Financial Statements of

YORBEAU RESOURCES INC.

Years ended December 31, 2018 and 2017

YORBEAU RESOURCES INC.

Table of Contents

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

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Yorbeau Resources Inc.

Opinion

We have audited accompanying financial statements of Yorbeau Resources Inc. (the "Entity"), which comprise:

- the statements of financial position as at December 31, 2018 and December 31, 2017
- the statements of profit or loss and other comprehensive income or loss for the years then ended
- the statements of cash flows for the years then ended
- the statements of changes in shareholders' equity for the years then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Yorbeau Resources Inc. as at December 31, 2018 and December 31, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"*Auditors' Responsibilities for the Audit of the Financial Statements*"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Entity is still in exploration stage and, as such, no revenue has been yet generated from its operating activities. Accordingly, the Entity depends on its ability to raise financing in order to discharge its liabilities in the normal course of business.

As stated in Note 1 in the financial statements, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are/is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG LLP*

The engagement partner on the audit resulting in this auditors' report is Marie David.

Montréal, Canada

March 27, 2019

*CPA auditor, CA, public accountancy permit N°. A131681

YORBEAU RESOURCES INC.

Statements of Financial Position

Years ended December 31, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	$ 1,378,601	$ 1,902,850
Tax credits and other receivables (note 5)	210,476	129,470
Contract assets	17,463	–
Prepaid expenses	47,536	55,415
	1,654,076	2,087,735
Non-current assets:		
In-trust deposits (note 6)	279,000	279,000
Chibougamau building (note 7)	231,382	242,337
Mining properties (note 8)	3,786,708	3,770,663
Exploration and evaluation assets (note 8)	22,260,139	21,976,047
	26,557,229	26,268,047
	$ 28,211,305	$ 28,355,782
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	$ 278,962	$ 127,817
Liability related to flow-through shares (notes 11 to 14)	570,300	222,345
	849,262	350,162
Non-current liabilities:		
Provisions (note 10)	279,000	279,000
Total liabilities	1,128,263	629,162
Shareholders' equity:		
Share capital and warrants (note 11)	54,265,001	53,884,801
Contributed surplus	2,923,756	2,889,956
Deficit	(30,105,714)	(29,048,137)
	27,083,043	27,726,620
Reporting entity and going concern (note 1)		
Commitments and contingencies (note 14)		
	$ 28,211,305	$ 28,355,782

See accompanying notes to financial statements.

On Behalf of the Board:

(s) Amit Gupta Director

(s) Georges Bodnar Director

YORBEAU RESOURCES INC.
Statements of Profit or Loss and Other Comprehensive Income or Loss

Years ended December 31, 2018 and 2017

	2018	2017
Revenues:		
Contract revenue	$ 17,463	$ –
Management fees	5,750	43,928
Rental of facilities	32,811	130,600
Ellison Royalty (note 8(c))	–	2,250,000
Revenue related to flow-through shares	222,345	476,181
	278,369	2,900,709
Expenses:		
Administrative charges (note 15)	1,016,408	849,220
Share-based payments	33,800	700
Property maintenance	171,542	167,231
Chibougamau building expenses (note 16)	33,529	30,412
Write-off of mining properties and exploration and evaluation assets (note 8)	–	129,463
	1,255,279	1,177,026
Interest income	(152)	(27)
Interest expense	27,519	3,156
Net interest expense	27,367	3,129
Net (loss) income and comprehensive (loss) income	$ (1,004,277)	$ 1,720,554
Net (loss) earnings per share, basic and diluted	$ (0.01)	$ 0.01
Weighted average number of shares outstanding	308,111,917	300,631,488

See accompanying notes to financial statements.

YORBEAU RESOURCES INC.

