

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Balance Sheets (unaudited)

	As at December 31, 2009 \$	As at June 30, 2009 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	469,654	220,586
Short-term investments	-	11
Amounts receivable	314,586	316,312
Prepaid expenses	10,048	7,704
	<hr/> 794,288	<hr/> 544,613
<b>Long-term investment</b>	4,419	11,431
<b>Mining properties</b> (note 4)	4,345,971	4,126,839
<b>Property, plant and equipment</b> , at cost less accumulated depreciation of \$5,340 (\$5,130 in 2009)	3,864	3,462
<b>Intangible asset</b> , at cost less accumulated amortization of \$12,141 in 2009	-	3,834
	<hr/> 5,148,542	<hr/> 4,690,179
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities		
Related companies	9,281	70,602
Others	113,230	61,632
	<hr/> 122,511	<hr/> 132,234
<b>Future income tax liabilities</b>	366,437	295,437
<b>Debt component of convertible debentures</b> (note 5)	197,420	-
	<hr/> 686,368	<hr/> 427,671
<b>Shareholders' Equity</b>		
<b>Share capital</b> (note 6a)	28,850,046	28,466,147
<b>Warrants</b> (note 6b)	98,571	84,351
<b>Stock options</b> (note 6c)	203,995	218,995
<b>Contributed surplus</b> (notes 6b and c)	1,112,482	1,055,071
<b>Equity component of convertible debentures</b> (note 5)	27,960	-
<b>Deficit</b>	(25,830,880)	(25,562,067)
<b>Accumulated other comprehensive income</b>	-	11
	<hr/> 4,462,174	<hr/> 4,262,508
	<hr/> 5,148,542	<hr/> 4,690,179

**Going concern** (note 2)

**Commitment** (note 9)

(1)

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

**Approved by the Board of Directors**

(signed) Claude St-Jacques \_\_\_\_\_, Director

(signed) Pierre St-Jacques \_\_\_\_\_, Director

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Statements of Deficit and Accumulated Other Comprehensive Income (unaudited)

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<b>Deficit</b>	<b>Six-Month Periods Ended</b>	
	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Balance - Beginning of period</b>	25,562,067	23,709,928
Net loss for the period	268,813	85,868
<b>Balance - End of period</b>	<b>25,830,880</b>	<b>23,795,796</b>

<b>Accumulated other comprehensive income</b>	<b>Six-Month Periods Ended</b>	
	<b>December 31,</b>	
	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Balance - Beginning of period</b>	11	3,600
Variation in the fair value of short-term investments, net of related income taxes of \$ - (\$629 in 2008)	(11)	(3,312)
<b>Balance - End of period</b>	<b>-</b>	<b>288</b>

Total deficit and accumulated other comprehensive income amount to \$25,830,880 and \$23,795,508 as at December 31, 2009 and 2008, respectively.

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

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Statements of Earnings (unaudited)

	Three-Month Periods Ended		Six-Month Periods Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Revenues</b>				
Royalties	27,100	43,819	58,878	76,799
Interest	(78)	1,051	(78)	7,564
Gain on sale of short-term investments	11	-	11	-
	<u>27,033</u>	<u>44,870</u>	<u>58,811</u>	<u>84,363</u>
<b>Expenses</b>				
Salaries and fringe benefits	53,986	43,583	74,422	73,255
Professional and maintenance fees	23,691	23,056	78,163	47,862
Management fees	6,250	6,250	12,500	12,500
Rent and office expenses	24,143	37,848	42,616	60,278
Advertising and promotion	2,052	1,197	2,171	9,426
Loss on writeoff of property, plant and equipment	-	1,197	-	1,197
Loss on writeoff of an intangible asset	-	-	3,834	-
Travelling	1,315	2,210	4,725	6,312
Search for mining properties	719	3,592	728	4,885
Interest and bank charges	245	220	477	462
Interest on convertible debentures	12,041	-	19,946	-
Depreciation of property, plant and equipment	253	33	463	320
Amortization of intangible asset	-	411	-	822
Part XII.6 tax	-	16,166	14,812	18,676
Cost of mining properties abandoned or written off	2,355	-	5,554	-
Loss on sale of a long-term investment	350	-	350	-
	<u>127,400</u>	<u>135,763</u>	<u>260,761</u>	<u>235,995</u>
<b>Loss before future income taxes and share in the significantly-influenced company's net earning (net loss)</b>	(100,367)	(90,893)	(201,950)	(151,632)
<b>Future income taxes</b>	(27,000)	105,962	(71,000)	77,077
<b>Earning (loss) before share in the significantly-influenced company's net earning (net loss)</b>	(127,367)	15,069	(272,950)	(74,555)
<b>Share in the significantly-influenced company's net earning (net loss)</b>	4,358	(6,131)	4,137	(11,313)
<b>Net earning (net loss) for the period</b>	<u>(123,009)</u>	<u>8,938</u>	<u>(268,813)</u>	<u>(85,868)</u>
<b>Basic and diluted net earnings (net loss) per share (note 7)</b>	(0.001)	0.001	(0.003)	(0.001)

