Yorbeau Resources Inc.

Condensed Interim Financial Statements
(Unaudited and not reviewed by the Company's independent auditors)

For the period ended
June 30, 2011

Yorbeau Resources Inc.
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Yorbeau Resources Inc.
Condensed Interim Statements of Financial Position
(Unaudited)

	June 30 2011 $	December 31 2010 $
Assets		
Current assets		
Cash and cash equivalents (Note 4)	1,335,056	2,602,862
Current tax and other receivables (Note 5)	732,889	712,112
Prepaid expenses	112,433	56,056
	2,180,378	3,371 030
Non-current assets		
Mining properties and exploration and evaluation assets (Note 6)	15,691,217	14,897,555
	17,871,595	18,268,585
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts Payable and accrued liabilities (Note 7)	601,432	416,406
Shareholders' Equity		
Share capital (Note 8)	39,827,780	39,827,780
Contributed surplus	1,807,048	1,708,177
Deficit	(24,364,665)	(23,683,778)
	17,270,163	17,852,179
	17,871,595	18,268,585

Commitments (Note 11)

See accompanying notes to financial statements

Yorbeau Resources Inc.

Condensed Interim Statements of Comprehensive Loss
(Unaudited)

	For three months ended June 30		For six months ended June 30	
	2011	2010	**2011**	2010
	$	$	**$**	$
Expenses				
Administrative charges	**250,601**	233,833	**561,799**	496,293
Share-based payments	**37,623**	15,941	**79,198**	31,882
Tax on capital	**5,100**	21,000	**10,967**	42,000
Property maintenance	**747**	-	**5,988**	1,664
	294,071	270,774	**657,952**	571,839
Interest income	**2,563**	2,969	**4,958**	4,092
Loss and comprehensive loss for the period	**(291,508)**	(267,805)	**(652,994)**	(567,747)
Net loss per share, basic and diluted	**(0.01)**	(0.01)	**(0.01)**	(0.01)

See accompanying notes to financial statements

Yorbeau Resources Inc.

Condensed Interim Statements of Changes in Cash Flows
(Unaudited)

	For six months ended June 30	
	2011	2010
	$	$
Cash flows from operating activities		
Loss and comprehensive loss for the period	**(652,994)**	(567,747)
Adjustments for:		
Share-based payments	**79,198**	31,882
Interest income	**(4,958)**	(4,092)
Working capital adjustments		
Change in current tax and other receivables	**(20,777)**	172,003
Change in prepaid expenses	**(56,377)**	8,002
Change in accounts payable and accrued liabilities	**185,026**	(31,977)
Interest received	**4,958**	4,092
	112,830	152,120
Net cash used in operating activities	**(465,924)**	(387,837)
Cash flows from investing activities		
Additions to mining properties and exploration and evaluation assets	**(1,293,550)**	(1,237,733)
Credit on mining duties and resource tax credits	**499,888**	-
Net cash used in investing activities	**(793,662)**	(1,237,733)
Cash flows from financing activities		
Proceeds from issuance of shares	**-**	776,250
Share issue expenses	**(8,220)**	(80,232)
Net cash from financing activities	**(8,220)**	696,018
Net increase (decrease) in cash and cash equivalents	**(1,267,806)**	(929,552)
Cash and cash equivalents, beginning of year	**2,602,862**	2,048,254
Cash and cash equivalents, end of period	**1,335,056**	1,118,702
Additional information concerning amounts paid during the period		
Non-cash financing activity		
Share-based payments representing cost of compensation warrants	**19,673**	22,511

See accompanying notes to financial statements

Yorbeau Resources Inc.

Condensed Interim Statements of Changes in Equity
(Unaudited)

	For six months ended June 30	
	2011	2010
	$	$
Share Capital		
Balance beginning of year	**39,827,780**	36,739,830
Issue of common shares	**-**	776,250
Balance end of the period	**39,827,780**	37,516,080
Contributed Surplus		
Balance beginning of year	**1,708,177**	1,519,294
Share-based payments to employees	**79,198**	31,882
Share-based payments with respect to investor relations	**19,673**	-
Cost of warrants with respect to share issue expenses	**-**	22,511
Balance end of the period	**1,807,048**	1,573,687
Deficit		
Balance beginning of year	**(23,683,778)**	(22,184,094)
Total comprehensive loss for the period	**(652,994)**	(567,747)
Share issue expenses	**(27,893)**	(102,743)
Balance end of the period	**(24,364,665)**	(22,854,584)
Total shareholders' equity end of the period	**17,270,163**	16,235,183

See accompanying notes to financial statements

1. Reporting Entity:

Yorbeau Resources Inc. (the “Company”) is a company domiciled in Canada and incorporated under the laws of the Province of Québec. The address of the Company’s registered office is 430-110 Crémazie Boulevard, Montreal, Québec.

