Consolidated Financial Statements of

YORBEAU RESOURCES INC.

Years ended December 31, 2014 and 2013

YORBEAU RESOURCES INC.

Table of Contents

KPMG LLP
600 de Maisonneuve Blvd. West
Suite 1500
Tour KPMG
Montréal (Québec) H3A 0A3

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Yorbeau Resources Inc.

We have audited the accompanying consolidated financial statements of Yorbeau Resources Inc., which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013, the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yorbeau Resources Inc. as at December 31, 2014 and December 31, 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Yorbeau Resources Inc. is still in exploration stage and, as such, no revenue has been yet generated from its operating activities. Accordingly, Yorbeau Resources Inc. depends on its ability to raise financing in order to discharge its commitments and liabilities in the normal course of business. These conditions, along with other matters as set forth in Note 1 to the consolidated financial statements, indicate the existence of a material uncertainty that may cast significant doubt about Yorbeau Resources Inc.'s ability to continue as a going concern.

KPMG LLP*

March 20, 2015

Montréal, Canada

*CPA auditor, CA, public accountancy permit No. A115894

YORBEAU RESOURCES INC.

Consolidated Statements of Financial Position

December 31, 2014 and 2013

	2014	2013
Assets		
Current assets:		
Cash and cash equivalents (note 5)	$ 1,116,083	$ 57,563
Temporary investments (note 6)	800,000	–
Tax credits and other receivables (note 7)	241,509	128,944
Prepaid expenses	42,841	40,319
	2,200,433	226,826
Non-current assets:		
In-trust deposits (note 8)	115,760	91,760
Mining properties (note 10)	2,901,124	2,831,770
Exploration and evaluation assets (note 10)	15,768,330	16,214,354
	18,785,214	19,137,884
	$ 20,985,647	$ 19,364,710
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 12)	$ 369,493	$ 566,824
Liability related to flow-through shares (note 15)	250,650	–
Due to directors and shareholders (note 22)	–	481,000
Short-term loan (note 13)	–	500,000
Gold Fields prepayment (note 9)	–	112,000
	620,143	1,659,824
Non-current liabilities:		
Provisions (note 14)	615,875	669,210
Total liabilities	1,236,018	2,329,034
Shareholders' equity:		
Share capital and warrants (note 15)	46,134,500	42,016,618
Contributed surplus	2,746,061	2,424,841
Deficit	(29,130,932)	(27,405,783)
	19,749,629	17,035,676
Commitments and contingencies (note 18)		
Subsequent events (note 23)		
	$ 20,985,647	$ 19,364,710

See accompanying notes to consolidated financial statements

On Behalf of the Board:

(s) David Crevier Director

(s) Frank Di Tomaso Director

YORBEAU RESOURCES INC.

Consolidated Statements of Loss and Comprehensive Loss

Years ended December 31, 2014 and 2013

	2014	2013
Revenues:		
Management fees	$ 87,135	$ 30,679
Rental of facilities	32,000	42,000
	119,135	72,679
Expenses:		
Administrative charges (note 19)	1,358,328	941,262
Share-based payments	271,595	265,975
Property maintenance	(122)	3,848
	1,629,801	1,211,085
Interest income	(6,596)	(10)
Interest expense	15,729	66,362
Net interest expense	9,133	66,352
Loss and comprehensive loss	$ (1,519,799)	$ (1,204,758)
Net loss per share, basic and diluted	$ (0.01)	$ (0.01)
Weighted average number of shares outstanding	188,591,441	174,385,206

See accompanying notes to consolidated financial statements.

YORBEAU RESOURCES INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2014 and 2013

