

**SOCIÉTÉ D'EXPLORATION MINIÈRE VIOR INC.**

(An exploration company)

**Balance Sheets**

	<b>March 31, 2005</b>	<b>June 30, 2004</b>
	<b>\$</b>	<b>\$</b>
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	230,382	349,829
Marketable investments (quoted value: \$281,727; \$159,740)	230,722	73,307
Royalties receivable	11,000	-
Other amounts receivable	76,398	25,921
	<u>548,502</u>	<u>449,057</u>
<b>Exploration funds</b>	459,808	-
<b>Long-term investments</b>	124,356	118,174
<b>Mining properties</b>	3,119,555	2,790,762
<b>Property, plant and equipment</b> (less accumulated depreciation of \$4,427; \$3,542 in 2004)	7,136	2,418
<b>Intangible assets (less accumulated amortization of \$1,493; \$0 in 2004)</b>	11,782	-
<b>Future income tax assets</b>	250,704	290,000
	<u>4,521,843</u>	<u>3,650,411</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities		
Related companies	4,897	4,630
Others	277,112	48,051
	<u>282,009</u>	<u>52,681</u>
<b>Future income tax liabilities</b>	726,224	461,000
	<u>1,008,233</u>	<u>513,681</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b>	24,188,207	23,611,267
<b>Stock options</b>	133,006	51,000
<b>Warrants</b>	128,132	-
<b>Deficit</b>	-20,935,735	-20,525,537
	<u>3,513,610</u>	<u>3,136,730</u>
	<u>4,521,843</u>	<u>3,650,411</u>

**SOCIÉTÉ D'EXPLORATION MINIÈRE VIOR INC.**

(An exploration company)

**Statements of deferred exploration expenses**

For the periods of three (3) and nine (9) months ended March 31, 2005 and 2004 (unaudited)

	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>3 months</b>	<b>3 months</b>	<b>9 months</b>	<b>9 months</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance - Beginning of period	2,838,605	3,440,806	2,790,762	3,374,014
Expenses incurred during the period				
Claims	9,331	2,208	21,025	3,013
Geophysics	1,551	-	13,349	170
Drillings	146,667	-	146,667	-
Geology	59,659	22,137	80,797	64,147
Analysis	1,970	-	1,970	-
Transport	8,870	-	10,523	1,845
Salaries	52,304	1,624	66,075	18,652
Lodging	598	-	844	577
	280,950	25,969	341,250	88,404
Credit on duties refundable for losses and refundable tax credit relating to resources	-	-	-12,457	4,357
	280,950	25,969	328,793	92,761
Balance - End of period	3,119,555	3,466,775	3,119,555	3,466,775

**SOCIÉTÉ D'EXPLORATION MINIÈRE VIOR INC.**

(An exploration company)

**Statements of Earnings and Deficit**

For the periods of three (3) and nine (9) months ended March 31, 2005 and 2004 (unaudited)

	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>3 months</b>	<b>3 months</b>	<b>9 months</b>	<b>9 months</b>
<b>Revenue</b>				
Interests	2,424	2,331	6,234	4,476
Royalties	16,124	9,846	22,124	43,365
Gain (loss) on sale of marketable investments	-24,991	22,598	29,510	212,316
	<u>-6,443</u>	<u>34,775</u>	<u>57,868</u>	<u>260,157</u>
<b>Expenses</b>				
Salaries and fringe benefits	27,967	-	177,271	-
Professional and maintenance fees	5,201	4,143	29,312	20,734
Management fees	12,500	22,500	38,750	67,500
Rent and office expenses	29,518	12,521	72,105	43,260
Travelling	8,271	728	22,369	3,915
Interests and bank charges	65	75	393	228
Depreciation of property, plant and equipment	295	154	885	439
Amortization of intangible assets	497	-	1,493	-
Writeoff of marketable investments	-	-	-	25,000
General exploration	81	16	97	913
Credit on duties refundable for losses and refundable tax credit relating to resources	-11	-	-11	-
	<u>84,384</u>	<u>40,137</u>	<u>342,664</u>	<u>161,989</u>
<b>Earning (loss) for the period before income tax and share in the significantly-influenced company's net earnings (net loss)</b>	<u>-90,827</u>	<u>-5,362</u>	<u>-284,796</u>	<u>98,168</u>
<b>Future income tax</b>	<u>-171,719</u>	<u>-87,000</u>	<u>-131,584</u>	<u>-13,000</u>
<b>Earning (loss) before share in the significantly-influenced company's net earnings (net loss)</b>	<u>-262,546</u>	<u>-92,362</u>	<u>-416,380</u>	<u>85,168</u>
<b>Share in the significantly-influenced company's net earnings (net loss)</b>	<u>2,250</u>	<u>-137</u>	<u>6,182</u>	<u>40,719</u>
<b>Net earning (net loss) for the period</b>	<u>-260,296</u>	<u>-92,499</u>	<u>-410,198</u>	<u>125,887</u>
<b>Deficit - Beginning of period</b>	<u>-20,675,439</u>	<u>-19,811,196</u>	<u>-20,525,537</u>	<u>-20,029,582</u>
<b>Deficit - End of period</b>	<u>-20,935,735</u>	<u>-19,903,695</u>	<u>-20,935,735</u>	<u>-19,903,695</u>
<b>Basic and diluted net earning (net loss) per share</b>	<u>(0.005)</u>	<u>(0.002)</u>	<u>(0.008)</u>	<u>0.003</u>
<b>Basic and diluted weighted average number of shares outstanding</b>	<u>50,842,622</u>	<u>46,862,622</u>	<u>48,088,704</u>	<u>46,862,622</u>

