

VALLEY HIGH VENTURES LTD.

FINANCIAL STATEMENTS

JANUARY 31, 2005 AND 2004

(Unaudited)

VALLEY HIGH VENTURES LTD.

201-850 West Hastings Street
Vancouver, B.C. V6C 1E1

Notice to Reader

The accompanying unaudited interim financial statements of Valley High Ventures Ltd., for the period ended January 31, 2005 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These statements have not been reviewed by the Company's independent auditors.

DATED the 28th of March 2005

"Kathrine MacDonald"

Kathrine MacDonald
President and CEO

VALLEY HIGH VENTURES LTD.
BALANCE SHEETS
AS AT
(Unaudited)

	January 31, 2005	October 31, 2004
ASSETS		
Current		
Cash	\$ 4,415	\$ 128,827
Receivable	<u>3,889</u>	<u>3,151</u>
	8,304	131,978
Mineral properties	<u>111,301</u>	<u>111,301</u>
	\$ 119,605	\$ 243,279
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 22,142	\$ 107,142
Loan payable	-	31,165
Due to related parties (Note 4)	<u>45,514</u>	<u>23,064</u>
	<u>67,656</u>	<u>161,371</u>
Shareholders' deficiency		
Capital Stock (Note 5)	2,098,392	2,098,392
Subscription received in advance	460,000	460,000
Deficit	<u>(2,506,443)</u>	<u>(2,476,484)</u>
	<u>51,949</u>	<u>81,908</u>
	\$ 119,605	\$ 243,279

Approved by the Directors:

"Katherine MacDonald"

KATHERINE MACDONALD

"Patrice Nazareno"

PATRICE NAZARENO

VALLEY HIGH VENTURES LTD.
STATEMENTS OF LOSS AND DEFICIT
(Unaudited)

	Three Months Period Ended January 31,	
	2005	2004
EXPENSES		
Administrative	\$ 3,000	\$ 3,000
Interest and bank charges	19	3,808
Management fees	22,500	22,500
Professional fees	1,000	450
Regulatory, transfer agent and filing fees	1,618	1,396
Rent and office	1,950	1,500
Interest Income	(128)	-
Loss for the period	(29,959)	(32,654)
Deficit - beginning of period	(2,476,484)	(2,313,865)
Deficit - end of period	(2,506,443)	(2,346,519)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted Average Shares Outstanding	4,332,008	4,132,008

VALLEY HIGH VENTURES LTD.
STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Period Ended January 31,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (29,959)	\$ (32,654)
Item not affecting cash:		
Accrued interest on notes payable	-	170
Accrued interest on loan payable	-	3,620
Accrued management fees to a related party	22,500	22,500
Accrued administrative expenses to a related party	3,000	3,000
Accrued rent and office expenses to a related party	1,950	1,500
Changes in non cash working capital items:		
Decrease (increase) in accounts receivable	(738)	(179)
Increase (decrease) in accounts payable and accrued liabilities	(85,000)	2,025
Net cash used in operating activities	<u>(88,247)</u>	<u>(18)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loan payable	(31,165)	
Amount due to related parties	<u>(5,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>(36,165)</u>	<u>-</u>
Change in cash during the period	(124,412)	(18)
Cash, beginning of period	<u>128,827</u>	<u>113,281</u>
Cash, end of period	<u>\$ 4,415</u>	<u>\$ 113,263</u>

VALLEY HIGH VENTURES LTD.
NOTES TO FINANCIAL STATEMENT
JANUARY 31, 2005

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated in the Province of British Columbia. The Company is pursuing opportunities in the exploration of mineral and natural resource properties and is considered to be in the exploration stage.

The Company is in the process of acquiring and exploring its mineral property interests and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral property interests 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.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

	January 31, 2005	October 31, 2004
Deficit	\$ (2,506,443)	\$ (2,476,484)
Working capital deficiency	(59,352)	(29,393)

2. INTERIM FINANCIAL STATEMENTS

The accompanying unaudited financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles for interim financial statements. These interim financial statements should be read in conjunction with the Company's annual audited financial statements as at and for the year ended October 31, 2004. All materials adjustments which, in the opinion of management, are necessary for fair presentation of the results for the interim period have been reflected. The results for the three months ended January 31, 2005 are stated utilizing the same accounting policies and methods of application as the most recent annual financial statements, but are not necessarily indicate of the results to be expected for the full year.

3. MINERAL PROPERTY INTEREST

	January, 31 2005	October 31, 2004
Acquisition costs	<u>\$ 48,001</u>	<u>\$ 48,001</u>
Deferred exploration costs		
Personnel and labour	18,196	18,196
Prospecting permit	28,625	28,625
Samples	12,094	12,094
Travel and transportation	<u>4,385</u>	<u>4,385</u>
Total deferred exploration costs	<u>63,300</u>	<u>63,300</u>
Total mineral property costs	<u>\$ 111,301</u>	<u>\$ 111,301</u>

**VALLEY HIGH VENTURES LTD.
NOTES TO FINANCIAL STATEMENT
JANUARY 31, 2005**

3. MINERAL PROPERTY INTEREST, continued

The Company acquired an exploration license that provides the Company with the rights to prospect for all minerals other than hydrocarbons in an area located in west central Yemen. During fiscal 2004, pursuant to the acquisition of the license, the Company issued 200,000 common shares valued at \$48,000. The Company has agreed to pay a finder's fee of 20,000 common shares.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of exploration licenses as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to its exploration license and, to the best of its knowledge, the license is in good standing

4. DUE TO RELATED PARTIES

	2005	2004
Due to a director of the Company	\$ 17,500	\$ 102,500
Due to a company controlled by a director of the Company	1,950	13,500
Due to a relative of a director of the Company	26,064	29,000
Due to a company controlled by a director of the Company, unsecured, bearing interest at 10% per annum with no fixed date of repayment. The amount includes accrued interest of \$Nil (2003 - \$3,359).	-	59,057
	\$ 45,514	\$ 177,057

5. CAPITAL STOCK

	Number of Shares	Amount
Authorized 100,000,000 common shares without par value		
Issued Balance as at January 31, 2005 and October 31, 2004	4,332,008	\$ 2,098,392

Included in issued capital stock are 93,749 common shares that are subject to an escrow agreement and may not be transferred, assigned or otherwise dealt with, without the consent of the regulatory authorities.

Subscriptions received in advance

During fiscal 2004, the Company received proceeds of \$460,000 pursuant to subscription agreements towards the issuance of 2,000,000 units of the Company. Each unit will consist of one common share and one warrant to acquire one additional common share for \$0.30 for a period of two years. A finders' fee of 200,000 units will be payable.

**VALLEY HIGH VENTURES LTD.
NOTES TO FINANCIAL STATEMENT
JANUARY 31, 2005**

5. CAPITAL STOCK, continued

Stock options

The Company has a stock option plan, subject to regulatory approval, under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years.

The Company did not have any stock option activity during the years presented.

6. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$22,500 (2004 - \$22,500) to a director of the Company.
- b) Paid or accrued administrative expenses of \$3,000 (2004 - \$3,000) to a relative of a director of the Company.
- c) Paid or accrued rent and office expenses of \$1,950 (2004 - \$1,500) to a company controlled by a director of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.