

# **YORBEAU RESOURCES INC.**

**Condensed Interim Financial Statements  
(Unaudited and not reviewed)  
For the three-month periods ended  
March 31, 2019 and 2018**

Yorbeau Resources Inc.  
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# YORBEAU RESOURCES INC.

## Condensed Interim Statements of Financial Position (Unaudited)

As at March 31, 2019 and 2018

	March 31 2019 \$	December 31 2018 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	746,310	1,378,601
Tax credits and other receivables (note 4)	242,540	210,476
Contract assets	--	17,463
Prepaid expenses	83,434	47,536
	<b>1,072,284</b>	<b>1,654,076</b>
<b>Non-current assets</b>		
In-trust deposits (note 5)	279,000	279,000
Chibougamau Building (note 6)	228,644	231,382
Mining Properties (note 7)	3,786,708	3,786,708
Exploration and evaluation assets (note 7)	22,670,752	22,260,139
	<b>26,965,104</b>	<b>26,557,229</b>
	<b>28,037,388</b>	<b>28,211,305</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 8)	303,401	278,962
Liability related to flow-through shares (note 10)	176,483	570,300
	<b>479,884</b>	<b>849,262</b>
<b>Non-current liabilities</b>		
Provisions (note 9)	279,000	279,000
	<b>758,884</b>	<b>1,128,262</b>
<b>Shareholders' Equity</b>		
Share capital and warrants (note 10)	54,265,001	54,265,001
Contributed surplus	2,940,834	2,923,756
Deficit	(29,927,331)	(30,105,714)
	<b>27,278,504</b>	<b>27,083,043</b>
	<b>28,037,388</b>	<b>28,211,305</b>

Reporting entity and going concern (note 1)

Commitments and contingencies (note 12)

See accompanying notes to condensed interim financial statements.

## YORBEAU RESOURCES INC.

Condensed Interim Statements of Profit or Loss and Other Comprehensive Income  
(Unaudited)

For the three-month periods ended March 31, 2019 and 2018

	<b>March 31 2019</b>	March 31 2018
	<b>\$</b>	\$
<b>Revenues</b>		
Management fees	<b>15,149</b>	--
Rental of facilities	<b>37,650</b>	5,450
Revenue related to flow-through shares	<b>393,817</b>	212,295
	<b>446,616</b>	217,745
<b>Expenses</b>		
Administrative charges (note 13)	<b>223,344</b>	164,813
Share-based payments	<b>17,078</b>	--
Property maintenance	<b>18,167</b>	29,357
Chibougamau building expenses (note 14)	<b>8,977</b>	8,821
	<b>267,566</b>	202,991
Interest expense	<b>667</b>	1,325
Net finance expense	<b>667</b>	1,325
<b>Net earnings and comprehensive income for the period</b>	<b>178,383</b>	13,429
Net earnings per share, basic and diluted	<b>(0.01)</b>	(0.01)
Weighted average number of shares outstanding	<b>326,549,013</b>	300,631,488

See accompanying notes to condensed interim financial statements.

# YORBEAU RESOURCES INC.

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

For the three-month periods ended March 31, 2019 and 2018

	March 31 2019 \$	March 31 2018 \$
<b>Cash flows from operating activities</b>		
Operating:		
Net earnings for the period	178,383	13,429
Items not involving cash:		
Other revenue related to flow-through shares	(393,817)	(212,295)
Share-based payments	17,078	--
Amortization expense (note 14)	2,738	2,738
Net finance expense	667	1,325
Net change in non-cash operating working capital items:		
Change in sales tax and other receivables	(32,064)	1,356
Change in contract assets	17,463	-
Change in prepaid expenses	(35,898)	(20,983)
Change in accounts payable and accrued liabilities	24,439	37,206
Interest paid	(667)	(1,325)
Net cash (used in) operating activities	(221,678)	(178,549)
Investing:		
Additions to mining properties	--	(15,449)
Additions to exploration and evaluation assets	(410,613)	(903,022)
Net cash used in investing activities	(410,613)	(918,471)
Net decrease in cash and cash equivalents	(632,291)	(1,097,020)
Cash and cash equivalents, beginning of period	1,378,601	1,902,850
Cash and cash equivalents, end of period	746,310	805,830

See accompanying notes to condensed interim financial statements.

## YORBEAU RESOURCES INC.

### Condensed Interim Statements of Changes in Equity (Unaudited)

For the three-month periods ended March 31, 2019 and 2018

	March 31 2019 \$	March 31 2018 \$
Transactions with shareholders, recorded directly in equity		
Share capital and warrants		
Balance beginning of period	54,265,001	53,884,801
Balance end of the period	54,265,001	53,884,801
Contributed surplus		
Balance beginning of period	2,923,756	2,889,956
Share-based payments under the option plan	17,078	--
Balance end of the period	2,940,834	2,889,956
Deficit		
Balance beginning of period	(30,105,714)	(29,048,137)
Total comprehensive earnings for the period financing	178,383	13,429
Balance end of the period	(29,927,331)	(29,034,708)
Total shareholders' equity end of the period	27,278,504	27,740,049

See accompanying notes to condensed interim financial statements.

