

# **YORBEAU RESOURCES INC.**

**Condensed Interim Financial Statements  
(Unaudited and not reviewed)  
For the nine-month periods ended  
September 30, 2021 and 2020**

Yorbeau Resources Inc.  
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# YORBEAU RESOURCES INC.

Condensed Interim Statements of Financial Position  
(Unaudited)

	September 30, 2021	December 31, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 235,657	\$ 1,467,916
Tax credits and other receivables (note 4)	37,098	88,891
Prepaid expenses	74,919	74,051
	<u>347,674</u>	<u>1,630,858</u>
Non-current assets:		
In-trust deposits (note 5)	339,000	303,000
Right-of-use assets (note 17)	12,562	26,051
Chibougamau building (note 6)	201,254	209,471
Mining properties (note 7)	3,846,708	3,810,708
Exploration and evaluation assets (note 7)	22,388,128	21,948,319
	<u>26,787,652</u>	<u>26,297,549</u>
	<u>27,135,326</u>	<u>27,928,407</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Trade and other payables (note 8)	\$ 116,965	\$ 366,482
Lease liabilities (note 17)	5,485	15,090
Deferred revenue	167,825	123,393
Liability related to flow through shares (notes 11 and 13)	70,335	101,033
	<u>360,610</u>	<u>605,998</u>
Non-current liabilities:		
Provisions (note 9)	339,000	303,000
Lease liabilities (note 17)	7,671	12,279
Loan (note 10)	60,000	40,000
	<u>406,671</u>	<u>355,279</u>
Total liabilities	767,281	961,277
Shareholders' equity:		
Share capital and warrants (note 11)	56,089,667	56,089,667
Contributed surplus	3,345,467	3,149,366
Deficit	(33,067,089)	(32,271,903)
	<u>26,368,045</u>	<u>26,967,130</u>
Reporting entity and going concern (note 1)		
Commitments and contingencies (note 13)		
	<u>\$ 27,135,326</u>	<u>\$ 27,928,407</u>

See accompanying notes to condensed interim financial statements.

# YORBEAU RESOURCES INC.

## Condensed Interim Statements of Loss and Comprehensive Loss (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2021 \$	2020 \$	2021 \$	2020 \$
<b>Revenues</b>				
Contract revenue (note 7a)	226,556	177,948	579,386	652,258
Rental of facilities	6,600	7,650	23,422	22,950
Other revenue related to flow-through shares (notes 11 & 13)	4,636	75,743	30,698	123,809
	237,792	261,341	633,506	799,017
<b>Expenses</b>				
Cost of sales	205,874	162,404	525,961	592,954
Administrative expenses (note 14)	242,257	267,341	604,770	759,997
Shares-based payments	37,298	54,771	196,101	68,496
Mining property management fees	7,087	860	46,921	40,578
Chibougamau building expenses (note 15)	6,324	16,770	24,179	32,822
	498,840	502,146	1,397,932	1,494,847
Loss and comprehensive loss	(261,048)	(240,805)	(764,426)	(695,830)
Interest expenses	4,295	717	30,760	3,563
Loss and comprehensive loss for the period	(265,343)	(241,522)	(795,186)	(699,393)
Net loss per share, basic and diluted	(0,01)	(0,01)	(0,01)	(0,01)
Weighted average number of shares outstanding	364,235,936	341,159,013	364,235,936	341,159,013

See accompanying notes to condensed interim financial statements.

# YORBEAU RESOURCES INC.

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

	Nine months ended	
	September 30, 2021	September 30, 2020
Cash provided by (used in):		
Operating:		
Net loss and comprehensive loss for the period	\$ (795,186)	\$ (699,393)
Items not involving cash:		
Other revenue related to flow-through shares	(30,698)	(123,809)
Share-based payments	196,101	68,496
Amortization expense (notes 14 and 15)	21,271	21,255
Net interest expense	30,760	3,563
Net change in non-cash operating working capital items		
Change in tax credits and other receivables	51,793	(6,429)
Change in prepaid expenses	(868)	36,569
Change in accounts payable and accrued liabilities	(249,517)	12,664
Change in deferred revenue	44,432	(17,101)
Net interest paid	(28,853)	(321)
	(760,765)	(704,506)
Investing:		
Payment received as part of the Option Agreement (note 7)	--	500,000
Additions to mining property	(36,000)	(24,000)
Additions to exploration and evaluation assets	(439,809)	(342,666)
	(475,809)	133,334
Financing:		
Loan (note 10)	20,000	40,000
Proceed from issuance of shares	--	18,250
Lease payments	(15,685)	(14,915)
	4,315	43,335
Net change in cash and cash equivalents	(1,232,259)	(527,837)
Cash and cash equivalents, beginning of year	1,467,916	819,056
Cash and cash equivalents, end of period	\$ 235,657	\$ 291,219

See accompanying notes to condensed interim financial statements.

