

VALLEY HIGH VENTURES LTD.

FINANCIAL STATEMENTS

OCTOBER 31, 2007

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OCTOBER 31, 2006

DE VISSER GRAY LLP
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To the Shareholders of Valley High Ventures Ltd.,

We have audited the balance sheets of Valley High Ventures Ltd. as at October 31, 2007 and 2006 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

"De Visser Gray LLP"

Chartered Accountants
Vancouver, British Columbia
February 27, 2008

VALLEY HIGH VENTURES LTD.
BALANCE SHEETS
AS AT OCTOBER 31

	2007	2006
ASSETS		
Current		
Cash	\$ 9,441	\$ 115,459
Receivables	<u>35,935</u>	<u>61,516</u>
	45,376	176,975
Equipment (Note 4)	-	20,165
Mineral property interests (Note 3)	<u>2,248,161</u>	<u>1,863,416</u>
	<u>\$ 2,293,537</u>	<u>\$ 2,060,556</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 60,175	\$ 46,654
Due to related parties (Note 5)	847,994	36,215
	908,169	82,869
Shareholders' equity		
Capital stock (Note 6)	4,992,301	4,972,654
Subscriptions received in advance (Note 6)	-	-
Contributed surplus (Note 6)	275,640	275,640
Deficit	<u>(3,882,573)</u>	<u>(3,270,607)</u>
	<u>1,385,368</u>	<u>1,977,687</u>
	<u>\$ 2,293,537</u>	<u>\$ 2,060,556</u>

Nature and continuance of operations (Note 1)

On behalf of the Board:

 "Kathrine MacDonald" Director _____
 "Patrice Nazareno" Director

The accompanying notes are an integral part of these financial statements.

VALLEY HIGH VENTURES LTD.
STATEMENTS OF OPERATIONS AND DEFICIT
YEARS ENDED OCTOBER 31

	2007	2006
EXPENSES		
Administrative	\$ -	\$ 18,000
Consulting	31,193	68,033
Interest	471	745
Interest – Loan	58,553	-
Management fees	90,000	90,000
Professional fees	78,183	59,500
Regulatory, transfer agent and filing fees	11,854	15,517
Rent and office	39,867	39,078
Travel and promotion	87,299	43,832
Shareholder costs	582	1,136
Stock-based compensation (Note 6)	-	79,863
Loss on disposition of capital assets	2,674	-
Write down on mineral properties	212,238	-
Interest income	<u>(948)</u>	<u>(5,037)</u>
Loss for the year	(611,966)	(410,667)
Deficit, beginning of year	<u>(3,270,607)</u>	<u>(2,859,940)</u>
Deficit, end of year	<u>\$ (3,882,573)</u>	<u>\$ (3,270,607)</u>
Basic and diluted loss per share	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>
Weighted average number of shares outstanding	<u>14,161,731</u>	<u>13,674,390</u>

The accompanying notes are an integral part of these financial statements.

VALLEY HIGH VENTURES LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED OCTOBER 31

	2007	2006
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Loss for the year	\$ (611,966)	\$ (410,667)
Items not affecting cash:		
Accrued interest on amounts due to a related parties	58,553	731
Stock-based compensation	-	79,863
Write down mineral property	212,238	-
Loss on disposition of equipment	2,674	-
	<u>(338,501)</u>	<u>(330,073)</u>
Change in non-cash working capital items:		
(Increase) decrease in receivables	26,377	(59,247)
Increase in prepaid expense and deposits	(796)	(41,315)
Increase (decrease) in accounts payable and accrued liabilities	<u>26,446</u>	<u>(83,785)</u>
Net cash used in operating activities	<u>(286,474)</u>	<u>(514,420)</u>
CASH FLOWS FROM (TO) INVESTING ACTIVITIES		
Purchase of equipment	-	(20,165)
Property acquisition cost	-	(20,000)
Mineral property expenditures	<u>(571,217)</u>	<u>(950,108)</u>
Net cash used in investing activities	<u>(571,217)</u>	<u>(992,936)</u>
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Share capital	(1,553)	1,741,925
Subscriptions received in advance	-	-
Share issue costs	-	(65,529)
Repayment of loan payable	-	-
Amounts due to related parties	753,226	(77,725)
Repayment of amounts due to related parties	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>751,673</u>	<u>1,598,671</u>
Change in cash during the year	(106,018)	91,315
Cash, beginning of year	<u>115,459</u>	<u>24,144</u>
Cash, end of year	\$ 9,441	\$ 115,459
Cash paid during the year for interest	\$ -	\$ 11,165

Supplementary Information:

The company issued 65,000 shares valued at \$34,450 and 40,000 shares valued at \$21,200 for mineral properties in its fiscal year 2006 and 2007, respectively.

