

YORBEAU RESOURCES INC.

**Condensed Consolidated Interim Financial Statements
(Unaudited and not reviewed by the
Company's independent auditors)
For the period ended
June 30, 2017**

Yorbeau Resources Inc.
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YORBEAU RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

	June 30 2017 \$	December 31 2016 \$
Assets		
Current assets		
Cash and cash equivalents	2 692 853	1 375 590
Tax credits and other receivables (Note 4)	160 956	260 080
Prepaid expenses	71 474	63 221
	2 925 283	1 698 891
Non-current assets		
In-trust deposits (Note 5)	279 000	197 380
Chibougamau Building (Note 7)	248 228	253 293
Mining Properties (Note 8)	3 840 538	3 840 538
Exploration and evaluation assets (Note8)	21 522 130	20 085 274
	25 889 896	24 376 485
	28 815 179	26 075 376
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	208 013	520 542
Liability related to flow-through shares (Notes 11)	299 982	341 383
	507 995	861 925
Non-current liabilities		
Provisions (Note 10)	279 000	279 000
	786 995	1,140 925
Shareholders' Equity		
Share capital and warrants (Note 11)	53 701 886	52 741 943
Contributed surplus	2,889 956	2,889 256
Deficit	(28 563 658)	(30 696 748)
	28 028 184	24 934 451
	28 815 179	26 075 376

Commitments and contingencies (Note 13)

See accompanying notes to condensed consolidated interim financial statements

YORBEAU RESOURCES INC.

Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited)

	For three months ended June 30		For six months ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenues				
Management fees	15 290	7 500	26 480	15,000
Rental of facilities	38 700	7 650	75,300	15 300
Sales of the net smelter royalty of Ellison property	2 250 000	-	2 250 000	-
Other revenue related to flow-through shares	85 797	143 757	341 383	288 487
	2 389 787	158 907	2 693 163	318 787
Expenses				
Administrative charges (Note 14)	210 858	228 786	393 650	387 370
Share-based payments	82	22 669	700	34 028
Property maintenance	57 139	74 234	77 002	89 142
Chibougamau building expenses (Note 15)	8 060	33 424	15 487	45 790
	276 139	359 113	486 839	556 330
Interest income	(5)	(704)	(27)	(1 054)
Interest expense	1 772	-	1 772	4 132
Net interest expense (income)	1 767	(704)	1 745	3 078
Net earnings (net loss) and comprehensive loss for the period	2 111 881	(199 502)	2 204 579	(240 621)
Net loss per share, basic and diluted	(0.00)	(0.01)	(0.00)	(0.00)01)
Weighted average number of shares outstanding	318 384 051	261 757 726	334 586 554	253 569 178

See accompanying notes to condensed consolidated interim financial statements.

YORBEAU RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Cash Flows

(Unaudited)

	For six months ended June 30 2017 \$	For six months ended June 30 2016 \$
Cash flows from operating activities		
Net earnings (net loss) and comprehensive loss for the period	2 204 579	(240 621)
Adjustments for:		
Other revenue related to flow-through shares	(341 383)	(288 487)
Share-based payments	700	34 028
Amortization expense (note 8)	5 065	5 277
Net interest expense (income)	1 745	3 078
Working capital adjustments		
Change in sales tax and other receivables	99 124	14 033
Change in prepaid expenses	(8 253)	10 173
Change in accounts payable and accrued liabilities	(312 529)	(61 685)
Interest received	27	1 054
Interest paid	(1 772)	(4 132)
Cash provided from (used) in operating activities	1 647 303	(527 282)
Cash flows from investing activities		
Increase in in-trust deposits	(81 620)	-
Additions to exploration and evaluation assets	(1 436 858)	(1 201 159)
Credit on mining duties and resource tax credits	--	41 530
Net cash used in investing activities	(1 518 478)	(1 159 629)
Cash flows from financing activities		
Proceeds from issuance of shares	1 259 925	1 650 000
Equity financing expenses	(71 487)	(115 405)
Net cash from financing activities	1 188 438	1 534 595
Net increase (decrease) in cash and cash equivalents	1 317 263	(152 316)
Cash and cash equivalents, beginning of year	1 375 590	341 774
Cash and cash equivalents, end of period	2 682 853	189 458

See accompanying notes to condensed consolidated interim financial statements.