# YORBEAU RESOURCES INC.

Condensed Interim Statements of Changes in Shareholders' s Equity  
(Unaudited)

	Nine months ended	
	September 30, 2021	September 30, 2020
Transactions with shareholders, recorded directly in equity:		
Share capital and warrants:		
Balance, beginning of year	\$ 56,089,667	\$ 54,686,801
Issue of flow-through shares (note 11)	--	18,250
Balance, end of period	56,089,667	54,705,051
Contributed surplus:		
Balance, beginning of year	3,149,366	2,976,766
Share-based payments under the option plan (note 12)	196,101	68,496
Balance, end of period	3,345,467	3,045,262
Deficit:		
Balance, beginning of year	(32,271,903)	(30,641,626)
Net loss and comprehensive loss for the period	(795,186)	(699,393)
Balance, end of period	(33,067,089)	(31,341,019)
Total shareholders' equity, end of period	\$ 26,368,045	\$ 26,409,294

See accompanying notes to condensed interim financial statements.

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(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 50 West Crémazie Boulevard, Suite 403, Montréal, Québec H2P 2T1.

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 2021 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2021.

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

Nine months ended September 30, 2021 and 2020

(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"), including IAS 34, *Interim Financial Reporting*

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, 2020.

## 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 at fair value at grant date pursuant to IFRS 2, Share-Based Payment.

### (b) Functional and presentation currency:

These unaudited interim condensed 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 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

Nine months ended September 30, 2021 and 2020

(Unaudited)

## 4. Tax credits and other receivables:

	September 30, 2021	December 31, 2020
Sales taxes	\$ 12,592	\$ 75,221
Other	24,506	13,670
<b>Tax credits and other receivables</b>	<b>\$ 37,098</b>	<b>\$ 88,891</b>

## 5. In-trust deposits:

At as September 30, 2021, the Company had an in-trust deposit of \$ 339 000 (2020 - \$303,000) in accordance with the current guarantees 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 for the future restoration costs of the Augmitto and Astoria sites on the Rouyn property. Additional guarantees may be required from the government (see note 9).

## 6. Chibougamau Building:

	September 30, 2021	December 31, 2020
<b>Cost</b>		
Balance, beginning of year	\$ 273,890	\$ 273,890
<b>Balance, end of period</b>	<b>\$ 273,890</b>	<b>\$ 273,890</b>
<b>Accumulated depreciation</b>		
Balance, beginning of year	\$ 64,419	\$ 53,463
Depreciation	8,217	10,956
<b>Balance, end of period</b>	<b>\$ 72,636</b>	<b>\$ 64,419</b>
<b>Carrying amount</b>		
<b>Balance, end of period</b>	<b>\$ 201,254</b>	<b>\$ 209,471</b>



# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

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

Mining properties:

	December 31, 2020	Additions	September 30, 2021
Rouyn	\$ 2,534,940	\$ 36,000	\$ 2,570,940
Scott Lake	774,235	--	774,235
Lemoine	270,492	--	270,492
Selbaie West	63,369	--	63,369
Estrades-Caribou	167,672	--	167,672
	<b>\$ 3,810,708</b>	<b>\$ 36,000</b>	<b>\$ 3,846,708</b>

	December 31, 2019	Additions	December 31, 2020
Rouyn	\$ 2,510,940	\$ 24,000	\$ 2,534,940
Scott Lake	774,235	--	774,235
Lemoine	270,492	--	270,492
Selbaie West	63,369	--	63,369
Estrades-Caribou	167,672	--	167,672
	<b>\$ 3,786,708</b>	<b>\$ 24,000</b>	<b>\$ 3,810,708</b>

Exploration and evaluations assets:

