



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](http://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 three months ended January 31, 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 January 31, 2009 the Company had cash and cash equivalents of \$488,697 (2008: \$27,665), and working capital position of \$569,752 (2008; \$(110,855). 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 are refundable there 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 particular hard hit with plummeting shares prices and falling 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-Sanson property, as well as provide working capital.

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 February 2009, 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 finders fee of \$20,000 was paid in respect of this transaction.



In addition, the Company renegotiated the terms of the underlying options to US\$100,000 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-Sanson Property, Mexico

The Company's Mexican subsidiary has options to acquire two claims in Mexico. The Cordero-Sanson property is located approximately 220 kilometers south of the city of Chihuahua, and approximately 40 kilometers northeast of the town of Hidalgo de 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 and the life to date expenditure on exploration properties in Mexico. This table includes the costs associated with the Cordero-Sanson project.

<b>Table 1: - Exploration, Mexico</b>	<b>Quarterly</b>	
	<b>Q408</b>	<b>Q109</b>
Administration costs	2,996	21,593
Consult, labor & professional fees	42,054	44,528
Drilling & trenching	-	-
Property investigations	145	-
Property acquisition	-	32,836
Travel & accommodation	-	1,767
<b>Total exploration</b>	<b>45,195</b>	<b>100,724</b>

Administration costs were due to three full months of Mexican costs, the previous quarter only had one month and legal costs associated with renegotiating the acquisition terms, and IVA provisions.

Included within Q408 were some retrenchment costs, this is offset by Q408 only including one month of actual costs due to the acquisition on September 26, 2008.

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

## 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 Metals Corp. 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.

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 (130,000 issued valued at \$60,400).

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

## 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

<b>Table 1: Cash and Working Capital</b>	<b>Oct-08</b>	<b>Jan-09</b>
Cash and cash equivalents	\$27,665	488,697
Accounts receivable and prepaid expenses	203,588	197,531
Accounts payable and accrued liabilities	(105,065)	(90,780)
Due to related parties	(15,333)	(25,696)
Net working capital	\$110,855	569,752

A significant portion of the accounts receivable relates to value added taxes (“VAT”) receivable in Mexico. The Company is currently working actively with its tax advisor in Mexico 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.

During the year the Company also filed for a refund under the British Columbia Mining Exploration Tax Credit program and anticipates receiving a refund in 2009. As of January 31, 2009 the Company has not recorded any amount in its financial statements for this receivable due to the uncertainty of both its timing and value.

### 3.2 Other Assets



<b>Table 2: Other Assets</b>	<b>Oct-08</b>	<b>Jan-09</b>
Mineral property interests	\$2,308,436	2,352,398

As at January 31, 2009, the Company had total assets of \$3,058,148 (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 Metals' Mount Polley Mine, management believes that it will be able to recover these costs and therefore as at January 31, 2009 has not recorded any impairment on these deferred costs.

### 3.3 Equity and Financing

<b>Table 3: Shareholders' Equity</b>	<b>Oct-08</b>	<b>Jan-09</b>
Common shares	\$7,867,439	\$8,283,748
Contributed surplus	398,107	586,178
Deficit	(5,823,696)	(5,928,254)
Total shareholders equity	\$2,441,850	\$2,941,672

#### Outstanding Shares and Options

As at January 31, 2009, the Company had the following securities issued and outstanding:

<b>Table 4: Outstanding number of shares, options and warrants</b>	<b>Oct-08</b>	<b>Jan-09</b>
Common shares	25,699,554	30,010,554
Options	2,499,000	2,487,000
Warrants	-	2,311,000
Fully diluted	28,198,554	34,808,554

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 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.

During the year, flow-through shares totaling \$500,000 were issued, which funds are required to be spent on certain Qualifying Canadian Exploration Expenditures. Because 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 \$152,500. However, the Company can utilize previously unrecognized future income tax assets to offset the liability, the Company applied \$152,500 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.

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-Sanson 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.



#### 4 EXPENDITURE REVIEW

**Table 5: Expenditures**

	Q108	Q208	Q308	Q408	Q109
<b>Expensed exploration</b>					
Administration	\$531	\$-	\$-	\$8,846	\$21,593
Consulting, labour, & professional fees	2,675	336	23,175	42,054	84,927
Drilling and trenching	-	-	-	-	-
Property investigations	1,050	-	-	592	-
Property acquisition cost	-	-	8,000	18,210	36,398
Travel and accommodation	-	-	-	-	1,768
Costs capitalized	(4,256)	(336)	(31,175)	(24,508)	(43,962)
Net exploration expense	-	-	-	45,194	100,724
Property write-downs	1,623	-	-	1,933,874	-
Expensed exploration costs	1,623	-	-	1,979,068	100,724
<b>Other expenses</b>					
Consulting, labour, & professional fees	27,000	-	6,000	61,401	46,215
Depreciation	-	-	-	1,126	3,038
Interest expense (income)	22,186	(2,335)	(29)	(253)	(264)
Gain on settlement	-	-	-	(329,425)	-
Other costs	(10,023)	1,221	604	16,889	19,412
Regulatory & compliance costs	747	8,445	2,905	8,135	4,049
Stock-based compensation	-	-	40,782	81,685	83,865
Travel and promotion	3,237	-	17,134	3,000	19
Total other expenses	43,147	7,331	67,396	(157,442)	156,334
Future income tax recovery					(152,500)
Net Loss	\$44,770	\$7,331	\$67,396	\$1,821,626	\$104,558