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in the Province of British Columbia and is pursuing opportunities in the exploration of mineral and natural resource properties.

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 the classification of liabilities that might be necessary should the Company be unable to continue in existence.

	October 31,	
	2007	2006
Deficit	\$ (3,741,956)	\$ (3,270,555)
Working capital (deficiency)	(862,793)	93,758

2. SIGNIFICANT ACCOUNTING POLICIES

Estimates

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.

Mineral property interests

All costs related to the acquisition, exploration and development of mineral properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a mineral property is impaired, that property is written down to its estimated net realizable value. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Mineral property interests (cont'd...)

The amounts shown for mineral property interests do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability and the related capitalized asset retirement cost.

Income taxes

Future income taxes are recorded using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Stock-based compensation

The fair value of stock options granted is determined using the Black-Scholes option pricing model and recorded as stock-based compensation expense.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the year ended October 31, 2006, this calculation proved to be anti-dilutive. There were no anti-dilutive instruments outstanding as of October 31, 2005.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

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 the financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Comprehensive Income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in earning or loss. Other comprehensive includes the holding gains and losses from available-for-sale securities which are not included in earnings or losses until realized. The Company's current results reflect no items impacting comprehensive income.

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.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

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

3. MINERAL PROPERTY INTERESTS

	October 31, 2005 \$	Additional Expenditures \$	October 31, 2006 \$	Additional Expenditures \$	October 31, 2007 \$
Yemen Property					
Acquisition costs	48,001	-	48,001	-	48,001
Deferred exploration costs					
Personnel and labour	18,196	-	18,196	-	18,196
Prospecting permit	28,625	29,316	57,941	-	57,941
Samples	12,094	-	12,094	-	12,094
Travel and transportation	4,385	-	4,385	-	4,385
Write off of Yemen property	-	-	-	(140,617)	(140,617)
	<u>111,301</u>	<u>29,316</u>	<u>140,617</u>	<u>(140,617)</u>	<u>-</u>
British Columbia properties					
Acquisition costs	699,666	54,450	754,116	21,200	775,316
Deferred exploration costs					
Amortization	-	2,663	2,663	4,566	7,229
Write Down Amortization				(7,229)	(7,229)
Accommodation and travel	4,428	41,573	46,001	4,623	50,624
Geological consulting	24,788	175,750	200,538	69,588	270,126
Write down geological consul				(64,392)	(64,392)
Field and exploration costs	3,977	178,513	182,490	39,904	222,394
Prospecting permits	500	4,647	5,147	6,958	12,105
Survey	-	121,069	121,069	50,977	172,046
Exploration salaries and wages	-	29,865	29,865	8,597	38,459
Equipment	-	5,188	5,188	-	5,188
Drilling	-	329,980	329,980	350,700	680,680
Assay	-	32,009	32,009	24,554	56,563
Fuel	-	3,679	3,679	2,076	5,755
Vehicles	-	2,318	2,318	6,441	8,759
Office and sundry	-	7,736	7,736	6,802	14,538
	<u>733,359</u>	<u>989,440</u>	<u>1,722,799</u>	<u>525,362</u>	<u>2,248,161</u>
Total	<u>844,660</u>	<u>1,018,756</u>	<u>1,863,416</u>	<u>384,745</u>	<u>2,248,161</u>

Title to mineral properties

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims 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 all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

3. MINERAL PROPERTY INTERESTS (cont'd...)

Yemen Property

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 had agreed to pay a finder's fee of 20,000 common shares.

At October 31, 2007 the Company has elected to drop this property and all related deferred costs have been written off.

British Columbia Properties

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 ("NSR") royalty 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.

