

**VALLEY HIGH VENTURE LTD.  
MANAGEMENT DISCUSSION & ANALYSIS**

**FORM 51-102F1**

**For the Period Ending  
JANUARY 31, 2005**

*The following discussion and analysis of the results of operations and financial condition (“MD&A”) for Valley High Ventures Ltd. (“the Company”) should be read in conjunction with the Company’s Management’s Discussion and Analysis of Operating Results, the unaudited interim financial statements and the accompanying notes for the three month period ended January 31, 2005 and the audited financial statements for the year ended October 31, 2004.*

The financial information in this MD&A is derived from the Company’s consolidated 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.

**DATE OF REPORT:**                      March 29, 2005

**OVERALL PERFORMANCE**

Valley High Ventures Ltd. (the “Company”) was incorporated on August 11, 1980 under the laws of 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 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 its 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.

**Mineral Properties**

***Yemen Properties***

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.

**SELECTED ANNUAL INFORMATION**

The following financial data, which has been prepared in accordance with Canadian generally accepted accounting principles, is derived from the Company's audited financial statements for the year ended October 31, 2004, 2003 and 2002.

	2004	2003	2002
	\$	\$	\$
Total Revenues	Nil	Nil	Nil
Net loss for the period	162,619	87,063	67,422
Basic and diluted per shares	0.04	0.02	0.19
Total Assets	243,279	14,975	129,380
Total long term liabilities	Nil	Nil	Nil
Cash dividend	Nil	Nil	Nil

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

**RESULTS OF OPERATIONS**

During the period ended January 31, 2005, the Company recorded a loss of \$29,959 or \$0.01 diluted loss per share, compared to \$32,654 or \$0.01 diluted per share for the same period last year.

The loss consisted primarily of accrued management fees of \$22,500 (2004-\$22,500), rent and office of \$1,950 (2004-\$1,500), accrued administrative expenses of \$3,000 (2004-\$3,000) and regulatory, transfer agent and filing fees of \$1,618 (2004-\$1,396).

Cash at January 31, 2005 was \$4,415 compared to \$128,827 for the same period last year.

**SUMMARY OF QUARTERLY REPORTS**

Results for the three most recent quarters ending with the last quarter for the three months period ended January 31, 2005:

	Three Months Ended			
	January 31, 2005	October 31, 2004	July 31, 2004	April 30, 2004
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net earnings (loss)	(29,959)	(47,719)	(34,567)	(47,679)
Basic and diluted per shares	(0.01)	(0.01)	(0.01)	(0.01)

	Three Months Ended			
	January 31,	October 31,	July 31,	January 31,
	2004	2003	2003	2003
	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil
Net earnings (loss)	(32,654)	(38,230)	(15,750)	(15,750)
Basic and diluted per shares	(0.01)	(0.01)	(0.01)	(0.01)

### **LIQUIDITY AND CAPITAL RESOURCES**

The accompanying 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.

The Company has a working capital deficiency of \$59,352 as at January 31, 2005, and deficits of \$2,506,443. The Company does not generate sufficient cash flow from operations to fund its exploration activities, its acquisitions and its administration costs. The Company is reliant on equity financing to provide the necessary cash to continue its operations. There can be no assurance that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

### **TRANSACTIONS WITH RELATED PARTIES**

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.

### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

#### **Asset retirement obligations**

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

#### **Stock-based compensation**

Effective November 1, 2002, the Company adopted CICA Handbook Section 3870 "Stock-Based Compensation and Other Stock-Based Payments", which recommends a fair value-based methodology for measuring compensation costs. The Company adopted the use of the fair value-based method on a prospective basis and therefore awards to employees and non-employees will be recorded at fair value on the date of grant. Any consideration paid by the option holders to purchase shares is credited to capital stock.

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**FINANCIAL INSTRUMENTS****a) Financial Instruments**

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, loan payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

**INVESTOR RELATIONS**

No investor relations activities were undertaken by or on behalf of the Company during the period.

**OUTSTANDING SHARES**

As at January 31, 2005, the Company had the following securities issued and outstanding:

Common shares	4,332,008
Stock options	Nil
Share purchase warrants	Nil

**DIRECTORS AND OFFICERS**

Kathrine MacDonald	<i>Director, President &amp; Chief Executive Officer</i>
Patrice Nazareno	<i>Director</i>
Chad Ulansky	<i>Director</i>

**OTHER REQUIREMENTS**

Additional disclosure of the Company's technical reports, material change reports, news release and other information can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com).

On Behalf of the Board,

**VALLEY HIGH VENTURES LTD.**

*"Kathrine MacDonald"*

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Kathrine MacDonald  
Chief Executive Officer