

SOCIÉTÉ D'EXPLORATION MINIÈRE VIOR INC.

(An exploration company)

Balance Sheets

	December 31, 2005	June 30, 2005
	\$	\$
	(unaudited)	(audited)
ASSETS		
Current assets		
Cash and cash equivalents	177,521	--
Marketable investments (quoted value: \$21,032; \$237,876)	8,648	179,462
Other amounts receivable	162,368	192,808
	<u>348,537</u>	<u>372,270</u>
Exploration funds	704,400	190,574
Long-term investments	154,404	149,234
Mining properties	1,872,404	1,625,017
Property, plant and equipment (less accumulated depreciation of \$5,539; \$4,722 in 2005)	6,363	6,841
Intangible assets (at cost less accumulated amortization of \$3,684; \$1,991 in 2005)	9,591	11,284
	<u>3,095,699</u>	<u>2,355,220</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities		
Related companies	6,017	401
Others	206,978	170,103
	<u>212,995</u>	<u>170,504</u>
Future income tax liabilities	96,758	110,937
	<u>309,753</u>	<u>281,441</u>
SHAREHOLDERS' EQUITY		
Share capital	24,937,887	24,188,207
Warrants	170,177	128,132
Stock options	174,596	146,644
Contributed surplus	21,383	1,250
Deficit	(22,518,097)	(22,390,454)
	<u>2,785,946</u>	<u>2,073,779</u>
	<u>3,095,699</u>	<u>2,355,220</u>

SOCIÉTÉ D'EXPLORATION MINIÈRE VIOR INC.

(An exploration company)

Statements of Earnings and Deficit

For the periods of three (3) and six (6) months ended December 31, 2005 and 2004 (unaudited)

	2005	2004	2005	2004
	\$	\$	\$	\$
	3 months	3 months	6 months	6 months
Revenue				
Interests	161	2,176	530	3,810
Royalties	12,000	6,000	26,051	6,000
	<u>12,161</u>	<u>8,176</u>	<u>26,581</u>	<u>9,810</u>
Expenses				
Salaries and fringe benefits	40,813	35,428	112,896	149,304
Professional and maintenance fees	16,617	16,023	24,920	24,111
Management fees	12,500	12,500	25,000	26,250
Rent and office expenses	29,497	21,355	50,408	42,588
Travelling	10,225	7,954	16,690	14,098
Interests and bank charges	112	225	343	328
Depreciation of property, plant and equipment	409	231	817	590
Amortization of intangible asset	846	996	1,693	996
General exploration costs	1,021	--	3,023	16
Gain and sale of marketable investments	(23,620)	--	(62,217)	(54,501)
	<u>88,420</u>	<u>94,712</u>	<u>173,573</u>	<u>203,780</u>
Loss for the period before income taxes and share in the significantly-influenced company's net earnings	(76,259)	(86,536)	(146,992)	(193,970)
Future income taxes	4,170	51,135	14,179	40,135
Loss before share in the significantly- influenced company's net earnings	(72,089)	(35,401)	(132,813)	(153,835)
Share in the significantly-influenced company's net earnings	703	3,987	5,170	3,933
Net loss for the period	<u>(71,386)</u>	<u>(31,414)</u>	<u>(127,643)</u>	<u>(149,902)</u>
Deficit - Beginning of period	<u>(22,446,711)</u>	<u>(20,644,025)</u>	<u>(22,390,454)</u>	<u>(20,525,537)</u>
Deficit - End of period	<u>(22,518,097)</u>	<u>(20,675,439)</u>	<u>(22,518,097)</u>	<u>(20,675,439)</u>
Basic and diluted net loss per share	<u>(0.001)</u>	<u>(0.001)</u>	<u>(0.002)</u>	<u>(0.003)</u>
Basic and diluted weighted average number of shares outstanding	<u>51,306,256</u>	<u>47,107,334</u>	<u>51,074,439</u>	<u>47,107,334</u>

SOCIÉTÉ D'EXPLORATION MINIÈRE VIOR INC.

(An exploration company)

Statements of Cash Flows

For the periods of three (3) and six (6) months ended December 31 2005 and 2004 (unaudited)