Statements of Cash Flows

Years ended December 31, 2018 and 2017

	2018	2017
Cash provided by (used in):		
Operating:		
Net (loss) income	$ (1,004,277)	$ 1,720,554
Items not involving cash:		
Revenue related to flow-through shares	(222,345)	(476,181)
Share-based payments	33,800	700
Amortization expense (note 16)	10,955	10,956
Net interest expense	27,367	3,129
Write-off of mining properties and exploration and evaluation assets (note 8)	–	129,463
Net change in non-cash operating working capital items:		
Change in contract assets	(17,463)	–
Change in tax credits and other receivables	(81,006)	130,610
Change in prepaid expenses	7,879	7,806
Change in accounts payable and accrued liabilities	151,145	(392,725)
Interest received	152	27
Interest paid	(27,519)	(3,155)
Net cash (used in) from operating activities	(1,121,312)	1,131,184
Investing:		
Increase of in-trust deposits	–	(81,620)
Initial payment received as part of Option Agreement (note 8)	1,000,000	–
Additions to mining properties	(16,045)	–
Additions to exploration and evaluation assets	(1,440,379)	(1,950,361)
Tax credits on exploration and evaluation assets	156,287	–
Net cash used in investing activities	(300,137)	(2,031,981)
Financing:		
Proceeds from issuance of shares	950,500	1,500,000
Equity financing expenses	(53,300)	(71,943)
Net cash from financing activities	897,200	1,428,057
Net (decrease) increase in cash and cash equivalents	(524,249)	527,260
Cash and cash equivalents, beginning of year	1,902,850	1,375,590
Cash and cash equivalents, end of year	$ 1,378,601	$ 1,902,850

See accompanying notes to financial statements.

YORBEAU RESOURCES INC.

Statements of Changes in Shareholders' Equity

Years ended December 31, 2018 and 2017

	2018	2017
Transactions with shareholders, recorded directly in equity:		
Share capital and warrants:		
Balance, beginning of year	$ 53,884,801	$ 52,741,943
Issue of flow-through shares (note 11)	380,200	1,142,858
Balance, end of year	54,265,001	53,884,801
Contributed surplus:		
Balance, beginning of year	2,889,956	2,889,256
Share-based payments under the option plan (note 12)	33,800	700
Balance, end of year	2,923,756	2,889,956
Deficit:		
Balance, beginning of year	(29,048,137)	(30,696,748)
Net (loss) income and comprehensive (loss) income for the year	(1,004,277)	1,720,554
Equity financing expenses	(53,300)	(71,943)
Balance, end of year	(30,105,714)	(29,048,137)
Total shareholders' equity, end of year	$ 27,083,043	$ 27,726,620

See accompanying notes to financial statements.

1. Reporting entity and going concern:

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

The Company is involved in the exploration of mineral properties in the Province of Québec. 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, However these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

On January 1, 2018, a wholly-owned subsidiary of the Company, Cancor Mines Inc., and the Company amalgamated under the name of Yorbeau Resources Inc. As a result of the amalgamation, the Company no longer has any subsidiaries and therefore the financial statements for the year ended December 31, 2018 are no longer consolidated. The comparative information presented for 2017 continues to be presented on a consolidated basis to reflect the structure at that time.

The 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 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.

Management expects that the working capital available to the Company at the end of the year 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 2019 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2019.

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

These financial statements were authorized for issue by the Board of Directors on March 29, 2019.

3. Basis of preparation:

(a) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for share-based compensation transactions which are measured pursuant to IFRS 2, *Share-Based Payment*.

(b) Functional and presentation currency:

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

(c) Use of estimates and judgments:

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

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in Note 4.

3. Basis of preparation (continued):

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

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

- Notes 4 and 8 - recoverability of mining properties and exploration and evaluation assets;
- Notes 4 and 10 - estimation of the provision for site restoration costs;
- Notes 4 and 13 - recoverability of income tax assets;
- Note 11 - estimation of the fair value of the liability related to flow-through shares.

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

4. Significant accounting policies:

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

(a) Basis of consolidation:

On January 1, 2018, a wholly-owned subsidiary of the Company, Cancor Mines Inc., and the Company amalgamated under the name of Yorbeau Resources Inc. As a result of the amalgamation, the Company no longer has any subsidiaries and therefore the financial statements for the year ended December 31, 2018 are no longer consolidated. The comparative information presented for 2017 continues to be presented on a consolidated basis to reflect the structure at that time.

Subsidiaries

The consolidated financial statements for the year ended December 31, 2017 include the accounts of the Company and its wholly-owned subsidiary, Cancor Mines Inc.

The financial statements of the subsidiaries are included in the financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiary have been changed when necessary to align them with the policies adopted by Company.

4. Significant accounting policies (continued):

(b) Mining properties and exploration and evaluation assets:

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

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

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

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

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

For farm-out arrangements, the Company uses the carrying amount of the exploration and evaluation assets as the carrying amount for the portion of the interest retained, if any, and credits any cash consideration received against the carrying amount of the portion of the interest retained, with any excess included as a gain in profit or loss. The Company does not record exploration expenditures made by third parties on the property.