	2014	2013
Cash provided by (used in):		
Operating:		
Loss and comprehensive loss	$ (1,519,799)	$ (1,204,758)
Items not involving cash:		
Share-based payments	271,595	265,975
Net interest expense	9,133	66,352
Net change in non-cash operating working capital items:		
Change in sales taxes and other receivables	(52,089)	92,268
Change in prepaid expenses	(2,522)	10,495
Change in accounts payable and accrued liabilities	(345,218)	(23,865)
Change in Gold Fields prepayment	156,819	112,000
Interest received	6,596	10
Interest paid	(73,306)	(4,352)
Net cash used in operating activities	(1,548,791)	(685,875)
Investing:		
Cash acquired resulting from the assets acquisition of Cancor (note 9)	1,452,722	–
Increase of in-trust deposits	(24,000)	–
Decrease of provisions	(53,335)	–
Additions to exploration and evaluation assets	(421,753)	(315,961)
Gold Fields reimbursement of exploration and evaluation assets	469,627	–
Credit on mining duties and resource tax credits	112,184	50,021
Net cash from (used in) investing activities	1,535,445	(265,940)
Financing:		
Proceeds from issuance of shares	3,049,500	–
Equity financing expenses	(196,634)	(32,160)
Increase in due to directors and shareholders	50,000	606,000
Decrease in due to directors and shareholders	(531,000)	(125,000)
Change in short-term loan	(500,000)	500,000
Net cash from financing activities	1,871,866	948,840
Net increase (decrease) in cash and cash equivalents	1,858,520	(2,975)
Cash and cash equivalents, beginning of year	57,563	60,538
Cash and cash equivalents, end of year	$ 1,916,083	$ 57,563
Non-cash activities:		
Gold Fields prepayment liability reclassified against exploration and evaluation assets	$ 268,819	$ –
Compensation warrants included in equity financing expenses	8,716	–

See accompanying notes to consolidated financial statements.

YORBEAU RESOURCES INC.

Consolidated Statements of Changes in Equity

Years ended December 31, 2014 and 2013

	2014	2013
Share capital and warrants:		
Balance, beginning of year	$ 42,016,618	$ 42,016,618
Issue of common shares	1,712,700	–
Issue of flow-through shares	1,336,800	–
Liability related to flow-through shares	(250,650)	–
Shares issued to acquire Cancor	1,319,032	–
Balance, end of year	46,134,500	42,016,618
Contributed surplus:		
Balance, beginning of year	2,424,841	2,158,866
Share-based payments to employees and service providers	219,219	227,031
Share-based payments with respect to investor relations and finder's fee relating to equity financing	61,092	38,944
Warrants issued to Cancor shareholders	40,909	–
Balance, end of year	2,746,061	2,424,841
Deficit:		
Balance, beginning of year	(27,405,783)	(26,168,865)
Total comprehensive loss for the year	(1,519,799)	(1,204,758)
Equity financing expenses	(205,350)	(32,160)
Balance, end of year	(29,130,932)	(27,405,783)
Total shareholders' equity, end of year	$ 19,749,629	$ 17,035,676

See accompanying notes to consolidated financial statements.

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 consolidated 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. As at the date of the consolidated financial statements, management determined that the carrying amount of mining properties represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

Management expects that the working capital available to the Company at the end of the year will not provide the Company with adequate funding in order to cover its budget for general administrative expenses and to meet its short-term obligations for the next twelve months, and to complete its planned 2015 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2015.

1. Reporting entity and going concern (continued):

The conditions mentioned above indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not reflect the adjustments to the carrying amounts 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:

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

These consolidated financial statements were authorized for issue by the Board of Directors as at March 20, 2015.

3. Basis of preparation:

(a) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis.

(b) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Company’s functional currency.

(c) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in Note 4 and consists in the determination of capitalizable costs as exploration and evaluation assets in Note 10 relating to the acquisition of the net assets of Cancor Mines Inc. as well as the recognition and measurement of refundable credits on mining duties.

Critical judgments 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 11).

3. Basis of preparation (continued):

(c) Use of estimates and judgments (continued):

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 4 and 7 - assessment of refundable credit on mining duties and tax credits related to resources;
- Notes 4 and 10 - recoverability of mining properties and exploration and evaluation assets;
- Notes 4 and 14 - estimation of the provision for site restoration costs;
- Notes 4 and 16 - estimation of the fair value of share-based payments;
- Notes 4 and 17 - recoverability of income tax assets;
- Note 15 - estimation of the fair value of warrants issued and the liability related to flow-through shares.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

4. Significant accounting policies:

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements.

(a) Basis of consolidation:

Subsidiaries

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Cancor Mines Inc., 6956599 Canada Inc. and 6956611 Canada 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. Significant accounting policies (continued):

(b) Financial instruments:

Non-derivative financial assets and liabilities are initially recognized at fair value plus any directly attributable transaction costs.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company classifies its cash and cash equivalents, temporary investments, other receivables and in-trust deposits as loans and receivables.

Cash and cash equivalents are comprised of cash balances and call deposits with original maturities of three months or less.

