

**YORBEAU RESOURCES INC.**  
**(“Yorbeau” or the “Company”)**

**Management's Discussion and Analysis**  
**for the year ended December 31, 2006**

*The following discussion and analysis was prepared as at March 28, 2007 and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2006 and the notes thereto.*

*Certain statements contained in this discussion and analysis constitute forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The Company believes the expectations reflected in these forward-looking statements are based on reasonable assumptions but no assurance can be given that these expectations will prove to be correct.*

General

During the year ended December 31, 2006, the Company continued its activities on the Rouyn property. The Company carried out a 12,515 meter diamond drilling program on the Augmitto and Cinderella blocks which was successful in demonstrating the continuity at depth of the mineralized corridor containing the Augmitto historical resources. These historical resources, calculated to a vertical depth of approximately 185 meters, were estimated in 1988 as consisting of a total diluted reserve of 1,896,803 short tons at 0.165 oz/ton Au in the proven, probable and possible categories using a cut-off of 0.075 oz/ton Au (ACA Howe) prior to National Instrument 43-101<sup>1</sup>. The Company's drilling program has successfully intercepted the mineralized corridor at vertical depths in excess of 600 meters. The program also identified an entirely new style of gold mineralization. To date, the mineralized zones comprising the Augmitto historical resources have been encountered entirely within an alteration zone consisting of carbonatized/ultramafic rocks hosted by Temiskaming Group sediments. For the first time, the Company encountered a gold bearing structure directly within the Temiskaming Group sediments. This distinct gold bearing zone further expands the exploration potential of the Rouyn property. The Company is currently planning the third phase of its drilling program and will be using a 3D GOCAD model of the Augmitto and Astoria deposits in its exploration strategy.

Risk and uncertainties

The exploration for and development of mineral deposits may be affected in varying degrees by various factors such as government regulations, environmental risks and hazards, land use, dependence on key personnel and other risks normally encountered in the mining industry. The Company has numerous competitors with greater financial, technical and other resources.

The exploration, development and mining of the Company's properties may require substantial additional financing. The source of future funds available to the Company is through the sale of additional equity capital. There is no assurance that such funding will be available to the Company. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest.

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<sup>1</sup> The Company has not undertaken any independent investigation of this reserve estimate and therefore the historical estimate should not be relied upon. However, the Company believes this historical estimate provides a conceptual indication of the potential of the property and is relevant to ongoing exploration.

### Results of operations

During the year ended December 31, 2006, the Company recorded a net loss of \$869,291 compared to a net loss of \$742,394 in the previous year. This represents a net loss of \$0.01 per share. Expenses for the year totalled \$915,314 compared to \$746,528 for the year ended December 31, 2005. The increase in the expenses is mainly due to the cost of public relations, the cost of setting up a website and the related legal fees. The Company incurred a total of \$1,827,330 in exploration expenses (compared to \$533,310 in the previous year), \$1,811,473 of which were spent on the Rouyn property and \$15,857 on the Beschefer property. As a result of these exploration expenses, the mining and exploration assets of the Company increased to \$9,236,107 as at December 31, 2006 (compared to \$7,453,955 as at December 31, 2005) of which \$8,479,617 represents the net book value of the Rouyn property and \$756,490 the net book value of the Beschefer property.

### Selected Annual Information

The following table sets forth selected annual information for each of the three most recently completed years:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total revenue	\$46,023	\$4,134	\$16,437
Loss before extraordinary items	\$(869,291)	\$(742,394)	\$(679,611)
Net loss	\$(869,291)	\$(742,394)	\$(679,611)
Net loss per share, basic and diluted	\$(0.01)	\$(0.01)	\$(0.01)
Total assets	\$9,792,330	\$9,594,049	\$7,935,367
Total long term financial liabilities	Nil	Nil	Nil

### Summary of quarterly results

The following table sets forth selected quarterly financial information for each of the eight most recently completed quarters:

<u>Quarter ending</u>	<u>Revenue</u>	<u>Net profit (loss)</u>	<u>Net profit (loss) per share, basic and diluted</u>
December 31, 2006	\$3,799	\$(202,422)	\$(0.01)
September 30, 2006	\$5,444	\$(253,452)	\$(0.01)
June 30, 2006	\$25,122	\$(257,580)	\$(0.01)
March 31, 2006	\$11,658	\$(155,837)	\$(0.01)
December 31, 2005	\$3,550	\$(100,761)	\$(0.01)
September 30, 2005	\$100	\$(240,395)	\$(0.01)
June 30, 2005	\$241	\$(236,379)	\$(0.01)
March 31, 2005	\$243	\$(164,859)	\$(0.01)

The financial statements for the periods indicated above have been prepared in accordance with Canadian generally accepted auditing principles.

### Liquidity

The Company has financed its operations almost exclusively through the sale of its shares and will continue to do so for the foreseeable future.

As at December 31, 2006, the Company had cash and short-term deposits of \$343,303 compared to \$1,827,176 as at December 31, 2005. Working capital as at December 31, 2006 was \$(233,292) compared to \$1,923,074 as at December 31, 2005. The decrease in cash and in working capital is a result of the Company's ongoing costs related to its exploration program on the Rouyn property.

### Capital Resources

During the year, the Company completed a private placement with an institutional investor pursuant to which 714,286 shares of the Company were issued at a price of \$0.42 per share for gross proceeds of \$300,000. The Company does not have any commitments for capital expenditures.

### Critical Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of estimates relate to assessing the realizable values of mining and exploration assets.

Recovery of the cost of mining and exploration assets depends on numerous factors that are out of the Company's control such as the discovery of economically recoverable ore reserves, the Company's ability to obtain the necessary financing to complete the exploration and development of the properties and future profitable production or the disposal of the properties for proceeds in excess of their carrying value.

Consequently, actual results could differ from those estimates.

### Disclosure controls and procedures

The Chief Executive Officer and the Chief Financial Officer of the Company have evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the year ended December 31, 2006 and have concluded that such disclosure controls and procedures are adequate and effective. There has been no change in the Company's internal control over financial reporting that occurred during the Company's most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

### Transactions with related parties

David Crevier, the Chairman and a director of the Company is a partner of Colby, Monet, Demers, Delage & Crevier L.L.P., a law firm which has rendered legal services to the Company in an amount of \$235,145 for the year ended December 31, 2006.

As partial consideration for the acquisition of one mining lease and 12 mining claims which now form part of the Rouyn property, the Company agreed to pay to Société Minière Alta Inc. ("Alta"), by agreement dated July 14, 1997, a royalty of \$50,000 per year with an advance royalty payment of \$50,000 payable yearly. The advance royalty payments are accounted for in the Statement of Operations and Deficit because such payments will never be recovered. G. Bodnar jr., the president of the Company, is the sole shareholder of Alta.

Ram Kanwar, an independent geology consultant and a director of the Company, provided consulting services to the Company in an amount of \$8,100 for the year ended December 31, 2006.

During the same year, consulting services were also provided to the Company by 844350 Ontario Limited in an amount of \$30,313. Guy Hinse, a former resident geologist at Kerr Addison Mines Limited and a former director of the Company, is the president and the controlling shareholder of 844350 Ontario Limited.

#### Financial Instruments

Financial instruments used by the Company consist of cash and cash equivalents. Cash and cash equivalents are invested in short-term highly liquid investments with maturities of three months or less and are used for working capital and any other corporate purposes.

#### Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of Class A common shares of which 99,489,786 were issued and outstanding as at December 31, 2006. As at such date, the Company also had options outstanding to purchase a total of 5,100,001 shares at prices ranging from \$0.155 to \$0.45 per share. Subsequent to year-end, options to purchase an aggregate of 525,000 shares of the Company were exercised by officers and directors of the Company and options to purchase 400,001 shares were cancelled.

#### Additional information

Additional information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).