	December 31, 2020	Additions	Payment received as part of Option Agreement (note 7(a))	September 30, 2021
Rouyn <sup>(a)</sup>	\$ 14,075,051	\$ --	\$ --	\$ 14,075,051
Beschefer <sup>(b)</sup>	874,010	48,541	--	922,551
Kistabiche <sup>(c)</sup>	201,468	(1,459)	--	200,009
Scott Lake <sup>(e)</sup>	4,638,776	79,366	--	4,718,142
Lemoine <sup>(f)</sup>	613,389	293,843	--	907,232
Selbaie West <sup>(d)</sup>	330,859	343	--	331,202
Estrades-Caribou <sup>(g)</sup>	1,209,119	18,316	--	1,227,435
Gemini <sup>(c)</sup>	2,498	--	--	2,498
Turgeon <sup>(c)</sup>	387	--	--	387
Allard <sup>(c)</sup>	1,186	595	--	1,781
Landrienne <sup>(h)</sup>	1,576	264	--	1,840
	<b>\$ 21,948,319</b>	<b>\$ 439,809</b>	<b>\$ --</b>	<b>\$ 22,388,128</b>

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

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

Exploration and evaluation assets (continued):

	December 31, 2019	Additions	Impairment (note 7i)	Payment Received as part Of Option Agreement (note 7 a)	December 31, 2020
	\$	\$	\$	\$	\$
Rouyn <sup>a)</sup>	15,075,051	--	--	(1,000,000)	14,075,051
Beschefer <sup>b)</sup>	772,569	101,441	--	--	874,010
Kistabiche <sup>c)</sup>	191,930	9,538	--	--	201,468
Scott Lake <sup>e)</sup>	4,630,817	7,959	--	--	4,638,776
Lemoine <sup>f)</sup>	19,064	594,325	--	--	613,389
Selbaie Ouest <sup>d)</sup>	324,876	5,983	--	--	330,859
Estrades-Caribou <sup>g)</sup>	1,205,047	4,072	--	--	1,209,119
Gemini <sup>c)</sup>	2,498	--	--	--	2,498
Turgeon <sup>c)</sup>	387	--	--	--	387
Allard <sup>c)</sup>	1,186	--	--	--	1,186
Landrienne <sup>h)</sup>	1,278	298	--	--	1,576
Kb <sup>i)</sup>	440,968	205,279	(646,247)	--	--
	22,665,671	928,895	(646,247)	(1,000,000)	21,948,319

### a) Rouyn Property:

Yorbeau owns a 100% interest in the Rouyn property which is located in the Rouyn and Beauchastel townships in Québec. The Rouyn property is composed of one mining concession and a group of 95 mining claims. Twelve of the 95 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 (the "Effective Date"), Yorbeau entered into a definitive option agreement ("Option Agreement") with IAMGOLD Corporation ("IAMGOLD"), whereby IAMGOLD has an option to acquire a 100% interest in the Rouyn property in Québec, Canada.

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

- (i) Make an initial cash payment to Yorbeau of \$1 million on the effective date of the Final Option Agreement;

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

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

### (a) Rouyn Property (continued):

- (ii) Fund and incur \$9 million of exploration expenditures in a period of up to forty-eight (48) 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 twenty-four (24) month period following the later of the Effective Date or the date all requisite governmental approvals or consents for the drilling program is obtained;
- (iii) Make interim cash payments to Yorbeau during the Expenditure Period of an aggregate amount of \$3 million;
- (iv) Complete a resource estimate for the Rouyn property in accordance with IAMGOLD's standard estimation and reporting practices subject to detailed technical parameters to be agreed 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) \$30 million.

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 ("NSR") royalty 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 agreement also stipulates that IAMGOLD may engage Yorbeau to perform exploration work on the Rouyn property in exchange for reimbursement of Yorbeau's costs plus 10% administration fee. During the period ended September 30, 2021, Yorbeau recognized \$579,386 (2020 - \$652,258) as contract revenue under this arrangement in the statements of profit or loss and other comprehensive income or loss.

The Option Agreement is considered a farm-out agreement. As a result, the initial cash consideration of \$1 million and interim cash payments have been recognized as a reduction of the Rouyn exploration and evaluation assets.

### (a) 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

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

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

### (b) Beschefer property (continued):

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 acquired 13 additional claims in 2020, which brings the total to 128. Yorbeau owns a 100% interest in 63 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 region of Quebec, more specifically in the Laberge and Casa-Berardi townships. The property consists of 351 claims.

- Yorbeau has a 50% interest in the Turgeon property, with the remaining 50% interest 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 in the Abitibi region of Quebec, more specifically, in the 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 with the remaining 26.13% interest is held by a third party.

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

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

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

### (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 consists of 105 claims, 100 of which are subject to a right of return 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 be entitled 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 (3) claim blocks totalling 123 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.
- 1948565 Ontario Inc. ("1948565") 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, 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 until commercial production is achieved. These advances are recoverable from payments payable to 1948565 described in the subparagraph above and are recorded in the statements of comprehensive income or loss under *Mining property management fees*.