Cash and cash equivalents include proceeds of flow-through financing not yet expensed. The Company must use these funds for exploration of mining properties in accordance with restrictions imposed by the related financing. For the purpose of the consolidated statements of cash flows, proceeds from flow-through financings used for exploration and evaluation assets are included as part of the investment activities.

Non-derivative financial liabilities at amortized cost

The Company classifies its accounts payable and accrued liabilities, due to directors and shareholders, and short-term loan as financial liabilities at amortized cost. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Fair value of financial instruments

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices (unadjusted) in active markets.
- Level 2: defined as inputs other than quoted prices included in Level 1, that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring the Company to develop its own assumptions.

4. Significant accounting policies (continued):

(c) Mining properties and exploration and evaluation assets:

Mining properties correspond to acquired interests in mining permits and claims which include the rights to explore for all minerals from such claims.

All pre-exploration costs, i.e. costs incurred prior to obtaining the legal right to undertake exploration activities on an area of interest, are expensed as incurred.

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized in respect of each identifiable area of interest until the technical feasibility and commercial viability of extracting a mineral resource are demonstrable.

The expenditures that are included in the measurement of exploration and evaluation assets include those related to acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource. Mining properties and exploration and evaluation assets are carried at historical cost less any impairment losses recognized.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable for an area of interest, the Company stops capitalizing mining properties and exploration and evaluation costs for that area, tests recognized exploration and evaluation assets for impairment and reclassifies any unimpaired exploration and evaluation assets either as tangible or intangible mine development assets according to the nature of the assets.

(d) Impairment:

Financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

4. Significant accounting policies (continued):

(d) Impairment (continued):

Non-financial assets

The carrying amounts of mining properties and exploration and evaluation assets are assessed for impairment only when indicators of impairment exist, typically when one of the following circumstances apply:

- Exploration rights have or will expire in the near future;
- No future substantive exploration expenditures are budgeted;
- No commercially viable quantities are discovered and exploration and evaluation activities will be discontinued;
- Exploration and evaluation assets are unlikely to be fully recovered from successful development or sale.

If any such indication exists, then the asset's recoverable amount is estimated.

Mining properties and exploration and evaluation assets are also assessed for impairment upon the transfer of exploration and evaluation assets to development assets regardless of whether facts and circumstances indicate that the carrying amount of the exploration and evaluation assets is in excess of their recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). The level identified by the Company for the purposes of testing exploration and evaluation assets for impairment corresponds to each mining property.

(e) Provision:

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

4. Significant accounting policies (continued):

(f) Share capital and warrants:

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and share options are recognized as an increase to deficit, net of any tax effects.

Flow-through shares

The Canadian tax legislation permits an entity to issue securities to investors whereby the deductions for tax purposes relating to resource expenditures may be claimed by the investors and not by the entity. These securities are referred to as flow-through shares. The Company may finance a portion of its exploration programs with flow-through share issues.

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 for flow-through shares. The Company estimates the fair value of the obligation using the residual method, i.e. by comparing the price of the flow-through share to the quoted price of common share at the date of the financing announcement.

The Company may renounce the deductions for tax purposes under either what is referred to as the “general” method or the “look-back” method.

When tax deductions are being renounced under the general method, and the Company has the expectation of renouncing and has capitalized the expenditures during the current year, then the Company records a deferred tax liability with the corresponding charge to income tax expense. The obligation is reduced to zero, with a corresponding income recorded.

When tax deductions are being renounced under the look-back method, the Company records a deferred tax liability with a corresponding charge to income tax expense when expenditures are made and capitalized. At that time, the obligation would be reduced to zero, with a corresponding income recorded.

Warrants

Warrants are classified as equity when they are derivatives over the Company’s own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company’s own equity instruments.

4. Significant accounting policies (continued):

(g) Share-based payments:

The grant date fair value of share-based payment awards granted to employees and directors is recognized as an expense, with a corresponding increase in contributed surplus, over the period that the employees and directors unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settles share-based payment transactions, regardless of how the equity instruments are obtained by the Company. The Company measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, except when that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted.

(h) Leases:

Leases are classified as either operating or finance, based on the substance of the transaction at inception of the lease. Classification is re-assessed if the terms of the lease are changed. Leases in which a significant portion of the risks and rewards of ownership are not assumed by the Company are classified as operating leases.

