

# **YORBEAU RESOURCES INC.**

**Condensed Consolidated Interim Financial Statements**  
**(Unaudited and not reviewed by the**  
**Company's independent auditors)**  
**For the period ended**  
**March 31, 2017**

Yorbeau Resources Inc.  
110 Place Crémazie, Suite 430  
Montreal (Quebec) H2P 1B9  
Tel. : (514) 384-2202 – Fax.: (514) 384-6399  
Toll free in North America: 1-855-384-2202

# YORBEAU RESOURCES INC.

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited)

	March 31 2017	December 31 2016
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	556,606	1,375,590
Tax credits and other receivables (Note 4)	203,985	260,080
Prepaid expenses	81,960	63,221
	<b>842,551</b>	<b>1,698,891</b>
<b>Non-current assets</b>		
In-trust deposits (Note 5)	279,000	197,380
Chibougamau Building (Notes 7)	250,761	253,293
Mining Properties (Note 8)	3,840,538	3,840,538
Exploration and evaluation assets (Note 8)	21,049,403	20,085,274
	<b>25,419,702</b>	<b>24,376,485</b>
	<b>26,262,253</b>	<b>26,075,376</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	869,689	520,542
Liability related to flow-through shares (Notes 11 and 12)	85,797	341,383
	<b>955,486</b>	<b>861,925</b>
<b>Non-current liabilities</b>		
Provisions (Note 10)	279,000	279,000
	<b>1,234,486</b>	<b>1,140,925</b>
<b>Shareholders' Equity</b>		
Share capital and warrants (Note 12)	52,741,943	52,741,943
Contributed surplus	2,889,874	2,889,256
Deficit	(30,604,050)	(30,696,748)
	<b>25,027,767</b>	<b>24,934,451</b>
	<b>26,262,253</b>	<b>26,075,376</b>

Reporting entity and going concern (note 1)

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 March 31	
	2017	2016
	\$	\$
<b>Revenues</b>		
Management fees	11,190	7,500
Rental of facilities	36,600	7,650
Other revenue related to flow-through shares	255,586	144,730
	<b>303,376</b>	159,880
<b>Expenses</b>		
Administrative charges (Note 14)	182,792	158,584
Share-based payments	618	11,359
Property maintenance	19,863	14,908
Chibougamau building expenses (Note 15)	7,427	12,366
	<b>210,700</b>	197,217
Interest income	(22)	(350)
Interest expense	--	4,132
Net interest (income) expense	<b>(22)</b>	3,782
<b>Earnings (loss) and comprehensive loss for the period</b>	<b>92,698</b>	(41,119)
Net loss per share, basic and diluted	<b>(0.00)</b>	(0.01)
Weighted average number of shares outstanding	<b>293,253,299</b>	245,345,026

See accompanying notes to condensed consolidated interim financial statements

# YORBEAU RESOURCES INC.

## Condensed Consolidated Interim Statements of Changes in Cash Flows

(Unaudited)

	For three months ended March 31 2017 \$	For three months ended March 31 2016 \$
<b>Cash flows from operating activities</b>		
Earnings (loss) and comprehensive loss for the period	92,698	(41,119)
Adjustments for:		
Other revenue related to flow-through shares	(255,586)	(144,730)
Share-based payments	618	11,359
Amortization expense (note 7)	2,532	2,638
Net interest expense (income)	(22)	3,782
Working capital adjustments		
Change in sales tax and other receivables	56,095	(9,285)
Change in prepaid expenses	(18,739)	(12,674)
Change in accounts payable and accrued liabilities	349,147	(31,106)
Interest received	22	350
Interest paid	--	(4,132)
<b>Net cash from (used) in operating activities</b>	<b>226,765</b>	<b>(224,917)</b>
<b>Cash flows from investing activities</b>		
Additions in-trust deposits	(81,620)	--
Additions to exploration and evaluation assets	(964,129)	(594,029)
Credit on mining duties and resource tax credits	--	41,530
<b>Net cash used in investing activities</b>	<b>(1,045,749)</b>	<b>(552,499)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	--	1,125,000
Equity financing expenses	--	(101,597)
<b>Net cash from financing activities</b>	<b>--</b>	<b>1,023,403</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(818,984)</b>	<b>245,987</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,375,590</b>	<b>341,774</b>
<b>Cash and cash equivalents, end of period</b>	<b>556,606</b>	<b>587,761</b>

