Financial Statements of

YORBEAU RESOURCES INC.

Years ended December 31, 2009 and 2008

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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Yorbeau Resources Inc. as at December 31, 2009 and 2008 and the statements of operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP*

Chartered Accountants

Montréal, Canada

February 26, 2010

*CA Auditor permit no 18146

YORBEAU RESOURCES INC.
Financial Statements

Years ended December 31, 2009 and 2008

Financial Statements

YORBEAU RESOURCES INC.

Balance Sheets

December 31, 2009 and 2008

	2009	2008
Assets		
Current assets:		
Cash and cash equivalents	$ 2,048,254	$ 702,593
Taxes receivable (note 4)	481,278	756,684
Prepaid expenses and deposits	71,121	90,272
	2,600,653	1,549,549
Mining and exploration assets (note 5)	13,978,414	12,714,540
	$ 16,579,067	$ 14,264,089
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	$ 504,037	$ 806,670
Shareholders' Equity		
Capital stock (note 6)	37,103,049	32,709,772
Contributed surplus (note 8)	1,519,294	1,142,219
Deficit	(22,547,313)	(20,394,572)
	16,075,030	13,457,419
Commitments (note 13)		
Subsequent event (note 14)		
	$ 16,579,067	$ 14,264,089

See accompanying notes to financial statements.

On behalf of the Board:

(s) Thomas L. Robyn Director

(s) David Crevier Director

YORBEAU RESOURCES INC.

Statements of Operations, Comprehensive Loss and Deficit

Years ended December 31, 2009 and 2008

	2009	2008
Interest revenue and other	$ 1,188	$ 30,820
Expenses:		
Administrative charges	1,240,299	998,578
Stock-based compensation (note 7)	300,834	242,417
Tax on capital	84,000	84,000
Property maintenance	21,222	11,336
Financial expenses	4,877	4,091
Loss on write-down of exploration assets	-	768,425
	1,651,232	2,108,847
Loss before income taxes	(1,650,044)	(2,078,027)
Future income taxes (note 10)	296,000	-
Net loss and comprehensive loss	(1,354,044)	(2,078,027)
Deficit, beginning of year	(20,394,572)	(18,141,702)
Share issue expense	(502,697)	(174,843)
Future income taxes arising from flow-through shares	(296,000)	-
Deficit, end of year	$ (22,547,313)	$ (20,394,572)
Net loss per share, basic and diluted	$ (0.01)	$ (0.02)

See accompanying notes to financial statements.

YORBEAU RESOURCES INC.

Statements of Cash Flows

Years ended December 31, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Net loss	$ (1,354,044)	$ (2,078,027)
Stock-based compensation	300,834	242,417
Loss on write-down of exploration assets	-	768,425
Future income taxes	(296,000)	-
Changes in non-cash operating working capital:		
Taxes receivable	275,406	(499,946)
Prepaid expenses	19,151	(20,666)
Accounts payable and accrued liabilities	(302,633)	356,021
	(1,357,286)	(1,231,776)
Cash flows from financing activities:		
Issuance of capital stock	4,393,277	3,009,343
Share issue expenses	(426,456)	(174,843)
	3,966,821	2,834,500
Cash flows from investing activities:		
Mining and exploration assets (net from mining duties and resource tax credits of $420,720 (2008 - $922,322))	(1,263,874)	(2,083,632)
Increase (decrease) in cash and cash equivalents	1,345,661	(480,908)
Cash and cash equivalents, beginning of year	702,593	1,183,501
Cash and cash equivalents, end of year	$ 2,048,254	$ 702,593
Cash and cash equivalents are composed of cash and short-term investments, maturing within 90 days and are detailed as follows:		
Cash and deposits - 0.5% (2008 - 1.37%)	$ 2,048,254	$ 702,593
Additional information concerning amounts paid during the year:		
Non-cash financing activity:		
Share issue expenses representing cost of compensation warrants	76,241	-

See accompanying notes to financial statements.