**SOCIÉTÉ D'EXPLORATION MINIÈRE VIOR INC.**

(An exploration company)

**Statements of Cash Flows**

For the periods of three (3) and nine (9) months ended March 31, 2005 and 2004 (unaudited)

	2005	2004	2005	2004
	\$	\$	\$	\$
	3 months	3 months	9 months	9 months
<b>Cash flows from operating activities</b>				
Net earning (net loss) for the period	-260,296	-92,499	-410,198	125,887
Items not affecting cash and cash equivalents				
Depreciation of property, plant and equipment	295	154	885	439
Amortization of intangible assets	497	-	1,493	-
Future income taxes	171,719	87,000	131,584	13,000
Share in the significantly-influenced company (net earnings) net loss	-2,249	137	-6,182	-40,719
Gain (loss) on sale of marketable investments	24,991	-22,598	-29,510	-212,316
Writeoff of marketable investments	-	-	-	25,000
Stock options	-694	-	82,006	-
	<u>-65,737</u>	<u>-27,806</u>	<u>-229,922</u>	<u>-88,709</u>
Net change in non-cash working capital items				
Royalties receivable	-5,000	18,000	-11,000	14,000
Other amounts receivable	-28,401	4,234	-38,009	7,902
Accounts payable and accrued liabilities	-2,237	-28,555	-20,436	-53,861
	<u>-35,638</u>	<u>-6,321</u>	<u>-69,445</u>	<u>-31,959</u>
	<u>-101,375</u>	<u>-34,127</u>	<u>-299,367</u>	<u>-120,668</u>
<b>Cash flows from financing activities</b>				
Variation in exploration funds	247,692	-	-459,808	-
Variation in share capital	-7,638	-	749,876	-
Increase of warrants	-	-	128,132	-
	<u>240,054</u>	<u>-</u>	<u>418,200</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Variation of marketable investments	446	37,501	-127,905	388,343
Purchase of mining properties	-52,710	-25,969	-91,497	-92,761
Purchase of property, plant and equipment	-	-149	-5,603	-149
Purchase of intangible assets	-	-	-13,275	-
	<u>-52,264</u>	<u>11,383</u>	<u>-238,280</u>	<u>295,433</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>86,415</b>	<b>-22,744</b>	<b>-119,447</b>	<b>174,765</b>
<b>Cash and cash equivalents- Beginning of period</b>	<b>143,967</b>	<b>384,660</b>	<b>349,829</b>	<b>187,151</b>
<b>Cash and cash equivalents - End of period</b>	<b>230,382</b>	<b>361,916</b>	<b>230,382</b>	<b>361,916</b>
<b>Additional information</b>				
Interest cashed	2,610	2,336	5,971	8,047
Interest paid	-	80	253	3,646
Tax credit and mining rights receivable related to exploration costs applied against mining properties	12,468	-	12,468	-
Acquisition of mining properties included in accounts payable and accrued liabilities	249,764	5,629	249,764	5,629
Share issue expenses arising from the renouncement of tax deductions and included in share capital	172,936	-	172,936	-

## **SOCIÉTÉ D'EXPLORATION MINIÈRE VIOR INC.**

(An exploration company)

### **Notes to interim financial statements (unaudited)**

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#### **1 Summary of significant accounting policies**

##### **Interim financial informations**

The financial information as at March 31, 2005 and for the periods ended March 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 March 1, 2007, and has not yet determined their impact on its financial statements.

