

**VALLEY HIGH VENTURE LTD.
MANAGEMENT DISCUSSION & ANALYSIS**

FORM 51-102F1

**For the Year Ended
OCTOBER 31, 2005**

This management's discussion and analysis provides an analysis of our financial situation which will enable the reader to evaluate important variations in our financial situation for the year ended October 31, 2005, in comparison with the previous period. This report supplements our audited financial statements and should be read in conjunction with our financial statements and the accompanying notes. Our financial statements are prepared in accordance with generally accepted standards in Canada and all monetary values included in this report are in Canadian dollars, unless it is indicated otherwise. Our financial statements and the management's discussion and analysis are intended to provide a reasonable base for the investor to evaluate our financial situation.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

DATE OF REPORT: February 28, 2006

OVERALL PERFORMANCE

Valley High Ventures Ltd. (the "Company") was incorporated on August 11, 1980 under the laws of 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 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 its 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.

Mineral Properties

Yemen Properties

During fiscal 2004, pursuant to the acquisition of an exploration license that provided the Company with the rights to prospect for all minerals other than hydrocarbons in an area located in west central Yemen, 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.

In August of 2005, the Company agreed to renew the exploration license for a period of two years expiring August 2007. Subsequent to October 31, 2005, the Company obtained a prospecting permit expiring August, 2006 and paid US\$25,000 pursuant to the prospecting permit and exploration license.

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:

Nordik 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% net smelter returns royalty (“NSR”) on the claims, with a buyout of \$500,000 for each one-half percent.

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, with a buyout of \$500,000 for each one-half percent.

Pay, A and OCT claims

The Company acquired a 100% interest in the Pay, A and OCT mineral claims in consideration for the issuance of 733,334 common shares valued at \$168,666. The vendors retained a 2% NSR on the claims, with a buyout of \$500,000 for each one-half percent.

Lloyd claims

The Company acquired a 90% interest in the Lloyd mineral claims in consideration for the issuance of 1,020,000 common shares valued at \$234,600. The company also acquired 1.5% NSR on 100% of certain of the Lloyd claims in consideration for the issuance of 180,000 common shares valued at \$41,400.

SELECTED ANNUAL INFORMATION

The following financial data, which has been prepared in accordance with Canadian generally accepted accounting principles, is derived from the Company’s audited financial statements for the year ended October 31, 2005, 2004 and 2003.

	2005	2004	2003
	\$	\$	\$
Total Revenues	Nil	Nil	Nil
Net loss for the period	383,456	162,619	87,063
Basic and diluted loss per shares	(0.05)	(0.04)	(0.02)
Total Assets	871,073	243,279	129,380
Total long term liabilities	Nil	Nil	Nil
Cash dividend	Nil	Nil	Nil

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the year. Actual results could differ from these estimates.

RESULTS OF OPERATIONS

During the year ended October 31, 2005, the Company recorded a loss of \$383,456 or \$0.05 diluted loss per share, compared to \$162,619 or \$0.04 diluted per share for the same period last year.

The loss consisted primarily of accrued management fees of \$90,000 (2004-\$90,000), rent and office of \$31,051 (2004-\$20,794), accrued administrative expenses of \$18,000 (2004-\$12,000) and regulatory, transfer agent and filing fees of \$10,676 (2004-\$13,658).

The Company expensed \$195,777 in connection with the fair value of stock options during the period ended October 31, 2005. The compensation expense amount was offset to contributed surplus.

Cash at October 31, 2005 was \$24,144 compared to \$128,827 for the same period last year.

SUMMARY OF QUARTERLY REPORTS

Results for the three most recent quarters ending with the last quarter for the three months period ended October 31, 2005:

	Three Months Ended			
	October 31, 2005 \$	July 31, 2005 \$	April 30, 2005 \$	January 31, 2005 \$
Revenue	Nil	Nil	Nil	Nil
Net earnings (loss)	(237,496)	(62,131)	(53,870)	(29,959)
Basic and diluted per shares	(0.03)	(0.01)	(0.02)	(0.01)

	Three Months Ended			
	October 31, 2004 \$	July 31, 2004 \$	April 30, 2004 \$	January 31, 2004 \$
Revenue	Nil	Nil	Nil	Nil
Net earnings (loss)	(47,719)	(34,567)	(47,679)	(32,654)
Basic and diluted per shares	(0.01)	(0.01)	(0.01)	(0.01)

LIQUIDITY AND CAPITAL RESOURCES

The accompanying 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.

At October 31, 2005, the Company had cash and cash equivalents of \$24,144 and a working capital deficiency of \$247,015.

Subsequent to October 31, 2005, the Company issued 1,927,388 non flow-through and 571,888 flow-through shares for gross proceeds of \$1,124,674 of which \$122,248 is receivable. The Company paid finders' fees of \$65,529 in conjunction with this share issuance.

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$90,000 (2004 - \$90,000) to a company controlled by a director.
- b) Paid or accrued administrative expenses of \$18,000 (2004 - \$12,000) to a relative of a director.
- c) Paid or accrued rent and office expenses of \$30,000 (2004 - \$6,000) to a company controlled by a director.
- d) Paid or accrued interest expense of \$2,975 (2004 - \$511) to a company controlled by a director and a company controlled by a relative of a director.
- e) Reclassifying \$75,000 of accounts payable due to a company controlled by a director when the related party assumed the debt.

Included in accounts payable is \$161,064 (2004 - \$23,064) due to a company controlled by a director for unpaid management fees, administrative, rent and office expenses.

FOURTH QUARTER

The Company incurred a net loss of \$237,496 in the fourth quarter primarily due the recognition of stock based compensation cost of \$ 195,777 in respect of stock option granted in the fourth quarter in 2005. The Company also revised its estimate of evaluation of share issued for mineral properties.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**Flow-through shares**

Canadian tax legislation permits a company to issue flow-through shares whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. Recording these expenditures for accounting purposes gives rise to taxable temporary differences. When flow-through expenditures are renounced, a portion of the future income tax assets that were not recognized in previous years, due to the recording of a valuation allowance, will be recognized as a recovery of income taxes in the statement of operations.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, loan payable and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

INVESTOR RELATIONS

No investor relations activities were undertaken by or on behalf of the Company during the period.

SUBSEQUENT EVENTS

The Company completed a non-brokered public placement of 2,499,276 units at CDN\$0.45 per unit of which 1,927,388 non flow-through and 571,888 flow-through shares for gross proceeds of \$1,124,674. The Company paid finders' fees of \$65,529 in conjunction with this share issuance.

The Company cancelled 93,749 escrow shares.

OUTSTANDING SHARES

As at February 28, 2006, the Company had the following securities issued and outstanding:

Common shares	11,870,868
Stock options	500,000
Share purchase warrants	2,200,000

DIRECTORS AND OFFICERS

Kathrine MacDonald	<i>Director, President & Chief Executive Officer</i>
Patrice Nazareno	<i>Director</i>
Chad Ulansky	<i>Director</i>
David Bailey	<i>Director</i>

OTHER REQUIREMENTS

Additional disclosure of the Company's technical reports, material change reports, news release and other information can be obtained on SEDAR at www.sedar.com.

On Behalf of the Board,

VALLEY HIGH VENTURES LTD.

"Kathrine MacDonald"

Kathrine MacDonald
Chief Executive Officer