

**VALLEY HIGH VENTURES LTD.**

**FINANCIAL STATEMENTS**

**APRIL 30, 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 April 30, 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 20 of June 2005

*"Kathrine MacDonald"*

**Kathrine MacDonald**  
President and CEO

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

	<b>April 30, 2005</b>	October 31, 2004
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 3,180	\$ 128,827
Receivable	503	3,151
Deposits	<u>25,000</u>	<u>          </u>
	<b>28,683</b>	<b>131,978</b>
<b>Mineral properties</b>	<u><b>111,301</b></u>	<u><b>111,301</b></u>
	<b>\$ 139,984</b>	<b>\$ 243,279</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 23,841	\$ 107,142
Loan payable	-	31,165
Due to related parties (Note 4)	<u>118,064</u>	<u>23,064</u>
	<u><b>141,905</b></u>	<u><b>161,371</b></u>
<b>Shareholders' deficiency</b>		
<b>Capital Stock</b> (Note 5)	<b>2,558,392</b>	<b>2,098,392</b>
<b>Subscription received in advance</b>	<b>-</b>	<b>460,000</b>
<b>Deficit</b>	<u><b>( 2,560,313)</b></u>	<u><b>(2,476,484)</b></u>
	<u><b>(1,921)</b></u>	<u><b>81,908</b></u>
	<b>\$ 139,984</b>	<b>\$ 243,279</b>

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 April 30,		Six Months Period Ended April 30,	
	2005	2004	2005	2004
<b>EXPENSES</b>				
Administrative	\$ 6,000	\$ 3,00	\$ 9,000	\$ 6,000
Interest and bank charges	89	5,085	108	8,893
Management fees	22,500	22,500	45,000	45,000
Professional fees	5,417	2,147	6,417	2,597
Regulatory, transfer agent and filing fees	6,211	5,095	7,829	6,491
Rent and office	13,657	9,852	15,607	11,352
Interest Income	(4)	-	(132)	-
<b>Loss for the period</b>	(53,870)	(47,679)	(83,829)	(80,333)
<b>Deficit - beginning of period</b>	(2,506,443)	(2,346,519)	(2,476,484)	(2,313,865)
<b>Deficit - end of period</b>	(2,560,313)	(2,394,198)	(2,560,313)	(2,394,198)
<b>Basic and diluted loss per share</b>	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
<b>Weighted Average Shares Outstanding</b>	4,498,675	4,132,008	4,498,675	4,132,008

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

	Three Months Period Ended April 30,		Six Months Period Ended April 30,	
	2005	2004	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	\$ (53,870)	\$ (47,679)	\$ (83,829)	\$ (80,333)
Item not affecting cash:				
Accrued interest on notes payable	-	171	-	341
Accrued interest on loan payable	-	3,541	-	7,160
Accrued management fees to a related party	22,500	22,500	45,000	45,000
Accrued administrative expenses to a related party	6,000	3,000	9,000	6,000
Accrued rent and office expenses to a related party	13,050	1,500	15,000	3,000
Changes in non cash working capital items:				
Decrease (increase) in accounts receivable	1586	(910)	848	(1,088)
Increase in prepaid expenses	-	(500)	-	(500)
Increase in deposits	(25,000)	-	(25,000)	-
Increase (decrease) in accounts payable and accrued liabilities	1,699	(7,800)	(83,301)	(5,775)
Net cash used in operating activities	(34,035)	26,177	(122,282)	(26,195)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of loan payable	(31,165)	-	(31,165)	-
Amount due to related parties	63,965	(4,074)	27,800	(4,074)
Net cash provided by financing activities	32,800	(4,074)	(3,365)	(4,074)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Deferred exploration costs	-	(32,159)	-	(32,159)
Net cash provided by investing activities	-	(32,159)	-	(32,159)
<b>Change in cash during the period</b>	(1,235)	(62,410)	(125,647)	(62,428)
<b>Cash, beginning of period</b>	4,415	113,263	128,827	113,281
<b>Cash, end of period</b>	\$ 3,180	\$ 50,583	\$ 3,180	\$ 50,583

**VALLEY HIGH VENTURES LTD.**  
**NOTES TO FINANCIAL STATEMENT**  
**APRIL 30, 2005**

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**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.

	April 30, 2005	October 31, 2004
Deficit	\$ (2,560,313)	\$ (2,476,484)
Working capital deficiency	(113,222)	(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 six months ended April 30, 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**

	April 30, 2005	October 31, 2004
Acquisition costs	\$ 48,001	\$ 48,001
Deferred exploration costs		
Personnel and labour	18,196	18,196
Prospecting permit	28,625	28,625
Samples	12,094	12,094
Travel and transportation	4,385	4,385
Total deferred exploration costs	63,300	63,300
Total mineral property costs	\$ 111,301	\$ 111,301

**VALLEY HIGH VENTURES LTD.**  
**NOTES TO FINANCIAL STATEMENT**  
**APRIL 30, 2005**

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**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	\$ 45,000	\$ 102,500
Due to a company controlled by a director of the Company	15,000	13,500
Due to a relative of a director of the Company	32,064	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 (2004 - \$7,160).	<u>26,000</u>	<u>59,057</u>
	<u>\$ 118,064</u>	<u>\$ 177,057</u>

**5. CAPITAL STOCK**

	Number of Shares	Amount
Authorized		
100,000,000 common shares without par value		
Issued		
Balance as at October 31, 2004	4,332,008	\$ 2,098,392
Private placement	2,000,000	460,000
Agent's commission	200,000	-
Balance, April 30, 2005	<u>6,532,008</u>	<u>\$ 2,558,392</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.

**VALLEY HIGH VENTURES LTD.**  
**NOTES TO FINANCIAL STATEMENT**  
**APRIL 30, 2005**

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**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 \$45,000 (2004 - \$45,000) to a director of the Company.
- b) Paid or accrued administrative expenses of \$9,000 (2004 - \$6,000) to a relative of a director of the Company.
- c) Paid or accrued rent and office expenses of \$15,000 (2004 - \$3,000) 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.