The Company is primarily involved in the exploration of mineral properties in the Province of Québec. 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.

The financial statements have been prepared on a going concern basis, which assumes the Company will continue its operations in the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business.

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. Operating activities have not yet generated any revenues. 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. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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.

2. Statement of compliance:

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS"), which require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis in these condensed interim financial statements. In the financial statements the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

2. Statement of compliance (continued):

These condensed interim financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements as published by the International Accounting Standards Board ("IASB"), including IAS 34, Interim Financial Reporting, and IFRS 1, First-time Adoption of International Financial Reporting Standards. Subject to certain transition elections disclosed in note 12, the Company has consistently applied the same accounting policies in its opening IFRS statement of financial position at January 1, 2010 and throughout all periods presented, as if these policies had always been in effect. Note 15 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies, from those used in the Company's financial statements for the year ended December 31, 2010.

The accounting policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of August •, 2011, the date on which the Board of Directors approved the condensed interim financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2011 could result in restatement of these condensed interim financial statements, including the transition adjustments recognized on transition to IFRS.

The condensed interim financial statements should be read in conjunction with the Company's Canadian GAAP audited annual financial statements for the year ended December 31, 2010. The notes disclose IFRS information for the year ended December 31, 2010, not already provided in the 2010 annual financial statements.

These condensed interim financial statements have not been reviewed by the Company’s auditors.

3. Basis of preparation and significant accounting policies

The basis of preparation, including the use of estimates and judgments, and significant accounting policies are unchanged compared to the ones disclosed in the interim financial statements for the period ended March 31, 2011.

4. Current tax and other receivables

		June 30 2011		December 31 2010
Sales taxes	$	125,173	$	33,531
Tax credit for resources		436,630		575,000
Refundable credit on mining duties		165,865		102,607
Others		5,221		974
Current tax and other receivables	$	732,889	$	712,112

5. Mining properties and exploration and evaluation assets:

Mining properties and exploration and evaluation assets, which relate to the Rouyn property as well as the Beschefer property, are as follows:

	Rouyn Property		Beschefer Property	
	June 30		June 30	
	2011	2010	2011	2010
Balance, beginning of year	$ 14,897,555	13,978,414	$ -	-
Additions	1,176,858	1,237,733	116,692	-
Mining and resource tax credits	(454,938)	-	(44,950)	-
Balance, end of period	$ 15,619,475	15,216,147	$ 71,742	-

(a) Rouyn Property

Yorbeau owns 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 Sociètè 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.

5. Mining properties and exploration and evaluation assets (continued):

(b) Beschefer property (continued)

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.

(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 2.5% net smelter return royalty when the current gold price as established by the London Bullion Market Association is over US$425 per ounce.

6. Trade and other payables:

		June 30 2011		December 31 2010
Accounts payable	$	456,420	$	233,440
Accrued liabilities		145,012		182,966
Trade and other payables	$	601,432	$	416,406

7. Share capital:

Authorized:

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

Issuance during the period:

	June 30			
		2011		2010
Balance beginning of year	$	39,827,780	$	36,739,830
For cash: nil shares (2010 - 3,105,000) pursuant to private placement		-		776,250
Balance end period	$	39,827,780	$	37,516,080

7. Share capital (continued):

In January 2010, the Company closed the third tranche of an equity private placement and issued 3,105,000 common shares at $0.25 per share for gross proceeds of $776,250 as well as 155,250 compensation warrants for the finders exercisable at $0.40 per share until July 25, 2011. The Company accounted for this compensation warrants issued by using the Black-Scholes pricing model. At the date of issue the fair value of each warrant was $0.145 totaling $22,511.

As at June 30, 2011, the following share purchase warrants were outstanding:

- 155,250 warrants at $0.40 expiring July 25, 2011;
- 400,000 warrants at $0.25 expiring between March 31, 2012 and March 31, 2013;
- 6,122,216 warrants at $0.35 expiring from June 20 to June 22, 2012 or such earlier date as may be applicable pursuant to the acceleration clause provided therein.

The cost of warrants is presented in the contributed surplus.

8. Share option plan:

At the annual and special general meeting of the shareholders held June 10, 2011, two resolutions amending the share option plan were passed. First, the number of shares that may be issued under the plan has been increased by an additional 6,610,501 shares. The second resolution adopted defines the conditions of a change in Company control. In the event that these conditions are met, all unvested options under the Company plan become vested.