### (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, with the

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

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

(f) Lemoine (continued):

remaining 20.70% interest held by First Quantum. Some claims of this property are subject to a 2% NSR royalty and to a \$1,000,000 payment upon commercial production. Other claims on this property are subject to a 1% NSR royalty, half of which can be purchased for \$1,000,000.

(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, with the residual interest owned by First Quantum.

East Caribou block (38 claims): 67.20% interest owned by Yorbeau, with the residual interest owned by First Quantum.

West Caribou block (73 claims): 100% interest owned by Yorbeau.

A total of 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 59 claims located in the Landrienne Township in Québec. This property is subject to the Back-in Right Agreement with First Quantum. In addition:

12 claims of the property are subject to a 2% NSR royalty in favor of Placer Dome and an additional 1% NSR royalty in favor of Inmet;

16 claims of the property are subject to a 1% NSR royalty in favor of Inmet;

21 claims of the property are subject to a 2% NSR royalty in favor of IAMGOLD and an additional 1% NSR royalty in favor of Inmet;

10 claims of the property are subject to a 1.5% NSR royalty in favor of Placer Dome, an additional 0.5% NSR royalty in favor of Brindle Investment Ltd. and an additional 1% NSR royalty in favor of Inmet.

(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 also known as

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

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

(i) KB (continued):

"Kill Bill") is comprised of 30 claims covering 16.7 square kilometres located in the eastern limit of the Abitibi belt of Québec.

Yorbeau has decided to cease all prospecting activity on this property and the 30 claims will gradually be abandoned. The exploration and evaluation assets and mining properties related to this property have therefore been written off.

## 8. Trade and other payables:

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	September 30, 2021	December 31, 2020
Trade	\$ 48,587	\$ 274,082
Other payables	63,378	92,400
Trade and other payables	\$ 116,965	\$ 366,482

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## 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*. In determining the estimated costs, the Company takes into account factors such as changes in legislation and regulations and requirements under existing permits

The Company anticipates total restoration costs in relation to the aforementioned regulations of \$339,000 (\$279,000 for the Astoria site and \$60,000 for the Augmitto site). These amounts represent what is anticipated in the most recent mine site closure plan approved by the government authorities. 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.

There was an increase of \$36,000 (2020 - \$24,000) in the provision for site restoration costs during the period. The balance at September 30, 2021 was \$339,000 (2020 - \$303,000).

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

## 10. Loan:

Consists of a term loan of \$60,000 (2020 - \$40,000) under the Canadian Small Business Emergency Account, interest free until December 31, 2022, with \$20,000 being forgivable provided; \$40,000 is paid back between January 1, 2021 and December 31, 2022.

Unpaid balance on December 31, 2022 will be converted to a 3-year term loan at 5% annual interest, paid monthly, effective January 1, 2023,

## 11. Share capital:

Authorized:

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

Changes in shares during the period as follows:

	September 30, 2021		December 31, 2020	
	Number of shares	\$	Number of shares	\$
Balance, beginning of year	364,235,936	56,089,667	340,609,013	54,686,801
Shares issued				
Options exercise (note 13)	--	--	550,000	18,250
Private placement flow-through shares	--	--	23,076,923	1,500,000
Liability related to flow-through shares	--	--	--	(115,384)
Balance, end of period	364,235,936	56,089,667	364,235,936	56,089,667

Flow-through shares issuance:

On October 27, 2020, the Company completed a private placement. The Company issued a total of 23,076,923 flow-through shares at a price of \$0.065 per share for gross proceeds of \$1,500,000. At closing, the Company paid a \$ 32,512 finder's fee.

The carrying amount of the flow-through shares is presented net of the liability related to flow-through shares of \$115,384, which was recognised at the time of issuance.



# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

## 12. Share option plan:

As at September 30, 2021, 23,433,334 (13,433,334 - 2020) 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 17, July 13, July 27 and October 9, 2020, the Company granted a total of 7,800,000 shares options to employees and directors exercisable at \$0.06, \$0.055, \$0.065 and \$0.05 per share, respectively.