4. Significant accounting policies (continued):

(c) Impairment:

Non-financial assets

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

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

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

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

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

(d) Provision:

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

4. Significant accounting policies (continued):

(e) Share capital and warrants:

Common shares

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

Flow-through shares

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

At the time of share issuance, the Company allocates the proceeds between share capital and an obligation to deliver the tax deductions, which is recorded as a liability for flow-through shares. The Company estimates the fair value of the obligation using the residual method, i.e. by comparing the price of the flow-through share to the quoted price of common share at the date of the financing announcement.

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

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

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

The Company has elected to renounce the deductions for tax purposed under the "general" method.

Warrants

Warrants are classified as equity when they do not meet the definition of a liability instrument.

4. Significant accounting policies (continued):

(f) Share-based payments:

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

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

(g) Leases:

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

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

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

(h) Finance income and finance costs:

Interest income and expense are recognized as they accrue, using the effective interest method.

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

4. Significant accounting policies (continued):

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

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

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

Management's current intention is to sell the mining properties in the future, and, therefore, the credit on mining duties is recorded as a government grant against exploration and evaluation assets. The Company records the credit at the rate of 16% (2017 - 16%) applicable on 50% of the eligible expense.

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

(j) Income tax:

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

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

4. Significant accounting policies (continued):

(j) Income tax (continued):

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

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

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

(k) Earnings per share:

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

(l) Operating segments:

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

(m) Chibougamau building:

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

4. Significant accounting policies (continued):

(n) New standards and interpretations recently adopted:

***Classification and Measurement of Share-based Payment Transactions* (Amendments to IFRS 2)**

On June 20, 2016, the International Accounting Standards Board ("IASB") issued amendments to IFRS 2, *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions.

The amendments apply for annual periods beginning on or after January 1, 2018. As a practical simplification, the amendments can be applied prospectively. Retrospective, or early, application is permitted if information is available without the use of hindsight.

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The Company adopted the amendments to IFRS 2 in its financial statements for the annual period that began on January 1, 2018. The adoption of the amendments to IFRS 2 did not have an impact on the financial statements.

IFRS 9, *Financial Instruments*

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets, including impairment. IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management.

Classification and Measurement

IFRS 9 (2014) contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. Financial assets are classified and measured based on the three categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit and loss (FVTPL). Financial liabilities are classified and measured on two categories: amortized costs or FVTPL. Under IFRS 9 (2014), derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated, but the hybrid financial instrument as a whole is assessed for classification.

4. Significant accounting policies (continued):

(n) New standards and interpretations recently adopted (continued):

IFRS 9, *Financial Instruments* (continued)

Classification and Measurement (continued)

The following table summarizes the classification impacts upon adoption of IFRS 9 (2014). The adoption of the new classification requirements under IFRS 9 (2014) did not result in significant changes in measurement or the carrying amount of financial assets and liabilities.

Asset/Liability	Classification under IAS 39	Classification under IFRS 9
Cash and cash equivalents	Loans and receivables	Amortized cost
Other receivables	Loans and receivables	Amortized cost
In-trust deposits	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

Financial assets are not reclassified subsequent to their initial recognition, unless the Company identifies changes in its business model in managing financial assets and would reassess the classification of financial assets.

Impairment

IFRS 9 (2014) replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" ("ECL") model. The ECL model requires considerable judgment, including consideration of how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model is applied, at each balance sheet date, to financial assets measured at amortized cost or those measured at FVOCI, except for investments in equity instruments.

The ECL model applied to financial assets requires judgment, assumptions and estimations on changes in credit risks, forecasts of future economic conditions and historical information on the credit quality of the financial asset. The ECL models applied did not have a material impact on receivables of the Company.

4. Significant accounting policies (continued):

(n) New standards and interpretations recently adopted (continued):

IFRS 9, *Financial Instruments* (continued)

Impairment (continued)

Impairment losses, if incurred, would be recorded in profit or loss with the carrying amount of the financial asset or group of financial assets reduced through the use of impairment allowance accounts. In periods subsequent to the impairment where the impairment loss has decreased, and such decrease can be related objectively to conditions and changes in factors occurring after the impairment was initially recognized, the previously recognized impairment loss would be reversed through profit or loss. The impairment reversal would be limited to the lesser of the decrease in impairment or the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized, after the reversal.

The Company adopted IFRS 9 (2014) in its financial statements for the annual period that began on January 1, 2018. The adoption of the IFRS 9 (2014) did not have an impact on the financial statements.

