

VALLEY HIGH VENTURES LTD.

FINANCIAL STATEMENTS

JANUARY 31, 2006 AND 2005

(Unaudited)

The accompanying unaudited interim financial statements of Valley High Ventures Ltd., for the period ended January 31, 2006 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.

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

	January 31, 2006	October 31, 2005
ASSETS		
Current		
Cash	\$ 505,280	\$ 24,144
Receivable	110,851	2,269
Subscription receivable (note 7)	94,250	-
	<u>710,381</u>	<u>26,413</u>
Mineral properties	<u>964,758</u>	<u>844,660</u>
	<u>\$ 1,675,139</u>	<u>\$ 871,073</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 122,986	\$ 195,703
Loan payable	-	-
Due to related parties (Note 4)	-	77,725
	<u>122,986</u>	<u>273,428</u>
Shareholders' deficiency		
Capital Stock (Note 5)	4,278,204	3,219,058
Subscription received in advance	-	42,750
Contributed surplus	195,777	195,777
Deficit	<u>(2,921,828)</u>	<u>(2,859,940)</u>
	<u>1,552,153</u>	<u>597,645</u>
	<u>\$ 1,675,139</u>	<u>\$ 871,073</u>

Approved by the Directors:

"Katherine MacDonald"

KATHERINE MACDONALD

"David Bailey"

DAVID BAILEY

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

	Three Months Period Ended January 31,	
	2006	2005
EXPENSES		
Administrative	\$ 4,500	\$ 3,000
Consulting	13,500	-
Interest and bank charges	222	19
Management fees	22,500	22,500
Professional fees	12,084	1,000
Regulatory, transfer agent and filing fees	3,594	1,618
Rent and office	6,089	1,950
Interest Income	(601)	(128)
Loss for the period	(61,888)	(29,959)
Deficit - beginning of period	(2,859,940)	(2,476,484)
Deficit - end of period	(2,921,828)	(2,506,443)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
Weighted Average Shares Outstanding	9,402,842	4,332,008

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

	Three Months Period Ended January 31,	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (61,888)	\$ (29,959)
Item not affecting cash:		
Accrued management fees to a related party	22,500	22,500
Accrued administrative expenses to a related party	4,500	3,000
Accrued rent and office expenses to a related party	6,000	1,950
Changes in non cash working capital items:		
Decrease (increase) in accounts receivable	(108,582)	(738)
Increase subscription receivable	(94,250)	
Increase (decrease) in accounts payable and accrued liabilities	(105,717)	(85,000)
Net cash used in operating activities	<u>(337,437)</u>	<u>(88,247)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral property expenditures	<u>(120,098)</u>	<u>-</u>
Net cash used in investing activities	<u>(120,098)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	1,124,674	-
Subscription received in advance	(42,750)	-
Share issue costs	(65,528)	-
Repayment of loan payable	-	(31,165)
Amount due to related parties	(77,725)	(5,000)
Net cash provided by financing activities	<u>938,671</u>	<u>(36,165)</u>
Change in cash during the period	481,136	(124,412)
Cash, beginning of period	<u>24,144</u>	<u>128,827</u>
Cash, end of period	<u>\$ 505,280</u>	<u>\$ 4,415</u>

VALLEY HIGH VENTURES LTD.
NOTES TO FINANCIAL STATEMENT
JANUARY 31, 2006

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is 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.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	January 31, 2006	October 31, 2005
Deficit	\$ (2,921,828)	\$ (2,859,940)
Working capital (deficiency)	587,395	(247,015)

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, 2005. All material 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, 2006 are stated utilizing the same accounting policies and methods of application as the most recent annual financial statements, but are not necessarily indicative of the results to be expected for the full year.

VALLEY HIGH VENTURES LTD.
NOTES TO FINANCIAL STATEMENT
JANUARY 31, 2006

3. MINERAL PROPERTY INTEREST

	October 31,2005	Additional Expenditures	January 31,2006
	\$	\$	\$
Yemen Property			
Acquisition costs	48,001	-	48,001
Deferred exploration costs			
Personnel and labour	18,196	-	18,196
Prospecting permit	28,625	29,316	57,941
Samples	12,094	-	12,094
Travel and transportation	4,385	-	4,385
	<u>111,301</u>	<u>29,316</u>	<u>140,617</u>
British Columbia Property			
Acquisition costs	699,666		699,666
Deferred exploration costs			
Accomodation and travel	4,428	-	-
Consulting fees	24,788	25,500	50,288
Field expenditures	3,977	29,297	33,275
Prospecting permits	500	-	-
Survey	-	35,985	35,985
	<u>733,359</u>	<u>90,782</u>	<u>824,141</u>
Total	<u>844,660</u>	<u>120,098</u>	<u>964,758</u>

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

	2006	2005
Due to a company controlled by a director, unsecured, bearing interest at 12% per annum with no fixed date of repayment.	\$ Nil	\$ 45,514
Due to a company controlled by a relative of a director, unsecured, bearing interest at 12% per annum with no fixed date of repayment.	Nil	-
	<u>\$ Nil</u>	<u>\$ 45,514</u>

VALLEY HIGH VENTURES LTD.
NOTES TO FINANCIAL STATEMENT
JANUARY 31, 2006

5. CAPITAL STOCK

	Number of Shares	Amount
Authorized		
100,000,000 common shares without par value		
Issued		
Balance as at October 31, 2005	9,465,341	\$ 3,219,058
Private placement	2,499,276	1,124,674
Share issue costs	-	(65,528)
Escrow	(93,749)	
	<u>11,870,868</u>	<u>\$ 4,278,204</u>

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. During the period ended January 31, 2006, these common shares were returned to treasury and cancelled.

During the period ended January 31, 2006, the Company issued 1,927,388 non flow-through and 571,888 flow-through shares for gross proceeds of \$1,124,674, of which \$94,250 is still to be received by the Company. The Company paid finders' fees of \$65,528 in conjunction with this share issuance.

6. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$22,500 (2005 - \$22,500) to a company controlled by a director.
- b) Paid or accrued administrative expenses of \$4,500 (2005 - \$3,000) to a relative of a director.
- c) Paid or accrued rent and office expenses of \$6,000 (2005 - \$1,950) to a company controlled by a director.

Included in accounts payable is \$48,789 (2005 - \$23,064) due to a company controlled by a director for unpaid management fees, administrative, rent and office expenses.

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.

7. SUBSCRIPTION RECEIVABLES

The Company issued 1,927,388 non flow-through and 571,888 flow-through shares for gross proceeds of \$1,124,674. Five investors owe the Company \$94,250 for shares issued in a private placement. Subsequent to January 31, 2006, the money has been received.