YORBEAU RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited)

	For six months ended June 30 2017 \$	For six months ended June 30 2016 \$
Transactions with shareholders, recorded directly in equity		
Share capital and warrants		
Balance beginning of year	52 741 943	48 532 227
Issue of common shares	-	850 000
Issue of flow-through shares	1 259 925	800 000
Liability related to flow-through shares	(299 982)	(190 476)
Balance end of the period	53 701 886	49 991 751
Contributed surplus		
Balance beginning of year	2 889 256	2 849 483
Share-based payments under the option plan	700	34 028
Balance end of the period	2 889 956	2 883 511
Deficit		
Balance beginning of year	(30 696 748)	(29 838 827)
Total comprehensive earnings (loss) for the period	2 204 579	(240 621)
Equity financing expenses	(71 489)	(115 405)
Balance end of the period	(28 563 658)	(30 194 853)
Total shareholders' equity end of the period	28 028 184	22 680 409

See accompanying notes to condensed consolidated interim financial statements.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

1. Reporting entity:

Yorbeau Resources Inc. ("Yorbeau" or the "Company") is a company domiciled in Canada and incorporated under the laws of the Province of Québec. The address of the Company's registered office is 110 Crémazie Boulevard, Suite 430, Montréal, Québec.

The Company is involved in the exploration of mineral properties in the Province of Québec. Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

The 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 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 and discharge its liabilities as they become payable and pursue 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 and exploration and evaluation assets represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

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, 2016.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

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, 2015, except for the following:

New accounting standards and amendments adopted:

The following amendments have been applied in preparing the unaudited condensed consolidated financial statements as at June 30, 2017 and did not have a significant impact on the financial statements:

On January 2016, the IASB issued amendments to IAS 7, *Statements of cash flows* as part of its major initiative to improve presentation and disclosure in financial reports (the "Disclosure Initiative").

4. Tax credits and other receivables:

		June 30		December 31
		2017		2016
Sales taxes	\$	40 280	\$	115 152
Kinross gold corporation		109 427		130 035
Others		11 249		14 893
Tax credits and other receivables	\$	160 956	\$	260 080

5. In-trust deposits:

As at June 30, 2017, the Company has deposited \$ 279 000 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 10).

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

6. Liability related to rights granted in replacement of old Cancor options:

At the acquisition of Cancor in 2014, the Company 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 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 June 30, 2017, the fair value of these rights was nil.

As at June 30, 2016, the number of rights outstanding was 89 583.

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

7. Asset acquisition from Cogitore Resources Inc.:

Chibougamau Building:

	June 30, 2017		December 31, 2016	
Cost				
Balance, beginning of year	\$	273 890	\$	273 890
Balance, end of period	\$	273 890	\$	273 890

Accumulated amortization

Balance, beginning of year	\$	20 597	\$	10 043
Amortization during the period		5 065		10 554
Balance, end of period	\$	25 662	\$	20 597

Carrying amount

Balance	\$	248 228	\$	253 293
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YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

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

Mining properties:

	Balance, December 31, 2016	Additions	Balance, June 30, 2017
	\$	\$	\$
Rouyn	2,494,895	-	2,494,895
Scott Lake	774,235	-	774,235
Lemoine	270,492	-	270,492
Selbaie West	63,369	-	63,369
Estrades-Caribou	167,672	-	167,672
Normetal West	69,875	-	69,875
	3,840,538	-	3,840,538

	Balance, December 31, 2015	Allocation of other	Additions	Balance, December 31, 2016
	\$		\$	\$
Rouyn	2 831 770	(336 875)	-	2 494 895
Scott Lake	774 235	-	-	774 235
Lemoine	270 492	-	-	270 492
Selbaie West	63 369	-	-	63,369
Estrades-Caribou	167 672	-	-	167,672
Normetal West	69 875	-	-	69,875
	4 177 413	(336 875)	-	3 840 538