IFRS 15, *Revenue from Contracts with Customers*

On May 28, 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 replaces IAS 11, *Construction Contracts*, IAS 18, *Revenue,* IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfer of Assets from Customers*, and SIC 31, *Revenue - Barter Transactions Involving Advertising Services*.

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

4. Significant accounting policies (continued):

(n) New standards and interpretations recently adopted (continued):

IFRS 15, *Revenue from Contracts with Customers* (continued)

Revenues from management fees, rental of facilities and contract assets are recognized over time as services are rendered. Revenues from contract assets represent the gross unbilled amount that is expected to be collected from third parties for work performed to the end of the reporting year. They are measured at cost plus profit, less progress billings. As such, the amount consists of revenues recognized by the Company in excess of amounts billed to clients. If progress billings for a given project exceed costs incurred plus recognized profit, then the difference is presented as deferred revenues.

The Corporation adopted IFRS 15 in its financial statements for the annual period that began on January 1, 2018 on a retrospective basis. As the Company does not generate any significant revenue from its operations, the adoption of the IFRS 15 did not have a significant impact on the financial statements.

(o) New standards and interpretations not yet adopted:

IFRS 16, *Leases*

In January 2016, the IASB issued IFRS 16, *Leases*, which will replace IAS 17, *Leases*. The standard will require all leases of more than 12 months to be reported on a company's statement of financial position as assets and liabilities. The new standard is effective for annual periods beginning on or after January 1, 2019, and is available for early adoption for companies that also apply IFRS 15, *Revenue from Contracts with Customers*. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019 and expects that its operating leases will need to be recognized in its statement of financial position at transition date.

IFRIC 23, *Uncertainty over Income Tax Treatments*

On June 7, 2017, the IASB issued IFRIC Interpretation 23, *Uncertainty over Income Tax Treatments*.

The interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

The interpretation is applicable for the annual period beginning on or after January 1, 2019. Earlier application is permitted.

4. Significant accounting policies (continued):

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

IFRIC 23, *Uncertainty over Income Tax Treatments* (continued)

The Interpretation requires an entity to:

- contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- reflect an uncertainty in the amount of income tax payable (recoverable) if it is probable that it will pay (or recover) an amount for the uncertainty; and
- measure a tax uncertainty based on the most likely amount or expected value depending on whichever method better predicts the amount payable (recoverable).

The Company intends to adopt the Interpretation in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the Interpretation has not yet been determined.

5. Tax credits and other receivables:

	2018	2017
Sales taxes	$ 26,873	$ 54,933
Others	27,316	74,537
Tax credits receivable	156,287	–
Tax credits and other receivables	$ 210,476	$ 129,470

6. In-trust deposits:

At as December 31, 2018, the Company has an in-trust deposit of $279,000 (2017 - $279,000) in connection with the costs for the sites restoration of Augmitto and Astoria on the Rouyn property, in accordance with the requirements 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*. Additional guaranties may be required from the government (see to Note 10).

7. Chibougamau building:

		2018		2017
Cost				
Balance, beginning of year	$	273,890	$	273,890
Balance, end of year	$	273,890	$	273,890
Accumulated amortization				
Balance, beginning of year	$	31,553	$	20,597
Amortization during the year		10,955		10,956
Balance, end of year	$	42,508	$	31,553
Carrying amount				
Balance	$	231,382	$	242,337

8. Mining properties and exploration and evaluation assets:

Mining properties:

						2018
		Balance, beginning of year		Additions		Balance, end of year
Rouyn	$	2,494,895	$	16,045	$	2,510,940
Scott Lake		774,235		–		774,235
Lemoine		270,492		–		270,492
Selbaie West		63,369		–		63,369
Estrades-Caribou		167,672		–		167,672
	$	3,770,663	$	16,045	$	3,786,708

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

Mining properties (continued):

	Balance, beginning of year	Write-off (note 8(i))	Balance, end of year
			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	$ (69,875)	$ 3,770,663

Exploration and evaluation assets:

	Balance, beginning of year	Additions	Initial payment received as part of Option Agreement (note 8(a))	Tax credits	Balance, end of year
					2018
Rouyn [(a)]	$ 16,104,946	$ 529,894	$ (1,000,000)	$ (59,789)	$ 15,575,051
Beschefer [(b)]	751,495	17,723	–	(2,383)	766,835
Kistabiche [(d)]	144,387	59,833	–	(16,302)	187,918
Scott Lake [(f)]	3,940,800	96,316	–	(23,147)	4,013,969
Lemoine [(g)]	18,468	388	–	(113)	18,743
Selbaie West [(e)]	318,827	6,205	–	(237)	324,795
Estrades-Caribou [(h)]	689,982	530,413	–	(20,905)	1,199,490
Gemini [(d)]	2,114	309	–	(6)	2,417
Turgeon [(d)]	387	–	–	–	387
Allard [(d)]	1,105	–	–	–	1,105
Landrienne [(j)]	1,197	–	–	–	1,197
Kb [(k)]	2,339	199,298	–	(33,405)	168,232
	$ 21,976,047	$ 1,440,379	$ (1,000,000)	$ (156,287)	$ 22,260,139