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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## 1. Reporting entity and going concern:

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

The condensed 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 interim financial statements, management determined that the carrying amount of mining properties and exploration and evaluation assets represents the best estimate of their net recoverable value. This value may nonetheless be reduced in the future.

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 2019 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2019.

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 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 Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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## 2. Statement of compliance:

These condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), in accordance with IAS 34, Interim Financial Reporting and on a basis consistent with those accounting policies followed by the Corporation in the most recent audited consolidated annual financial statements except where noted below.

These unaudited condensed 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, 2018.

## 3. Basis of preparation:

### (a) Basis of measurement:

The unaudited condensed interim 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 unaudited condensed interim financial statements are presented in Canadian dollars, which is the Company's functional currency.

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

The preparation of the unaudited condensed interim 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 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 7 - recoverability of mining properties and exploration and evaluation assets;
- Notes 9 - estimation of the provision for site restoration costs;
- 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.

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

### 3. Basis of preparation (continued):

(d) New accounting standards and amendments adopted:

The following amendments have been applied in preparing the unaudited condensed financial statements as at March 31, 2019 and did not have a significant impact on the financial statements:

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.

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.

### 4. Tax credits and other receivables:

		March 31 2019		December 31 2018
Sales taxes	\$	71,570	\$	26,873
Others		13,857		27,316
Tax credits receivable		157,113		156,287
Tax credits and other receivables	\$	242,540	\$	210,476

### 5. In-trust deposits:

At as March 31, 2019, the Company has an in-trust deposit of \$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 9).



# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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## 6. Chibougamau Building:

	March 31, 2019		December 31, 2018	
<b>Cost</b>				
Balance, beginning of year	\$	273,890	\$	273,890
Balance, end of period	\$	273,890	\$	273,890
<b>Accumulated amortization</b>				
Balance, beginning of year	\$	42,508	\$	31,553
Amortization during the period		2,738		10,955
Balance, end of period	\$	45,246	\$	42,508
<b>Carrying amount</b>				
Balance, end of period	\$	228,644	\$	231,382

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# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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

Mining properties:

	Balance, December 31, 2018	Additions	Balance, March 31, 2019
	\$	\$	\$
Rouyn	2,510,940	-	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
	3,786,708		3,786,708

	Balance, December 31, 2017	Additions	Balance, December 31, 2018
	\$	\$	\$
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

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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

Exploration and evaluation assets:

	December 31 2018	Additions	March 31 2019
	\$	\$	\$
Rouyn <sup>(a)</sup>	15,575,051	10,656	15,585,707
Beschefer <sup>(b)</sup>	766,835	1,774	768,609
Kistabiche <sup>(c)</sup>	187,918	(3,759)	184,159
Scott Lake <sup>(e)</sup>	4,013,969	392,620	4,406,589
Lemoine <sup>(f)</sup>	18,743	94	18,837
Selbaie West <sup>(d)</sup>	324,795	94	324,889
Estrades-Caribou <sup>(g)</sup>	1,199,490	1,696	1,201,186
Gemini <sup>(c)</sup>	2,417	94	2,511
Turgeon <sup>(c)</sup>	387	-	387
Allard <sup>(c)</sup>	1,105	94	1,199
Landrienne <sup>(h)</sup>	1,197	94	1,291
Kb <sup>(i)</sup>	168,232	7,156	175,388
	22,260,139	410,613	22,670,752

	December 31, 2017	Additions	Initial payment received as option agreement	Tax credits	December 31 2018
	\$	\$			\$
Rouyn <sup>(a)</sup>	16,104,946	529,894	(1 000,000)	(59,789)	15,575,051
Beschefer <sup>(b)</sup>	751,495	17,723	-	(2,383)	766,835
Kistabiche <sup>(c)</sup>	144,387	59,833	-	(16,302)	187,918
Scott Lake <sup>(e)</sup>	3,940,800	96,316	-	(23,147)	4,013,969
Lemoine <sup>(f)</sup>	18,468	388	-	(113)	18 743
Selbaie Ouest <sup>(d)</sup>	318,827	6,205	-	(237)	324,795
Estrades-Caribou <sup>(g)</sup>	689,982	530,413	-	(20,905)	1,199,490
Gemini <sup>(c)</sup>	2,114	309	-	(6)	2,417
Turgeon <sup>(c)</sup>	387	-	-	-	387
Allard <sup>(c)</sup>	1,105	-	-	-	1 105
Landrienne <sup>(h)</sup>	1,197	-	-	-	1 197
Kb <sup>(i)</sup>	2,339	199,298	-	(33,405)	168,232
	21,976,047	1,440,379	(1,000,000)	(156,287)	22,260,139

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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## 7. 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 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.

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.

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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

### (a) Rouyn Property:

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.