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

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Statements of Comprehensive Loss (unaudited)

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Comprehensive income (loss)	Three-Month Periods Ended		Six-Month Periods Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Net earning (net loss) for the period</b>	(123,009)	8,938	(268,813)	(85,868)
<b>Other comprehensive income (loss)</b>				
Unrealized loss on available-for-sale investments, net of related income taxes of \$539 and \$ 629	-	(2,824)	-	(3,312)
Reclassification of gains on available-for-sale investments realized upon sale to net earnings, net of related income taxes of \$ -	(11)	-	(11)	-
	(11)	(2,824)	(11)	(3,312)
<b>Comprehensive income (loss) for the period</b>	(123,020)	6,114	(268,824)	(89,180)

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

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Statements of Cash Flows (unaudited)

	Three-Month Periods Ended		Six-Month Periods Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Net loss for the period	(123,009)	8,938	(268,813)	(85,868)
Items not affecting cash and cash equivalents				
Interest on convertible debentures	4,477	-	7,419	-
Depreciation of property, plant and equipment	253	33	463	320
Amortization of intangible asset	-	411	-	822
Gain on sale of short-term investments	(11)	-	(11)	-
Loss on sale of a long-term investment	350	-	350	-
Loss on writeoff of property, plant and equipment	-	1,197	-	1,197
Loss on writeoff of the intangible asset	-	-	3,834	-
Future income taxes	27,000	(105,962)	71,000	(77,077)
Share in the significantly-influenced company's net earnings (net loss)	(4,358)	6,131	(4,137)	11,313
Cost of mining properties abandoned or written off	2,355	-	5,554	-
	(92,943)	(89,252)	(184,341)	(149,293)
Net change in non-cash working capital items				
Amounts receivable	(31,047)	(55,439)	(16,058)	1,110
Prepaid expenses	(5,259)	(6,797)	(2,344)	7,505
Accounts payable and accrued liabilities	(15,875)	(41,891)	(7,430)	19,274
	(52,181)	(104,127)	(25,832)	27,889
	(145,124)	(193,379)	(210,173)	(121,404)
<b>Cash flows from financing activities</b>				
Convertible debentures	-	-	250,000	-
Change in share capital issued for cash, net of share issue expenses	412,759	731	408,489	731
	412,759	731	658,489	731
<b>Cash flows from investing activities</b>				
Variation in credit on duties refundable for loss and refundable tax credit receivable for resources applied against mining properties	25,015	12,205	25,015	12,028
Proceeds from sale of short-term investments	12		12	
Proceeds from sale of a long-term investment	10,800		10,800	
Additions to mining properties	(78,511)	(140,809)	(234,209)	(544,444)
Additions to property, plant and equipment	(566)	-	(866)	(675)
	(43,250)	(128,604)	(199,248)	(533,091)
<b>Variation in cash and cash equivalents</b>	224,385	(321,252)	249,068	(653,764)
<b>Cash and cash equivalents - Beginning of period</b>	245,269	482,017	220,586	814,529
<b>Cash and cash equivalents - End of period</b>	469,654	160,765	469,654	160,765

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

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Interim Statements of Cash Flows (unaudited)