See accompanying notes to condensed consolidated interim financial statements

# YORBEAU RESOURCES INC.

## Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited)

	For three months ended March 31 2017 \$	For three months ended March 31 2016 \$
Transactions with shareholders, recorded directly in equity		
<b>Share capital and warrants</b>		
Balance beginning of period	52,741,943	48,532,227
Issue of common shares	-	500,000
Issue of flow-through shares	-	625,000
Liability related to flow-through shares	-	(148,810)
Balance end of the period	52,741,943	49,508,417
<b>Contributed surplus</b>		
Balance beginning of period	2,889,256	2,849,483
Share-based payments under the option plan	618	11,359
Balance end of the period	2,889,874	2,860,842
<b>Deficit</b>		
Balance beginning of period	(30,696,748)	(29,838,827)
Total comprehensive earnings (loss) for the period	92,698	(41,119)
Equity financing expenses	-	(101,597)
Balance end of the period	(30,604,050)	(29,981,543)
<b>Total shareholders' equity end of the period</b>	<b>25,027,767</b>	<b>22,387,716</b>

See accompanying notes to condensed consolidated interim financial statements

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

---

## 1. Reporting entity and going concern:

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

The Company is involved in the exploration of mineral properties in the Province of Québec. 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 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 period will not provide the Company with adequate funding to cover its budgeted general administrative expenses and to meet its short-term obligations for the next twelve months, and to complete its planned 2017 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2017. To this end, management is actively pursuing financing through stock issuance and/or obtaining a credit facility with a financial institution in the second quarter.

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.

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

---

## 2. Statement of compliance:

These condensed consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), including IAS 34, *Interim Financial Reporting*. These unaudited condensed consolidated interim financial statements do not include all the information required for full annual financial statements, and therefore, should be read in conjunction with the audited annual financial statements and the notes thereto for the year ended December 31, 2016.

## 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, 2016, 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 March 31, 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:

		March 31 2017		December 31 2016
Sales taxes	\$	131,548	\$	115,152
Kinross gold corporation		72,437		130,035
Others		-		14 893
Tax credits and other receivables	\$	203,985	\$	260,080

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

## 5. In-trust deposits:

As at March 31, 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 11).

## 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 March 31, 2017, the fair value of these rights was nil.

As at March 31, 2017, 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. Chibougamau Building:

	March 31, 2017	December 31, 2016
<b>Cost</b>		
Balance, beginning of year	\$ 273,890	\$ 273,890
Balance, end of period	\$ 273,890	\$ 273,890

	March 31, 2017	December 31, 2016
<b>Accumulated amortization</b>		
Balance, beginning of year	\$ 20,597	\$ 10,043
Amortization during the period	2,532	10,554
Balance, end of period	\$ 23,129	\$ 20,597



# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

## 7. Chibougamau Building (continued):

Carrying amount	March 31, 2017	December 31, 2016
Balance	\$ 250,761	\$ 253,293

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

Mining properties:

	Balance, December 31, 2016	Additions	Balance, March 31, 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

Three months ended March 31, 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, March 31, 2017
	\$	\$		\$
Rouyn	16,067,453	3,639	-	16,071,092
Beschefer	223,727	357,491	-	581,218
Kistabiche	130,793	46	-	130,839
Scott Lake	3,262,276	216,785	-	3,479,061
Lemoine	18,426	-	-	18,426
Selbaie West	318,033	387	-	318,420
Estrades-Caribou	8,271	385,781	-	394,052
Normetal West	56,295	-	-	56,295
	20,085,274	964,129	-	21,049,403

	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

Three months ended March 31, 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

Three months ended March 31, 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.

### (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 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.

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

---

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

### (f) Scott Lake (continued):

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; and

1948565 Ontario Inc. (previously "Thundermin Block"): These claims are subject to various underlying royalty agreements providing for the following royalties, payable upon commercial production.

Effective January 2016, Thundermin Resources Inc. was acquired by 1948565 Ontario 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 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 RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

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

### (h) Estrades-Caribou (continued):

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.