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

Exploration and evaluation assets (continued):

				2017
	Balance, beginning of year	Additions	Write-off (note 8(i))	Balance, end of year
Rouyn [(a)]	$ 16,067,453	$ 37,493	$ –	$ 16,104,946
Beschefer [(b)]	223,727	527,768	–	751,495
Kistabiche [(d)]	130,793	13,594	–	144,387
Scott Lake [(f)]	3,262,276	678,524	–	3,940,800
Lemoine [(g)]	18,426	42	–	18,468
Selbaie West [(e)]	318,033	794	–	318,827
Estrades-Caribou [(h)]	8,271	681,711	–	689,982
Normetal West [(i)]	56,295	3,293	(59,588)	–
Gemini [(d)]	–	2,114	–	2,114
Turgeon [(d)]	–	387	–	387
Allard (d)	–	1,105	–	1,105
Landrienne [(j)]	–	1,197	–	1,197
Kb [(k)]	–	2,339	–	2,339
	$ 20,085,274	$ 1,950,361	$ (59,588)	$ 21,976,047

(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 December 17, 2018, Yorbeau signed a definitive option agreement ("Option Agreement") with IAMGOLD Corporation ("IAMGOLD"), whereby IAMGOLD has an option to acquire a 100% interest in the Rouyn property (the "Property") in Québec, Canada.

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

(a) Rouyn Property (continued):

The Option Agreement provides that, subject to certain conditions, IAMGOLD would make certain cash payments and incur exploration expenditures towards an option to purchase a 100% interest in the Rouyn property. In order to earn the purchase option, IAMGOLD must:

(i) make an initial cash payment to Yorbeau on December 17, 2018 (the "Effective Date") of an amount of $1M;

(ii) fund and incur $9M of exploration expenditures in a period of up to 48 calendar months following the Effective Date (the "Expenditure Period"), including minimum exploration expenditures in each 12-month period of the Expenditure Period and at least 20,000 meters of diamond drilling within a 24-month period following the later of the Effective Date or the date all requisite governmental approvals or consents for the drilling program shall have been obtained;

(iii) make interim cash payments to Yorbeau during the Expenditure Period of an aggregate amount of $3M;

(iv) complete a resource estimate for the Property in accordance with IAMGOLD’s standard estimation and reporting practices subject to detailed technical parameters agreed to between IAMGOLD and Yorbeau; and

(v) make a final cash payment to Yorbeau, in three instalments over up to a two-year period following the Expenditure Period, in an aggregate amount equal to the lesser of (a) an amount calculated by multiplying the total number of ounces of gold identified in the resource estimate by $15.00 and (b) $30M.

In addition to the final cash payment, Yorbeau will be issued and granted by IAMGOLD, at the time of exercise of the option, a 2% net smelter return royalty ("NSR") on the minerals produced on the Rouyn property. IAMGOLD will be the operator and project manager of the Rouyn property during the option period. Yorbeau will be represented on a technical committee that will oversee the work program.

The Option Agreement is considered a farm-out agreement and therefore the initial cash consideration of $1M received on the Effective Date was recognized against the Rouyn exploration and evaluation assets.

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

(b) Beschefer property:

In 2002, Yorbeau entered into an agreement with Explorers Alliance Corporation ("Explorers"), pursuant to which Yorbeau acquired from Explorers an 80% interest in 149 staked mining claims in consideration of the issuance of 350,000 Class A common shares. 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 consideration of either a cash payment of $500,000 or the issuance of 1,800,000 additional Class A common shares, 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 sold to Agnico its net smelter royalty for $2,250,000 in cash. In addition, the remaining instalment of the 2002 acquisition in the amount of $500,000, which was payable only upon commencement of commercial production, would no longer be payable.

(d) Gemini, Turgeon, Kistabiche, Bonfortel, Poirier and Allard:

The Gemini-Turgeon property results from the merging of two contiguous mining properties: the Gemini property and the Turgeon property. It is located 80 kilometers north of La Sarre in Abitibi, Quebec, in the Laberge and Casa-Berardi townships.

