

YORBEAU RESOURCES INC.

**Condensed Interim Financial Statements
(Unaudited and not reviewed by the
Company's independent auditors)
For the period ended
June 30, 2012**

YORBEAU RESOURCES INC.

Condensed Interim Statements of Financial Position
(Unaudited)

	June 30 2012 \$	December 31 2011 \$
Assets		
Current assets		
Cash and cash equivalents (Note 4)	468,716	1,906,781
Current tax and other receivables (Note 5)	979,195	1,066,120
Prepaid expenses	38,700	63,499
	1,486,611	3,036,400
Non-current assets		
Mining properties and exploration and evaluation assets (Note 6)	17,367,996	16,397,252
	18,854,607	19,433,652
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 7)	394,935	451,787
Liability related to flow-through shares	115,294	256,288
	510,229	708,075
Shareholders' Equity		
Share capital and warrants (Note 8)	42,016,618	42,012,118
Contributed surplus	1,999,226	1,860,773
Deficit	(25,671,466)	(25,147,314)
	18,344,378	18,725,577
	18,854,607	19,433,652

Commitments and contingencies (Notes 1 and 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	
	2012	2011	2012	2011
	\$	\$	\$	\$
Expenses				
Administrative charges	260,838	250,601	517,933	542,126
Share-based payments	82,413	37,623	140,286	98,871
Tax on capital	-	5,100	-	10,967
Property maintenance	270	747	2,880	5,988
	343,521	294,071	661,099	657,952
Interest income	367	2,563	2,856	4,958
Other revenue related to flow-through shares	59,862	-	140,994	-
Loss and comprehensive loss for the period	(283,292)	(291,508)	(517,249)	(652,994)
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 2012 \$	For six months ended June 30 2011 \$
Cash flows from operating activities		
Loss and comprehensive loss for the period	(517,249)	(652,994)
Adjustments for:		
Share-based payments	140,286	98,871
Other revenue related to flow-through shares	(140,994)	-
Interest income	(2,856)	(4,958)
Working capital adjustments		
Change in current tax and other receivables	86,925	(20,777)
Change in prepaid expenses	24,799	(56,377)
Change in accounts payable and accrued liabilities	(56,852)	185,026
Interest received	2,856	4,958
Net cash used in operating activities	(463,085)	(446,251)
Cash flows from investing activities		
Additions to mining properties and exploration and evaluation assets	(1,007,096)	(1,293,550)
Credit on mining duties and resource tax credits	36,352	499,888
Net cash used in investing activities	(970,744)	(793,662)
Cash flows from financing activities		
Proceeds from issuance of shares	2,667	-
Share issue expenses	(6,903)	(27,893)
Net cash used in financing activities	(4,236)	(27,893)
Net decrease in cash and cash equivalents	(1,438,065)	(1,267,806)
Cash and cash equivalents, beginning of year	1,906,781	2,602,862
Cash and cash equivalents, end of period	468,716	1,335,056

See accompanying notes to financial statements.

YORBEAU RESOURCES INC.

Condensed Interim Statements of Changes in Equity
(Unaudited)

	For six months ended June 30 2012 \$	For six months ended June 30 2011 \$
Share Capital and Warrants		
Balance beginning of year	42,012,118	39,827,780
Issue of common shares	4,500	-
Balance end of the period	42,016,618	39,827,780
Contributed Surplus		
Balance beginning of year	1,860,773	1,708,177
Share-based payments to employees	140,286	79,198
Share-based payments with respect to investor relations	-	19,673
Options exercised	(1,833)	-
Balance end of the period	1,999,226	1,807,048
Deficit		
Balance beginning of year	(25,147,314)	(23,683,778)
Total comprehensive loss for the period	(517,249)	(652,994)
Share issue expenses	(6,903)	(27,873)
Balance end of the period	(25,671,466)	(24,364,645)
Total shareholders' equity end of the period	18,344,378	17,270,183

See accompanying notes to financial statements.

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements
Six months ended June 30, 2012 and 2011
(Unaudited)

1. Reporting Entity:

Yorbeau Resources Inc. (“Yorbeau” or 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 110 Crémazie Boulevard, Suite 430, Montréal, Québec.

The Company is 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.

