

YORBEAU RESOURCES INC.

**Condensed Consolidated Interim Financial Statements
(Unaudited and not reviewed by the
Company's independent auditors)
For the period ended
September 30, 2014**

Yorbeau Resources Inc.
110 Place Crémazie, Suite 430
Montreal (Quebec) H2P 1B9
Tel. : (514) 384-2202 – Fax.: (514) 384-6399

YORBEAU RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited)

	September 30 2014 \$	December 31 2013 \$
Assets		
Current assets		
Cash and cash equivalents (Note 4)	796,515	57,563
Tax credits and other receivables (Note 5)	640,079	128,944
Prepaid expenses	16,506	40,319
	1,453,100	226,826
Non-current assets		
Mining properties and exploration and evaluation assets (Note 7)	17,898,368	18,468,674
	19,351,468	18,695,500
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	376,737	566,824
Due to directors and shareholders (Note 16)	-	481,000
Short-term loan (Note 10)	-	500,000
Gold Fields pre-payment (Note 6)	-	112,000
	376,737	1,659,824
Shareholders' Equity		
Share capital and warrants (Note 11)	45,048,351	42,016,618
Contributed surplus	2,702,910	2,424,841
Deficit	(28,776,530)	(27,405,783)
	18,974,731	17,035,676
	19,351,468	18,695,500

Commitments and contingencies (Note 14)

See accompanying notes to financial statements

YORBEAU RESOURCES INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited)

	For three months ended		For nine months ended	
	September 30		September 30	
	2014	2013	2014	2013
	\$	\$	\$	\$
Revenues				
Management fees	15,000	15,989	72,135	15,989
Rental of facilities	-	24,000	32,000	24,000
	15,000	39,989	104,135	39,989
Expenses				
Administrative charges (Note 15)	327,053	197,622	1,144,650	709,507
Share-based payments	51,653	88,139	237,160	177,125
Property maintenance	1,074	(323)	4,678	3,712
	379,780	285,438	1,386,488	890,344
Interest income	(3,184)	-	(4,716)	(10)
Interest expense	76	23,792	13,468	39,885
Net interest expense (income)	(3,108)	23,792	8,752	39,875
Loss and comprehensive loss for the period	(361,672)	(269,241)	(1,291,105)	(890,230)
Net loss per share, basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding	192,082,001	174,385,206	183,171,975	174,385,206

See accompanying notes to financial statements.

YORBEAU RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Cash Flows
(Unaudited)

	For nine months ended September 30 2014 \$	For nine months ended September 30 2013 \$
Cash flows from operating activities		
Loss and comprehensive loss for the period	(1,291,105)	(890,230)
Adjustments for:		
Share-based payments	237,160	177,125
Net interest expense (income)	8,752	39,875
Working capital adjustments		
Change in sales tax and other receivables	(51,901)	89,761
Change in prepaid expenses	23,813	34,789
Change in accounts payable and accrued liabilities	(231,982)	(232,025)
Gold Fields prepayment	156,819	297,788
Interest received	4,716	10
Interest paid	(73,186)	-
Net cash used in operating activities	(1,216,914)	(482,907)
Cash flows from investing activities		
Cash acquired resulting from the asset acquisition of Cancor (note 8)	1,452,722	-
Additions to mining properties and exploration and evaluation assets	(261,100)	(308,961)
Credit on mining duties and resource tax credits	112,185	50,021
Net cash from (used in) investing activities	1,303,807	(258,940)
Cash flows from financing activities		
Proceeds from issuance of shares	1,712,701	-
Share issue expenses	(79,642)	(7,085)
Increase in due to directors	50,000	375,000
Decrease in due to directors	(531,000)	(125,000)
Short-term loan	(500,000)	500,000
Net cash from financing activities	652,059	742,915
Net increase (decrease) in cash and cash equivalents	738,952	1,068
Cash and cash equivalents, beginning of year	57,563	60,538
Cash and cash equivalents, end of period	796,515	61,606

See accompanying notes to financial statements.

