

VALLEY HIGH VENTURES LTD.

FINANCIAL STATEMENTS

JULY 31, 2005 AND 2004

(Unaudited)

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

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

	July 31, 2005	October 31, 2004
ASSETS		
Current		
Cash	\$ 2,641	\$ 128,827
Receivable	718	3,151
	<u>3,359</u>	<u>131,978</u>
Mineral properties	<u>1,782,099</u>	<u>111,301</u>
	<u>\$ 1,785,458</u>	<u>\$ 243,279</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 25,546	\$ 107,142
Loan payable	-	31,165
Due to related parties (Note 4)	170,198	23,064
	<u>195,744</u>	<u>161,371</u>
Shareholders' deficiency		
Capital Stock (Note 5)	4,201,058	2,098,392
Subscription received in advance	-	460,000
Deficit	<u>(2,611,344)</u>	<u>(2,476,484)</u>
	<u>1,589,714</u>	<u>81,908</u>
	<u>\$ 1,785,458</u>	<u>\$ 243,279</u>

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 July 31,		Nine Months Period Ended July 31,	
	2005	2004	2005	2004
EXPENSES				
Administrative	\$ 7,500	\$ 3,000	\$ 13,500	\$ 9,000
Interest and bank charges	255	3,321	363	12,214
Management fees	22,500	22,500	67,500	67,500
Professional fees	6,000	(162)	12,417	2,435
Regulatory, transfer agent and filing fees	9,771	2,022	17,600	8,513
Rent and office	15,601	2,000	23,108	13,352
Shareholder costs	507	1,929	507	1,929
Interest Income	(3)	(43)	(135)	(43)
Loss for the period	(62,131)	(34,567)	(134,860)	(114,900)
Deficit - beginning of period	(2,549,213)	(2,394,198)	(2,476,484)	(2,313,865)
Deficit - end of period	(2,611,344)	(2,428,765)	(2,611,344)	(2,428,765)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
Weighted Average Shares Outstanding	4,498,675	4,201,573	4,498,675	4,155,366

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

	Three Months Period Ended July 31,		Nine Months Period Ended July 31,	
	2005	2004	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (62,131)	\$ (34,567)	\$ (134,860)	\$ (114,900)
Item not affecting cash:				
Accrued interest on notes payable	231	171	231	512
Accrued interest on loan payable	-	3,095	-	10,256
Accrued management fees to a related party	22,500	22,500	67,500	67,500
Accrued administrative expenses to a related party	7,500	3,000	13,500	9,000
Accrued rent and office expenses to a related party	15,600	1,500	22,500	4,500
Changes in non cash working capital items:				
Decrease (increase) in accounts receivable	1585	(220)	2,433	(1,308)
Increase in prepaid expenses	-	500	-	-
Increase in deposits	25,000	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	1,705	2,096	(81,596)	146,320
Net cash used in operating activities	11,990	(1,925)	(110,292)	121,880
CASH FLOWS FROM FINANCING ACTIVITIES				
Share capital	2,102,666	-	2,102,666	-
Repayment of loan payable	-	(100,000)	(31,165)	(100,000)
Amount due from related parties	-	4,074	-	-
Amount due to related parties	15,603	(22,505)	43,403	(172,505)
Share subscription received	(460,000)	103,000	(460,000)	103,000
Net cash provided by financing activities	1,658,269	(15,431)	1,654,904	(169,505)
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral and deferred exploration costs	(1,670,798)	(4,074)	(1,670,798)	(36,233)
Net cash provided by investing activities	(1,670,798)	(4,074)	(1,670,798)	(36,233)
Change in cash during the period	(539)	(21,430)	(126,186)	(83,858)
Cash, beginning of period	3,180	50,853	128,827	113,281
Cash, end of period	\$ 2,641	\$ 29,423	\$ 2,641	\$ 29,423

VALLEY HIGH VENTURES LTD.
NOTES TO FINANCIAL STATEMENT
JULY 31, 2005

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.

	July 31, 2005	October 31, 2004
Deficit	\$ (2,611,344)	\$ (2,476,484)
Working capital deficiency	(192,385)	(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 nine months ended July 31, 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 PROPERTIES AND DEFERRED EXPLORATION COSTS

Yemen Property

	July 31, 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
	<u>111,301</u>	<u>111,301</u>

VALLEY HIGH VENTURES LTD.
NOTES TO FINANCIAL STATEMENT
JULY 31, 2005

3. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS, continued

British Columbia Property

Acquisition costs	1,667,666	-
Deferred exploration costs		
Exploration cost	1,200	-
Prospecting permit	500	-
Consulting fees	1,432	-
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Total deferred exploration costs	1,670,798	-
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Total mineral property costs	\$ 1,782,099	\$ 111,301

Yemen Property

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

British Columbia Property

The Company entered into purchase agreements for the following mining claims which are located in the Mount Polley area of the Cariboo Mining division of central British Columbia:

1. The Nordik claims consist of 94 claim units covering 2350 hectares. The Company will issue 666,666 common shares for a 100% interest and the vendors will retain a 2-per-cent net smelter return on the claims, with a buyout of \$500,000 for each 0.5 per cent;
2. The Calm Claims consist of 118 claim units covering 1,050 hectares. The Company will issue 333,333 common shares \$25,000.00 cash and the vender will retain a 2-per-cent net smelter return on the claims, with a buyout of \$500,000 for each 0.5 per cent;
3. The Pay Claims consist of 52 claim units covering 1,300 hectares. The Company will issue 733,334 common shares and the vendors will retain a 2-per-cent net smelter return on the claims, with a buyout of \$500,000 for each 0.5 per cent; and
4. The Lloyd claims consist of 25 claim units covering 625 hectares. The Company will issue 1,200,000 common shares for a 90% interest and the vendors will retain a 2-per-cent net smelter return on the claims, with a buyout of \$500,000 for each 0.5 per cent.

VALLEY HIGH VENTURES LTD.
NOTES TO FINANCIAL STATEMENT
JULY 31, 2005

4. DUE TO RELATED PARTIES

	2005	2004
Due to a director of the Company	\$ 67,500	\$ -
Due to a company controlled by a director of the Company	22,500	-
Due to a relative of a director of the Company	51,071	23,064
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 \$127 (2004 - \$7,160).	<u>29,127</u>	<u>-</u>
	<u>\$ 170,198</u>	<u>\$ 23,064</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	-
Property acquisition	<u>2,933,333</u>	<u>1,642,666</u>
Balance, July 31, 2005	<u>9,465,341</u>	<u>\$ 4,201,058</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.

5. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$67,500 (2004 - \$67,500) to a director of the Company.
- b) Paid or accrued administrative expenses of \$13,500 (2004 - \$9,000) to a relative of a director of the Company.
- c) Paid or accrued rent and office expenses of \$22,500 (2004 - \$4,500) 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.