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

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

Exploration and evaluation assets:

	Balance, December 31, 2016	Additions	Mining and Resource Tax Credits	Balance, June 30, 2017
	\$	\$		\$
Rouyn	16 067 453	7 178	-	16 074 631
Beschefer	223 727	496 840	-	720 567
Kistabiche	130 793	46	-	130 839
Scott Lake	3 262 276	312 027	-	3 574 303
Lemoine	18 426	-	-	18 426
Selbaie West	318 033	453	-	318 486
Estrades-Caribou	8 271	620 312	-	628 583
Normetal West	56 295	-	-	56 295
	20 085 274	1 436 856	-	21 522 130

	Balance, December 31, 2015	Additions	Balance, December 31, 2016
	\$	\$	\$
Rouyn	15 929 512	137 941	16 067 453
Beschefer	72 412	151 315	223 727
Kistabiche	108 583	22 210	130 793
Scott Lake	1 308 912	1 953 364	3 262 276
Lemoine	8 832	9 594	18 426
Selbaie West	310 875	7 158	318 033
Estrades-Caribou	3 702	4 569	8 271
Normetal West	55 880	415	56 295
	17 798 708	2 286 566	20 085 274

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

8. 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.

On October 25, 2016, the Company signed a definitive option agreement with an affiliate of Kinross Gold Corporation ("Kinross") pursuant to which the Company granted to Kinross an option to purchase a 100% interest in the Rouyn property. The definitive option agreement provides that Kinross must complete a resource estimate for the Rouyn property after funding CA\$12 million of exploration expenditures on or before December 16, 2020 ("the funding requirement"), including a firm commitment to spend CA\$3 million ("the firm commitment") in the first 18 months including no less than 12,500 metres of diamond drilling. If Kinross has incurred the firm commitment, but the aggregate exploration expenditures incurred on or before the December 16, 2020 are less than the funding requirement, Kinross may pay the deficiency to Yorbeau in cash within 60 days after the fourth anniversary in order to meet the funding requirement provided that no less than 50% of the exploration expenditures then actually incurred have been allocated to drilling costs.

Kinross will be the operator and project manager of the property during the option period.

Upon completion of the resource estimate, Kinross will have the option to acquire a 100% interest in the property for a single cash payment consisting of (i) US\$25,000,000, plus (ii) 2% of the prevailing gold price multiplied by the number of ounces of gold in measured, indicated and inferred resources identified in the resource estimate. In addition to the cash payment, Yorbeau will retain a 2% NSR on any ounces produced in excess of the number of ounces identified by Kinross in the resource estimate. The definitive option agreement was subject to the approval of the shareholders of Yorbeau who approved the agreement at a special meeting that was held on December 14, 2016.

(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

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

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

(b) Beschefer property (continued):

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.

On May 31, 2017, Yorbeau has entered into an agreement to sell to Agnico its net smelter royalty over the Ellison Property which the Company had received as part of its sale of the Ellison Property to Agnico in 2002.

The purchase price for the net smelter royalty is \$2 250 000 and was paid in cash by Agnico upon execution of the agreement. In addition to the sale of the net smelter royalty, the remaining instalment of 2002 sale in the amount of \$500 000, which was payable only upon commencement of commercial production, would no longer be payable.

(d) Cancor properties:

Cancor 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

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

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

(e) Selbaie West (continued):

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. Effective January 12, 2016, 1948565 Ontario Inc., a wholly owned subsidiary of Rambler Metals and Mining PLC. acquired by way of amalgamation all of the issued and outstanding shares of Thundermin Resources Inc.

(i) a one-time cash payment to 1948565 Ontario Inc. ("1948565") 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 1948565 until commercial production is achieved. Such advance payments are recoupable out of the payments payable to 1948565 described under subsection (i) above.