As at June 30, 2011, 14,000,000 Class A common shares were reserved for future issuances under the share option plan for the benefit of the directors, employees and service providers of the Company. Options are issued at an exercise price corresponding to the latest closing price of the Class A common shares on the Toronto Stock Exchange prior to the grant of the option. They vest over a period of 3 years and expire after a period of 5 years.

The number of stock options outstanding fluctuated as follows:

	# of options	Weighted average exercise price
Options outstanding as at December 31, 2010	5,730,000	0.25
Expired during the period	(250,000)	0.35
Granted during the period	50,000	0.24
Options outstanding as at June 30, 2011	5,530,000	0.25
Exercisable options, end of period	3,986,667	0.26

8. Share option plan (continued):

The grant date fair value of the share option program was measured based on the Black and Scholes options pricing model. Expected volatility is estimated by considering historic share price volatility. The inputs used in the measurement of the fair values at grant date of the share option program are the following:

	2011
Risk-free interest rate	2.74%
Expected life	5 years
Expected volatility	99.42 %
Expected dividend yield	0%

As at June 30, 2011, the following options were outstanding

- 2,750,000 options at $0.30 per share until October 29, 2012
- 1,730,000 options at $0.16 per share until June 9, 2014
- 250,000 options at $0.28 per share until March 11, 2015
- 750,000 options at $0.25 per share until November 3, 2015
- 50,000 options at $0.24 per share until February 24, 2016

9. Income Tax:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 28.4% (2010 - 29.9%) as a result of the following:

	June 30	
	2011	2010
Loss before income taxes	$ (652,994)	$ (567,747)
Computed “expected” tax recovery	(185,450)	(169,756)
Increase in income taxes resulting from:		
Non-deductible share-based payments	28,079	9,532
Income tax at future rate	8,312	16,076
Current year losses not recognized	149,059	144,148
Total income tax recovery	$ -	$ -

As at June 30, 2011, the Company has exploration expenditures and other costs of approximately $22,002,000 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:

9. Income Tax (continued):

2014	$	480,000
2015		525,000
2026		744,000
2027		977,000
2028		1,354,000
2029		1,591,000
2030		1,324,000
2031		721,000
Total		7,716,000

Deferred tax assets have not been recognized in respect of the following items:

		June 30 2011		December 31 2010
Operating losses	$	2,085,000	$	1,891,000
Share issuance costs		105,000		173,000
Equipment		140,000		144,000
Mining properties and exploration and evaluation assets		1,698,000		1,686,000
Unrecognized tax deferred assets	$	4,028,000	$	3,894,000

10. Commitments and contingencies:

The Company has lease commitments for premises, trailers and a surface vehicle.

Minimum lease payments are as follows:

		June 30 2011		December 31 2010
One year	$	83,853	$	82,745
More than one and less than five years		57,583		91,879
Total	$	141,436	$	174,624

The lease contracts are standard industry contracts. The lease for the premises is primarily based on square footage. Lease payments for the surface vehicle and trailers are based primarily on the cost of the units plus related financing costs.

11. Financial instruments and financial risk management:

Risk management

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

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.

(d) Fair value:

The fair value of accounts payable and accrued liabilities approximates their carrying amount because of the short-term nature of those 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.

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 the management of capital, the Company includes the components of shareholders' equity. 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. Related party transactions:

Transactions with key management personnel

Key management personnel compensation comprises:

	June 30		December 31
	2011	2010	2010
Short-term employee benefits	$ 50,488	$ 50,000	$ 99,616
Share-based payments	13,975	-	4,401
Total	$ 64,463	$ 50,000	$ 104,017

Other related party transactions

During the period, a law firm, in which a director of the Company is a Partner, rendered legal and consulting services in the amount of $167,170 (2010: $104,080), as well as with respect to financing in the amount of $9,740 (2010: $24,500) (share issue expenses), totaling an aggregate amount of $176,910 (2010: $128,580). As at June 30, 2011, the accounts payable include $107,804 (2010: $61,940) owed to this legal firm.

“Administrative charges” in the Statement of Comprehensive Loss include an amount of $25,000 (2010: $25,000) paid as a royalty to Société Minière Alta Inc., of which a director of Yorbeau is the sole shareholder (note 6 (a)).

In addition, consulting services were charged to Yorbeau in the amount of $65,363 (2010: $66,895) by a company, in which the president and chief executive officer of Yorbeau is the president as well as the controlling shareholder. This amount was charged to administrative expenses. As at June 30, 2011, the accounts payable include $11,888 (2010: nil) payable to this company.