All of the Company’s leases are classified as operating leases and as such the leased assets are not recognized in the Company’s consolidated statements of financial position.

Payments made under operating leases, are recognized either through the consolidated statements of loss and comprehensive loss or through exploration and evaluation assets, depending on its nature, and on a straight-line basis over the term of the lease.

(i) Finance income and finance costs:

Interest income is recognized as it accrues, using the effective interest method.

Interest received and interest paid is classified under operating activities in the consolidated statements of cash flows.

4. Significant accounting policies (continued):

(j) Revenue recognition:

Revenues from management fees, rental of facilities and other services are recognized as services are rendered. Revenues recorded for other services are considered to be under an agency relationship based on the evaluation of the risks and responsibilities taken by the Company. Other services charged back to the principal are recorded on a net basis since the related activities reflect those of the principal and not those of the Company. Instead, revenue is the amount of management fee and rental facilities.

(k) Refundable tax credit related to resources and refundable credit on mining duties:

The Company is eligible for a refundable resource tax credit on Canadian Exploration Expenditures, financed by Treasury Funds, other than flow-through shares financings, of up to 35% until June 4, 2014 and to 28% since then. This credit is recorded as a government grant against exploration and evaluation assets.

The Company is also entitled to a refundable credit on mining duties under the Québec *Mining Tax Act*. The accounting treatment for refundable credit on mining duties depends on management's intention to either go into production in the future or to sell its mining properties to another mining producer once the technical feasibility and the economic viability of the properties have been demonstrated. This assessment is made at the level of each mining property. In the first case, the credit on mining duties is recorded as an income tax recovery under IAS 12, *Income Taxes*. At the same time, a deferred tax liability and deferred tax expense is recognized because the exploration and evaluation assets lose their tax basis following the Company's election to claim the refundable credit. In the second case, it is expected that no mining duties will be paid in the future and, accordingly, the credit on mining duties is recorded as a government grant under IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, which is recorded against exploration and evaluation assets.

Management's current intention is to sell the mining properties in the future, and, therefore, the credit on mining duties is recorded as a government grant against exploration and evaluation assets. The Company records the credit at the rate of 16% (2013 - 16%) applicable on 50% of the eligible expense.

Credits related to resources and credits on mining duties recognized against exploration and evaluation expenditures are recorded when there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the credits.

(l) Income tax:

Income tax expense comprises current and deferred taxes. Current income tax and deferred income tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity.

4. Significant accounting policies (continued):

(l) Income tax (continued):

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized with regards to the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Earnings per share:

The Company presents basic and diluted earnings per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise warrants and share options granted to directors and employees.

(n) Segment reporting:

The Company determined that it only has one operating segment, i.e. mining exploration.

4. Significant accounting policies (continued):

(o) New standards and interpretations adopted during the year:

The following new standards and amendments to standards and interpretations are effective for the first time for periods beginning on or after January 1, 2014 and have been applied in preparing these consolidated financial statements:

IFRIC 21, *Levies*:

In May 2013, the IASB issued IFRIC 21, *Levies*. This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The IFRIC provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The adoption of IFRIC 21 did not have a material impact on the Company's consolidated financial statements.

Amendments to IAS 32, *Offsetting Financial Assets and Liabilities*:

In December 2011, the IASB published *Offsetting Financial Assets and Financial Liabilities*. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively. The amendments to IAS 32 clarify when an entity currently has a legally enforceable right to set off if and when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements.

(p) New standards and interpretations not yet adopted:

IFRS 9, *Financial instruments*:

On July 24, 2014, the IASB issued the complete IFRS 9 (IFRS 9 (2014)).

The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities.

It also amends the impairment model by introducing a new "expected credit loss" model for calculating impairment.

4. Significant accounting policies (continued):

(p) New standards and interpretations not yet adopted (continued):

IFRS 9, *Financial instruments* (continued):

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness; however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The Company intends to adopt IFRS 9 (2014) in its consolidated financial statements for the annual period beginning on January 1, 2018. The Company has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers.* The new standard is effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue,* IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue - Barter Transactions Involving Advertising Services.*

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRS.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

5. Cash and cash equivalents:

	2014	2013
Bank balances	$ 1,116,083	$ 57,563

6. Temporary investments:

As at December 31, 2014, the Company has deposited $800,000 in a term deposit which bears interest at 1%, maturing on December 14, 2015 and redeemable at any time.

