

**VALLEY HIGH VENTURES LTD.**

**FINANCIAL STATEMENTS**

**APRIL 30, 2006 AND 2005**

*(Unaudited)*

The accompanying unaudited interim financial statements of Valley High Ventures Ltd., for the period ended April 30, 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)

	<b>April 30, 2006</b>	October 31, 2005
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 394,556	\$ 24,144
Receivable	22,175	2,269
Deposits	10,000	-
	<u>426,731</u>	<u>26,413</u>
<b>Equipment</b>	<b>22,258</b>	-
<b>Mineral properties</b>	<u><b>1,166,521</b></u>	<u>844,660</u>
	<b>\$ 1,615,510</b>	<b>\$ 871,073</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 129,755	\$ 195,703
Loan payable	-	-
Due to related parties (Note 4)	23,417	77,725
	<u>153,172</u>	<u>273,428</u>
<b>Shareholders' deficiency</b>		
<b>Capital Stock</b> (Note 5)	<b>4,278,204</b>	3,219,058
<b>Subscription received in advance</b>	-	42,750
<b>Contributed surplus</b>	<b>195,777</b>	195,777
<b>Deficit</b>	<u><b>( 3,011,643)</b></u>	<u>(2,859,940)</u>
	<u><b>1,462,338</b></u>	<u>597,645</u>
	<b>\$ 1,615,510</b>	<b>\$ 871,073</b>

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 April 30,		Six Months Period Ended April 30,	
	2006	2005	2006	2005
<b>EXPENSES</b>				
Administrative	\$ 4,500	\$ 6,000	\$ 9,000	\$ 9,000
Interest and bank charges	137	89	359	108
Management fees	22,500	22,500	45,000	45,000
Consulting fees	20,000	-	33,500	-
Professional fees	23,952	5,417	36,036	6,417
Regulatory, transfer agent and filing fees	9,185	6,211	12,779	7,829
Rent and office	11,804	13,657	17,893	15,607
Interest Income	(2,263)	(4)	(2,864)	(132)
<b>Loss for the period</b>	(89,815)	(53,870)	(151,703)	(83,829)
<b>Deficit - beginning of period</b>	(2,921,828)	(2,506,443)	(2,859,940)	(2,476,484)
<b>Deficit - end of period</b>	(3,011,643)	(2,560,313)	(3,011,643)	(2,560,313)
<b>Basic and diluted loss per share</b>	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
<b>Weighted Average Shares Outstanding</b>	11,555,868	4,498,675	11,483,368	4,498,675

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

	Three Months Period Ended April 30,		Six Months Period Ended April 30,	
	2006	2005	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	\$ (89,815)	\$ (53,870)	\$ (151,703)	\$ (83,829)
Item not affecting cash:				
Accrued management fees to a related party	(22,500)	22,500	-	45,000
Accrued administrative expenses to a related party	(4,500)	6,000	-	9,000
Accrued rent and office expenses to a related party	(6,000)	13,050	-	15,000
Changes in non cash working capital items:				
Decrease (increase) in accounts receivable	88,676	1,586	(19,906)	848
Decrease in subscription receivable	94,250	-	-	-
Increase in deposits	(10,000)	(25,000)	(10,000)	(25,000)
Increase (decrease) in accounts payable and accrued liabilities	39,769	1,699	(65,948)	(83,301)
Net cash used in operating activities	89,880	(34,035)	(247,557)	(122,282)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of share capital	(65,528)	-	1,059,146	-
Subscription received in advance	-	-	(42,750)	-
Share issue costs	65,528	-	-	-
Repayment of loan payable	-	(31,165)	-	(31,165)
Amount due to related parties	23,417	63,965	(54,308)	27,800
Net cash provided by financing activities	23,417	32,800	962,088	(3,365)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of equipment	(22,828)	-	(22,828)	-
Deferred exploration costs	(201,193)	-	(321,291)	-
Net cash provided by investing activities	(224,021)	-	(344,119)	-
<b>Change in cash during the period</b>	(110,724)	(1,235)	370,412	(125,647)
<b>Cash, beginning of period</b>	505,280	4,415	24,144	128,827
<b>Cash, end of period</b>	\$ 394,556	\$ 3,180	\$ 394,556	\$ 3,180

Supplementary Disclosure of Non-Cash Investing and Financing Activities:

During the period ended April 30, 2006, \$570 (2005-\$Nil) of equipment asset amortization was recorded as deferred mineral property costs.

**VALLEY HIGH VENTURES LTD.**  
**NOTES TO FINANCIAL STATEMENT**  
**APRIL 30, 2006**

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**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.

	April 30, 2006	October 31, 2005
Deficit	\$ (3,011,643)	\$ (2,859,940)
Working capital (deficiency)	263,559	(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 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, 2006 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.

**VALLEY HIGH VENTURES LTD.**  
**NOTES TO FINANCIAL STATEMENT**  
**APRIL 30, 2006**

**3. MINERAL PROPERTY INTEREST**

	October 31,2005	Additional Expenditures	April 30,2006
	\$	\$	\$
<b>Yemen Property</b>			
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>
<b>British Columbia Property</b>			
Acquisition costs	699,666		699,666
Deferred exploration costs			
Amortization	-	570	570
Accomodation and travel	4,428	8,325	12,753
Geological consulting	24,788	52,179	76,967
Field and exploration costs	3,977	103,381	107,358
Prospecting permits	500	-	500
Survey	-	76,984	76,984
Exploration salaries and wages	-	16,520	16,520
Equipment	-	5,188	5,188
Drilling	-	27,931	27,931
Fuel	-	466	466
Office and sundry	-	1,001	1,001
	<u>733,359</u>	<u>292,545</u>	<u>1,025,904</u>
<b>Total</b>	<b><u>844,660</u></b>	<b><u>321,861</u></b>	<b><u>1,166,521</u></b>

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**

	April 30, 2006	October 31, 2005
Due to a company controlled by a director.	\$ 23,417	\$ 24,011
Due to a company controlled by a relative of a director.	<u>Nil</u>	<u>53,714</u>
	<u>\$ 23,417</u>	<u>\$ 77,725</u>

**VALLEY HIGH VENTURES LTD.**  
**NOTES TO FINANCIAL STATEMENT**  
**APRIL 30, 2006**

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**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)	
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Balance, April 30, 2006	11,870,868	\$ 4,278,204

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 April 30, 2006, these common shares were returned to treasury and cancelled.

During the period ended April 30, 2006, the Company issued 1,927,388 non flow-through and 571,888 flow-through shares for gross proceeds of \$1,124,674. Agent's commission costs totalled \$ 65,528.

**6. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$45,000 (2005 - \$45,000) to a company controlled by a director.
- b) Paid or accrued administrative expenses of \$9,000 (2005 - \$6,000) to a relative of a director.
- c) Paid or accrued rent and office expenses of \$15,000 (2005 - \$15,000) to a company controlled by a director.

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.