	2005 \$ 3 months	2004 \$ 3 months	2005 \$ 6 months	2004 \$ 6 months
Cash flows from operating activities				
Net loss for the period	(71,386)	(31,414)	(127,643)	(149,902)
Items not affecting cash and cash equivalents				
Depreciation of property, plant and equipment	409	231	817	590
Amortization of intangible asset	846	996	1,693	996
Future income taxes	(4,170)	(51,135)	(14,179)	(40,135)
Share in the significantly-influenced company net earnings	(703)	(3,987)	(5,170)	(3,933)
Gain on sale of marketable investments	(23,620)	--	(62,217)	(54,501)
Stock options	13,325	--	27,952	82,700
	<u>(85,299)</u>	<u>(85,308)</u>	<u>(178,747)</u>	<u>(164,185)</u>
Net change in non-cash working capital items				
Other amounts receivable	2,545	(17,797)	35,232	(15,608)
Accounts payable and accrued liabilities	86,116	7,325	42,491	3,314
	<u>88,661</u>	<u>(10,472)</u>	<u>77,723</u>	<u>(12,294)</u>
	<u>3,362</u>	<u>(95,780)</u>	<u>(101,024)</u>	<u>(176,479)</u>
Cash flows from financing activities				
Variation in exploration funds	(767,744)	(707,500)	(693,026)	(707,500)
Variation in share capital	749,680	757,514	749,680	757,514
Increase of warrants	62,178	128,132	62,178	128,132
	<u>44,114</u>	<u>178,146</u>	<u>118,832</u>	<u>178,146</u>
Cash flows from investing activities				
Variation of marketable investments	284,291	(205,446)	412,231	(128,351)
Purchase of mining properties	(154,246)	(46,450)	(252,179)	(60,300)
Purchase of property, plant and equipment	--	(3,081)	(339)	(5,603)
Purchase of intangible assets	--	(8,755)	--	(13,275)
	<u>130,045</u>	<u>(263,732)</u>	<u>159,713</u>	<u>(207,529)</u>
Increase (decrease) in cash and cash equivalents	<u>177,521</u>	<u>(181,366)</u>	<u>177,521</u>	<u>(205,862)</u>
Cash and cash equivalents- Beginning of period	<u>--</u>	<u>325,333</u>	<u>--</u>	<u>349,829</u>
Cash and cash equivalents - End of period	<u>177,521</u>	<u>143,967</u>	<u>177,521</u>	<u>143,967</u>
Additional information				
Interest cashed (net of interest paid)	(287)	(1,474)	(509)	(3,108)
Marketable investments transferred from exploration funds	(164,341)	--	(179,200)	--
Tax credit and mining rights receivable related to exploration costs applied against mining properties	4,792	12,457	4,792	12,457
Cancellation of warrants	20,133	--	20,133	--

SOCIÉTÉ D'EXPLORATION MINIÈRE VIOR INC.

(An exploration company)

Notes to interim financial statements (unaudited)

1 Summary of significant accounting policies

The financial information as at December 31, 2005 and for the periods ended December 31, 2005 and 2004 is unaudited. However, in the opinion of management, all adjustments necessary to present fairly the results of these periods have been included. The adjustments made were of a normal recurring nature. Interim results may not necessarily be indicative of results anticipated for the year.

These interim financial statements are prepared in accordance with generally accepted accounting principles in Canada and use the same accounting policies and methods used in the preparation of the company's most recent annual financial statements. All disclosures required for annual financial statements have not been included in these financial statements. These interim financial statements should be read in conjunction with the company's most recent annual financial statements.

New accounting standards

In July 2003, the Canadian Institute of Chartered Accountants ("CICA") issued Sections 1100 and 1400, "Generally Accepted Accounting Principles" and "General Standards of Financial Statement Presentation". These new sections define generally accepted accounting principles ("GAAP"), establish the relative authority of various types of CICA Accounting Standards Board pronouncements and clarify the role of industry practice in setting GAAP. The adoption of these new standards by the company, on June 1, 2004, had no impact on the financial statements.

In September 2003, the CICA amended Section 3870, "Stock-Based Compensation and Other Stock-Based Payments", which is effective for fiscal years beginning on or after January 1, 2004. These amendments require that compensation costs arising from all types of stock-based payments granted to directors, executives, employees and non-employees, including stock options, be accounted for in the financial statements using the fair value-based method. The company has implemented these amendments prospectively since June 1, 2003. For the year ended May 31, 2003 the company was required to provide pro-forma disclosures relating to the loss and loss per share as if stock-based compensation costs had been recognized in the financial statements for options granted using the fair value-based method.

In March 2004, the Emerging Issues Committee ("EIC") of the CICA issued EIC-146, "Flow-through Shares". This abstract deals with the date of recognition, by the issuer of flow-through shares, of the future income tax liabilities arising from the renouncement of tax deductions and the accounting method used to record the credit when previously unrecognized future income tax assets are recorded as a result of recognizing the above-mentioned future income tax liabilities.

In January 2005, the CICA issued four new accounting standards relating to financial instruments: Section 3855, "Financial Instruments — Recognition and Measurement", Section 3865, "Hedges", Section 1530, "Comprehensive Income", and Section 3251, "Equity".

Section 3855 expands on Section 3860, "Financial Instruments — Disclosure and Presentation", by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how financial instrument gains and losses are to be presented in the financial statements.