7. Tax credits and other receivables:

	2014	2013
Sales taxes	$ 67,416	$ 4,607
Tax credits for resources	127,750	95,386
Exploration credits on mining duties	40,452	21,172
Others	5,891	7,779
Tax credits and other receivables	$ 241,509	$ 128,944

8. In-trust deposits:

As at December 31, 2014, the Company has deposited $115,760 in a trust account in accordance with the current financial guarantee requirements set forth by the *Regulation respecting mineral substances other than petroleum, natural gas and brine* and the *Commission de protection du territoire agricole* for future site restoration costs at the Augmitto and Astoria sites on Rouyn property (refer to Note 14). If mine closure plans submitted to and approved by the government bodies will be modified, the related financial guarantee will be adjusted accordingly.

9. 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.

9. Option and joint venture agreement with Gold Fields Sudbury Exploration Corp. (continued):

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 had not been spent by Gold Fields on the Rouyn property amounted to $738,446. This was netted against the prepayment liability of $268,819. The balance of $469,627 was paid in cash to Yorbeau during the month of October 2014 and the $738,446 was recognized as a reduction to exploration and evaluation assets (refer to Note 10).

10. Mining properties and exploration and evaluation assets:

Mining properties:

				2014
	Rouyn	Beschefer	Others	Total
Balance, beginning of year	$ 2,831,770	$ –	$ –	$ 2,831,770
Additions to mining properties	–	–	69,354	69,354
Balance, end of year	$ 2,831,770	$ –	$ 69,354	$ 2,901,124

			2013
	Rouyn	Beschefer	Total
Balance, beginning of year	$ 2,831,770	$ –	$ 2,831,770
Additions to mining properties	–	–	–
Balance, end of year	$ 2,831,770	$ –	$ 2,831,770

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

Exploration and evaluation assets:

			2014
	Rouyn	Beschefer	Total
Balance, beginning of year	$ 16,142,612	$ 71,742	$ 16,214,354
Additions of exploration and evaluation assets	456,250	–	456,250
Mining and resource tax credits	(163,828)	–	(163,828)
Gold Fields unspent commitment	(738,446)	–	(738,446)
Balance, end of year	$ 15,696,588	$ 71,742	$ 15,768,330

			2013
	Rouyn	Beschefer	Total
Balance, beginning of year	$ 15,936,230	$ 71,742	$ 16,007,972
Additions of exploration and evaluation assets	315,961	–	315,961
Mining and resource tax credits	(109,579)	–	(109,579)
Balance, end of year	$ 16,142,612	$ 71,742	$ 16,214,354

(a) Rouyn Property:

Yorbeau owns a 100% interest in the Rouyn property which is located in the Rouyn and Beauchastel Townships, Québec. The Rouyn property is composed of one mining concession and a group of 94 mining claims. Twelve of the 94 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 9).

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

(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.

(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.

(d) Cancor properties:

Cancor has four Algerian properties (In Ouzzal North, Tan Chaffao West, Tirek North and 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 six Québec properties (Gemini, Turgeon, Kistabiche, Bonfortel, Poirier and Allard). All of these properties are in good standing.

The Company is currently assessing its options concerning these properties.

11. Asset acquisition from Cancor Mines Inc.:

Yorbeau and Cancor Mines Inc. ("Cancor") completed a transaction effective May 28, 2014 pursuant to which Cancor and 8860840 Canada Inc. ("8860840"), a wholly-owned subsidiary of Yorbeau, amalgamated. Under the terms of the amalgamation, Cancor shareholders received one Class A common share of Yorbeau and one half of one warrant of Yorbeau for each 12 common shares of Cancor. Each whole warrant of Yorbeau entitles the holder thereof to acquire one Class A common share of Yorbeau at a price of $0.30 until 5:00 p.m. on 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 ("TSX") 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 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, Yorbeau issued a total of 8,181,793 Class A 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 Company also cancelled and replaced each Cancor option, which was unexercised by a right entitling the holder to receive a cash payment from the Company for an amount equivalent to the increase in value that such holder would have realized on the expiry of such Cancor option on the assumption that such Cancor option had been exercised for the Company's shares (adjusted as to number and exercise price in accordance with the conversion ratio), based on the closing price of the Company's shares on the TSX on the date of the expiry of the particular Cancor option.