YORBEAU RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited)

	For nine months ended September 30 2014 \$	For nine months ended September 30 2013 \$
Share Capital and warrants		
Balance beginning of year	42,016,618	42,016,618
Issue of common shares	1,712,701	-
Shares issued to acquire Cancor	1,319,032	-
Balance end of the period	45,048,351	42,016,618
Contributed surplus		
Balance beginning of year	2,424,841	2,158,866
Share-based payments to employees	185,436	153,511
Share-based payments with respect to investor relations	51,724	23,614
Warrants issued to Cancor shareholders	40,909	-
Balance end of the period	2,702,910	2,335,991
Deficit		
Balance beginning of year	(27,405,783)	(26,168,865)
Total comprehensive loss for the period	(1,291,105)	(890,230)
Share issue expenses	(79,642)	(7,085)
Balance end of the period	(28,776,530)	(27,066,180)
Total shareholders' equity end of the period	18,974,731	17,286,429

See accompanying notes to financial statements.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements
Nine months ended September 30, 2014 and 2013
(Unaudited)

1. Reporting Entity and going concern:

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 and in Algeria following the asset acquisition of Cancor Mines Inc. 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 condensed consolidated interim 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 exploration activities on the Algerian properties acquired from the transaction with Cancor Mines Inc. are temporarily suspended due to security issues related to civil unrest being experienced in Northern Mali (bordering Southern Algeria). The Company has asked for an extension on its permits relating to Force Majeure and is awaiting a response from the Algerian authorities.

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 mining properties and exploration and evaluation assets 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 condensed consolidated interim 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 Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

2. Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), including IAS 34, *Interim Financial Reporting*. These unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended December 31, 2013.

3. Basis of preparation and significant accounting policies:

These financial statements are presented in Canadian dollars, which is the Company's functional currency. 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, 2013, except for the following:

Critical judgements in applying accounting policies relate to the accounting for the transaction with Cancor Mines Inc. which was recorded as an asset acquisition since Cancor Mines Inc does not meet the definition of a business according to IFRS 3, *Business Combinations* (note 8)

Following the amalgamation transaction with Cancor Mines Inc. the Company is applying the following accounting policy.

(a) Basis of consolidation:

Subsidiaries

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Cancor Mines Inc. Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiary have been changed when necessary to align them with the policies adopted by the Company.

4. Cash and cash equivalents:

	September 30	December 31
	2014	2013
Cash and cash equivalents	\$ 796,515	\$ 57,563

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

5. Tax credits and other receivables:

		September 30		December 31
		2014		2013
Sales taxes	\$	67,322	\$	4,607
Tax credits for resources		72,718		95,386
Exploration credits on mining duties		24,975		21,172
Gold Fields unspent commitment		469,267		-
Others		5,797		7,779
Tax credits and other receivables	\$	640,079	\$	128,944

6. Option and joint venture agreement with Gold Fields Sudbury Exploration Corp.:

On June 26, 2013, the Company entered into an option and joint venture agreement with Gold Fields Sudbury Exploration Corp., a 100% indirect subsidiary of Gold Fields Limited ("Gold Fields") pursuant to which the Company granted to Gold Fields an option to earn a 51% interest in the Rouyn property. In order to exercise the option, Gold Fields was required to fund \$19 million in exploration and development expenditures of which \$4 million was a firm commitment to be spent prior to December 31, 2014.

In June 2014, Gold Fields advised the Company of its intention to withdraw from the option and joint venture agreement. The balance of the \$4 million commitment that has not been spent by Gold Fields on the Rouyn property amounted to \$738,086. This was netted against the prepayment liability of \$268,819. The balance of \$469,267 was paid in cash to Yorbeau during the month of October 2014.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
 Nine months ended September 30, 2014 and 2013
 (Unaudited)

7. 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:

	September 30, 2014		December 31, 2013	
	Rouyn	Beschefer	Rouyn	Beschefer
Balance, beginning of year:				
Mining properties	\$ 2,162,560	-	\$ 2,162,560	-
Exploration and evaluation assets	16,234,372	71,742	16,027,990	71,742
Additions of exploration and evaluation assets	261,100	-	315,961	-
Mining and resource tax credits	(93,320)	-	(109,579)	-
Gold Fields unspent commitment	(738,086)	-	-	-
Balance, end of period:				
Mining properties	2,162,560	-	2,162,560	-
Exploration and evaluation assets	15,664,066	71,742	16,234,372	71,742

(a) Rouyn Property:

Yorbeau owns 100% interest in the Rouyn property which is located in the Rouyn and Beauchastel Townships, Québec. The Rouyn property is composed of one mining lease, one mining concession and a group of 90 mining claims. Conversion of the mining lease into mining claims is pending. Twelve of the ninety 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.

An option and joint venture agreement with Gold Fields was concluded on June 26, 2013 and Gold Fields advised the Company of its intention to terminate the option in June 2014 (refer to Note 6).

