

# **YORBEAU RESOURCES INC.**

**Condensed Consolidated Interim Financial Statements  
(Unaudited and not reviewed by the  
Company's independent auditors)  
For the period ended  
September 30, 2015**

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 2015 \$	December 31 2014 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 4)	344,016	1,116,083
Temporary investments (Note 5)	-	800,000
Tax credits and other receivables (Note 6)	110,182	241,509
Prepaid expenses	19,116	42,841
	<b>473,314</b>	<b>2,200,433</b>
<b>Non-current assets</b>		
In-trust deposits (Note 7)	115,760	115,760
Chibougamau Building (Notes 10 and 11)	266,586	-
Mining Properties (Note 12)	4,177,413	2,901,124
Exploration and evaluation assets (Note 12)	17,123,692	15,768,330
	<b>21,683,451</b>	<b>18,785,214</b>
	<b>22,156,765</b>	<b>20,985,647</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 13)	310,924	369,493
Liability related to flow-through shares (Notes 16 and 19)	3,298	250,650
Advance from subscribers (Notes 21 and 22)	430,000	-
	<b>744,222</b>	<b>620,143</b>
<b>Non-current liabilities</b>		
Provisions (Note 15)	615,875	615,875
	<b>1,360,097</b>	<b>1,236,018</b>
<b>Shareholders' Equity</b>		
Share capital and warrants (Note 16)	47,634,500	46,134,500
Contributed surplus	2,829,306	2,746,061
Deficit	(29,667,138)	(29,130,932)
	<b>20,796,668</b>	<b>19,749,629</b>
	<b>22,156,765</b>	<b>20,985,647</b>

Commitments and contingencies (Note 19)

Subsequent event (Note 22)

See accompanying notes to consolidated financial statements

# YORBEAU RESOURCES INC.

Condensed Consolidated Interim Statements of Comprehensive Loss  
(Unaudited)

	For three months ended September 30		For nine months ended September 30	
	2015 \$	2014 \$	2015 \$	2014 \$
<b>Revenues</b>				
Management fees	-	15,000	30,000	72,135
Rental of facilities	7,650	-	18,750	32,000
Other revenue related to flow-through shares	88,541	-	247,352	-
	<b>96,191</b>	15,000	<b>296,102</b>	104,135
<b>Expenses</b>				
Administrative charges (Note 20)	195,009	327,053	643,097	1,144,650
Share-based payments	18,363	51,653	83,245	237,160
Property maintenance	5,500	1,074	63,773	4,678
Chibougamau building expenses	4,412	-	13,509	-
	<b>223,284</b>	379,780	<b>803,624</b>	1,386,488
Interest income	(1,351)	(3,184)	(6,883)	(4,716)
Interest expense	-	76	-	13,468
Net interest (income) expense	<b>(1,351)</b>	(3,108)	<b>(6,883)</b>	8,752
<b>Loss and comprehensive loss for the period</b>	<b>(125,742)</b>	(361,672)	<b>(500,639)</b>	(1,291,105)
Net loss per share, basic and diluted	<b>(0.01)</b>	(0.01)	<b>(0.01)</b>	(0.01)
Weighted average number of shares outstanding	<b>233,792,001</b>	192,082,001	<b>231,034,648</b>	183,171,975

See accompanying notes to consolidated financial statements.

# YORBEAU RESOURCES INC.

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

	For nine months ended September 30 2015 \$	For nine months ended September 30 2014 \$
<b>Cash flows from operating activities</b>		
Loss and comprehensive loss for the period	(500,639)	(1,291,105)
Adjustments for:		
Other revenue related to flow-through shares	(247,352)	-
Share-based payments	83,245	237,160
Amortization expense (note 11)	7,304	-
Net interest (income) expense	(6,883)	8,752
Working capital adjustments		
Change in sales tax and other receivables	3,577	(51,901)
Change in prepaid expenses	23,725	23,813
Change in accounts payable and accrued liabilities	(58,569)	(231,982)
Gold Fields prepayment	-	156,819
Interest received	6,883	4,716
Interest paid	-	(73,186)
<b>Net cash used in operating activities</b>	<b>(688,709)</b>	<b>(1,216,914)</b>
<b>Cash flows from investing activities</b>		
Cash acquired resulting from asset acquisition of Cancor (note 9)	-	1,452,722
Increase in temporary investments	(400,000)	-
Decrease in temporary investments	1,200,000	-
Additions to mining properties	(50,179)	-
Additions to exploration and evaluation assets	(1,355,362)	(261,100)
Credit on mining duties and resource tax credits	127,750	112,185
<b>Net cash (used in) from investing activities</b>	<b>(477,791)</b>	<b>1,303,807</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	-	1,712,701
Equity financing expenses	(35,567)	(79,642)
Increase in due to directors	-	50,000
Decrease in due to directors	-	(531,000)
Increase in advance from subscribers	430,000	-
Short-term loan	-	(500,000)
<b>Net cash from financing activities</b>	<b>394,433</b>	<b>652,059</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(772,067)</b>	<b>738,952</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,116,083</b>	<b>57,563</b>
<b>Cash and cash equivalents, end of period</b>	<b>344,016</b>	<b>796,515</b>
Additions to mining properties and building financed with the issuance of shares	1,500,000	-