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	Three-Month Periods Ended		Six-Month Periods Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Additional information</b>				
Interest cashed (net of interest paid)	(3)	1,298	(3)	7,809
Acquisition of mining properties included in accounts payable and accrued liabilities	56,707	254,501	56,707	254,501
Credit on duties refundable for loss and refundable tax credit for resources receivable applied against mining properties	7,231	101,406	7,231	101,406
Warrants matured and included in contributed surplus	42,411	110,600	42,411	110,600
Warrants granted and included in shareholders' equity	21,011	-	53,051	-
Warrants granted and included in issue expenses	3,580	-	3,580	-
Stock options matured and included in contributed surplus	-	-	15,000	-
Warrants (units) matured and included in contributed surplus	-	5,433	-	5,433
Unit options matured and included in contributed surplus	-	27,306	-	27,306
Acquisition of a mining property in consideration of the issuance of shares	-	2,000	-	2,000
Payment of a supplier in consideration of the issuance of shares	-	40,000	-	40,000

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

# **Société d'Exploration Minière Vior Inc.**

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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## **1 Interim Financial Information**

The financial information as at December 31, 2009 and for the three and six-month periods ended December 31, 2009 and 2008 is unaudited. However, in the opinion of management, all adjustments necessary to fairly present the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim operating results may not necessarily be indicative of operating results anticipated for the year.

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and use the same accounting policies and methods used in the preparation of Société d'Exploration Minière Vior Inc., (the "Company")'s most recent annual financial statements, except for the new accounting standards, described below in note 3. All disclosures required for annual financial statements have not been included in these financial statements. These unaudited interim financial statements should therefore be read in conjunction with the most recent audited annual financial statements.

## **2 Going Concern**

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. The application of generally accepted accounting principles on a going concern basis may be inappropriate, since there is a significant doubt as to the validity of the going concern assumption. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses and balance sheet classifications that would be necessary were the going concern assumption considered inappropriate. These adjustments could be material. Management did not take these adjustments into account as it believes in the validity of the going concern assumption.

## **3 New Accounting Standards**

### **Accounting changes**

On July 1, 2009, the Company adopted a new accounting standard issued by the Canadian Institute of Chartered Accountants ("CICA") relating to goodwill and intangible assets.

### **Goodwill and intangible assets**

In February 2008, the CICA issued Section 3064, " Goodwill and intangible assets ", replacing Section 3062, " Goodwill and other intangible assets " and Section 3450, " Research and development costs ". Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company applied the new standard for its fiscal year beginning July 1, 2009. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

The adoption of this new standard had no impact on the Company's financial statements, except for the write-off of the web site development.

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

## 4 Mining Properties

	# claims	Undivided interest %	Balance as at July 1, 2009 \$	Costs incurred \$	Mining properties abandoned or written off, credit on duties refundable for loss and refundable tax credit for resources \$	Balance as at December 31, 2009 \$
Douay	98					
Mining property		100	23,730	-	-	23,730
Exploration costs			1,714,791	41,529	-	1,756,320
			<u>1,738,521</u>	<u>41,529</u>	<u>-</u>	<u>1,780,050</u>
Douay Ouest	7					
Mining property		100	497,462	2,105	-	499,567
Exploration costs			1,700,305	170,895	(7,231)	1,863,969
			<u>2,197,767</u>	<u>173,000</u>	<u>(7,231)</u>	<u>2,363,536</u>
Douay Est	81					
Mining property		100	8,800	520	-	9,320
Exploration costs			21,073	-	-	21,073
			<u>29,873</u>	<u>520</u>	<u>-</u>	<u>30,393</u>
Others						
Mining properties		-	44,404	7,889	(5,431)	46,862
Exploration costs			116,274	8,979	(123)	125,130
			<u>160,678</u>	<u>16,868</u>	<u>(5,554)</u>	<u>171,992</u>
			<u>4,126,839</u>	<u>231,917</u>	<u>(12,785)</u>	<u>4,345,971</u>

All mining properties are located in the province of Quebec

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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## Change in mining properties