Yorbeau Resources Inc. ("Yorbeau" or the "Company") is incorporated under the laws of the Province of Québec. The Company owns mining and exploration properties in the Province of Québec.

1. Nature of operations and going concern:

The Company is in a development stage and has mineral exploration and development properties in the province of Québec. Substantially, all of the Company's efforts are currently devoted to financing and developing of its Rouyn property.

The Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. The ability of the Company to meet its commitments as they become payable, including the acquisition of mineral properties and the development of projects, is dependent on its ability to obtain necessary financing. The recoverability of amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development thereof, and upon future profitable production or proceeds from the disposal of properties.

The financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to realize its assets or discharge its obligations in anything other than the ordinary course of operations.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. Change in accounting policies:

Accounting policies adopted during the year:

(i) Goodwill and intangible assets:

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets*, and amends Section 1000, *Financial Statement Concepts*. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and other intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. This new standard is applicable to fiscal years beginning on or after October 1, 2008 and the Company implemented it as of January 1, 2009.

The implementation of this new standard had no significant impact on the financial position or the results of the Company.

(ii) Financial Instruments - Disclosures:

In June 2009, the Accounting Standards Board ("AcSB") issued amendments to CICA Handbook Section 3862, *Financial Instruments - Disclosures*, in order to align with International Financial Reporting Standard IFRS 7, *Financial Instruments: Disclosures*. This Section has been amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure. The amendments establish a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The amendments apply to annual financial statements relating to fiscal years ended after September 30, 2009 and are applicable to the Company as at December 31, 2009. The amended Section relates to disclosure only and did not impact the financial results of the Company.

2. Change in accounting policies (continued):

Future accounting pronouncements:

International Financial Reporting Standards:

In February 2008, the AcSB announced that accounting standards in Canada would converge with International Financial Reporting Standards ("IFRS") and that public companies would be required to present their financial statements, with comparative data, under these standards for fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact of these requirements on its financial statements.

3. Significant accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents include temporary investments with a maturity date of three months or less from the date of purchase, and are stated at cost, which approximates market value. The major components of cash and cash equivalents are as follows:

	2009	2008
Cash	$ 2,048,254	$ 702,593

(b) Mining and exploration assets:

Exploration assets are carried at cost. Exploration and development expenses relating to a non-producing property are deferred until the property is brought into production or abandoned. If exploration work does not provide positive results or upon abandonment, these costs are charged to earnings. Management reviews the carrying values of assets on a regular basis to determine whether depreciation is required.

Recovery of the cost of mining and exploration assets depends on the discovery of economically recoverable ore reserves (for the exploration assets), 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.

3. Significant accounting policies (continued):

(c) Stock option plan:

The Company records stock-based compensation to its participants at fair value. According to the fair value method, a compensation expense is charged to operating expenses based on the fair value of the stock options issued over their vesting period. Upon the exercise of stock options, capital stock is credited in the amount paid plus the corresponding employee compensation amount previously recorded in contributed surplus.

(d) Income and mining taxes:

The Company uses the asset and liability method of accounting for income taxes.

Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company renounces tax deductions relating to resource expenditures that are financed by the issuance of flow-through shares for the benefit of the subscribers thereof, as permitted by the tax legislation.

Under the asset and liability method used to account for income taxes, future income taxes related to the temporary differences created by this renouncement are recorded in accordance with EIC-146 when the Company renounces these deductions and a corresponding cost of issuing the securities is also recorded.

(e) Resource tax credits and mining rights:

The Company incurs exploration expenses that are eligible for tax credits. The tax credits are recorded based on the estimated amounts to be recovered. The amounts claimed are subject to an audit by the tax authorities.

Tax credits on exploration costs relating to mining and exploration assets are deducted from the related asset.

3. Significant accounting policies (continued):

(f) Use of 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 and resource tax credits. Consequently, actual results could differ from those estimates.