#### Exploration expenditures

On September 26, 2008, 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 during the fourth quarter of 2008 and the first quarter of 2009 (refer to section 2.2).

Costs capitalized only relate to the Company's Mount Polley properties as the Company believes that due to their location, next to established infrastructure and the operating Mount Polley mine the Company will be able to recover its exploration costs on these properties.

Property acquisitions costs include \$8,000 in the third quarter for the Morehead claim block, the acquisition of which makes all of the Company's mineral properties in the Mount Polley are contiguous. There is also \$18,000 of the fourth quarter property acquisition costs relates to the fair value assigned to 50,000 common shares issued for the Dome claims per the purchase agreement. In the first quarter, acquisition costs of US\$25,000 was paid in respect of Cordero (section 2.2).

Consulting, labour and professional fees in the third quarter included geotechnical consulting fees for the Company's Mount Polley properties. The increase in the fourth quarter is principally due to the acquisition of CoroMex and includes costs associated with the Company's geological and management team located in Mexico. The increase in Q109 can be attributed to three months worth of Mexico costs rather than one month (Mexico was acquired September 26, 2008).

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-Sanson 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 Rob Cameron as the President and CEO of the Company which has resulted in an increase in the consulting, labour and professional fees.

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.

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 Rob Cameron. The Company shares an office with Coro.

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.

### **4.1 Related Parties Transactions**

For the year ended January 31, 2009, the Company entered into the following transactions with related parties:

a) Management fees of \$nil (2008 - \$22,500), interest expense of \$nil (2008 - \$22,906); and rent and office expense of \$nil (2008 - \$7,500) were charged by a company controlled by a Director.

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.

c) Administrative, rent and support fees of \$10,634 (2008: nil) were charged by Coro Mining for the three months ended January 31, 2009.

## **5. CASH FLOW REVIEW**

For the three months January 31, 2009, cash outflow from operations, after non-cash working capital movements, was \$168,019 (2008: \$22,545). The main cash expenses were consulting, labour & professional fees and regulatory and compliance costs. Cash inflow from financing was \$673,014 (2008: \$25,364) due to the financing undertaken in November and December. Cash outflow from investing activities was \$43,963 (2008: \$4,256) which was comprised of payments related to deferred expenditures on the Mount Polley properties.



## 6 OUTLOOK

Subsequent to period end the Company was able to restructure the Cordero option terms with the underlying tenure holders by deferring part of the 2009 and 2010 terms and by extending the overall option period by 2 years. Although resulting in a higher cost in the long run, the reprieve from immediate cash cost allowed the Company to attract a joint venture partner, Levon Resources Ltd. This will allow the company to fully assess the opportunity that exists at Cordero before committing any more significant dollars, demonstrates the attractiveness of the property and furthermore relieves the Company's immediate ongoing operating costs. Work crews mobilized to the project in mid- February and are working towards selecting drill targets to be tested later in the year.

The Company is currently developing its drill program at Mount Polley scheduled for this summer and has sufficient funds 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 Metals' Mount Polley mine

## 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](http://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 December 31, 2010. 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 January 31, 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 January 31, 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 6: Summary of Financial Position and Performance**

