

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

**FORM 51-102F1**

**For the Year Ended  
OCTOBER 31, 2006**

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, 2006, 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 23, 2007

**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. During the period ended January 31, 2006, the Company obtained a prospecting permit expiring August, 2006 and paid US\$25,000 pursuant to the prospecting permit and exploration license.

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***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.

During the period ended October 31, 2006, the company started initial exploration on its Lloyd and Nordik properties. The properties adjoin and partly enclose Mt. Polley Mining Corporation's claims on which several new deposits have been located in recent years. Mt. Polley Mining Corporation is a wholly owned subsidiary of Imperial Metals Corp. The exploration consisting of 65 kilometers of induced polarization and magnetic surveys, is in part designed to examine known copper-gold mineralization at the Boundary Zone which was partly drilled in the past and straddles the common boundary between the Company's properties and Mt. Polley Mining Corporation's claims.

The Company added two mineral properties to its holdings around the Mount Polley Mine in the Cariboo.

The Buc Property consists of 235.906 hectares adjoining the company's Nordik claims. The property has been acquired by a one year option with payments of \$10,000 and 25,000 shares.

The Dome property covers 666.942 hectares and adjoins the company's October claims to the northwest. It was acquired under a four year option by payment of \$10,000 and 270,000 (40,000 paid) shares spread over four years. Previous work on the property was carried out by Dome Exploration (Canada) Ltd.

The company is in the process of establishing grid systems over the above properties and the adjoining Nordik and October claims in preparation for exploration consisting of geophysical surveys.

**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, 2006, 2005 and 2004.

	2006	2005	2004
	\$	\$	\$
Total Revenues	Nil	Nil	Nil
Net loss for the period	410,667	383,456	162,619
Basic and diluted loss per shares	(0.03)	(0.05)	(0.04)
Total Assets	2,060,556	871,073	243,279
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 \$410,667 or \$0.03 diluted loss per share, compared to \$383,456 or \$0.05 diluted per share for the same period last year.

The loss consisted primarily of accrued management fees of \$90,000 (2005-\$90,000), rent and office of \$39,078 (2005-\$31,051), accrued administrative expenses of \$18,000 (2005-\$18,000) and regulatory, transfer agent and filing fees of \$15,517 (2005-\$10,676).

The Company expensed \$79,863 (2005-\$195,777) in connection with the fair value of stock options during the period ended October 31, 2006. The compensation expense amount was offset to contributed surplus.

**SUMMARY OF QUARTERLY REPORTS**

Results for the three most recent quarters ending with the last quarter for the three months period ended October 31, 2006:

	Three Months Ended			
	October 31, 2006 \$	July 31, 2006 \$	April 30, 2006 \$	January 31, 2006 \$
Revenue	Nil	Nil	Nil	Nil
Net earnings (loss)	(198,649)	(60,315)	(89,815)	(61,888)
Basic and diluted per shares	(0.01)	(0.01)	(0.00)	(0.01)

	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)

### **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.

During the year ended October 31, 2006, the Company issued 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 \$65,528 in conjunction with this share issuance.

At October 31, 2006, the Company had cash and cash equivalents of \$115,459 and a working capital of \$94,106 (deficiency of 2005-\$247,015).

### **TRANSACTIONS WITH RELATED PARTIES**

The Company entered into the following transactions with related parties:

- Paid or accrued management fees of \$90,000 (2005 - \$90,000) to a company controlled by a director.
- Paid or accrued administrative expenses of \$18,000 (2005 - \$18,000) to a relative of a director.
- Paid or accrued rent and office expenses of \$30,000 (2005 - \$3,000) to a company controlled by a director.
- Paid or accrued interest expense of \$731 (2005 - \$2,975) to a company controlled by a director and a company controlled by a relative of 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 .

### **FOURTH QUARTER**

The Company incurred a net loss of \$410,667 in the fourth quarter primarily due the recognition of stock based compensation cost of \$ 79,863 in respect of stock option granted in the fourth quarter in 2005.

### **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.

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**INVESTOR RELATIONS**

On June 7, 2006, the Company announced that it has entered into an agreement with Astra Communications Ltd ("Astra") specializing in corporate finance and communications, to act as the Company's investor relations representative. Astra will receive a monthly retainer of \$5,000 for the initial period of 6 months.

**OUTSTANDING SHARES**

As at February 23, 2007, the Company had the following securities issued and outstanding:

Common shares	14,135,868
Stock options	500,000
Fully diluted	14,635,868

**DIRECTORS AND OFFICERS**

Kathrine MacDonald	<i>Director, President &amp; Chief Executive Officer</i>
Patrice Nazareno	<i>Director</i>
Ray Strafehl	<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](http://www.sedar.com).

On Behalf of the Board,

**VALLEY HIGH VENTURES LTD.**

*"Kathrine MacDonald"*

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Kathrine MacDonald  
Chief Executive Officer