(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 staked 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. Yorbeau also owns a 100% interest in 120 staked claims located in the Beschefer Township. The 257 staked claims which form the Beschefer property were converted in July 2012 into an aggregate of 115 map designated claims. Yorbeau owns a 100% interest in 50 of these claims and an 80% interest in the remaining 65 claims.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

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

(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.

8. Asset acquisition from Cancor Mines Inc.:

Yorbeau and Cancor Mines Inc. (“Cancor”) completed a transaction pursuant to which Cancor and 8860840 Canada Inc. (“8860840”), a wholly-owned subsidiary of Yorbeau, amalgamated effective May 28, 2014 (the “Effective Date”). Under the terms of the amalgamation, on the Effective Date, Cancor shareholders received one common share of Yorbeau and one half of one warrant of Yorbeau for each 12 common shares of Cancor held by such Cancor shareholders on the Effective Date. Each whole warrant of Yorbeau entitles the holder thereof to acquire one common share of Yorbeau at a price of \$0.30 until December 31, 2015 (the “Expiry Time”). If at any time prior to the Expiry Time, the closing price of the common shares of Yorbeau on the Toronto Stock Exchange is equal to or greater than \$0.45 for 20 consecutive trading days, the Company may, at its sole option, accelerate the Expiry Time by giving notice of such acceleration to the holder, in which case the warrant will expire at on the date which is the earlier of the 30th day following the date such notice is given and December 31, 2015.

Pursuant to the amalgamation, on the Effective Date, Yorbeau issued a total of 8,181,793 shares and 4,090,871 warrants to the Cancor shareholders in exchange for their shares of Cancor. The company resulting from the amalgamation is named Cancor Mines Inc. and is a wholly-owned subsidiary of Yorbeau.

The transaction has been recorded as an asset acquisition since Cancor does not meet the definition of a business according to IFRS 3, *Business Combinations*.

Net assets acquired were accounted for at their net book value in Cancor’s books with the exception of mining properties, which were recorded at nil, being the difference between the amount of consideration paid and the book value of net assets acquired.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

8. Asset acquisition from Cancor Mines Inc. (continued):

The transaction was valued at \$1,359,941. The allocation of the consideration paid is as follows:

Consideration paid:	
Issuance of Yorbeau shares (8,181,793 shares at \$0.16 per share)	1,319,032
Issuance of Yorbeau warrants (4,090,871 warrants at \$0.01 per warrant)	40,909
	<hr/>
	1,359,941
 Net Assets acquired:	
Cash	1,452,722
Other receivables	8,832
Mining properties	-
Accounts payable and accrued liabilities	(101,613)
	<hr/>
	1,359,941

Cancor has 4 Algerian properties (In Ouzzal North, Tan Chaffao West, Tirek North, Tan Chaffao East). The exploration activities on these properties has been suspended due to security issues related to civil unrest in Northern Mali (bordering Southern Algeria). The Company has requested an extension of its permits under Force Majeure and is awaiting a response from the Algerian authorities.

Cancor also has 6 Quebec properties (Gemini, Turgeon, Kistabiche, Bonfortel, Poirier, Allard). All of these properties are in good standing.

The Company is currently assessing its options concerning these properties.

9. Accounts payable and accrued liabilities:

	September 30	December 31
	2014	2013
Accounts payable	\$ 247,333	\$ 352,252
Accrued liabilities	129,404	214,572
Accounts payable and accrued liabilities	<hr/> \$ 376,737	<hr/> \$ 566,824

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

10. Short-term loan:

In June 2013, Cancor made a loan of \$500,000 to the Company. This loan bore interest at a rate of 12% per annum and was unsecured. During the period, \$4,603 was charged to interest expense. On January 29, 2014, the Company fully repaid this loan plus interest of \$38,795.

11. Share capital and warrants:

Authorized:

An unlimited number of Class A common shares, without nominal or par value
Shares fluctuated as follows during the period:

	September 30 2014		December 31 2013	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	174,385,206	42,016,618	174,385,206	42,016,618
Shares issued:				
Private placement - cash	9,515,002	1,712,701	-	-
Pursuant to asset acquisition from Cancor	8,181,793	1,319,032	-	-
Balance, end of period	192,082,001	45,048,351	174,385,206	42,016,618

On May 28, 2014, the Company completed an asset acquisition, the details of which are described in note 8, whereby it issued a total of 8,181,793 units for all of the outstanding shares of Cancor Mines Inc. Each unit consists of 1 common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of \$0.30 until December 31, 2015. The Company issued a total of 4,090,871 warrants. The Company accounted for these warrants by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of warrants granted was \$0.01 per warrant for a total value of \$40,909.

