada's own GAAP.

The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, it has not formally adopted a transition plan and therefore, at this time, is unable to accurately estimate the impact of IFRS.

7.2 Disclosure Controls and Internal Control Financial Reporting

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to permit timely decisions regarding public disclosure. Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in the rules of the Canadian Securities Administration, as at April 30, 2009. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed or submitted by the Company under Canadian securities legislation.



The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management in its opinion has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. The Canadian Securities Administrators do not require any certification on the effectiveness of these controls at this time.

There have been no changes in the Company's internal control over financial reporting during the period ended April 30, 2009, that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

7.3 Forward Looking Statements

Certain statements included in this "MD&A" constitute forward-looking statements, including those identified by the expressions "anticipate", "believe", "plan", "estimate", "expect", "intend", "may", "should" and similar expressions to the extent they relate to the Company or its management. The forward-looking statements are not historical facts but reflect current expectations regarding future results or events. This MD&A contains forward-looking statements. These forward-looking statements are based on current expectations and various estimates, factors and assumptions and involve known and unknown risks, uncertainties and other factors.

Information concerning the interpretation of drill results also may be considered forward-looking statements; as such information constitutes a prediction of what mineralization might be found to be present if and when a project is actually developed. The estimates, risks and uncertainties described in this MD&A are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in the Company's forward-looking statements. In addition, any forward-looking statements represent the Company's estimates only as of the date of this MD&A and should not be relied upon as representing the Company's estimates as of any subsequent date. The material factors and assumptions that were applied in making the forward-looking statements in this MD&A include: (a) execution of the Company's existing plans or exploration programs for each of its properties, either of which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such plans or programs; and (b) the accuracy of current interpretation of drill and other exploration results, since new information or new interpretation of existing information may result in changes in the Company's expectations. Readers should not place undue reliance on the Company's forward-looking statements, as the Company's actual results, performance or achievements may differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements if known or unknown risks, uncertainties or other factors affect the Company's business, or if the Company's estimates or assumptions prove inaccurate. Therefore, the Company cannot provide any assurance that forward-looking statements will materialize.

7.4 Additional Financings

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 obligations 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.

7.5 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.



8 SUMMARY OF FINANCIAL POSITION AND PERFORMANCE

The following table sets out a summary of the Company's results.

Table 8: Summary of Financial Position and Performance

Statement of Loss and Deficit	Q307	Q407	Q108	Q208	Q308	Q408	Q109	Q209
Exploration Expenditures								
Administration	-	-	-	\$-	\$-	\$2,996	\$21,593	14,871
Consulting, labour & professional fees	-	-	-	-	-	42,054	44,528	52,316
Drilling and trenching	-	-	-	-	-	-	-	-
Property investigations	-	-	-	-	-	145	-	1,631
Property acquisition costs	-	-	-	-	-	-	32,836	43,095
Property payments received	-	-	-	-	-	-	-	(20,000)
Reimbursed Costs	-	-	-	-	-	-	-	(97,526)
Travel and accommodation	-	-	-	-	-	-	1,768	11,926
Property write-downs	-	212,238	1,623	-	-	1,933,874	-	-
	-	212,238	1,623	-	-	\$1,979,068	\$100,724	6,313
Other Expenses								
Consulting, labour & professional fees	\$42,800	\$56,349	\$27,000	\$-	\$6,000	\$61,401	\$46,215	63,617
Depreciation and amortization	-	-	-	-	\$-	\$1,126	3,038	2,936
Interest expense (income), net	18,998	22,327	22,186	(2,335)	(29)	(253)	(264)	5,706
Gain on settlement of debt	-	-	-	-	-	(329,425)	-	-
Other costs	11,039	13,824	(10,023)	1,221	604	16,889	19,412	9,864
Regulatory and compliance costs	1,000	800	747	8,445	2,905	8,135	4,049	2,965
Stock-based compensation	-	-	-	-	40,782	81,685	83,865	84,850
Travel and promotion	\$5,000	\$159	\$3,237	\$-	\$17,134	\$3,000	19	5,836
	\$78,837	\$93,459	\$43,147	\$7,331	\$67,396	\$(157,442)	\$156,334	175,819
Loss for the period before taxes	\$78,837	\$305,697	\$44,770	\$7,331	\$67,396	\$1,821,626	\$257,058	182,089
Future income tax recovery	-	-	-	-	-	-	(152,500)	25,000
Loss for the period	\$78,837	\$305,697	\$44,070	\$7,331	\$67,396	\$1,821,626	\$104,558	207,089
Financial Position								
Assets								
Cash and cash equivalents	\$10,050	\$1,441	\$4	\$9,721	\$2,766	\$27,665	\$488,697	\$476,337
AR and prepaid expenses	34,241	35,935	35,434	1,223	9,020	203,588	197,531	345,080
Total current Assets	44,291	45,376	43,438	18,944	19,786	231,253	686,228	821,417
Bonds and reclamation	-	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Property, plant and equipment	16,170	-	-	-	-	14,559	11,522	8,586
Mineral property interests	2,458,741	2,248,161	2,252,417	2,253,007	2,284,182	2,308,436	2,352,398	2,120,461
Total Assets	2,519,202	2,293,537	2,295,855	2,271,951	2,303,968	2,562,248	3,058,148	2,958,464
Liabilities								
Accounts payable and accruals	88,831	60,175	59,693	44,181	102,813	105,065	90,780	74,614
Due to related parties	739,306	847,994	895,264	912,758	912,758	15,333	25,696	34,754
Total current liabilities	828,137	908,169	955,257	956,939	1,015,571	120,398	116,476	109,368
Total Liabilities	\$828,137	\$908,169	\$955,257	\$956,939	\$1,015,571	\$120,398	\$116,476	\$109,368



Table 9: Summary of Financial Position and Performance (continued)

	Q307	Q407	Q108	Q208	Q308	Q408	Q109	Q209
Shareholders' Equity								
Common shares	\$4,992,301	\$4,992,301	\$4,992,301	\$4,992,301	\$4,992,301	\$7,867,439	\$8,283,748	8,313,410
Contributed surplus	275,640	275,640	275,640	275,640	316,422	398,107	586,178	671,029
Deficit	(3,576,876)	(3,882,573)	(3,927,343)	(3,952,929)	(4,020,326)	(5,823,696)	(5,928,254)	(6,135,343)
Total Shareholders' Equity	1,691,065	1,385,368	1,340,598	1,315,012	1,288,397	2,441,850	2,941,672	2,849,096
Total Liabilities and Equity	\$2,519,202	\$2,293,537	\$2,295,855	\$2,271,951	\$2,303,968	\$2,562,248	\$3,058,148	2,958,464
Weighted average of shares	13,674,390	14,161,731	14,175,868	14,175,868	14,175,868	18,563,683	28,438,261	30,044,936
Working capital	\$(783,846)	\$(862,793)	\$(911,819)	\$(937,995)	\$(940,085)	\$110,855	569,753	712,049
Cash flows from:								
Operating activities	\$(69,540)	\$(168,827)	\$(22,545)	\$11,917	\$3,944	\$(154,890)	\$(168,019)	98,610
Financing activities	81,224	(1,174,785)	25,364	19,360	-	263,563	673,014	(3,138)
Investing activities	(21,583)	1,343,003	(4,256)	(21,560)	(10,899)	(82,449)	(43,963)	89,389
Net increase (decrease) in cash	\$(9,899)	\$(609)	\$(1,437)	\$9,717	\$(6,955)	\$26,224	\$461,032	476,337