### (b) Beschefer property:

In 2002, Yorbeau entered into an agreement with Explorers Alliance Corporation ("Explorers"), pursuant to which Yorbeau acquired from Explorers an 80% interest in 149 staked mining claims in consideration of the issuance to Explorers of 350,000 Class A common shares of Yorbeau. In 2005, Yorbeau abandoned 12 of these claims. The Company also has the option to acquire, at any time, the remaining 20% interest held by Explorers in the property in consideration of either a cash payment of \$500,000 or the issuance to Explorers of 1,800,000 additional Class A common shares of Yorbeau, as determined by Explorers. Yorbeau also owns a 100% interest in 120 staked claims located in the Beschefer Township. The 257 staked claims which form the Beschefer property were converted in July 2012 into an aggregate of 115 map designated claims. Yorbeau owns a 100% interest in 50 of these claims and an 80% interest in the remaining 65 claims.

### (c) 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.

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.

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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

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

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

(d) 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 Yorbeau. 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.

(e) 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 Quebec. Some of these claims are subject to production royalties to third parties, as follows:

- Ouje block: no underlying royalty.
- Scott-Diagold block: These claims are subject to a 1% NSR royalty in favor of Exploration Diagold Inc., which can be purchased at any time by Yorbeau for an amount of \$750,000; and
- 1948565 Ontario Inc. block.

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. ("1948565"), 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.

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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

### (e) Scott Lake:

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

### (f) 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 Quebec. 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 \$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.

### (g) Estrades-Caribou:

The Estrades-Caribou property consists of three contiguous claim blocks totalling 118 claims located in the Estrées Township in Quebec. 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 (75 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.

### (h) 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.

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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

(i) KB:

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 Quebec.

## 8. Accounts payable and accrued liabilities:

		March 31 2019		December 31 2018
Accounts payable	\$	264,056	\$	247,135
Accrued liabilities		39,345		31,827
Accounts payable and accrued liabilities	\$	303,401	\$	278,962

## 9. 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.

Provision for site restoration costs did not fluctuate during the period. The balance as at March 31, 2019 is \$279,000.



# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

## 10. Share capital:

Authorized:

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

Shares fluctuated as follows during the period:

	March 31 2019		December 31 2018	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	326,549,013	54,265,001	307,539,013	53,884,801
Shares issued:				
Private placement- flow-through	-	-	19,010,000	950,500
Liability related to flow-through	-	-	-	(570,300)
Balance, end of period	326,549,013	54,265,001	326,549,013	54,265,001

Flow-through shares issuance:

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.

## 11. Share option plan:

As at March 31, 2019, 13,983,334 Class A common shares were reserved for 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 stock options to employees and administrators exercisable at \$ 0.035 per share. Stock options expire after a period of five years. The fair value of each option granted was determined using the Black-

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

## 11. Share option plan (continued):

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%
Share price on grant date	0,025 to 0,030 \$

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

	March 31 2019		December 31 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance, beginning of	7,025,000	\$ 0.09	4,075,000	\$ 0.20
Granted	1,500,000	0.035	4,250,000	0.035
Expired	-	--	(1,300,000)	0.25
Balance, end of period	8,525,000	0.14	7,025,000	0.09
Exercisable options , of period	4,900,500	\$ 0.16	4,900,500	\$ 0.16

As at March 31, 2019, 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;
- 300,000 options at \$0.10 per share until June 27, 2021;
- 2,525,000 options at \$0.035 per share until June 14, 2023
- 1,725,000 options at \$0.035 per share until July 12, 2023
- 500,000 options at \$0.03 per share until February 14, 2024 and
- 1,000,000 options at \$0.025 per share until March 11, 2024.

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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## 12. Commitments and contingencies:

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

	March 31 2019	December 31 2018
One year and less	35,707 \$	52,825 \$
More than one and less than five years	5,875	5,875
	41,582 \$	58,700 \$

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 \$950,500, before December 31, 2019 related to its flow-through share financings completed in 2018. As at March 31, 2019, the Company had incurred \$410,613 such of eligible expenses.

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

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

## 13. Administrative charges:

	For three months ended March 31	
	2019	2018
Professional fees	\$ 36,358	\$ 39,140
Investor relations	70,904	26,702
Salaries	55,989	51,364
Miscellaneous	40,446	27,977
Rent	16,690	16,414
Insurance	2,957	2,953
Taxes, licenses, fees	-	263
Total	\$ 223,344	\$ 164,813

## 14. Chibougamau building expenses:

	For three months ended March 31	
	2019	2018
Building maintenance	\$ 81	\$ 1,050
Insurance	314	319
Heating	2,975	1,984
Taxes, licenses, fees	2,266	2,142
Other	603	588
Amortization expense	2,738	2,738
Total	\$ 8,977	\$ 8,821

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Three months ended March 31, 2019 and 2018

(Unaudited)

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## 15. Related party transactions:

### *Transactions with key management personnel*

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

		March 31 2019		March 31 2018
Short-term employee benefits	\$	26,505	\$	33,206
Share-based payments		5,401		-
Total	\$	31,906	\$	33,206

### *Other related party transactions*

A property in the statement of financial position is subject to an annual royalty payment of \$50,000 (2018 - \$50,000) paid to Société Minière Alta Inc., of which a director of Yorbeau is the sole shareholder (Note 7 (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.