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued
Six months ended June 30, 2012 and 2011
(Unaudited)

2. Statement of compliance:

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), including IAS 34, *Interim Financial Reporting*.

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 audited annual financial statements for the year ended December 31, 2011.

4. Cash and cash equivalents:

		June 30 2012		December 31 2011
Bank balances	\$	140,881	\$	307,869
Call deposits		327,835		1,598,912
Cash and cash equivalents	\$	468,716	\$	1,906,781

5. Current tax and other receivables:

		June 30 2012		December 31 2011
Sales taxes	\$	82,517	\$	75,494
Tax credits for resources		780,782		780,782
Exploration credits on mining duties		108,752		204,061
Others		7,144		5,783
Current tax and other receivables	\$	979,195	\$	1,066,120

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued
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6. 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:

	June 30, 2012		December 31, 2011	
	Rouyn	Beschefer	Rouyn	Beschefer
Balance, beginning of year	\$ 16,325,510	71,742	\$ 14,897,555	-
Additions	1,007,096	-	2,258,319	116,692
Mining and resource tax credits	(36,352)	-	(830,364)	(44,950)
Balance, end of period	\$ 17,296,254	71,742	\$ 16,325,510	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 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 Beschefer Township. 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 received on closing and \$500,000 is receivable 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.

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Notes to Condensed Interim Financial Statements, Continued
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7. Accounts payable and accrued liabilities:

		June 30 2012		December 31 2011
Accounts payable	\$	283,171	\$	299,893
Accrued liabilities		111,764		151,894
Accounts payable and accrued liabilities	\$	394,935	\$	451,787

8. Share capital and warrants:

Authorized:

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

Issuance during the period:

	June 30 2012		December 31 2011	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	174,368,540	42,012,118	163,996,040	39,827,780
Shares issued:				
Private placement: cash	-	-	3,050,000	610,000
Private placement: flow-through	-	-	7,322,500	1,574,338
Exercised options	16,666	4,500	-	-
Balance end period	174,385,206	42,016,618	174,368,540	42,012,118

In February 2012, options were exercised that required the Company to issue 16,666 common shares at \$0.16 per share for total proceeds of \$2,667. Furthermore, once options are exercised, the original cost that was accounted for in contributed surplus at the grant date is removed and accounted for in share capital. The corresponding amount regarding this specific exercise of options was \$1,833.

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Notes to Condensed Interim Financial Statements, Continued
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8. Share capital and warrants (continued):

The number of warrants outstanding fluctuated as follows:

	June 30 2012	December 31 2011
Balance, beginning of year	6,909,366	7,003,266
Warrants issued:		
Finder's fee	-	387,150
With respect to investor relations	-	200,000
Warrants expired	(6,122,216)	(681,050)
Balance end period	787,150	6,909,366

As at June 30, 2012, the following share purchase warrants were outstanding:

- 387,150 warrants at \$0.20 per warrant expiring December 20, 2012; and
- 400,000 warrants at \$0.25 per warrant expiring between July 22, 2012 and March 31, 2013 (relating to consulting agreements with public relations firms).

All options and warrants outstanding at the end of the period could potentially dilute basic earnings per share in the future.

9. Share option plan:

As at June 30, 2012, 13,983,334 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 three years and expire after a period of five years.

On February 3, 2012, the Company granted 2,500,000 stock options to directors, employees, and service providers, exercisable at \$0.27 per share. The fair value of each option was determined using the Black-Scholes option pricing model. At the date of the grant, the weighted average fair value of stock options granted was \$0.17.

On May 2, 2012, the Company granted 200,000 stock options to a service provider exercisable at \$0.27 per share. The fair value of each option was determined using the Black-Scholes option pricing model. At the date of the grant, the weighted average fair value of stock options granted was \$0.20.