- Yorbeau has a 50% interest in the Turgeon property and the remaining interest of 50% is held by IAMGOLD. Certain claims of this property are subject to a 2% NSR royalty in favor of a third party.
- Yorbeau has a 37.5% interest in the Gemini property with the remaining interest of 37.5% held by IAMGOLD and 25% held by a third party. Certain claims of this property are subject to a 2% NSR royalty in favor of another third party. IAMGOLD is currently the operator of the joint venture.

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

(d) Gemini, Turgeon, Kistabiche, Bonfortel, Poirier and Allard (continued):

The Joutel- Explo Zinc property results from the merging of three mining properties: Kistabiche, Bonfortel and Poirier. It is located 135 kilometers north of Amos (Abitibi, Quebec) in Joutel and Poirier Townships.

- Yorbeau owns a 100% interest in the Bonfortel and Poirier blocks. Certain claims of this property are subject to a 2% NSR royalty in favor of a third party.
- Yorbeau owns a 73.87% interest in Kistabiche and the remaining interest of 26.13% is held by a third party.

The Allard property is located 175 kilometers north of Amos (Abitibi, Quebec) in Desmazures township. Yorbeau owns a 70% interest in the property and the remaining interest of 30% is held by a third party

(e) Selbaie West:

Yorbeau owns a 100% interest in the Selbaie West property, which is located in the Carheil and Brouillan Townships in Québec. 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 the previous owner. 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 back-in right.

(f) Scott Lake:

Yorbeau owns a 100% interest in the Scott Lake property, which is composed of three claim blocks totalling 129 claims located in the Scott, Lévy and Obalski Townships in Québec. 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; and
- 1948565 Ontario Inc. block.

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

(f) Scott Lake (continued):

These claims may be subject to various underlying royalty agreements, payable upon commercial production, and a one-time cash payment is due upon commercial production to 1948565 Ontario Inc., as follows: (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.

An advance amount of $35,000 is payable annually to 1948565 Ontario Inc. until commercial production is achieved. Such advance payments are recoverable out of the payments payable to 1948565 Ontario Inc. described above.

(g) Lemoine:

In July 2015, the 199 staked claims which formed the Lemoine property were converted into an aggregate of 102 map designated claims. The property is located in the Lemoine, Rinfret and Dollier Townships in Québec. Yorbeau has a 79.30% interest in the Lemoine property and the remaining interest of 20.70% is held by First Quantum. Certain claims of this property are subject to a 2% NSR royalty and to a $1M payment upon commercial production, while other claims of this property are subject to a 1% NSR royalty, 50% of which can be purchased for $1M.

(h) Estrades-Caribou:

The Estrades-Caribou property consists of three contiguous claim blocks totalling 118 claims located in the Estrées Township in Québec. Yorbeau owns varying interests in these claims, as follows:

- Estrades block (7 claims): 67.20% interest owned by Yorbeau, residual interest owned by First Quantum;
- Caribou East block (38 claims): 67.20% interest owned by Yorbeau, residual interest owned by First Quantum;
- Caribou West block (73 claims): 100% interest owned by Yorbeau; and
- 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 2 claims located in the Abbotsford and Adair Townships in Ontario.

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

(i) Normetal West (continued):

In 2017, Yorbeau ceased all prospecting activity on this property and the claims will gradually abandoned. The exploration and evaluation assets and mining properties related to this property have therefore been written off.

(j) Landrienne:

Yorbeau owns a 100% interest in the Landrienne property which consists of 62 claims located in the Landrienne Township in Québec. 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:

In December 2017, Yorbeau acquired the KB property located in McCorkill township 35 kilometres east of the town of Chibougamau. The property (locally known also as "Kill Bill") is comprised of 30 claims covering 16.7 square kilometres located in the eastern limit of the Abitibi belt of Québec.

9. Accounts payable and accrued liabilities:

	2018	2017
Accounts payable	$ 247,135	$ 128
Accrued liabilities	31,827	127,689
Accounts payable and accrued liabilities	$ 278,962	$ 127,817

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*.

The Company anticipates total restoration costs in relation to the aforementioned regulations of $255,000 and $24,000, respectively. These amounts represent what is anticipated in the most recent mine site closure plan approved by the government authorities in 2016. Any future adjustments to this provision due to changes in laws, regulations and operating assumptions will be added to the cost of the underlying asset and could be significant.