(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

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

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

(g) Lemoine (continued):

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) Other properties:

Yorbeau owns a 100% interest in the Hébécourt (23 claims subject to the Back-in Right Agreement and 1% NSR royalty) and Castagnier (1 claim subject to the Back-in Right Agreement) properties.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

9. Accounts payable and accrued liabilities:

		June 30		December 31
		2017		2016
Accounts payable	\$	106 271	\$	431 410
Accrued liabilities		101 742		89 132
Accounts payable and accrued liabilities	\$	208 013	\$	520 542

10. Provisions:

The Company's provisions 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 \$255,000 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 if required. Provisions are measured at each reporting date based on its best estimate of cash outflows. Any future changes to the estimated restoration provisions as a result of amended laws, regulations and operating assumptions will be added to the cost of the related assets and could be significant.

The Company has already deposited amounts of \$255 000 and \$24,000 with governmental authorities (refer to Note 5) 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:

		June 30		December 31
		2017		2016
Balance, beginning of year	\$	279 000	\$	615,875
Provision used during the period		-		(336 875)
Balance end of period	\$	279 000	\$	279 000

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

11. Share capital and warrants:

Authorized:

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

Shares fluctuated as follows during the period:

	June 30 2017		December 31 2016	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	293 253 299	52 741 943	243 678 359	48 532 227
Shares issued:				
Private placement – common shares	-	-	23 253 970	1 850 000
Private placement – flow-through	11 999 285	1 259 925	25 445 970	3 066 250
Liability related to flow-through	-	(299 982)	-	(776 534)
Exercise of warrant	-	-	875 000	70 000
Balance, end of period	305 252 584	53 701 886	293 253 299	52 741 943

(a) 2017 financing:

(i) Flow-through shares issuance:

On June 14, 2017, the Company completed a private placement financing. The Company issued a total of 11 999 285 flow-through shares at a price of \$0.105 per share for gross proceeds of \$1 259 925. At closing, the Company paid 5% of the gross proceeds as a finder's fee.

The carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of \$959 944 that was recorded when the flow-through shares were issued during the financings on June 14, 2017.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

11. Share capital and warrants (continued):

b) 2016 financing:

(i) Issuance of units:

On March 10, 2016, the Company completed a private placement financing. The Company issued a total of 7,142,859 units ("Units") at a price of \$0.07 per Unit for gross proceeds of \$500,000. 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 \$0.10 until March 10, 2018.

On April 20, 2016, the Company completed a private placement financing. The Company issued a total of 3,571,428 Units at a price of \$0.07 per Unit for gross proceeds of \$250,000. 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 \$0.10 until April 20, 2018.

On April 28, 2016, the Company completed a private placement financing. The Company issued a total of 1,428,572 Units at a price of \$0.07 per Unit for gross proceeds of \$100,000. 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 \$0.10 until April 28, 2018.

On December 15, 2016, the Company completed a private placement financing. The Company issued a total of 11,111,111 Units at a price of \$0.09 per Unit for gross proceeds of \$1,000,000. 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 \$0.12 until December 15, 2018.

(ii) Flow-through shares issuance:

On March 31, 2016, the Company completed a private placement financing. The Company issued a total of 5,952,381 flow-through shares at a price of \$0.105 per share for gross proceeds of \$625,000. At closing, the Company paid 8% of the gross proceeds as a finder's fee.

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

11. Share capital and warrants (continued):

b) 2016 financing:

(ii) Flow-through shares issuance (continued):

On April 28, 2016, the Company completed a private placement financing. The Company issued a total of 1,666,667 flow-through shares at a price of \$0.105 per share for gross proceeds of \$175,000.

On July 19, 2016, the Company completed a private placement financing. The Company issued a total of 6,200,000 flow-through shares at a price of \$0.125 per share for gross proceeds of \$775,000. At closing, the Company paid 7% of the gross proceeds as a finder's fee.

On August 29, 2016, the Company completed a private placement financing. The Company issued a total of 3,200,000 flow-through shares at a price of \$0.125 per share for gross proceeds of \$400,000.

On September 13, 2016, the Company completed a private placement financing. The Company issued a total of 700,000 flow-through shares at a price of \$0.125 per share for gross proceeds of \$87,500. At closing, the Company paid 7% of the gross proceeds as a finder's fee.