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9. Share option plan (continued):

The following weighted average assumptions were used in these calculations:

	June 30, 2012	December 31, 2011
Risk-free interest rate	1.36%, 1.58%	2.74%
Expected life	5 years	5 years
Expected volatility	77.45%, 96.31%	99.42%
Expected dividend	0.00%	0.00%

The number of stock options outstanding fluctuated as follows:

	June 30, 2012		December 31, 2011	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding beginning of year	5,400,000	\$ 0.24	5,730,000	\$ 0.25
Expired during the period	-	-	(380,000)	0.31
Granted during the period	2,700,000	0.27	50,000	0.24
Exercised during the period	(16,666)	0.16	-	-
Options outstanding end of period	8,083,334	0.25	5,400,000	0.24
Exercisable options, end of period	4,853,334	\$ 0.24	4,193,333	\$ 0.20

As at June 30, 2012, the following options were outstanding:

- 2,750,000 options at \$0.30 per share until October 29, 2012
- 1,713,334 options at \$0.16 per share until June 9, 2014
- 250,000 options at \$0.28 per share until March 11, 2015
- 620,000 options at \$0.25 per share until November 3, 2015
- 50,000 options at \$0.24 per share until February 24, 2016
- 2,500,000 options at \$0.27 per share until February 2, 2017
- 200,000 options at \$0.27 per share until May 1, 2017

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10. Income tax:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.9% (2011 - 28.4%) as a result of the following:

	June 30 2012	June 30 2011
Loss and comprehensive loss	\$ (517,249)	\$ (652,994)
Computed "expected" tax recovery	(139,140)	(185,450)
Increase in income taxes resulting from:		
Non-deductible share-based payments	37,737	28,079
Income tax at future rate	-	8,312
Current year losses not recognized	139,330	149,059
Non taxable other income related to flow-through shares	(37,927)	-
Total income tax recovery	\$ -	\$ -

As at June 30, 2012, the Company has exploration expenditures and other costs of approximately \$23,719,000 which are being carried forward for income tax purposes indefinitely and which may be deducted from future taxable income. The Company also has \$8,983,000 in tax losses available to reduce future years' income. These tax losses, for which the tax effect has not been recorded in the financial statements, expire as follows:

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	1,341,000
2032	647,000
Total	\$ 8,983,000

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Notes to Condensed Interim Financial Statements, Continued
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10. Income tax (continued):

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

	June 30 2012	December 31 2011
Operating losses	\$ 2,420,000	\$ 2,252,000
Share issuance costs	104,000	166,000
Equipment	137,000	140,000
Mining properties and exploration and evaluation assets	1,708,000	1,698,000
Unrecognized tax deferred assets	\$ 4,369,000	\$ 4,256,000

11. Commitments and contingencies:

The Company has lease commitments for premises, trailers and a surface vehicle. Minimum lease payments are as follows:

	June 30 2012	December 31 2011
One year	\$ 29,639	\$ 72,836
More than one and less than five years	13,400	21,441
Total	\$ 43,039	\$ 94,277

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.

Furthermore, in order to honour its commitments towards its 2011 flow-through share subscribers, the Company must incur \$1,830,626 of Canadian eligible exploration expenditures ("CEE") before the end of 2012. As at June 30, 2012, the Company has incurred \$1,007,096 of CEE, the balance of \$823,530 must be incurred before year end.

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Notes to Condensed Interim Financial Statements, Continued
Six months ended June 30, 2012 and 2011
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12. Related party transactions:

Transactions with key management personnel

The compensation of directors and executive officers of the Company comprises:

	June 30 2012	June 30 2011
Short-term employee benefits	\$ 50,002	\$ 50,488
Share-based payments	85,472	13,975
Total	\$ 135,474	\$ 64,463

Other related party transactions

During the period, a law firm, in which a director and officer of the Company is a partner, rendered legal and consulting services in the amount of \$147,440 (2011 - \$167,170), as well as with respect to financing in the amount of \$6,360 (2011 - \$9,740) (share issue expenses), totaling an aggregate amount of \$153,800 (2011 - \$176,910). As at June 30, 2012, the accounts payable include \$85,716 (2011 - \$107,804) owed to this legal firm.

“Administrative charges” in the Statement of Comprehensive Loss include an amount of \$25,000 (2011 - \$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 \$24,843 (2011 - \$65,363) by a company, in which a director and officer of Yorbeau is the president as well as the controlling shareholder. This amount was charged to administrative charges. As at June 30, 2012, the accounts payable include \$12,688 (2011 - \$11,888) payable to this company.

Furthermore, mining properties include consulting fees in the amount of \$30,000 (2011 - \$15,600) charged by a director. As at June 30, 2012, the accounts payable include \$5,000 (2011 - nil) payable to this 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.