10. Provisions (continued):

Provision for site restoration costs did not fluctuated during the year. The balance as at December 31, 2018 is $279,000 (2017 - $279,000).

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 year:

		2018		2017
	Number of shares	$	Number of shares	$
Balance, beginning of year	307,539,013	53,884,801	293,253,299	52,741,943
Shares issued:				
Private placement - flow-through	19,010,000	950,500	14,285,714	1,500,000
Liability related to flow-through	–	(570,300)	–	(357,142)
Balance, end of year	326,549,013	54,265,001	307,539,013	53,884,801

(a) Flow-through shares issuance:

On June 14, 2017, the Company completed the first tranche of 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.

On August 28, 2017, the Company completed the second tranche of a private placement financing. The Company issued a total of 2,286,429 flow-through shares at a price of $0.105 per share for gross proceeds of $240,075.

On December 21, 2018, the Company completed a private placement financing. The Company issued a total of 19,010,000 flow-through shares at a price of $0.05 per share for gross proceeds of $950,500.

The carrying amount of the flow-through shares is presented net of the liability related to flow-through shares of $570,300 (2017 - $357,142).

11. Share capital and warrants (continued):

(b) Warrants:

The warrants are composed of the following:

	2018	2017
	Number outstanding	Number outstanding
Balance, beginning of year	11,626,982	11,626,982
Warrants expired	(11,626,982)	–
Balance, end of year	–	11,626,982

12. Share option plan:

As at December 31, 2018, 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 15, 2018 and July 12, 2018, the Company granted 4,250,000 share options to employees and administrators exercisable at $0.035 per share. Share options expire after a period of five years. The fair value of each option granted was determined using the Black-Scholes option pricing model. At the date of grant, the weighted average fair value of the options granted was $0.021 per option for a total value of $87,991.

The following weighted average assumptions were used in these calculations:

Risk-free interest rate	2.084%
Expected life	5 years
Expected volatility	53,372%
Expected annual dividend rate	–
Share price on grant date	$0.04

12. Share option plan (continued):

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

		2018			2017
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price

	2018 Number of options		2018 Weighted average exercise price	2017 Number of options		2017 Weighted average exercise price
Balance, beginning of year	4,075,000	$	0.20	9,525,000	$	0.22
Granted	4,250,000		0.035	–		–
Expired	(1,300,000)		0.25	(5,450,000)		0.25
Balance, end of year	7,025,000	$	0.09	4,075,000	$	0.20
Exercisable options, end of year	4,900,500	$	0.16	4,075,000	$	0.20

As at December 31, 2018, the following options were outstanding:

- 2,175,000 options at $0.18 per share until April 12, 2020;
- 300,000 options at $0.18 per share until November 4, 2020;
- 2,525,000 options at $0.035 per share until June 15, 2023;
- 1,725,000 options at $0.04 per share until July 12, 2023; and
- 300,000 options at $0.10 per share until June 27, 2021.

13. Income tax:

Income tax expense (recovery) differs from the amounts computed by applying the combined federal and provincial income tax rate of 26.7% (2017 - 26.8%) as a result of the following:

	2018	2017
Earnings (loss) and comprehensive loss	$ (1,004,277)	$ 1,720,554
Computed "expected" tax recovery	(268,142)	461,108
Increase (decrease) in income taxes resulting from:		
Non-deductible share-based payments	9,025	188
Change in unrecognized deferred tax assets	68,657	(933,529)
Tax expense related to flow-through share deduction	249,337	511,002
Permanent difference arising from the non-taxable income related to flow-through shares	(59,366)	(127,617)
Impact of change in tax rate	–	(1,760)
Other	489	90,608
Total income tax recovery	$ –	$ –

As at December 31, 2018, the Company has exploration expenditures and other costs of approximately $29,093,000 which are being carried forward for income tax purposes indefinitely and which may be deducted from future taxable income. The Company also has $19,076,000 in tax losses available to reduce future years' income. These tax losses, for which the tax effect has not been recorded in the financial statements, expire as follows:

2024	$ 346,000
2025	469,000
2026	1,294,000
2027	1,716,000
2028	1,765,000
2029	2,015,000
2030	1,873,000
2031	1,670,000
2032	1,620,000
2033	1,303,000
2034	720,000
2035	891,000
2036	1,207,000
2037	975,000
2038	1,212,000
Total	$ 19,076,000