	\$
<b>Balance - Beginning of period</b>	<u>4,126,839</u>
Expenses incurred during the period	
Claims and permits	10,513
Geology	117,539
Transport	6,475
Salaries	93,482
Accommodation	3,247
Analyses	<u>661</u>
	231,917
Mining properties abandoned or written off	(5,554)
Credit on duties refundable for loss and refundable tax credit for resources	<u>(7,231)</u>
	<u>219,132</u>
<b>Balance - End of the period</b>	<u><u>4,345,971</u></u>

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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## 5 Convertible Debentures

On July 17, 2009, the Company proceeded with the issue of a \$100,000 debenture convertible, at the option of the holder, in common shares of the Company at the price of \$0.10 per share until July 17, 2012. The debenture bears interest at the annual rate of 12% and is payable every six months, at the Company's choice either in cash or in common shares. The debenture includes 1,000,000 common share purchase warrants giving the holder the right to purchase one common share of the Company at the price of \$0.12 for the first 12 months following the closing and at the price of \$0.13 for the remaining 12 months.

On August 12, 2009, the Company proceeded with the issue of a \$150,000 debenture convertible at the option of the holder in common shares of the Company at the price of \$0.10 per share until August 12, 2012. The debenture bears interest at the annual rate of 12% and is payable every six months at the Company's choice either in cash or in common shares. The debenture includes 1,500,000 common share purchase warrants giving the holder the right to purchase one common share of the Company at the price of \$0.12 for the first 12 months following the closing and at the price of \$0.13 for the remaining 12 months.

These debentures are accounted for in accordance with their substance and are presented in the financial statements in their component parts, measured at their respective fair values at the time of issue. The liability component has been calculated at the present value of the required principal and interest payments discounted at a rate approximating the interest rate that would have been applicable to non-convertible debt at the time the debenture was issued.

	Liability component	Equity component	Total
	\$	\$	\$
Value at the time of issue	190,000	27,960	217,960
Accretion of the value of the liability component	7,420	-	7,420
	197,420	27,960	225,380

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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## 6 Equity Components

### a) Share capital

Authorized

Unlimited number of common shares, without par value

Issued and fully paid

Variation of share capital

	<b>Number</b>	<b>Amount</b> \$
Balance - Beginning of period	84,432,882	28,466,147
Flow-through share financing agreements*	3,553,846	428,989
	<u>87,986,728</u>	<u>28,895,136</u>
Share issue expenses paid by:		
Issuance of warrants	-	(3,580)
Other	-	(41,510)
		<u>28,850,046</u>
Balance - End of period	<u>87,986,728</u>	<u>28,850,046</u>

\* Flow-through share financing agreements have been presented net of the fair value of warrants amounting to \$21,011

### b) Warrants

	<b>Number</b>	<b>Weighted</b> <b>average</b> <b>exercise price</b> \$
Outstanding and exercisable - Beginning of period	3,565,513	0.20
Granted	3,180,768	0.14
Matured *	<u>(1,690,763)</u>	<u>0.29</u>
Outstanding and exercisable - End of period	<u>5,055,518</u>	<u>0.13</u>

\* During the period, 1,690,763 warrants matured. The fair value of these matured warrants of \$42,411 has been reflected in the contributed surplus.

# Société d'Exploration Minière Vior Inc.

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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The following table summarizes the maturity dates of outstanding and exercisable warrants:

624,750 warrants at \$0.10 mature in March 2010 and at \$0.15 mature in March 2011;  
1,250,000 warrants at \$0.10 mature in June 2010 and at \$0.13 mature in June 2011;  
1,000,000 warrants at \$0.12 mature in July 2010 and at \$0.13 mature in July 2011;  
1,500,000 warrants at \$0.12 mature in August 2010 and at \$0.13 mature in August 2011;  
600,000 warrants at \$0.18 mature in April 2011;  
80,768 warrants at \$0.13 mature in November 2011.

The fair value of warrants granted was estimated using the Black & Scholes valuation model with the following assumptions:

Risk-free interest rate	0.956%
Expected volatility	117%
Dividend yield	Nil
Expected life	1.5 year
Fair value of warrants granted	\$0.029

## c) Stock option plan

The Company maintains a stock option plan under which certain key employees, managers, directors, consultants, service providers and investor relation service providers may be granted stock options for shares of the Company. A maximum of 4,686,262 stock options (4,686,262 in 2008) may be granted (maximum of 5% of the number of common shares outstanding in favour of key employees, managers, directors and consultants, and maximum of 2% of the number of common shares outstanding in favour of investor relations service providers).