See accompanying notes to consolidated financial statements.

# YORBEAU RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity  
(Unaudited)

	For nine months ended September 30 2015 \$	For nine months ended September 30 2014 \$
<b>Share capital and warrants</b>		
Balance beginning of year	46,134,500	42,016,618
Shares issued to acquire building and properties	1,500,000	-
Issue of common shares	-	1,712,701
Shares issued to acquire Cancor	-	1,319,032
Balance end of the period	47,634,500	45,048,351
<b>Contributed surplus</b>		
Balance beginning of year	2,746,061	2,424,841
Share-based payments under the option plan	81,782	185,436
Share-based payments with respect to investor relations	1,463	51,724
Warrants issued to Cancor shareholders	-	40,909
Balance end of the period	2,829,306	2,702,910
<b>Deficit</b>		
Balance beginning of year	(29,130,932)	(27,405,783)
Total comprehensive loss for the period	(500,639)	(1,291,105)
Equity financing expenses	(35,567)	(79,642)
Balance end of the period	(29,667,138)	(28,776,530)
<b>Total shareholders' equity end of the period</b>	<b>20,796,668</b>	<b>18,974,731</b>

See accompanying notes to consolidated financial statements.

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements  
Nine months ended September 30, 2015 and 2014  
(Unaudited)

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## 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. As at the date of the condensed consolidated interim 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.

Working capital available to the Company is insufficient in order to cover its budget for general administrative expenses and to meet its short-term obligations. Consequently, the Company needs to obtain additional financing.

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Nine months ended September 30, 2015 and 2014  
(Unaudited)

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## 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 condensed consolidated interim 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 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, 2014.

## 3. Basis of preparation:

These condensed consolidated interim 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, 2014.

## 4. Cash and cash equivalents:

	September 30 2015	December 31 2014
Bank balances	\$ 344,016	\$ 1,116,083

## 5. Temporary investments:

As at September 30, 2015, the Company has cashed all of its temporary investments.

## 6. Tax credits and other receivables:

	September 30 2015	December 31 2014
Sales taxes	\$ 67,290	\$ 67,416
Tax credits for resources	-	127,750
Exploration credits on mining duties	40,452	40,452
Others	2,440	5,891
Tax credits and other receivables	\$ 110,182	\$ 241,509

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Nine months ended September 30, 2015 and 2014  
(Unaudited)

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## 7. In-trust deposits:

As at September 30, 2015, 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 the Rouyn property. Additional guarantees may be required by the government bodies (refer to Note 15).

## 8. 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 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 12).

## 9. 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 (the "conversion ratio"). 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 Class A 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 30<sup>th</sup> 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 common 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.



# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Nine months ended September 30, 2015 and 2014  
(Unaudited)

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## 9. Asset acquisition from Cancor Mines Inc. (continued):

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.

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

<b>Consideration paid:</b>	
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
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	1,359,941
 <b>Net assets acquired:</b>	
Cash	1,452,722
Other receivables	8,832
Mining properties	-
Accounts payable and accrued liabilities	(101,613)
	<hr/>
	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 September 30, 2015, the fair value of these rights was nil.

As at September 30, 2015, the number of rights outstanding was 179,166.

Expiring date	Number of rights	Exercise price	Fair value
September 22, 2016	89,583	2.40	-
September 20, 2017	89,583	0.90	-

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# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Nine months ended September 30, 2015 and 2014  
(Unaudited)

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## 10. Asset acquisition from Cogitore Resources Inc.:

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.

The exploration assets acquired from Cogitore consist of seven base metal exploration properties and a building located in Chibougamau as well as all equipment, records and data pertaining to such properties.