13. Income tax (continued):

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

	2018	2017
Operating losses	$ 5,066,000	$ 4,745,000
Equity financing costs	64,000	89,000
Equipment	134,000	134,000
Mining properties	938,000	1,157,000
Exploration and evaluation assets	(582,000)	(588,000)
Provisions	74,000	74,000
Unrecognized deferred tax assets	$ 5,694,000	$ 5,611,000

Deferred taxes are as follows:

	2017	Recognized in the profit or loss 2018	2018
Deferred tax assets:			
Non-capital losses carried forward	$ 587,000	$ (5,000)	$ 582,000
Deferred tax liabilities:			
Exploration and evaluation assets	(587,000)	5,000	(582,000)
Net deferred tax	$ –	$ –	$ –

14. Commitments and contingencies:

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

	2018	2017
One year and less	$ 52,825	$ 68,475
More than one year and less than five years	5,875	58,700
	$ 58,700	$ 127,175

14. Commitments and contingencies (continued):

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

The Company was committed to incur eligible exploration and evaluation expenses of $919,222 before December 31, 2018, related to its flow-through share financings of $1,500,000 completed in 2017. As at December 31, 2018, the Company had incurred such of eligible expenditures.

The Company is committed to incur eligible exploration and evaluation expenses of $950,500, related to its flow-through share financing completed in 2018 before December 31, 2019.

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.

15. Administrative charges:

	2018	2017
Professional fees	$ 400,125	$ 240,453
Investor relations	150,802	169,397
Salaries	232,979	267,150
Miscellaneous	151,428	87,565
Rent	68,707	69,162
Insurance	11,824	11,909
Taxes, licenses, fees	543	3,584
Total	$ 1,016,408	$ 849,220

16. Chibougamau building expenses:

		2018		2017
Building maintenance	$	2,853	$	179
Insurance		1,275		1,165
Heating		6,482		5,590
Taxes, licenses and fees		8,755		8,414
Miscellaneous		3,209		4,108
Amortization expense		10,955		10,956
	$	33,529	$	30,412

17. Financial instruments and financial risk management:

Risk Management:

The Company is exposed to various financial risks resulting from both its operations and its investment activities. The Company's management monitors financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

(a) Credit risk:

Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with high-credit, quality financial institutions.

(b) Interest rate risk:

The cash and cash equivalents bear interest at a variable rate and the Company is therefore exposed to the risk of changes in cash flows resulting from interest rate fluctuations. The Company's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

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

(c) Liquidity risk:

Management serves to maintain a sufficient amount of cash and cash equivalents, and to ensure that the Company has at its disposal sufficient sources of financing such as private placements. The Company establishes cash budgets to ensure it has the necessary funds to fulfill its obligations. Being able to obtain new funds allows the Company to pursue its activities, and even though the Company was successful in the past, there is no guarantee that it will succeed in the future.

(d) Fair value:

The fair value of the Company's financial assets and liabilities approximates their carrying amount because of the short-term nature of those instruments.

18. Capital disclosure:

The Company's objectives when managing its capital are to safeguard the Company's ability to continue as a going concern in order to support ongoing exploration programs and development of its mining assets, to provide sufficient working capital to meet its ongoing obligations and to pursue potential investments.

The Company manages its capital structure and makes adjustments to it in accordance with the aforementioned objectives, as well as in light of changes in economic conditions and the risk characteristics of the underlying assets. In the management of capital, the Company includes the components of shareholders' equity. In order to maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets or adjust the amount of cash and cash equivalents and short-term investments. The Company does not intend to issue long-term debt before it will generate revenues. There is no dividend policy. The Company is not subject to externally imposed capital requirements. The Company's management of capital remained unchanged since last year.

19. Related party transactions:

Transactions with key management personnel

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

	2018	2017
Short-term employee benefits	$ 116,539	$ 152,950
Share-based payments	5,836	700
	$ 122,375	$ 153,650

19. Related party transactions (continued):

Transactions with key management personnel (continued)

In connection with the private placement on December 21, 2018, three insiders of the Company subscribed for a total of 1,450,000 common shares having an aggregate subscription price of $72,500. The terms offered to related parties in the share subscription are identical to those offered to non-related common shareholders of the Company.

Other related party transactions

Property maintenance in the statements of profit or loss and other comprehensive income or loss include an amount of $50,000 (2017 - $50,000) paid as a royalty to Société Minière Alta Inc., of which a director of Yorbeau is the sole shareholder (see Note 8(a)).

A director of the Company rendered investor relations services in the amount of $25,000 (2017 - $20,000) included in administrative charges.

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.