13. Related party transactions (continued):

Other related party transactions (continued)

Furthermore, mining properties include consulting fees in the amount of $15,600 (2010: $10,800) charged by a director.

These transactions, made in the normal course of business, were measured at the exchange amount, which is the amount established and agreed to by the parties.

14. Explanation of transition to IFRS:

The accounting policies set out in note 3 have been applied in preparing the financial statements for the period ended June 30, 2011, the comparative information presented in these financial statements for the period ended June 30, 2010 and the year-ended December 31, 2010.

In preparing its IFRS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

Reconciliation of condensed interim statement of changes in equity

Share capital

	Note	June 30 2010
Share capital under Canadian GAAP		$ 37,879,299
IFRS adjustment related to flow-through shares	(b)	(363,219)
Share capital under IFRS		$ 37,516,080

14. Explanation of transition to IFRS (continued):

Reconciliation of condensed interim statement of changes in equity (continued)

Contributed surplus

	Note		June 30 2010
Contributed surplus under Canadian GAAP		$	1,541,805
IFRS adjustment for share-based payments	(a)		31,882
Contributed surplus under IFRS		$	1,573,687

Deficit

	Note		June 30 2010
Deficit under Canadian GAAP		$	(23,185,921)
IFRS adjustment related to flow-through shares	(b)		363,219
IFRS adjustment for share-based payments	(a)		(31,882)
Deficit under IFRS		$	(22,854,584)

Reconciliation of total comprehensive loss

	Note		Three months ended March 31, 2010		Six months ended June 30, 2010
Total Comprehensive (Loss) under Canadian GAAP		$	(251,864)	$	(164,423)
IFRS adjustment to share-based payments	(a)		(15,941)		(31,882)
IFRS adjustment to deferred taxes related to flow-through shares	(b)		-		(371,442)
Total Comprehensive Loss under IFRS		$	(267,805)	$	(567,747)

Adjustments to the statement of cash flows for 2010

Interests received and interests paid have been presented separately in the body of the Statement of Cash Flows, within operating activities. There are no other material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under previous Canadian GAAP.

14. Explanation of transition to IFRS (continued):

Notes to the reconciliations

(a) Share-based payments

The Company applied IFRS 2 “Share-based payments” to share options for which rights were unvested on June 30, 2010.

Under IFRS the Company accrues the cost of employee stock options over the vesting period using the graded method of amortization rather than the straight-line method, which was the Company’s policy under previous Canadian GAAP. This difference resulted in the IFRS adjustments shown in the above-mentioned reconciliations.

(b) Flow-through shares

Under Canadian GAAP, common shares issued pursuant to flow-through share financings were recorded at their issue price and related income taxes were recorded under the liability method of accounting. According to this method, the temporary differences were recorded on the date that the Company renounced the deductions to investors together with a corresponding charge in the deficit.

The accounting treatment under IFRS differs from Canadian GAAP in several areas:

- Under IFRS, at the time of share issuance, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability related to flow-through shares obligation. Then this liability is reversed with the counterpart in other income as expenditures are incurred. The Company estimated that under IFRS a liability of $ 363,219 should have been recorded and then subsequently reversed related to financings prior to the transition date, resulting in a decrease in share capital and a decrease in deficit for the same amount.
- The renunciation related to 2009 financing was made in the first quarter of 2010 while all exploration expenditures were incurred in 2009. As such, under Canadian GAAP, related deferred tax liabilities were recorded (but offset by deferred tax assets on the face of the balance sheet) at the date of renunciation in the first quarter of 2010, with the counterpart in deficit, leading to the recognition of a deferred tax recovery in the loss of the period as a result of the recognition of previously unrecognized deferred tax assets. Under IFRS, deferred tax liabilities should have been recorded in 2009 with the counterpart in deferred tax expenses as well as deferred tax assets of the same amount with the counterpart in deferred tax recovery. Therefore, an IFRS adjustment was recorded in order to reverse the accounting entry recorded under Canadian GAAP in the first quarter of 2010, i.e. a deferred tax expense of $ 371,442 was recorded with the counterpart in deficit.

14. Explanation of transition to IFRS (continued):

Notes to the reconciliations (continued)

(c) Classification of financial instruments

Contrary to Canadian GAAP, cash and cash equivalents do not meet the criteria for the fair value through profit and loss designation under IFRS.

As a result, cash and cash equivalents are classified as loans and receivables under IFRS. This change in classification does not have a financial impact on the financial statements as the fair value of those instruments approximates their cost.

(d) Reclassification within the statement of comprehensive income

Interest income and financial expenses were reclassified within the net finance income line item under IFRS while they were presented under revenue and financial expenses under Canadian GAAP.