

**VALLEY HIGH VENTURES LTD.**

**FINANCIAL STATEMENTS**

**JULY 31, 2007 and 2006**

The accompanying unaudited interim financial statements of Valley High Ventures Ltd., for the period ended July 31, 2007 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, 2007	October 31, 2006
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 10,050	\$ 115,459
Receivables	34,241	61,516
	44,291	176,975
<b>Capital Assets</b>	16,170	20,165
<b>Mineral property interests</b> (Note 3)	2,458,741	1,863,416
	\$ 2,519,202	\$ 2,060,556
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 88,831	\$ 46,654
Due to related parties (Note 4)	117,500	36,215
Loan payable (Note 5)	621,806	-
	828,137	82,869
<b>Shareholders' equity</b>		
Capital stock (Note 7)	4,992,301	4,972,654
Contributed surplus	275,640	275,640
Deficit	(3,576,876)	(3,270,607)
	1,691,065	1,977,687
	\$ 2,519,202	\$ 2,060,556

**On behalf of the Board:**

"Kathrine MacDonald"

Director

"Patrice Nazareno"

Director

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

	Three Months Period Ended,		Nine Months Period Ended,	
	July 31,		July 31,	
	2007	2006	2007	2006
<b>EXPENSES</b>				
Administrative	\$ -	4,500	\$ -	13,500
Consulting	4,500	-	31,193	33,500
Interest and bank charges	52	202	375	561
Interest expenses	18,959	-	36,235	-
Management fees	22,500	22,500	67,500	67,500
Professional fees	15,800	8,123	44,334	44,159
Regulatory, transfer agent and filing fees	1,000	1,697	11,054	14,476
Rent and office	11,039	5,540	29,299	23,433
Travel and promotion	5,000	17,618	87,140	17,618
Shareholder costs	-	1,056	-	1,056
Interest Income	(13)	(921)	(861)	(3,785)
<b>Loss for the period</b>	(78,837)	(60,315)	(306,269)	(212,018)
<b>Deficit, beginning of period</b>	(3,498,039)	(3,011,643)	(3,270,607)	(2,859,940)
<b>Deficit, end of period</b>	\$ (3,576,876)	(3,071,958)	\$ (3,576,876)	\$ (3,071,958)
<b>Basic and diluted loss per share</b>	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
<b>Weighted average number of shares outstanding</b>	12,699,971	11,535,047	13,326,535	11,535,047

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

	Three Months Period Ended, July 31,		Nine Months Period Ended, July 31,	
	2007	2006	2007	2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss for the period	\$ (78,837)	\$ (60,315)	\$ (306,269)	\$ (212,018)
Items not affecting cash:				
Accrues interest on loan payable	16,394	-	33,670	-
Accrued management fees to a related party	22,500	-	67,500	-
Accrued rent and office expenses to a related party	6,000	-	18,000	-
Change in non-cash working capital items:				
(Increase) decrease in receivables	(182)	(39,465)	27,275	(59,371)
Increase in prepaid expenses	-	(722)	-	(722)
Increase in deposits	-	-	-	(10,000)
Increase (decrease) in accounts payable and accrued liabilities	(35,415)	(44,236)	42,177	(110,184)
Net cash used in operating activities	(69,540)	(144,738)	(117,647)	(392,295)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of equipment	-	-	-	(22,828)
Mineral property expenditures	(21,583)	(534,222)	(591,330)	(855,513)
Net cash used in investing activities	(21,583)	(534,222)	(591,330)	(878,341)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Share capital	21,200	-	21,200	1,059,146
Share subscription received	-	356,000	-	313,250
Share issue costs	-	-	(1,553)	-
Loan payable	60,024	-	588,136	-
Amounts due to related parties	-	(1,768)	(4,215)	(56,076)
Net cash provided by financing activities	81,224	354,232	603,568	1,316,320
<b>Change in cash during the period</b>	(9,899)	(324,728)	(105,409)	45,684
<b>Cash, beginning of period</b>	19,949	394,556	115,459	24,144
<b>Cash, end of period</b>	\$ 10,050	69,828	\$ 10,050	69,828

Supplementary Disclosure of Non-Cash Investing and Financing Activities:

During the period ended July 31, 2007, \$3,995 (2006-\$1,332) of equipment asset amortization was recorded as deferred mineral property costs.

**VALLEY HIGH VENTURES LTD.**  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2007

**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.

	July 31, 2007	October 31, 2006
Deficit	\$ (3,576,876)	\$ (3,270,607)
Working capital (deficiency)	(162,040)	94,106

**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, 2006. 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, 2007 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 THE FINANCIAL STATEMENTS**  
**JULY 31, 2007**

**3. MINERAL PROPERTY INTERESTS**

	October 31, 2006	Additional Expenditures	July 31, 2007
	\$	\$	\$
<b>Yemen Property</b>			
Acquisition costs	48,001	-	48,001
Deferred exploration costs			
Personnel and labour	18,196	-	18,196
Prospecting permit	57,941	-	57,941
Samples	12,094	-	12,094
Travel and transportation	4,385	-	4,385
	<u>140,617</u>	<u>-</u>	<u>140,617</u>
<b>British Columbia Property</b>			
Acquisition costs	754,116	21,200	775,316
Deferred exploration costs			
Amortization	2,663	3,995	6,658
Accommodation and travel	46,001	4,623	50,624
Geological consulting	200,538	69,588	270,126
Field and exploration costs	182,490	39,904	222,394
Prospecting permits	5,147	6,958	12,105
Survey	121,069	50,977	172,046
Exploration salaries and wages	29,865	8,594	38,459
Equipment	5,188	-	5,188
Drilling	329,980	350,700	680,680
Assay	32,009	24,554	56,563
Fuel	3,679	2,076	5,755
Vehicles	2,318	6,441	8,759
Office and sundry	7,736	5,715	13,451
	<u>1,722,799</u>	<u>595,325</u>	<u>2,318,124</u>
<b>Total</b>	<b><u>1,863,416</u></b>	<b><u>595,325</u></b>	<b><u>2,458,741</u></b>

**VALLEY HIGH VENTURES LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2007**

**4. DUE TO RELATED PARTIES**

	July 31, 2007	October 31, 2006
Due to a company controlled by a director	\$ 117,500	\$ 36,215

**5. LOAN PAYABLE**

The loan payable represents expenses paid by, and advances from, a director. The loan bears interest at 12% per annum, is payable on demand, and is unsecured. Accrued interest payable of \$33,670 (2006: \$Nil) is included in the loan payable to the director.

**6. RELATED PARTY TRANSACTIONS**

The Company entered into the following transactions with related parties:

- a) Accrued management fees of \$67,500 (2006 - \$67,500) to a company controlled by a director.
- b) Accrued administrative expenses of \$Nil (2006 - \$13,500) to a relative of a director.
- c) Accrued rent and office expenses of \$18,000 (2006 - \$18,000) to a company controlled by a director.
- d) Accrued interest expense of \$33,670 (2006 - \$Nil) 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.

**7. CAPITAL STOCK**

	Number of Shares	Amount
Authorized		
100,000,000 common shares without par value		
Issued		
Balance as at October 31, 2006	14,135,868	\$ 4,972,654
Mineral property interests (Note 3)	40,000	21,200
Share issue costs	-	(1,553)
Balance as at October 31, 2006	14,175,868	\$ 4,992,301