This transaction was recorded as an asset acquisition since the assets acquired do 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 on the basis of their relative fair values at the date of purchase.

The transaction was valued at \$1,500,000. The allocation of the consideration paid is as follows:

### Consideration paid:

Issuance of Yorbeau shares (25,000,000 shares at \$0.06 per share)	1,500,000
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### Net assets acquired:

Chibougamau Building	273,890
Scott Lake	705,460
Lemoine	246,464
Selbaie West	57,740
Caribou	152,778
Normetal West	63,668
	<hr/>
	1,500,000

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
 Nine months ended September 30, 2015 and 2014  
 (Unaudited)

## 11. Chibougamau Building:

The building is being used as a drill core handling facility located in Chibougamau, Quebec. It is carried at cost, less accumulated amortization. The Company currently amortizes it using the declining balance method at 4% annually.

<b>Cost</b>	September 30, 2015		December 31, 2014	
Balance, beginning of year	\$	-	\$	-
Additions		273,890		-
Balance, end of period	\$	273,890	\$	-

<b>Accumulated amortization</b>	September 30, 2015		December 31, 2014	
Balance, beginning of year	\$	-	\$	-
Amortization during the period		7,304		-
Balance, end of period	\$	7,304	\$	-

<b>Carrying amount</b>	September 30, 2015		December 31, 2014	
Balance	\$	266,586	\$	-

## 12. Mining properties and exploration and evaluation assets:

Mining properties:

	Balance, December 31, 2014	Allocation of other	Additions	Balance, September 30, 2015
	\$		\$	\$
Rouyn	2,831,770	-	-	2,831,770
Other	69,354	(69,354)	-	-
Scott Lake	-	39,904	734,331	774,235
Lemoine	-	13,941	256,551	270,492
Selbaie West	-	3,266	60,103	63,369
Caribou	-	8,642	159,030	167,672
Normetal West	-	3,601	66,274	69,875
	2,901,124	-	1,276,289	4,177,413

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
 Nine months ended September 30, 2015 and 2014  
 (Unaudited)

## 12. Mining properties and exploration and evaluation assets (continued):

Mining properties:

	Balance, December 31, 2013	Additions	Balance, December 31, 2014
	\$	\$	\$
Rouyn	2,831,770	-	2,831,770
Other	-	69,354	69,354
	2,831,770	69,354	2,901,124

Exploration and evaluation assets:

	Balance, December 31, 2014	Additions	Balance, September 30, 2015
	\$	\$	\$
Rouyn	15,696,588	176,910	15,873,498
Beschefer	71,742	655	72,397
Kistabiche	-	95,325	95,325
Allard	-	41	41
Gemini	-	1,280	1,280
Scott Lake	-	754,981	754,981
Lemoine	-	8,777	8,777
Selbaie West	-	309,453	309,453
Hebecourt	-	134	134
Caribou	-	979	979
Normetal West	-	6,827	6,827
	15,768,330	1,355,362	17,123,692

	Balance, December 31, 2013	Additions	Mining and Resource Tax credits	Gold Fields unspent commitment	Balance, December 31, 2014
	\$	\$	\$	\$	\$
Rouyn	16,142,612	456,250	(163,828)	(738,446)	15,696,588
Beschefer	71,742	-	-	-	71,742
	16,214,354	456,250	(163,828)	(738,446)	15,768,330

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Nine months ended September 30, 2015 and 2014  
(Unaudited)

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## 12. Mining properties and exploration and evaluation assets (continued):

### (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 8).

### (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.

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Nine months ended September 30, 2015 and 2014  
(Unaudited)

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## 12. Mining properties and exploration and evaluation assets (continued):

(d) Cancor properties (continued)

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

(e) Selbaie West:

Yorbeau owns a 100% interest in the Selbaie West property, which is located in the Carheil and Brouillan Townships in Quebec. The property is composed of 105 claims, of which 100 claims are subject to a back-in right in favor of First Quantum Minerals Ltd. ("First Quantum") pursuant to an agreement dated June 29, 2009 as amended on January 15, 2015 (the "Back-in Right Agreement"). Under the terms of the Back-in Right Agreement, First Quantum has the right to earn back a 50% interest in the property by funding, with Yorbeau as operator, the exploration expenditures on the property in an amount equal to twice the amount of expenditures made on such property since it was acquired by Cogitore. If First Quantum does not exercise its back-in right, it will have the right to receive a 1% NSR royalty on the claims which are subject to the said back-in right.