## 9. Accounts payable and accrued liabilities:

	March 31 2017	December 31 2016
Accounts payable	\$ 767,145	\$ 431,410
Accrued liabilities	102,544	89,132
Accounts payable and accrued liabilities	\$ 869,689	\$ 520,542

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

---

## 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. 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 in partial satisfaction of the required financial guarantees for the Astoria and Augmitto sites.

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

		March 31 2017		December 31 2016
Balance, beginning of year	\$	279,000	\$	615,875
Revised provisions during the year		-		(336,875)
Balance end of period	\$	279,000	\$	279,000

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 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:

	March 31 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 - cash	-	-	23,253,970	1,850,000
Private placement – flow-through	-	-	25,445,970	3,066,250
Liability related to flow-through	-	-	-	(776,534)
Exercise of warrant	-	-	875,000	70,000
Balance, end of period	293,253,299	52,741,943	293,253,299	52,741,943

(a) 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.



# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

---

## 11. Share capital and warrants (continued):

### (a) 2016 financing (continued):

#### (i) Issuance of units (continued):

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.

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.

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

## 11. Share capital and warrants (continued):

(a) 2016 financing (continued):

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

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 carrying amount of these flow-through shares is presented net of the liability related to flow-through shares of \$776,534 that was recorded when the flow-through shares were issued during the financings on March 31, 2016, April 28, 2016, July 19, 2016, August 29, 2016, September 13, 2016, October 17, 2016, and December 23, 2016.

(iii) Issuance of common shares:

On December 1, 2016, the Company issued a total of 875,000 Class A common shares pursuant to an exercise of warrants at an exercise price of \$0.08 per share for gross proceeds of \$70,000.

## 11. Share capital and warrants (continued):

The warrants are composed of the following:

	March 31 2017	December 31 2016
Balance, beginning of year	11,626,982	875,000
Warrants issued pursuant to a private placement	-	11,626,982
Warrants exercised	-	(875,000)
Balance, end period	11,626,982	11,626,982

As at March 31, 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; and
- 5,555,555 warrants at \$0.12 per warrant expiring on December 15, 2018.

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

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

## 12. Share option plan:

As at March 31, 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%

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

	March 31 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	(2,400,000)	0.27	(50,000)	0.24
Balance, end of period	7,125,000	0.21	9,525,000	0.22
Exercisable options, end of period	7,125,000	\$ 0.21	8,800,000	\$ 0.24

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

---

## 13. Share option plan (continued):

As at March 31, 2017, the following options were outstanding:

- 200,000 options at \$0.27 per share until May 1, 2017
- 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 has commitments under the terms of operating leases for premises, surface vehicle and plotter. Minimum lease payments are as follows:

	March 31 2017	December 31 2016
One year and less	\$ 28,913	\$ 45,422
	\$ 28,913	\$ 45,422

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 \$3,066,250 by December 31, 2017, related to its flow-through share financings completed in 2016. As at March 31, 2017, the Company has incurred \$2,637,969 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

## 13. Commitments and contingencies (continued):

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

subscriber for the additional taxes payable by such subscriber as a result of the Company's failure to renounce the qualifying expenditures as agreed.

## 14. Administrative charges:

	For three months ended March 31	
	2017	2016
Professional fees	\$ 9,960	\$ 33,188
Investor relations	47,863	12,793
Salaries	78,571	82,265
Miscellaneous	23,228	9,430
Rent	16,917	16,415
Insurance	2,927	2,930
Taxes, licenses, fees	3,326	1,563
Total	\$ 182,792	\$ 158,584

## 16. Chibougamau building expenses:

	For three months ended March 31	
	2017	2016
Building maintenance	-	3,778
Insurance	285	301
Heating	2,027	3,072
Taxes, licenses, fees	1,986	1,995
Miscellaneous	596	582
Amortization expense	2,533	2,638
Total	\$ 7,427	\$ 12,366

# YORBEAU RESOURCES INC.

Notes to Condensed Consolidated Interim Financial Statements, Continued

Three months ended March 31, 2017 and 2016

(Unaudited)

---

## 17. Related party transactions:

### *Transactions with key management personnel*

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

	March 31 2017	March 31 2016
Short-term employee benefits	\$ 63,436	\$ 58,379
Share-based payments	617	8,616
Total	\$ 64,053	\$ 66,995

### *Other related party transactions*

Property maintenance in the consolidated statements of loss and comprehensive loss include an amount of \$12,500 (2016 - \$12,500) 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.