On March 24, 2014, the Company completed a private placement financing. A total of four tranches closed. The Company issued a total of 9,515,002 units at a price of \$0.18 per unit for gross proceeds of \$1,712,701. Each unit consists of one common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one common share at a price of \$0.30 until December 31, 2015. In connection with this private placement, the Company issued 55,555 warrants exercisable at \$0.30 per warrant until December 31, 2015. The Company accounted for these compensation warrants by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of warrants granted was \$0.01 per warrant for a total value of \$451.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

11. Share capital and warrants (continued):

The number of outstanding share purchase warrants fluctuated as follows during the period:

	September 30 2014	December 31 2013
Balance, beginning of year	200,000	200,000
Warrants issued:		
Pursuant to private placement	4,757,500	-
Finder's fee	55,555	-
With respect to investor relations	-	200,000
To shareholders of Cancor Mines	4,090,871	
Warrants expired	-	(200,000)
Balance, end period	9,103,926	200,000

The following weighted average assumptions were used in calculating the fair value of the warrants:

	September 30, 2014	December 31, 2013
Risk-free interest rate	1.05 %, 1.02%	1.89%
Expected life	1.58 years, 1.88 years	5 years
Expected volatility	40.00 %, 37.33 %	71.99%
Expected dividend	- , -	0.00%

As at September 30, 2014, the following share purchase warrants were outstanding:

- 200,000 warrants at \$0.25 per warrant expiring the earlier of (i) January 31, 2015 or (ii) that date which is the first anniversary of the date upon which the consulting agreements with investor relations firms shall be terminated.
- 4,813,055 warrants at \$0.30 per warrant expiring on December 31, 2015
- 4,090,871 warrants at \$0.30 per warrant expiring on December 31, 2015

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

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

12. Share options:

As at September 30, 2014, 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.

At the annual meeting of the Company in June 2014, the option plan was amended to remove the mandatory vesting provisions and to provide that directors shall determine, in their sole discretion, whether vesting conditions should be applicable to any option granted thereunder at the time of such grant.

During the period, no options were granted under the plan.

The following weighted average assumptions were used in these calculations:

	September 30, 2014	December 31, 2013
Risk-free interest rate	-	1.89%
Expected life	-	5 years
Expected volatility	-	71.99%
Expected dividend	-	0.00%

The number of stock options outstanding under the plan fluctuated as follows during the period:

	September 30 2014		December 31 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	8,358,334	\$ 0.24	5,333,334	\$ 0.23
Cancelled	(50,000)	0.25	-	-
Expired	(1,713,334)	0.16	-	-
Granted	-	-	3,025,000	0.25
Balance, end of period	6,595,000	0.26	8,358,334	0.24
Exercisable options, end of period	3,711,667	\$ 0.26	3,516,667	\$ 0.21

As at September 30, 2014, the following options under the plan were outstanding:

- 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
- 2,975,000 options at \$0.25 per share until August 12, 2018

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

12. Share options (continued)

The number of stock options outstanding outside the plan fluctuated as follows during the period:

	September 30 2014		December 31 2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	-	\$ -	-	\$ -
Granted	500,000	0.18	-	-
Cancelled	(500,000)	0.18	-	-
Balance, end of period	-	-	-	-
Exercisable options, end of period	-	\$ -	-	\$ -

On April 10, 2014, 500,000 options, exercisable at \$0.18 per option, were issued outside of the option plan in relation to a consulting agreement with a director and officer of the Company. These options vest immediately and will expire on April 10, 2019. These options were subject to shareholder approval and approved at the annual meeting of the Company. The Company accounted for these options by using the Black-Scholes pricing model. At the date of the grant, the weighted average fair value of options granted was \$0.09 per warrant for a total value of \$45,805. On August 22, 2014, the consulting agreement as well as the options were cancelled.

The following weighted average assumptions were used in these calculations:

	September 30, 2014	December 31, 2013
Risk-free interest rate	1.67 %	-
Expected life	5 years	-
Expected volatility	65.019 %	-
Expected dividend	-	-

As at September 30, 2014, there were no options outside the plan that were outstanding.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
 Nine months ended September 30, 2014 and 2013
 (Unaudited)

13. Income tax:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.9% (2013 - 26.9%) as a result of the following:

	September 30 2014	September 30 2013
Loss and comprehensive loss	\$ (1,291,105)	\$ (890,230)
Computed "expected" tax recovery	(347,307)	(239,472)
Increase in income taxes resulting from:		
Non-deductible share-based payments	63,796	47,647
Current year losses not recognized	283,511	191,825
Total income tax recovery	\$ -	\$ -