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Section 3865 provides alternative treatments to Section 3855 for entities which choose to designate qualifying transaction as hedges for accounting purposes. It replaces and expands on Accounting Guideline 13, "Hedging Relationships", and the hedging guidance in Section 1650, "Foreign Currency Translation", by specifying how hedge accounting is applied and what disclosures are necessary when it is applied.

Section 1530, "Comprehensive Income", introduces a new requirement to temporarily present certain gains and losses outside net income.

Accordingly, Section 3250, "Surplus" has been revised to become Section 3251, "Equity".

Sections 1530, 3251, 3855 and 3865 apply to years beginning on or after October 1, 2006. The company will adopt these new standards on July 1, 2007, and has not yet determined their impact on its financial statements.

2 Mining Properties

	Undivided interest %	Balance as at July 1, 2005 \$	Costs incurred \$	Balance as at December 31, 2005 \$
Douay (205 claims in Douay Township)				
Mining property	100	15,932	960	16,892
Exploration costs		185,857	81,596	267,453
		201,789	82,556	284,345
Douay Ouest (9 claims in Douay Township)				
Mining property	100	492,043	--	492,043
Exploration costs		849,270	58,347	907,617
		1,341,313	58,347	1,399,660
Douay Est (178 claims in Douay Township)				
Mining property	100	1,513	--	1,513
Exploration costs		1,210	109	1,319
		2,723	109	2,832
Domergue (49 claims dans le canton Clairay)				
Mining property	50	1,768	60	1,828
Exploration costs		8,676	30,319	38,995
		10,444	30,379	40,823
Others				
Mining property	--	14,600	15,550	30,150
Exploration costs		54,148	65,238	119,386
		68,748	80,788	149,536
Credit on duties refundable for losses and refundable tax credit for resources		--	(4,792)	(4,792)
		1,625,017	247,387	1,872,404

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Notes to interim financial statements (unaudited)**Statements of deferred exploration expenses**

For the periods of three (3) and six (6) months ended December 31 2005 and 2004 (unaudited)

	2005	2004	2005	2004
	3 months	3 months	6 months	6 months
	\$	\$	\$	\$
Balance - Beginning of period	1,722,951	2,808,634	1,625,017	2,790,762
Expenses incurred during the periode				
Claims and permits	15,908	3,027	16,570	11,694
Géophysics	--	11,798	713	11,798
Drillings	79,132	--	82,454	--
Géologie	6,453	12,004	37,915	21,138
Transport	1,964	1,624	4,505	1,653
Salaries	48,528	13,592	105,974	13,771
Accomodation	1,460	246	3,248	246
Analyse	800	--	800	--
	154,245	42,291	252,179	60,300
Credit on duties refundable for losses and refundable tax credit relating to resources	(4,792)	(12,320)	(4,792)	(12,457)
	149,453	29,971	247,387	47,843
Balance - End of period	1,872,404	2,838,605	1,872,404	2,838,605

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Notes to interim financial statements (unaudited)

3 Share Capital

Authorized

Unlimited number of common shares, without par value

55,416,288 shares issued and fully paid *

*425,000 shares are held in escrow and cannot be released without the consent of regulatory authorities.

4 Warrants

	Number	Weighted average exercise price \$
Outstanding - beginning of period	2,457,500	0.28
Granted	2,094,333	0.25
Exercised	--	--
Matured or cancelled	(707,500)	0.30
Outstanding - end of period*	3,844,333	0.27

The following table summarize the expiry date of the outstanding warrants:

1,750,000 warrants at \$0.30 expire in November 2006*;

333,333 warrants at \$0.20 until December 2006 and at 0.25\$ until December 2007.*

1,761,000 warrants at \$0.25 expire in December 2006*

*These warrants have been presented at their fair value of \$170,177, which was determined using the Black-Scholes option valuation model.

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Notes to interim financial statements (unaudited)**5 Stock Option Plan**

The company established a stock option plan as described in note 7 of the audited annual financial statements. The following tables present the stock option activity since July 1, 2005 and summarize information about fixed stock options outstanding and exercisable as at December 31:

	Number	Weighted average exercise price \$
Outstanding - Beginning of the period	3,830,000	0.15
Granted	--	--
Cancelled	(50,000)	0.15
Outstanding - end of period	3,780,000	0.15
Exercisable - end of period	3,380,000	0.15

Exercise price	Options outstanding as at December 31, 2005	Weighted average remaining contractual life (years)	Options currently exercisable \$
\$0.15 and \$0.16	3,780,000	2.89	3,380,000

The compensation cost recognized in the statement of earnings under the item "Salaries and fringe benefits" during the year amounts to \$27,952, and the related credit has been included in Shareholders'Equity under the item "Stock options".