(g) Financial instruments:

CICA Handbook Sections 3855, *Financial Instruments - Recognition and Measurement*, and 3865, *Hedges*, establish standards for recognizing and measuring financial assets, financial liabilities and derivatives. Under these standards, financial instruments are now classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities and measurement in subsequent periods depends on their classification. Transaction costs are expensed as incurred for financial instruments classified as held-for-trading. For other financial instruments, transaction costs are capitalized on initial recognition and presented as an adjustment to the underlying financial instruments. Financial assets and financial liabilities held-for-trading are measured at fair value with changes recognized in income. Available-for-sale financial assets are measured at fair value or at cost, in the case of financial assets that do not have a quoted market price in an active market, and changes in fair value are recorded in comprehensive income.

Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. The Company has classified its cash and cash equivalents as held-for-trading. Accounts receivable were classified as loans and receivables. All of the Company's financial liabilities were classified as other financial liabilities.

4. Taxes receivable:

	2009	2008
Sales tax and other	$ 60,102	$ 121,645
Resource tax credits	191,182	447,652
Mining duties recovery	229,994	187,387
	$ 481,278	$ 756,684

5. Mining and exploration assets:

			2009
	Rouyn	Beschefer	Total
Balance, beginning of year	$ 12,714,540	$ -	$ 12,714,540
Additions	1,684,594	-	1,684,594
Mining and resource tax credits	(420,720)	-	(420,720)
Balance, end of year	$ 13,978,414	$ -	$ 13,978,414

			2008
	Rouyn	Beschefer	Total
Balance, beginning of year	10,638,643	760,690	11,399,333
Additions	2,998,219	7,735	3,005,954
Mining and resource tax credits	(922,322)	-	(922,322)
Devaluation	-	(768,425)	(768,425)
Balance, end of year	$ 12,714,540	$ -	$ 12,714,540

5. Mining and exploration assets (continued):

(a) Rouyn property:

Yorbeau owns a 100% interest in the Rouyn property which is located in the Rouyn and Beauchastel Townships, Quebec. The Rouyn property is composed of one mining lease, one mining concession and a group of 90 mining claims. Twelve of these mining claims are subject to a $50,000 per annum royalty payable to Société Minière Alta Inc., a company controlled by a director of Yorbeau.

(b) Beschefer property:

In 2002, Yorbeau entered into an agreement with Explorers Alliance Corporation ("Explorers"), pursuant to which Yorbeau acquired from Explorers an 80% interest in 149 mining claims in consideration of the issuance to Explorers of 350,000 Class A common shares of Yorbeau. In 2005, Yorbeau abandoned 12 of these claims. The Company also has the option to acquire, at any time, the remaining 20% interest held by Explorers in the property in consideration of either a cash payment of $500,000 or the issuance to Explorers of 1,800,000 additional Class A common shares of Yorbeau, as determined by Explorers.

The Beschefer property consists of 257 claims located in the Bapst and Beschefer Townships. Yorbeau owns a 100% interest in 120 of these claims and an 80% interest in the remaining 137 claims. This property has been written down.

(c) Ellison property:

In 2002, Yorbeau entered into an agreement with Agnico-Eagle Mines Limited ("Agnico"), pursuant to which Yorbeau transferred to Agnico all of its interests in the Ellison property in consideration of a cash payment of $1,000,000, of which $500,000 was paid on closing and $500,000 is payable upon commencement of commercial production. Yorbeau also retains a net smelter return royalty on the Ellison property ranging from 1.5% to 2.5%, based on the current gold price as established by the London Bullion Market Association.

6. Capital stock:

Authorized:

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

	2009	2008
Issued:		
149,882,946 common shares (2008 - 129,979,250)	$ 37,103,049	$ 32,709,772
Weighted average number of shares outstanding during the year	134,599,115	122,772,937

Issuance during the year:

	2009	2008
For cash:		
13,816,000 shares (2008 - none) pursuant to private placements	$ 3,541,000	$ -
No shares (2008 - 600,000) pursuant to exercise of options (including cost of options of nil in 2009 (2008 - $64,800))	-	157,800
6,087,696 shares (2008 - 16,201,964) pursuant to rights offering	852,277	2,916,343
	$ 4,393,277	$ 3,074,143

The Company issued a total of 19,903,696 common shares, of which 5,943,848 were flow-through shares with gross proceeds of $1,238,139.