Buc claims

The Company acquired a 100% interest, subject to a 2.0% NSR, in the Buc mineral claims in consideration for the issuance of 25,000 shares and \$10,000 in cash.

Dome Claim

The Company has acquired the right to earn a 100% interest subject to a 1.5% NSR in the three mineral claims. To earn its interest the Company must pay \$10,000 and issue 270,000 shares over four year period.

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

4. EQUIPMENT

	Cost \$	2007 Accumulated Amortization \$	Sold \$	2007 Net Book Value \$	2006 Net Book Value \$
Vehicles	22,828	7,229	15,599	-	20,165

Equipment was sold during the year and the proceeds were applied against the loan payable.

5. DUE TO RELATED PARTIES

	2006	2006
Due to a company controlled by a director, unsecured, bearing interest at 12% per annum with no fixed date of repayment. The amount includes accrued interest of \$55,987.52 (2006 - \$731)	\$ 837,874	\$ 7,215
Due to a former company director	<u>10,120</u>	<u>29,000</u>
	<u>\$ 847,994</u>	<u>\$ 36,215</u>

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Amount \$	Contributed Surplus \$
Authorized 100,000,000 common shares without par value			
Balance as at October 31, 2005	9,465,341	3,219,058	195,777
Mineral property interests (Note 3)	65,000	34,450	-
Private placement	2,499,276	1,124,675	-
Warrants	2,200,000	660,000	-
Cancellation of escrow	(93,749)	-	-
Share issue costs	-	(65,529)	-
Stock-based compensation	<u>-</u>	<u>-</u>	<u>79,863</u>
Balance as at October 31, 2006	14,135,868	\$ 4,972,654	\$ 275,640
Mineral property interests (Note 3)	40,000	21,200	-
Share issue costs	<u>-</u>	<u>(1,553)</u>	<u>-</u>
Balance as at October 31, 2007	<u>14,175,868</u>	<u>\$ 4,992,301</u>	<u>\$ 275,640</u>

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

6. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd..)

Stock options and warrants

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years with vesting provisions determined by the board of directors.

Stock option and share purchase warrant activity is summarized as follows:

	Options	
	Number	Weighted Average Exercise Price
Outstanding, October 31, 2004 and 2005	500,000	\$ 0.45
Granted	820,000	0.55
Exercised	-	-
Expired/cancelled	<u>(20,000)</u>	-
Outstanding, October 31, 2006	1,300,000	\$ 0.58
Cancelled	<u>(1,300,000)</u>	-
Exercisable, October 31, 2007	-	-

7. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued management fees of \$90,000 (2006 - \$90,000) to a company controlled by a director, pursuant to a management contract which requires three months notice of cancellation.
- b) Paid or accrued administrative expenses of \$9,000 (2006 - \$18,000) to a relative of a director.
- c) Paid or accrued rent and office expenses of \$37,000 (2006 - \$30,000) to a company controlled by a director.
- d) Paid or accrued interest expense of \$55,882 (2006 - \$731) 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.

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

8. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2007	2006
Loss before income taxes	\$ (611,966)	\$ (410,667)
Expected income tax (recovery)	\$ (208,680)	\$ (140,037)
Non-deductible items	16,875	32,100
Unrecognised benefit of non-capital losses	<u>191,805</u>	<u>107,937</u>
Total income tax recovery	\$ -	\$ -

The significant components of the Company's future income tax assets are as follows:

	2007	2006
Future income tax assets:		
Non-capital loss carryforwards	\$ 226,765	\$ 259,160
Resource expenditures	124,124	98,890
Share issue costs	<u>(6,820)</u>	<u>(6,820)</u>
	350,889	351,230
Less valuation allowance	<u>(350,889)</u>	<u>(351,230)</u>
Net future income tax assets	\$ -	\$ -

The Company has approximately \$660,000 in non-capital losses available to reduce taxable income of future years. If not utilized, these losses will expire through to 2026. Subject to certain restrictions, the Company also has resource expenditures available to reduce taxable income in future years. Future tax benefits which may arise as a result of these losses, resource deductions and share issue costs have not been recognised in these financial statements and have been offset by a valuation allowance.

9. SEGMENTED INFORMATION

The Company currently operates in Canada in one business segment, being the acquisition and exploration of mineral property interests. The Company's assets are mainly located in Canada.