Statement of Loss and Deficit	Q207	Q307	Q407	Q108	Q208	Q308	Q408	Q109
<b>Exploration Expenditures</b>								
Administration	\$5,735	\$1,715	\$(2,908)	\$531	\$-	\$-	\$8,846	\$21,593
Consulting, labour & professional fees	20,496	-	(64,389)	2,675	336	23,175	42,054	84,927
Drilling and trenching	-	-	-	-	-	-	-	-
Property investigations	18,913	-	11,684	1,050	-	-	592	-
Property acquisition costs	-	21,200	(6,958)	-	-	8,000	18,210	36,398
Travel and accommodation	1,367	-	-	-	-	-	-	1,768
Costs capitalized	(46,511)	(22,915)	62,571	(4,256)	(336)	(31,175)	(24,508)	(43,962)
Net exploration expense	-	-	-	-	-	-	45,194	100,724
Property write-downs	-	-	212,238	1,623	-	-	1,933,874	-
Expensed exploration costs	-	-	212,238	1,623	-	-	\$1,979,068	\$100,724
<b>Other Expenses</b>								
Consulting, labour & professional fees	\$40,534	\$42,800	\$56,349	\$27,000	\$-	\$6,000	\$61,401	\$46,215
Depreciation and amortization	-	-	-	-	-	\$-	\$1,126	3,038
Interest expense (income), net	12,330	18,998	22,327	22,186	(2,335)	(29)	(253)	(264)
Gain on settlement of debt	-	-	-	-	-	-	(329,425)	-
Other costs	9,187	11,039	13,824	(10,023)	1,221	604	16,889	19,412
Regulatory and compliance costs	9,039	1,000	800	747	8,445	2,905	8,135	4,049
Stock-based compensation	-	-	-	-	-	40,782	81,685	83,865
Travel and promotion	\$18,453	\$5,000	\$159	\$3,237	\$-	\$17,134	\$3,000	19
	\$89,543	\$78,837	\$93,459	\$43,147	\$7,331	\$67,396	\$(157,442)	\$156,334
<b>Loss for the period before taxes</b>	\$89,543	\$78,837	\$305,697	\$44,770	\$7,331	\$67,396	\$1,821,626	\$257,058
Future income tax recovery	-	-	-	-	-	-	-	(152,500)
<b>Loss for the period</b>	\$89,543	\$78,837	\$305,697	\$44,070	\$7,331	\$67,396	\$1,821,626	\$104,558
<b>Financial Position</b>								
<b>Assets</b>								
Cash and cash equivalents	\$19,949	\$10,050	\$1,441	\$4	\$9,721	\$2,766	\$27,665	\$488,697
AR and prepaid expenses	34,059	34,241	35,935	35,434	1,223	9,020	203,588	197,531
Total current Assets	54,008	44,291	45,376	43,438	18,944	19,786	231,253	686,228
Bonds and reclamation	-	-	8,000	8,000	8,000	8,000	8,000	8,000
Property, plant and equipment	17,502	16,170	-	-	-	-	14,559	11,522
Mineral property interests	2,435,826	2,458,741	2,248,161	2,252,417	2,253,007	2,284,182	2,308,436	2,352,398
<b>Total Assets</b>	2,507,336	2,519,202	2,293,537	2,295,855	2,271,951	2,303,968	2,562,248	3,058,148
<b>Liabilities</b>								
Accounts payable and accruals	124,246	88,831	60,175	59,693	44,181	102,813	105,065	90,780
Due to related parties	634,388	739,306	847,994	895,264	912,758	912,758	15,333	25,696
Total current liabilities	758,634	828,137	908,169	955,257	956,939	1,015,571	120,398	116,476
<b>Total Liabilities</b>	\$758,634	\$828,137	\$908,169	\$955,257	\$956,939	\$1,015,571	\$120,398	\$116,476



**Table 6: Summary of Financial Position and Performance (continued)**

	Q207	Q307	Q407	Q108	Q208	Q308	Q408	Q109
<b>Shareholders' Equity</b>								
Common shares	\$4,971,101	\$4,992,301	\$4,992,301	\$4,992,301	\$4,992,301	\$4,992,301	\$7,867,439	\$8,283,748
Contributed surplus	275,640	275,640	275,640	275,640	275,640	316,422	398,107	586,178
Deficit	(3,498,039)	(3,576,876)	(3,882,573)	(3,927,343)	(3,952,929)	(4,020,326)	(5,823,696)	(5,928,254)
<b>Total Shareholders' Equity</b>	1,748,702	1,691,065	1,385,368	1,340,598	1,315,012	1,288,397	2,441,850	2,941,672
<b>Total Liabilities and Equity</b>	\$2,507,336	\$2,519,202	\$2,293,537	\$2,295,855	\$2,271,951	\$2,303,968	\$2,562,248	\$3,058,148
Weighted average of shares	13,674,390	13,674,390	14,161,731	14,175,868	14,175,868	14,175,868	18,563,683	28,438,261
Working capital	\$(704,626)	\$(783,846)	\$(862,793)	\$(911,819)	\$(937,995)	\$(940,085)	\$110,855	569,753
<b>Cash flows from:</b>								
Operating activities	\$(112,019)	\$(69,540)	\$(168,827)	\$(22,545)	\$11,917	\$3,944	\$(154,890)	\$(168,019)
Financing activities	161,411	81,224	(1,174,785)	25,364	19,360	-	263,563	673,014
Investing activities	(45,180)	(21,583)	1,343,003	(4,256)	(21,560)	(10,899)	(82,449)	(43,963)
Net increase (decrease) in cash	\$4,212	\$(9,899)	\$(609)	\$(1,437)	\$9,717	\$(6,955)	\$26,224	\$461,032