On October 17, 2016, the Company completed a private placement financing. The Company issued a total of 150,000 flow-through shares at a price of \$0.125 per share for gross proceeds of \$18,750.

On December 23, 2016, the Company completed a private placement financing. The Company issued a total of 7,576,922 flow-through shares at a price of \$0.13 per share for gross proceeds of \$985,000. At closing, the Company paid 6% of the gross proceeds as a finder's fee.

The warrants are composed of the following:

	June 30 2017	December 31 2016
Balance, beginning of year	11 626 982	875 000
Warrants issued:		
Pursuant to private placement	-	11 626 982
Warrants expired	-	(875 000)
Balance, end period	11 626 982	11 626 982

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

11. Share capital and warrants (continued):

As at June 30, 2017, the following share purchase warrants were outstanding:

- 3,571,427 warrants at \$0.10 per warrant expiring on March 10, 2018.
- 1,785,714 warrants at \$0.10 per warrant expiring on April 20, 2018.
- 714,286 warrants at \$0.10 per warrant expiring on April 28, 2018.
- 5 555 555 warrants at \$0.12 per warrant expiring on December 15, 2018.

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

12. Share option plan:

As at June 30, 2017, 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 June 28, 2016, the Company granted 300,000 share options to a director exercisable at \$0.10 per share. These options vested immediately and 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 \$0.04 per option for a total value of \$12,395.

The following weighted average assumptions were used in these calculations:

	December 31, 2016
Risk-free interest rate	0.575%
Expected life	5 years
Expected volatility	57 412%

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

12. Share option plan (continued):

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

	June 30 2017		December 31 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of year	9 525 000	\$ 0.22	9 275 000	\$ 0.23
Granted	-	-	300 000	0.10
Expired	(2 600 000)	0.27	(50 000)	0.24
Balance, end of period	6 925 000	0.22	9 525 000	0.23

As at June 30, 2017, the following options were outstanding:

- 1 075 000 options at \$0.25 per share until December 31, 2017
- 950 000 options at \$0.18 per share until December 31, 2017
- 1 825 000 options at \$0.25 per share until August 12, 2018
- 2 475 000 options at \$0.18 per share until April 12, 2020
- 300 000 options at \$0.18 per share until November 4, 2020 and
- 300 000 options at \$0.10 per share until June 27, 2021

13. Commitments and contingencies:

The Company is committed to incur eligible exploration and evaluation expenses of \$2 652 334 by December 31, 2017, related to its flow-through share financings completed in 2016. As at March 31, 2017, the Company has incurred \$1 419 511 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

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

14. Administrative charges:

	For three months ended June 30		For six months ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Professional fees	52 500	61 239	62 460	94 427
Investor relations	42 037	38 899	89 900	51 692
Salaries	77 402	91 752	155 973	174 017
Miscellaneous	17 916	17 276	41 144	26 706
Rent	18 011	16 658	34 929	33 073
Insurance	2 992	2 962	5 919	5 892
Taxes, licenses, fees	-	-	3 325	1 563
Total	210 858	228 786	393 650	387 370

15. Chibougamau building expenses:

	For three months ended June 30		For six months ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Building maintenance	515	27 430	515	31 208
Insurance	292	304	577	605
Heating	2 127	505	4 154	3 577
Taxes, licenses, fees	1 985	1 983	3 971	3 978
Miscellaneous	608	563	1 204	1 145
Amortization expense	2 533	2 639	5 066	5 277
Total	8 060	33 424	15 487	45 790

YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Six months ended June 30, 2017 and 2016

(Unaudited)

16. Related party transactions:

Transactions with key management personnel

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

		For six months ended June 30 2017		For six months ended June 30 2016
Short-term employee benefits	\$	112 565	\$	126 488
Share-based payments		700		29 042
Total	\$	113 265	\$	155 530

Other related party transactions

Property maintenance in the consolidated statements of loss and comprehensive loss include an amount of \$25 000 (2016 - \$25,000) paid as a royalty to Société Minière Alta Inc., of which a director of Yorbeau is the sole shareholder (Note 8 (a)).

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.