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.*

The cost of the assets acquired has been allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase.

11. 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
	$	1,359,941
Net assets acquired:		
Cash	$	1,452,722
Other receivables		8,832
Mining properties		–
Accounts payable and accrued liabilities		(101,613)
	$	1,359,941

The Company accounted for the liability related to the rights granted in replacement of Cancor options at fair value by using the Black-Scholes pricing model. At the date of the transaction and as at December 31, 2014, the fair value of these rights was nil and their characteristics were as follows:

Expiring date	Number of rights	Exercise price		Fair value
September 21, 2014	31,250	0.60	$	–
September 21, 2015	37,500	1.20		–
September 22, 2016	89,583	2.40		–
September 20, 2017	89,583	0.90		–

As at December 31, 2014, the number of rights outstanding was 216 666.

12. Accounts payable and accrued liabilities:

	2014	2013
Accounts payable	$ 293,156	$ 352,252
Accrued liabilities	76,337	214,572
Accounts payable and accrued liabilities	$ 369,493	$ 566,824

13. Short-term loan:

In June 2013, a third party 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 year, $4,603 was charged to interest expense. On January 29, 2014, the Company fully repaid this loan plus interest payable of $38,795.

14. Provisions:

The Company's provision consist of obligations for site restoration costs associated with mine reclamation and closure activities at the Astoria and Augmitto sites on the Rouyn property as required under the *Regulation respecting mineral substances other than petroleum, natural gas and brine* and the *Act Respecting the Preservation of Agricultural Land and Agricultural Activities*. In determining the estimated costs, the Company considered such factors as changes in laws and regulations and requirements under existing permits. The Company estimates the total restoration costs required in connection with the above-mentioned regulations to be approximately $592,000 and $24,000, respectively. The Company is currently in discussions with the governmental authorities regarding approval of the updated mine closure plan and the provision will be adjusted accordingly as required. Any adjustment in the future to this provision will affect the Company's financial position.

The Company has already deposited amounts of $91,760 and $24,000 with governmental authorities (refer to Note 8) in partial satisfaction of the required financial guarantees for the Astoria and Augmitto sites. The Company is currently awaiting a response from the authorities as to the amount and form of additional guarantees which may be required.

The December 31, 2013 consolidated statements of financial position have been recast to reflect the above by increasing provisions by $669,210, in-trust deposits by $91,760 and mining properties by $577,450.

14. Provisions (continued):

During the year, the provisions for site restoration costs have changed as follows:

	2014
Balance as at December 31, 2013	$ 669,210
Provision used during the year	(53,335)
Balance as at December 31, 2014	$ 615,875

15. Share capital and warrants:

Authorized:

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

Shares fluctuated as follows during the year:

	2014		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	1,712,700	–	–
Pursuant to the acquisition of Cancor	8,181,793	1,319,032	–	–
Private placement - flow-through	16,710,000	1,336,800	–	–
Liability related to flow-through	–	(250,650)	–	–
Balance, end of year	208,792,001	46,134,500	174,385,206	42,016,618

15. Share capital and warrants (continued):

On March 24, 2014, the Company completed a private placement financing. A total of four tranches has been closed. The Company issued a total of 9,515,002 units at a price of $0.18 per unit for gross proceeds of $1,712,700. Each unit consists of one Class A common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one Class A common share at a price of $0.30 until December 31, 2015. The Company issued a total of 4,757,500 warrants. In addition, 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.

On May 28, 2014, the Company completed an asset acquisition, the details of which are described in Note 11, whereby it issued a total of 8,181,793 units for all of the outstanding shares of Cancor Mines Inc. Each unit consists of one Class A common share of the Company and one half of one common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one Class A 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 December 3, 2014, the Company completed a private placement financing and issued a total of 12,500,000 flow-through shares at a price of $0.08 per share for gross proceeds of $1,000,000. At closing, the Company paid a finder's fee to M Partners Inc. of 7% of gross proceeds and issued finder's warrants to purchase a total of 875,000 common shares at a price of $0.08 per share exercisable until December 3, 2016. 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 $8,265.

On December 31, 2014, the Company completed a private placement financing and issued a total of 4,210,000 flow-through shares at a price of $0.08 per share for gross proceeds of $336,800.