(f) Scott Lake:

Yorbeau owns a 100% interest in the Scott Lake property, which is composed of three (3) claim blocks totalling 129 claims located in the Scott, Lévy and Obalski Townships in Quebec. Some of these claims are subject to production royalties to third parties, as follows:

**Ouje** block: no underlying royalty.

**Scott-Diagold** block: These claims are subject to a 1% NSR royalty in favor of Exploration Diagold Inc., which can be purchased at any time by Yorbeau for an amount of \$750,000.

**Thundermin** block: These claims are subject to various underlying royalty agreements providing for the following royalties, payable upon commercial production.

(i) a one-time cash payment to Thundermin Resources Inc. ("Thundermin") of: (1) \$1,000,000 if the feasibility study in respect of the property indicates contained mineral reserves of less than 5 million tonnes; (2) \$2,000,000 if such reserves are in excess of 5 million tonnes but less than 10 million tonnes; and (3) \$4,000,000 if such reserves are in excess of 10 million tonnes;

(ii) a \$1 per ton royalty, up to a maximum payout of \$300,000; and

(iii) a 4% NSR royalty on mining in excess of 1 million tons.

An advance amount of \$35,000 is payable annually to Thundermin until commercial production is achieved. Such advance payments are recoupable out of the payments payable to Thundermin described under subsection (i) above.

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Nine months ended September 30, 2015 and 2014  
(Unaudited)

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## 12. Mining properties and exploration and evaluation assets (continued):

### (g) Lemoine:

In July 2015, the 199 staked claims which formed the Lemoine property were converted into an aggregate of 103 map designated claims. The property is located in the Lemoine, Rinfret and Dollier Townships in Quebec. Yorbeau has a 79.17% interest in the Lemoine property and the remaining interest of 20.83% is held by First Quantum. Certain claims of this property are subject to a 2% NSR royalty and to a \$1 M payment upon commercial production while other claims of this property are subject to a 1% NSR royalty, 50% of which can be purchased for \$1 M.

### (h) Estrades-Caribou:

The Estrades-Caribou property consists of three (3) contiguous claim blocks totalling 120 claims located in the Estrées Township in Quebec. Yorbeau owns varying interests in these claims, as follows:

**Estrades** block (7 claims): 65% interest owned by Yorbeau, residual interest owned by First Quantum.

**Caribou East** block (38 claims): 65% interest owned by Yorbeau, residual interest owned by First Quantum.

**Caribou West** block (75 claims): 100% interest owned by Yorbeau

111 claims on the **Caribou East** and **Caribou West** blocks are subject to a 2.5% NSR royalty.

### (i) Normetal West:

Yorbeau owns a 100% interest in the Normetal West property which consists of 18 claims located in the Abbotsford and Adair Townships in Ontario. Three of these claims are subject to a 1% NSR royalty which can be purchased for \$500,000.

### (j) Landrienne:

Yorbeau owns a 100% interest in the Landrienne property which consists of 62 claims located in the Landrienne Township in Quebec. This property is subject to the Back-in Right Agreement with First Quantum. Also, 22 claims of the property are subject to a 2% NSR royalty and 24 claims of the property are subject to a 1% NSR royalty.

### (k) Hébécourt:

Yorbeau owns a 100% interest in this property which is composed of 42 claims in the Hébécourt Township in Quebec and one claim in the Marriott Township in Ontario. All claims of this property are subject to the Back-in Right Agreement with First Quantum and 32 of such claims are also subject to a 1% NSR royalty which can be purchased for \$1 000 000.

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
Nine months ended September 30, 2015 and 2014  
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## 12. Mining properties and exploration and evaluation assets (continued):

### (l) Castagnier:

Yorbeau owns a 100% interest in the Castagnier property which consists of one claim located in the La Morandière Township in Quebec. This property is subject to the Back-in Right Agreement with First Quantum.

## 13. Accounts payable and accrued liabilities:

	September 30 2015	December 31 2014
Accounts payable	\$ 247,357	\$ 293,156
Accrued liabilities	63,567	76,337
Accounts payable and accrued liabilities	\$ 310,924	\$ 369,493

## 14. 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 period, nil (2014 - \$4,603) was charged to interest expense. On January 29, 2014, the Company fully repaid this loan plus interest of \$38,795.