Share purchase warrants:

The Company has granted share purchase warrants in connection with the December 2009 equity private placement financing and could be required to issue shares as follows:

- 525,800 shares at $0.40 until June 18, 2011 (i)

(i) The Company accounted for its compensation warrants issued during the year by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of warrants granted was $0.145 per warrant for a total value of $76,241.

7. Stock option plan:

As at December 31, 2009, 7,389,499 Class A common shares were reserved for future issuances under the stock option plan for the benefit of the directors, employees and service providers of the Company.

The number of stock options outstanding fluctuated as follows:

		2009			2008
	Number of stock		Weighted average exercise price	Number of stock		Weighted average exercise price
Balance, beginning of year	5,225,000	$	0.21	6,575,000	$	0.21
Granted	2,000,000		0.16	-		-
Exercised	-		-	(600,000)		0.16
Expired	(760,000)		0.27	(750,000)		0.30
Balance, end of year	6,465,000	$	0.25	5,225,000	$	0.22
Exercisable options, end of year	3,358,333	$	0.21	2,808,333	$	0.21

As at December 31, 2009, the following options were outstanding:

- 775,000 shares at $0.25 per share until August 11, 2010
- 250,000 shares at $0.35 per share until June 14, 2011
- 3,500,000 shares at $0.30 per share until October 29, 2012
- 1,940,000 shares at $0.16 per share until June 9, 2014

During the year ended December 31, 2009, the Company granted 2,000,000 stock options (2008 - none). All options may be exercised on a cumulative basis over a period of three years from the date they are granted, as to one third after one year, an additional one third after two years and the balance after the end of the third year.

7. Stock option plan (continued):

The fair value of each option granted was determined using the Black-Scholes option pricing model. At the date of the grant, the fair value of stock options granted was $0.11 per option. The following weighted average assumptions were used in these calculations:

	2009	2008
Risk-free interest rate	3.2%	-
Expected life	3 years	-
Expected volatility	113.18%	-
Expected dividend yield	0%	-

8. Contributed surplus:

	2009	2008
Balance, beginning of year	$ 1,142,219	$ 964,602
Stock-based compensation	300,834	242,417
Cost of compensation warrants	76,241	-
Cost of options exercised	-	(64,800)
Balance, end of year	$ 1,519,294	$ 1,142,219

9. Related party transactions:

During the year, a law firm, in which a director of the Company is a Partner, rendered legal and consulting services in the amount of $266,718 (2008 - $168,170), as well as with respect to financing in the amount of $178,279 (2008 - $76,880) (share issue expenses), totalling an aggregate amount of $444,997 (2008 - $245,050). As at December 31, 2009, the accounts payable include $152,820 (2008 - $56,518) payable to this legal firm.

"Administrative charges" in the Statement of Operations, Comprehensive Loss and Deficit include an amount of $50,000 (2008 - $50,000) paid as a royalty to Société Minière Alta Inc., of which a director of Yorbeau is the sole shareholder (note 5 (a)).

9. Related party transactions (continued):

In addition, consulting services were charged to Yorbeau in the amount of $174,825 (2008 - $165,633) by a company, in which the president and chief executive officer of Yorbeau is the president as well as controlling shareholder. This amount was charged to administrative expenses. As at December 31, 2009, the accounts payable include $13,616 (2008 - $15,494) payable to this company.

Furthermore, mining and exploration assets include consulting fees in the amount of $21,600 (2008 - nil) charged by a director. As at December 31, 2009, nil (2008 - nil) was payable to this director.

These transactions are recorded at their exchange value.