Options granted expire after a maximum of five years following the date of grant, ten years following this date for options granted before July 1, 2003. There is no vesting period, except for 250,000 options granted to a consultant during the year ended June 30, 2009, which will be vested after the completion of a bulk sample on the Douay Ouest project.

# Société d'Exploration Minière Vior Inc.

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Notes to Interim Financial Statements (unaudited)

The following tables present the stock option activity since July 1, 2009 and summarize information about fixed stock options outstanding and exercisable as at December 31, 2009:

	Number	Weighted average exercise price \$
Outstanding- Beginning of period	3,695,000	0.13
Matured *	(120,000)	0.15
Outstanding - End of period	3,575,000	0.13
Exercisable - End of period	3,325,000	0.13

Exercise prices	Options outstanding as at December 31, 2009	Weighted average remaining contractual life (years)	Weighted average exercise price	Options currently exercisable	Weighted average exercise price
Between \$0.10 and \$0.20	3,400,000	3.19	0.13	3,150,000	0.13
Between \$0.255 and \$0.265	175,000	2.08	0.26	175,000	0.26

During the period, 120,000 stock options matured. The fair value of these matured stock options amount to \$15,000 and has been recorded under caption "Contributed surplus".

# Société d'Exploration Minière Vior Inc.

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Notes to Interim Financial Statements (unaudited)

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## 7 Earnings per Share

For the three and six-month periods ended December 31, 2009 and 2008, the diluted net earnings (net loss) per share was the same as the basic net earnings (net loss) per share. Accordingly, the diluted net earnings (net loss) per share for those periods was calculated using the basic weighted average number of shares outstanding (87,214,655 and 85,823,768 in 2009 and 80,545,882 and 80,400,230 in 2008).

	Three-Month Periods Ended December 31,		Six-Month Periods Ended December 31,	
	2009	2008	2009	2008
Basic weighted average number of shares outstanding	87,214,655	80,545,882	85,823,768	80,400,230
Basic and diluted weighted average number of shares outstanding	87,214,655	80,545,882	85,823,768	80,400,230
Items excluded from the calculation of diluted net loss per share because their exercise price was greater than the average market price of the common shares				
Stock options	3,575,000	2,900,000	3,575,000	2,900,000
Warrants	5,055,518	12,606,253	5,055,518	12,726,272
Unit options	-	862,294	-	878,925

## 8 Capital Management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mining properties. Given that the Company is in the mineral exploration business, the Board of Directors does not establish quantitative return on capital criteria for its management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

# **Société d'Exploration Minière Vior Inc.**

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Notes to Interim Financial Statements (unaudited)

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Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company considers the items included in shareholders' equity as capital.

On October 8, 2009, the Company completed a \$300,000 flow-through private placement that consists of 2,400,000 shares of the Company at the price of \$0.125 per share along with 600,000 share purchase warrants giving the holder the right to purchase to one common share of the Company at the price of \$0.18 per share for an 18-month period from the closing date. Further to the financing, the Company undertook not to issue flow-through shares below \$0.125 without the prior consent of the main subscriber, effective until December 31, 2009. Issuance fees of \$21,278 were incurred. An amount of \$300,000 is reserved for exploration and this amount will be used principally for exploration on the Douay and Douay Ouest project.

On November 17, 2009, the Company closed a \$150,000 flow-through private financing that consists of 1,153,946 shares of the Company at the price of \$0.13 per share. Issuance fees of \$19,543 were incurred, including the issuance of 80,768 warrants entitling the holder to subscribe to one common share of the Company at a price of \$0.13 until November 17, 2011. A fair value of \$3,580 has been assigned to the warrants. An amount of \$150,000 is reserved for exploration and this amount will be used principally for exploration on the Douay and Douay Ouest project.

## **9 Commitment**

The Company has agreed to incur canadian exploration expenses of \$450,000 by December 31, 2010, and to transfer these tax expenditures to the subscribers of its flow-through share underwriting completed in October and November 2009. As at December 31, 2009, the Company has incurred total expenses of \$42,028 in this regard.