## 15. 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 7) 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.

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

	September 30 2015	December 31 2014
Balance, beginning of year	\$ 615,875	\$ 669,210
Provision used during the period	-	(53,335)
Balance end of period	\$ 615,875	\$ 615,875



# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
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## 16. 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 2015		December 31 2014	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	208,792,001	46,134,500	174,385,206	42,016,618
Shares issued:				
Private placement - cash	-	-	9,515,002	1,712,700
Pursuant to asset 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)
Pursuant to asset acquisition from Cogitore	25,000,000	1,500,000	-	-
Balance, end of period	233,792,001	47,634,500	208,792,001	46,134,500

On January 31, 2015, the Company completed an asset acquisition, the details of which are described in Note 10, whereby it issued a total of 25,000,000 Class A common shares for the mining properties as well as a building from Cogitore Resources. The closing market price on the day of the transaction was \$0.06, which is the price used in calculating the value of the shares issued.

On March 24, 2014, the Company completed a private placement financing. A total of four tranches were 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.

# YORBEAU RESOURCES INC.

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

On May 28, 2014, the Company completed an asset acquisition, the details of which are described in Note 9, 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.

# YORBEAU RESOURCES INC.

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

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

	September 30 2015	December 31 2014
Balance, beginning of year	9,978,926	200,000
Warrants issued:		
Pursuant to private placement	-	4,757,500
Finder's fee	-	930,555
To shareholders of Cancor Mines	-	4,090,871
Warrants expired	(200,000)	-
Balance, end period	9,778,926	9,978,926

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

	September 30, 2015	December 31, 2014
Risk-free interest rate	-	1.05%, 1.02%, 1.03%
Expected life	-	1.58 years, 1.88 years, 2 years
Expected volatility	-	40.00%, 37.33%, 38.17%
Expected dividend	-	-

As at September 30, 2015, the following share purchase warrants were outstanding:

- 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.

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
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## 17. Share option plan:

As at September 30, 2015, 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.

The option plan provides 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.

On April 13, 2015, the Company granted 3,425,000 share options to directors, employees, and service providers, exercisable at \$0.18 per share. 925,000 share options will vest immediately. 1/3 of the remaining share options vested at the date of the grant, with an additional 1/3 vesting at each anniversary date thereafter. These options will expire after a period of five years. The fair value of each option was determined using the Black-Scholes option-pricing model. At the date of the grant, the weighted average fair value of options granted was \$0.006 per option for a total value of \$20,593.

The following weighted average assumptions were used in these calculations:

	September 30, 2015	December 31, 2014
Risk-free interest rate	0.77%	-
Expected life	5 years	-
Expected volatility	49.237%	-
Expected dividend	-	-

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

	September 30 2015		December 31 2014	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	6,360,000	\$ 0.26	8,358,334	\$ 0.24
Granted	3,425,000	0.18	-	-
Cancelled	-	-	(50,000)	0.25
Expired	(250,000)	0.28	(1,713,334)	0.16
Forfeited	-	-	(235,000)	0.25
Balance, end of period	9,535,000	0.23	6,360,000	0.26
Exercisable options, end of period	6,901,667	\$ 0.24	3,560,000	\$ 0.26

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
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## 17. Share option plan (continued):

As at September 30, 2015, the following options were outstanding:

- 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.
- 3,425,000 options at \$0.18 per share until April 12, 2020.

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

	September 30 2015		December 31 2014	
	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 former director and officer of the Company. These options vested immediately and set to expire 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.

The following weighted average assumptions were used in these calculations:

	September 30, 2015	December 31, 2014
Risk-free interest rate	-	1.67 %
Expected life	-	5 years
Expected volatility	-	65.02 %
Expected dividend	-	-

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
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## 18. Income tax:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.9% (2014 - 26.9%) as a result of the following:

	September 30 2015	September 30 2014
Loss and comprehensive loss	\$ (500,639)	\$ (1,291,105)
Computed "expected" tax recovery	(134,672)	(347,307)
Increase in income taxes resulting from:		
Non-deductible share-based payments	22,393	63,796
Current year losses not recognized	-	283,511
Tax expense related to flow-through share deduction	354,868	-
Permanent difference arising from the non taxable income related to flow-through shares	(66,538)	-
Other	(176,051)	-
<b>Total income tax recovery</b>	<b>\$ -</b>	<b>\$ -</b>

As at September 30, 2015, the Company has exploration expenditures and other costs of approximately \$28,876,000 which are being carried forward for income tax purposes indefinitely and which may be deducted from future taxable income. The Company also has \$16,190,000 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:

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
2035	939,000
<b>Total</b>	<b>\$ 16,190,000</b>

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
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## 18. 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 2015	December 31 2014
Operating losses	\$ 4,355,000	\$ 4,237,000
Equity financing costs	65,000	87,000
Equipment	135,000	137,000
Mining properties	1,246,000	1,246,000
Exploration and evaluation assets	1,429,000	1,429,000
Provisions	166,000	166,000
Unrecognized tax deferred assets	\$ 7,396,000	\$ 7,302,000

## 19. Commitments and contingencies:

The Company has commitments under the terms of operating leases for premises, surface vehicle and plotter (2014: premises). Minimum lease payments are as follows:

	September 30 2015	December 31 2014
One year and less	\$ 16,182	\$ 43,082
More than one and less than five years	49,656	-
	\$ 65,838	\$ 43,082

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

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 September 30, 2015, the Company has incurred \$1,319,212 of 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.

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Notes to Condensed Consolidated Interim Financial Statements, Continued  
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## 20. Administrative charges:

	For three months ended		For nine months ended	
	September 30		September 30	
	2015	2014	2015	2014
	\$	\$	\$	\$
Professional fees	52,129	141,030	214,190	371,502
Investor relations	21,090	47,386	42,929	224,350
Salaries	77,562	71,825	243,436	195,938
Miscellaneous	9,787	17,801	34,124	50,563
Rent	16,020	15,755	48,729	43,639
Royalty	12,500	12,500	37,500	37,500
Insurance	3,071	10,192	9,647	30,243
Taxes, licenses, fees	111	-	5,238	35,573
Amalgamation costs	-	10,564	-	155,342
Amortization expense	2,739	-	7,304	-
<b>Total</b>	<b>195,009</b>	<b>327,053</b>	<b>643,097</b>	<b>1,144,650</b>

## 21. Related party transactions:

### *Transactions with key management personnel*

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

	September 30	September 30
	2015	2014
Short-term employee benefits	\$ 186,790	\$ 94,570
Share-based payments	64,499	190,940
<b>Total</b>	<b>\$ 251,289</b>	<b>\$ 285,510</b>

### *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 \$170,450 (2014 - \$352,725), charged to administrative charges, as well as with respect to financing in the amount of \$23,196 (2014 - \$33,117) charged to equity financing expenses, as well as with respect to acquisition of properties in the amount of \$50,178 (2014 - nil) charged to mining properties totalling an aggregate amount of \$243,824 (2014 - \$385,842). As at September 30, 2015, the accounts payable include \$56,207 (2014 - \$83,795) owed to this legal firm.



# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued  
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## 21. Related party transactions (continued)

### *Other related party transactions (continued)*

Administrative charges in the consolidated statements of loss and comprehensive loss include an amount of \$37,500 (2014 - \$37,500) paid as a royalty to Société Minière Alta Inc., of which a director of Yorbeau is the sole shareholder (Note 12 (a)).

A director of the Company rendered investor relations services in the amount of nil (2014 - \$40,000) charged to administrative charges. As at September 30, 2015, the accounts payable include nil (2014 - nil) payable to this director.

Furthermore, administrative charges in the consolidated statements of loss and comprehensive loss include consulting fees in the amount of nil (2014 - \$45,000) charged by a director and officer. As at September 30, 2015, the accounts payable include nil (2014 - \$5,000) payable to this director.

A former director of the Company rendered investor relations services in the amount of nil (2014 - \$75,000), charged to administrative charges. As at September 30, 2015, the accounts payable include nil (2014 - nil) payable to this former director.

During the period, certain directors made additional loans of nil (2014 - \$50,000) to the Company, which brought the total of outstanding loans to nil (2014 - \$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 nil (2014 - \$8,699) was charged to interest expense and nil (2014 - \$450,000) has been repaid plus interest of nil (2014 - \$30,353). As at September 30, 2015, there are no more loans outstanding (2014 – nil).

In September 2015, subscribers advanced to the Company amounts aggregating \$430,000 for their subscriptions for flow-through shares in connection with the Company's flow-through share private placement. Subsequent to the end of the period, the Company closed the private placement and issued to such subscribers flow-through shares having an aggregate consideration of \$430,000.

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.

## 22. Subsequent event

On November 3, 2015, the Company completed a non-brokered private placement financing. The placement was completed in two tranches. The Company issued a total of 6,249,995 flow-through shares at a price of \$0.12 per share for gross proceeds of \$750,000.