**2 Mining Properties**

	<b>Undivided interest %</b>	<b>Balance as at July 1, 2004 \$</b>	<b>Costs incurred \$</b>	<b>Balance as at March 31, 2005 \$</b>
Douay (205 claims in Douay Township)				
Mining property	100	2,668	12,232	14,900
Exploration costs		15,193	90,698	105,891
		<u>17,861</u>	<u>102,930</u>	<u>120,791</u>
Douay Ouest (9 claims in Douay Township)				
Mining property	100	492,019	24	492,043
Exploration costs		2,270,873	193,428	2,464,301
		<u>2,762,892</u>	<u>193,452</u>	<u>2,956,344</u>
Douay Est (184 claims in Douay Township)				
Mining property	100	851	713	1,564
Exploration costs		84	1,863	1,947
		<u>935</u>	<u>2,576</u>	<u>3,511</u>
(forward)		<u>2,781,688</u>	<u>298,958</u>	<u>3,080,646</u>

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**Notes to interim financial statements (unaudited)**

	<b>Undivided interest %</b>	<b>Balance as at July 1, 2004 \$</b>	<b>Costs incurred \$</b>	<b>Balance as at March 31, 2005 \$</b>
Brought forward		2,781,688	298,958	3,080,646
Domergue (49 claims in Clairy Township)				
Mining property	50	-	595	595
Exploration costs		-	15,055	15,055
		-	15,650	15,650
Others				
Mining property	-	6,627	7,461	14,088
Exploration costs		2,447	19,181	21,628
		9,074	26,642	35,716
Credit on duties refundable for losses and refundable tax credit relating to resources		-	-12,457	-12,457
		2,790,762	328,793	3,119,555

**SOCIÉTÉ D'EXPLORATION MINIÈRE VIOR INC.**

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**Notes to interim financial statements (unaudited)**

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**3 Share Capital**

Authorized

Unlimited number of common shares, without par value

50,842,622 shares issued and fully paid \*

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

**4 Warrants**

	<b>Number</b>	<b>Weighted average exercise price \$</b>
Outstanding - beginning of period	0	0.00
Granted	2,457,500	0.27
Exercised	0	0.00
Matured or cancelled	0	0.00
Outstanding - end of period*	2,457,500	0.27
Outstanding and exercisable - end of period*	1,750,000	0.25

\* These warrants have a four (4) months holding period.

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

707,500 warrants at \$0.30 expire in December 2005;

1,750,000 warrants at \$0.25 expire in November 2006.\*

\*\$0.25 for the first twelve (12) months and \$0.30 for the last twelve (12) months.

These warrants have been presented at their fair value which was determined using the Black-Scholes option valuation model.

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**Notes to interim financial statements (unaudited)**

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**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, 2004 and summarize information about fixed stock options outstanding and exercisable as at March 31:

	<b>Number</b>	<b>Weighted average exercise price \$</b>
Outstanding - Beginning of the period	3,420,000	0.15
Granted	580,000	0.15
Cancelled	(20,000)	0.15
Outstanding - end of period	3,980,000	0.15
Exercisable - end of period	3,430,000	0.15

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**Notes to interim financial statements (unaudited)**

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<b>Exercise price</b>	<b>Options outstanding as at March 31, 2005</b>	<b>Weighted average remaining contractual life (years)</b>	<b>Options currently exercisable \$</b>
\$0.15 and \$0.16	3,980,000	3.66	3,430,000

**Accounting for the stock-based compensation plan**

The fair value of options granted for the year ended March 31, 2005 was estimated using the Black-Scholes options pricing model with the following weighted average assumptions :

Risk-free interest rate	3.86%
Expected volatility	125%
Dividend yield	Nil
Weighted average expected life	4 years

The weighted average fair value of each option granted amounts to \$0.125.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions, and are fully transferable.

In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the stock options granted to key employees, officers and directors have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide an accurate single measure of the fair value of stock options granted to key employees, officers and directors.