10. Income taxes:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 30.9% (2008 - 30.9%) as a result of the following:

	2009	2008
Loss before taxes	$ (1,650,044)	$ (2,078,027)
Tax recovery at statutory rate	$ (509,863)	$ (642,110)
Increase in income taxes resulting from:		
Stock-based compensation non-deductible expenses	92,958	74,907
Income tax rates variation	66,905	87,760
Loss on write-down of exploration assets	-	237,443
Valuation allowance	350,000	242,000
Flow-through shares	(296,000)	-
Total income tax credit	$ (296,000)	$ -

10. Income taxes (continued):

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities are presented below:

	2009	2008
Future income tax assets:		
Loss carried forward	$ 1,609,000	$ 1,357,000
Mining properties	5,434,000	5,306,000
Financing costs	175,000	127,000
Fixed assets and other	165,000	144,000
Total gross future income tax assets	7,383,000	6,934,000
Less valuation allowance	(3,609,000)	(3,259,000)
Net future income tax assets	3,774,000	3,675,000
Future income tax liabilities:		
Deferred exploration expenditures	(3,774,000)	(3,675,000)
Net future income tax	$ -	$ -

As at December 31, 2009, the Company has exploration expenditures and other costs of approximately $20,126,000 which are being carried forward for income tax purposes and which may be deducted from future taxable income, and it has tax losses available to reduce future years' income. These losses, for which the tax effect has not been recorded in the financial statements, expire as follows:

2010	$ 174,000
2014	480,000
2015	525,000
2026	744,000
2027	977,000
2028	1,354,000
2029	1,591,000
	$ 5,845,000

11. Financial instruments and risk management:

The Company's main financial risk exposure and its financial risk management policies are as follows:

(a) Credit risk:

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash is maintained with high-credit, quality financial institutions. Cash equivalents consist of bank deposits.

(b) Interest rate risk:

The cash and cash equivalents bear interest at a variable rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

(c) Liquidity risk:

Management serves to maintain a sufficient amount of cash and cash equivalents, and to ensure that the Company has at its disposal sufficient sources of financing such as private placements. The Company establishes cash budgets to ensure it has the necessary funds to fulfill its obligations. Being able to obtain new funds allows the Company to pursue its activities and even though the Company was successful in the past, there is no guarantee that it will succeed in the future.

11. Financial instruments and risk management (continued):

(d) Fair value:

Financial assets and liabilities fairly valued on a recurring basis are as follows:

	2009		2008	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Held-for-trading				
Cash and cash equivalents	$ 2,048,254	$ 2,048,254	$ 702,593	$ 702,593
Loans and receivables				
Taxes and other receivables	481,278	481,278	756,684	756,684
Financial liabilities				
Other liabilities				
Accounts payable and accrued liabilities	504,037	504,037	806,670	806,670

Fair value estimates are made at the balance sheet date, based on relevant market information and other information about financial instruments.

12. Capital disclosures:

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

In the management of capital, the Company includes the components of shareholders' equity, cash and cash equivalents as well as short-term investments.

12. Capital disclosures (continued):

The Company manages its capital structure and makes adjustments to it in accordance with the aforementioned objectives, as well as in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments. The Company does not use long-term debts since it does not generate operating revenues. There is no dividend policy. The Company is not subject to externally imposed capital requirements. The Company's management of capital remained unchanged since the last period.

13. Commitments:

The Company has lease commitments for premises and trailers.

Minimum lease payments are as follows:

2010	$ 80,981
2011	70,642
2012	36,302
2013	21,176
	$ 209,101

14. Subsequent event:

In January 2010, the Company closed a third tranche of an equity private placement financing. Under this third tranche, the Company issued 3,105,000 common shares at a price of $0.25 per share for gross proceeds of $776,250. The Company raised a total of $3,505,250 under this financing. Proceeds from the offering will be used primarily to fund the Company's 2010 exploration program on its Rouyn property.