# Soci t  d'Exploration Mini re Vior Inc.

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Notes to Interim Financial Statements (unaudited)

## 10 Financial Instruments

### Classification

The classification of financial instruments is summarized as follows:

					As at December 31, 2009	
					Carrying value	Fair value
	Held for trading	Available for sale	Loans and receivables	Other than held-for-trading liabilities	Total	Total
	\$	\$	\$	\$	\$	\$
<b>Financial Assets</b>						
Cash and cash equivalents	469,654	-	-	-	469,654	469,654
Short-term investments	-	-	-	-	-	-
Amounts receivable (1)	-	-	85,535	-	85,535	85,535
	469,654	-	85,535	-	555,189	555,189
<b>Financial Liabilities</b>						
Accounts payable and accrued liabilities	-	-	-	122,511	122,511	122,511
Debt component of convertible debentures	-	-	-	197,420	197,420	197,420
	-	-	-	319,931	319,931	319,931

(1) Do not include tax credits and mining rights on mining exploration and commodity taxes receivable.

Amounts receivable and accounts payable and accrued liabilities are financial instruments whose carrying value approximates their fair value due to their short-term maturity. Cash and cash equivalents are valued at fair value.

The fair value of available-for-sale, short-term investments is established using the bid price on the most beneficial active market for these instruments that is readily available to the Company. When a bid price is not available, the Company uses the closing price of the most recent transaction on such instrument.

The liability component of the convertible debentures is classified as other than held-for-trading liabilities and is measured at fair value on initial recognition with subsequent measurement at amortized cost using the effective rate method.

# **Société d'Exploration Minière Vior Inc.**

(an exploration company)

Notes to Interim Financial Statements (unaudited)

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## **Risk Factors**

### **Credit Risk**

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. Financial instruments included in amounts receivable consist of interest and royalties. The credit risk related to these amounts receivable is due to the partners' possible inability to settle their debts. Management believes that the credit risk with respect to financial instruments included in accounts receivable is remote and that the credit risk related to royalties is minimal, as the Company signed an agreement with a major mining company. The credit risk on cash and cash equivalents is limited because the counterparties are chartered Canadian banks and their subsidiaries.

### **Liquidity Risk**

Liquidity risk is the risk that a company may be unable to fulfill its financial obligations related to financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidities to meet liabilities when due. As at December 31, 2009, the Company had a cash balance of \$61,682 (\$160,765 as at December 31, 2008) to settle current liabilities of \$122,511 (\$335,868 as at December 31, 2008). The level of liquidities will increase in the third quarter of 2010 by cashing amounts receivable. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

### **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk, currency risk and other price risks such as equity risk.

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuate due to changes to market interest rates. The Company's current policy is to invest excess cash principally in term-deposit and/or in interest-bearing accounts of Canadian banks and their subsidiaries.

For the period ended December 31, 2009, a  $\pm 1\%$  change in bank balance rates would not have had any serious impact on the income statement and comprehensive income.

# Société d'Exploration Minière Vior Inc.

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As at December 31, 2009, the Company's exposure to interest rate risk is summarized as follows:

Cash and cash equivalents	Variable interest rate
Short-term investments	Non-interest-bearing
Amounts receivable	Non-interest-bearing
Accounts payable and accrued liabilities	Non-interest-bearing
Debt component of convertible debentures	12% interest rate

## *Foreign Exchange Risk*

The Company's functional currency is the Canadian dollar and most of purchases are made in this currency. As a result, the Company's exposure to foreign exchange risk is minimal.

## *Equity Risk*

Equity risk is the risk that the fair value of a financial instrument varies due to equity market changes.

Changes in fair value of available-for-sale short-term investments are recorded in Other Comprehensive income (loss). The equity risk is nil as the Company's book value of short-term investments was nil as at December 31, 2009.

## **11 Subsequent Events**

On February 8, 2010, the Company issued 531,000 common shares at deemed price of \$0.10 per share for a total of \$53,100 further to the exercise of 531,000 warrants.

On February 9, 2010, the Company issued 69,333 common shares at deemed price of \$0.085 per share in payment of interests totalling \$5,893.