Reconciliation of change in applicable tax rate

	2014	2013
Applicable tax rate for the previous period	26.90%	26.90%
Change in the applicable federal tax rate	- %	- %
Applicable tax rate for the current period	26.90%	26.90%

As at September 30, 2014, the Company has exploration expenditures and other costs of approximately \$23,269,000 which are being carried forward for income tax purposes indefinitely and which may be deducted from future taxable income. The Company also has \$11,931,000 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	1,326,000
2032	1,229,000
2033	1,173,000
2034	1,208,000
Total	\$ 11,931,000

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

13. Income tax (continued):

Deferred tax assets have not been recognized because it is not probable that future taxable profits will be available against which the unused tax losses and unused tax credits can be utilised. Deferred tax assets have not been recognized in respect of the following items:

	September 30 2014	December 31 2013
Operating losses	\$ 3,211,000	\$ 2,896,000
Share issuance costs	40,000	56,000
Equipment	126,000	129,000
Mining properties and exploration and evaluation assets	1,419,000	1,233,000
Unrecognized tax deferred assets	\$ 4,796,000	\$ 4,314,000

14. Commitments and contingencies:

The Company has lease commitments for premises. Minimum lease payments are as follows:

	September 30 2014	December 31 2013
One year and less	\$ 56,350	\$ 42,262

The lease contracts are standard industry contracts. The lease for the premises is primarily based on square footage.

15. Administrative charges:

	September 30 2014	September 30 2013
Professional fees	\$ 371,502	\$ 292,658
Investor relations	224,350	81,586
Salaries	195,938	178,943
Miscellaneous	50,563	38,085
Rent	43,639	36,720
Royalty	37,500	37,500
Insurance	30,243	31,643
Taxes, licenses, fees	35,573	12,372
Amalgamation costs	155,342	-
Total	\$ 1,144,650	\$ 709,507

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

16. Related party transactions:

Transactions with key management personnel

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

	September 30 2014		September 30 2013
Short-term employee benefits	\$ 94,570	\$	76,926
Share-based payments	190,940		102,647
Total	\$ 285,510	\$	179,573

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 \$352,725 (2013 - \$268,805), charged to administrative charges, as well as with respect to financing in the amount of \$33,117 (2013 - nil) charged to share issue expenses, totalling an aggregate amount of \$385,842 (2013 - \$268,805). As at September 30, 2014, the accounts payable include \$83,795 (2013 - \$74,778) owed to this legal firm.

Administrative charges in the statements of comprehensive loss include an amount of \$37,500 (2013 - \$37,500) paid as a royalty to Société Minière Alta Inc., of which a director of Yorbeau is the sole shareholder (Note 7 (a)).

A director of the Company rendered investor relations services in the amount of \$40,000 (2013 - nil), charged to administrative charges. As at September 30, 2014, the accounts payable include nil (2013 - nil) payable to this director.

Furthermore, mining properties and exploration and evaluation assets include consulting fees in the amount of nil (2013 - \$30,000) charged by a director and officer. Administrative charges in the statements of comprehensive loss include consulting fees in the amount of \$45,000 (2013 - \$15,000) charged by the same director and officer. As at September 30, 2014, the accounts payable include \$5,000 (2013 - \$16,498) payable to this director.

A director of the Company rendered investor relations services in the amount of \$75,000 (2013 - nil), charged to administrative charges. As at September 30, 2014, the accounts payable include nil (2013 - nil) payable to this director.

During the period, certain directors made additional loans of \$50,000 to the Company, which brought the total of outstanding loans to \$450,000. These loans bore interest at a rate of between 10% and 12% per annum and were repayable on demand. During the period, interest of \$8,699 was charged to interest expense and \$450,000 has been repaid plus interest of \$30,353. As at September 30, 2014, there are no more loans outstanding.

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.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued
Nine months ended September 30, 2014 and 2013
(Unaudited)

17. Subsequent event:

The Company has signed a Letter of Intent to purchase from Cogitore Resources Inc. substantially all of Cogitore's exploration assets in the provinces of Quebec and Ontario. The transaction is expected to close on or about December 22, 2014, once a meeting of Cogitore shareholders has approved the transaction. The consideration to be paid by Yorbeau under the transaction will be 25 million shares which will be subject to the statutory hold period of four (4) months. The completion of the transaction is subject to a number of conditions, including obtaining regulatory approval and approval by the shareholders of Cogitore and completing a satisfactory due diligence. There is no assurance that the transaction will be completed.