The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of $250,650 that was recorded when the flow-through shares were issued during the financing on December 3 and December 31, 2014.

15. Share capital and warrants (continued):

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

	2014	2013
Balance, beginning of year	200,000	200,000
Warrants issued:		
Pursuant to private placement	4,757,500	–
Finder's fee	930,555	–
With respect to investor relations	–	200,000
To shareholders of Cancor Mines	4,090,871	–
Warrants expired	–	(200,000)
Balance, end of year	9,978,926	200,000

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

	2014	2013
Risk-free interest rate	1.05%, 1.02%, 1.03%	1.89%
Expected life	1.58 year, 1.88 year, 2 years	5 years
Expected volatility	40.00%, 37.33%, 38.17%	71.99%
Expected dividend	–	–

As at December 31, 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;
- 8,903,926 warrants at $0.30 per warrant expiring on December 31, 2015;
- 875,000 warrants at $0.08 per warrant expiring on December 3, 2016.

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

16. Share option plan:

As at December 31, 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 TSX prior to the grant of the option.

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 year, no options were granted under the plan.

The following weighted average assumptions were used in these calculations:

	2014	2013
Risk-free interest rate	–	1.89%
Expected life	–	5 years
Expected volatility	–	71.99%
Expected dividend	–	–

The number of stock options outstanding under the Company's plan fluctuated as follows during the year:

	2014		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	–	–
Forfeited	(235,000)	0.25	–	–
Granted	–	–	3,025,000	0.25
Balance, end of year	6,360,000	$ 0.26	8,358,334	$ 0.24
Exercisable options, end of year	3,560,000	$ 0.26	3,516,667	$ 0.21

16. Share option plan (continued):

As at December 31, 2014, the following options were outstanding:

- 250,000 options at $0.28 per share until March 11, 2015
- 560,000 options at $0.25 per share until November 3, 2015
- 50,000 options at $0.24 per share until February 24, 2016
- 2,400,000 options at $0.27 per share until February 2, 2017
- 200,000 options at $0.27 per share until May 1, 2017
- 2,900,000 options at $0.25 per share until August 12, 2018.

The number of stock options outstanding outside the Company's plan fluctuated as follows during the year:

	2014		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 year	–	$ –	–	$ –
Exercisable options, end of year	–	$ –	–	$ –

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 vested immediately and expired on April 10, 2019. These options were subject to shareholder approval and approved at the annual meeting of the Company held in June 2014. 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.

16. Share option plan (continued):

The following weighted average assumptions were used in these calculations:

	2014	2013
Risk-free interest rate	1.67%	–
Expected life	5 years	–
Expected volatility	65.02%	–
Expected dividend	–	–

As at December 31, 2014, there were no options outside the plan that were outstanding.

17. 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:

	2014	2013
Loss and comprehensive loss	$ (1,519,799)	$ (1,204,758)
Computed "expected" tax recovery	(408,826)	(324,080)
Increase (decrease) in income taxes resulting from:		
Non-deductible share-based payments	73,059	71,547
Change in unrecognized deferred tax assets	(9,769)	–
Current year losses not recognized	333,062	252,533
Other	12,474	–
Total income tax recovery	$ –	$ –

17. Income tax (continued):

As at December 31, 2014, the Company has exploration expenditures and other costs of approximately $28,840,683 which are being carried forward for income tax purposes indefinitely and which may be deducted from future taxable income. The Company also has $15,731,000 in tax losses available to reduce future years' income. These tax losses, for which the tax effect has not been recorded in the consolidated financial statements, expire as follows:

2014	$ 480,000
2015	525,000
2024	346,000
2025	469,000
2026	1,229,000
2027	1,648,000
2028	1,765,000
2029	2,015,000
2030	1,873,000
2031	1,685,000
2032	1,631,000
2033	1,313,000
2034	752,000
Total	$ 15,731,000

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:

	2014	2013
Operating losses	$ 4,237,000	$ 2,896,000
Equity financing costs	87,000	56,000
Equipment	137,000	129,000
Mining properties	1,246,000	1,053,000
Exploration and evaluation assets	1,429,000	–
Provisions	166,000	180,000
Unrecognized deferred tax assets	$ 7,302,000	$ 4,314,000

17. Income tax (continued):

Movement in temporary differences during the years ended December 31, 2014 and 2013 are detailed as follows:

	Balance December 31, 2013	Recognized in profit or loss	Balance December 31, 2014
Deferred tax assets:			
Mining properties	$ 503,000	$ (192,000)	$ 311,000
Deferred tax liabilities:			
Exploration and evaluation assets	(503,000)	192,000	(311,000)
	$ –	$ –	$ –

	Balance December 31, 2012	Recognized in profit or loss	Balance December 31, 2013
Deferred tax assets:			
Mining properties	$ 474,000	$ 29,000	$ 503,000
Deferred tax liabilities:			
Exploration and evaluation assets	(474,000)	(29,000)	(503,000)
	$ –	$ –	$ –

18. Commitments and contingencies:

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

	2014	2013
One year and less	$ 43,082	$ 42,262

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

18. Commitments and contingencies (continued):

The Company is committed to incur eligible exploration and evaluation expenses of $1,336,800 by December 31, 2015, related to its flow-through share financings completed in 2014. As at December 31, 2014, the Company had not yet incurred any eligible expenses.

There is no guarantee that the funds spent by the Company in the future will qualify as Canadian exploration expenses, even if the Company has committed to take all the necessary measures for this purpose. Refusals of certain expenses by tax authorities could have negative tax consequences for investors. In such event, the Company will indemnify each flow-through share subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

19. Administrative charges:

	2014	2013
Professional fees	$ 517,450	$ 364,531
Investor relations	238,416	118,663
Salaries	269,340	248,815
Miscellaneous	67,662	55,146
Rent	59,378	49,399
Royalty	50,000	50,000
Insurance	38,551	42,336
Taxes, licenses, fees	37,404	12,372
Amalgamation costs	155,342	–
Reversal of a provision for a claim	(75,215)	–
Total	$ 1,358,328	$ 941,262

20. 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.

20. Financial instruments and financial risk management (continued):

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, temporary investments and in-trust deposits which are maintained with high-credit and quality financial institutions.

(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 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 cash and cash equivalents, temporary investments, tax credits and other receivables, accounts payable and accrued liabilities, due to directors and shareholders, and short-term loan approximates their carrying amount because of the short-term nature of those instruments.

21. 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.

21. 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 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 intend to use long-term debts before it will generate 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 year.

22. Related party transactions:

Transactions with key management personnel

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

	2014	2013
Short-term employee benefits	$ 129,410	$ 100,003
Share-based payments	219,161	167,923
Total	$ 348,571	$ 267,926

Other related party transactions

During the year, a law firm, in which a director and officer of the Company is a partner, rendered legal and consulting services in the amount of $465,235 (2013 - $335,385), charged to administrative charges, as well as with respect to financing in the amount of $64,467 (2013 - $25,075) charged to equity financing expenses, totalling an aggregate amount of $529,702 (2013 - $360,460). As at December 31, 2014, the accounts payable include $167,127 (2013 - $181,933) owed to this legal firm.

Administrative charges in the consolidated statements of loss and comprehensive loss include an amount of $50,000 (2013 - $50,000) paid as a royalty to Société Minière Alta Inc., of which a director of Yorbeau is the sole shareholder (Note 10 (a)).

22. Related party transactions (continued):

Other related party transactions (continued)

A director and a former director of the Company rendered investor relations services in the amount of $40,000 (2013 - $20,000) and $115,000 (2013 - nil), charged to administrative charges. As at December 31, 2014, the accounts payable include nil (2013 - $10,000) and nil (2013 - nil) payable to these directors.

Furthermore, 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 consolidated statements of loss and comprehensive loss include consulting fees in the amount of $74,000 (2013 - $30,000) charged by the same director and officer. As at December 31, 2014, the accounts payable include $21,934 (2013 - $22,995) payable to this director.

During the year, 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 year, interest of $8,699 was charged to interest expense and $450,000 has been repaid plus interest payable of $34,316. As at December 31, 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.

23. Subsequent events:

On January 31, 2015, the Company closed a purchase and sale transaction with Cogitore Resources Inc. ("Cogitore"). Pursuant to the transaction, the Company acquired substantially all of Cogitore's exploration assets in consideration of the issuance of 25 million shares for a total of $1,500,000. This transaction was recorded as an asset acquisition.

The exploration assets acquired by Yorbeau consist of seven base metal exploration properties located in the highly prospective Abitibi Belt of Québec and Ontario, and a core shack and office building located in Chibougamau.