

Yorbeau Resources Inc.

Financial Statements
(Unaudited)
For the period ended
June 30, 2006

Yorbeau Resources Inc.

Balance Sheets

	<u>June 30</u> <u>2006</u> <u>(Unaudited)</u> <u>\$</u>	<u>December 31</u> <u>2005</u> <u>(Audited)</u> <u>\$</u>
ASSETS		
Current assets:		
Cash	839,707	1,827,176
Tax receivable	336,023	292,160
Prepaid expenses	78,819	20,758
	<u>1,254,549</u>	<u>2,140,094</u>
Mining and exploration assets	8,065,688	7,453,955
	<u>9,320,237</u>	<u>9,594,049</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	250,774	217,020
Shareholders' equity		
Capital stock (Issued: 98,575,501)	24,445,295	24,445,295
Contributed surplus	589,385	483,534
Deficit	(15,965,217)	(15,551,800)
	<u>9,069,463</u>	<u>9,377,029</u>
	<u>9,320,237</u>	<u>9,594,049</u>

Yorbeau Resources Inc.

Statements of Operations and Deficit

(Unaudited)

	For three months ended June 30		For six months ended June 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
Interest revenues and other	25 122	241	36,780	484
Expenses				
Administrative charges	168,665	146,987	296,665	274,563
Stock-based compensation	88,584	73,667	105,851	90,934
Property maintenance	792	4,686	2,088	13,573
Tax on capital	12,216	11,265	24,432	22,530
Financial expenses	12,445	15	21,161	122
	282,702	236,620	450,197	401,722
Loss for the period	(257,580)	(236,379)	(413,417)	(401,238)
Deficit - beginning of period	(15,707,637)	(14,843,215)	(15,551,800)	(14,678,356)
Deficit - end of period	(15,965,217)	(15,079,594)	(15,965,217)	(15,079,594)
Net loss per share, basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)

Yorbeau Resources Inc.

Statements of Cash Flows

(Unaudited)

	For three months ended June 30		For six months ended June 30	
	2006	2005	2006	2005
	\$	\$	\$	\$
Cash flows from operating activities:				
Net loss for the period	(257,580)	(236,379)	(413,417)	(401,238)
Stock-based compensation	88,584	73,667	105,851	90,934
Changes in non-cash operating working capital:				
Tax receivable	(2 468)	139 691	(43 863)	122 817
Prepaid expenses	(53 207)	(2 716)	(58 061)	(4 866)
Accounts payable and accrued liabilities	2 327	96 423	33 754	158 652
	(53,348)	233,398	(68,170)	276,603
	(222,344)	70,686	(375,736)	(33,701)
Cash flows from investing activities:				
Mining and exploration assets (net of mining duties and resource tax credits \$33,388 (\$173,847 in 2005))	(249,978)	(155,933)	(611,733)	(191,690)
Net (decrease) increase in cash and cash equivalents	(472,322)	(85,247)	(987,469)	(225,391)
Cash and cash equivalents beginning of period	1,312,029	119,182	1,827,176	259,326
Cash and cash equivalents end of period	839,707	33,935	839,707	33,935

YORBEAU RESOURCES INC.

Notes to the quarterly financial statements for the six months ended June 30, 2006
(Unaudited)

1. Significant accounting policies:

The quarterly financial statements of Yorbeau Resources Inc. (the "Company") have been prepared following the same accounting policies and methods as the annual financial statements of the Company for the year ended December 31, 2005. Accordingly, these financial statements should be read in conjunction with the most recent annual financial statements.

2. Capital stock:

Authorized:

An unlimited number of Class A common shares, without nominal value or par value

	<u>Issued</u>	<u>Value</u>
December 31, 2005	98,575,501	\$ 24,445,295
Issuance during the period	none	none
June 30, 2006	98,575,501	\$ 24,445,295

Stock option plan:

On June 15, 2005, the shareholders of the Company amended the option plan and increased the number of shares which may be issued under the plan by an additional 5,000,000 shares. As at June 30, 2006, options on 5,050,000 shares have been granted out of a total of 9,214,498 Class A common shares which have been reserved for future issuance.

During the period, 250,000 options were granted under the Company's option plan. These options vest over a three year period. The fair value of each option granted during the period was determined using the Black-Scholes option pricing model. At the date of the grant, the fair value of stock options granted was \$0.179 per option. The following assumptions were used in the calculation:

Risk-free interest rate	4.50%
Expected life	3 years
Expected volatility	74%
Expected dividend yield	\$ 0.00

YORBEAU RESOURCES INC.

Notes to the quarterly financial statements for the six months ended June 30, 2006
(Unaudited)

The number of stock options outstanding fluctuated as follows:

	<u>Number of options</u>	<u>Weighted average exercise price</u>
Options outstanding as at December 31, 2005	5,050,000	\$0.22
Granted during the period	250,000	\$0.35
Expired during the period	none	-
Options outstanding as at June 30, 2006	5,300,000	\$0.225

As at June 30, 2006, the following options were outstanding:

- 2,350,000 shares at \$0.155 per share until July 19, 2008
- 100,000 shares at \$0.185 per share until September 14, 2008
- 1,300,000 shares at \$0.275 per share until June 21, 2009
- 200,000 shares at \$0.45 per share until February 15, 2010
- 1,100,000 shares at \$0.25 per share until August 11, 2010
- 250,000 shares at \$0.35 per share until June 14, 2011

3. Mining and exploration assets:

	Net book value December 31, 2005	Additions	Mining and resources tax credits	Net book value June 30, 2006
Mining and exploration Assets				
Rouyn property	6,713,322	643,611	33,388	7,323,545
Beschefer property	740,633	1,510		742,143
	7,453,955	645,121	33,388	8,065,688

4. Related party transactions and accounts:

Legal services in connection with administrative and financing activities were rendered to Yorbeau in the amount of \$111,060 (\$102,025 in 2005) by a legal firm, in which a director and shareholder of Yorbeau is a partner. As at June 30, 2006, the accounts payable include \$75,336 (\$59,286 in 2005) payable to this legal firm.

“Administrative charges” in the Statement of Operations and Deficit includes a sum of \$25,000 paid as a royalty to Société Minière Alta Inc., of which the president of Yorbeau is the sole shareholder.

YORBEAU RESOURCES INC.

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Additions of mining and exploration assets include an amount of \$2,100 (\$4,640 in 2005) charged by a director in connection with consulting services rendered.

In addition, consulting services were charged to Yorbeau in the amount of \$1,550 (nil in 2005) by a director. As at June 30, 2006, the accounts payable include \$3,812 (\$nil in 2005) payable to this director.

These transactions are recorded at their exchange value.