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 \$0.056 per option for a total value of \$429,582. The fair value measurement assumptions used at the share option plan grant date were as follows:

Risk-free interest rate	1,21% - 1,64%
Expected service life	5 years
Expected volatility	147% - 150%
Share price on grant date	\$0.06 and \$0.08

Changes in the number of options outstanding under the Company's plan during the period were as follows:

	September 30, 2021		December 31, 2020	
	Number of share options	Average weighted exercise price	Number of share options	Average weighted exercise price
Balance, beginning of year	12,550,000	\$ 0.05	8,525,000	\$ 0.079
Granted	--		7,800,000	0.056
Exercised	--		(550,000)	0.033
Forfeited	--		(750,000)	0.035
Expired	(300,000)		(2,475,000)	0.18
Balance, end of period	12,250,000	\$ 0.05	12,550,000	\$ 0.05
Options exercisable, end of year	4,450,000	\$ 0.041	3,750,000	\$ 0.041

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

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## 12. Share option plan (continued):

As at September 30, 2021, the following options were outstanding:

- 2,525,000 options at \$0.035 per share until June 14, 2023;
- 925,000 options at \$0.04 per share until July 11, 2023;
- 500,000 options at \$0.03 per share until February 14, 2024;
- 500,000 options at \$0.025 per share until March 11, 2024;
- 1,000,000 options at \$0.06 per share until June 17, 2025;
- 5,800,000 options at \$0.055 per share until July 13, 2025;
- 500,000 options at \$0.065 per share until July 27, 2025 and
- 500,000 options at \$0.05 per share until October 9, 2025.

## 13. Commitments and contingencies:

The Company committed to carry out \$1,500,000 in eligible exploration and evaluation work prior to December 31, 2022, related to the flow-through financing completed in 2020. As at September 30, 2021, the Company has incurred expenditures of \$704,221 in respect of this financing.

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

Nine months ended September 30, 2021 and 2020

(Unaudited)

## 14. Administrative expenses:

	Nine months ended	
	September 30, 2021	September 30, 2020
Salaries	\$ 164,865	\$ 262,586
Fees	226,605	265,064
Investor relations	45,621	78,558
Taxes, licences and other	36,710	22,771
Rent	16,839	19,098
Insurance	11,875	11,230
Depreciation of right-of-use asset	13,054	13,038
Miscellaneous	90,201	87,652
	<u>\$ 604,770</u>	<u>\$ 759,997</u>

## 15. Chibougamau building expenses:

	Nine months ended	
	September 30, 2021	September 30, 2020
Depreciation	\$ 8,217	\$ 8,217
Taxes, licences and fees	6,080	5,882
Heating	3,440	3,959
Property maintenance	--	12,142
Insurance	4,388	990
Miscellaneous	2,054	1,632
	<u>\$ 24,179</u>	<u>\$ 32,822</u>

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

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## 16. Related party transactions:

### *Transactions with key management personnel*

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

	September 30, 2021	September 30, 2020
Short-term employee benefits	\$ 35,750	\$ 213,728
Share-based payments	196,101	68,497
	<hr/>	<hr/>
	\$ 231,851	\$ 282,225

In connection with the private placement that closed on December 31, 2020, three insiders of the Company purchased a total of 6,971,000 common shares for total proceeds of \$453,115. The terms and conditions offered to the related parties in this transaction are identical to those offered to non-related common shareholders.

### *Other related party transactions:*

A property in the statement of financial position is encumbered with a royalty of \$50,000 per annum (2020 – \$50,000) payable to Société Minière Alta Inc., a corporation controlled by a director of Yorbeau. The definitive Option Agreement stipulates that IAMGOLD will be liable to pay the royalty of \$50,000 per annum to Société Minière Alta Inc. (note 7 (a)).

These transactions were made in the normal course of business and measured at the exchange amount, which is the amount established and agreed to by the parties.

# YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2021 and 2020

(Unaudited)

## 17. Right-of-use assets and lease liabilities:

The following table shows the change in the Company's right-of-use during the period:

	September 30, 2021	December 31, 2020
Right-of-use assets, beginning of year	\$ 26,051	\$ 28,899
Additions	--	22,359
Depreciation expense with respect to right-of-use assets	(13,490)	(25,207)
Right-of-use assets, end of period	\$ 12,561	\$ 26,051

The following table shows the change in the lease liabilities of the Company during the period:

	September 30, 2021	December 31, 2020
Lease liabilities, beginning of year	\$ 27,369	\$ 28,729
Additions	--	22,359
Lease liability payments, including related interest	(15,685)	(27,034)
Interest expense with respect to lease liabilities	1,472	3,315
Lease liabilities, end of period	\$ 13,156	\$ 27,369
Current portion	\$ 5,485	\$ 15,090
Non-current portion	7,671	12,279

For any leases incurred during the year, the Company discounted future rent payments using its marginal borrowing rate. The weighted average rate applied was 10%.