

YORBEAU RESOURCES INC.

Condensed Interim Financial Statements (Unaudited and not reviewed) For the nine-month periods ended September 30, 2022 and 2021

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YORBEAU RESOURCES INC.

Condensed Interim Statements of Financial Position
(Unaudited)

As at September 30, 2022 and 2021

| | September 30, 2022 | December 31 2021 |
|------------------------------------------------------------|-----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,626,835 | \$ 1,886,476 |
| Investment (note 8(e)) | 75,000 | -- |
| Tax credits and other receivables (note 5) | 84,355 | 26,294 |
| Prepaid expenses | 121,055 | 62,507 |
| | <u>1,909,245</u> | <u>1,975,277</u> |
| Non-current assets: | | |
| In-trust deposits (note 6) | 339,000 | 339,000 |
| Right-of-use assets (note 18) | 20,790 | 34,251 |
| Chibougamau building (note 7) | 190,300 | 198,515 |
| Mining properties (note 8) | 3,846,708 | 3,846,708 |
| Exploration and evaluation assets (note 8) | 22,589,548 | 21,919,686 |
| | <u>26,986,346</u> | <u>26,338,160</u> |
| | <u>28,895,591</u> | <u>28,313,437</u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Trade and other payables (note 9) | \$ 411,413 | \$ 116,360 |
| Lease liabilities (note 18) | 20,769 | 17,716 |
| Deferred revenue | 92,101 | 128,336 |
| Liability related to flow through shares (notes 12 and 14) | 169,921 | 179,557 |
| | <u>694,204</u> | <u>441,969</u> |
| Non-current liabilities: | | |
| Provisions (note 10) | 339,000 | 339,000 |
| Lease liabilities (note 18) | 1,611 | 17,784 |
| Loan (note 11) | 60,000 | 60,000 |
| | <u>400,611</u> | <u>416,784</u> |
| Total liabilities | 1,094,815 | 858,753 |
| Shareholders' equity: | | |
| Share capital (note 12) | 58,106,334 | 57,156,334 |
| Contributed surplus | 3,457,892 | 3,368,476 |
| Deficit | (33,763,450) | (33,088,126) |
| | <u>27,800,776</u> | <u>27,454,684</u> |
| Reporting entity and going concern (note 1) | | |
| Commitments and contingencies (note 14) | | |
| | <u>\$ 28,895,591</u> | <u>\$ 28,313,437</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, | |
|-----------------------------------------------------------------|-------------------------------------|-------------|------------------------------------|-------------|
| | 2022 \$ | 2021 \$ | 2022 \$ | 2021 \$ |
| Revenues | | | | |
| Contract revenue (note 8a) | 60,319 | 226,556 | 440,470 | 579,386 |
| Rental of facilities | 7,500 | 6,600 | 29,829 | 23,422 |
| Other revenue related to flow-through shares (notes 12 & 14) | 51,532 | 4,636 | 72,137 | 30,698 |
| | 119,351 | 237,792 | 542,436 | 633,506 |
| Expenses | | | | |
| Cost of sales | 52,109 | 205,874 | 392,246 | 525,961 |
| Administrative expenses (note 15) | 218,166 | 242,257 | 628,532 | 604,770 |
| Shares-based payments | 7,405 | 37,298 | 71,416 | 196,101 |
| Mining property management fees | 29,754 | 7,087 | 80,913 | 46,921 |
| Chibougamau building expenses (note 16) | 10,231 | 6,324 | 27,840 | 24,179 |
| | 317,665 | 498,840 | 1,200,947 | 1,379,932 |
| Loss and comprehensive loss | (198,314) | (261,048) | (658,511) | (764,426) |
| Interest expenses | 14,015 | 4,295 | 16,813 | 30,760 |
| Loss and comprehensive loss for the period | (212,329) | (265,343) | (675,324) | (795,186) |
| Net loss per share, basic and diluted | (0,01) | (0,01) | (0,01) | (0,01) |
| Number of shares outstanding | 416,402,616 | 364,235,936 | 416,402,616 | 364,235,936 |

See accompanying notes to condensed interim financial statements.

YORBEAU RESOURCES INC.

Condensed Interim Statements of Changes in Cash Flows (Unaudited)

| | For nine months ended | |
|--------------------------------------------------------|-----------------------|-----------------------|
| | September 30, 2022 | September 30, 2021 |
| Cash provided by (used in): | | |
| Operating: | | |
| Net loss | \$ (675,324) | \$ (795,186) |
| Items not involving cash: | | |
| Other revenue related to flow-through shares | (72,137) | (30,698) |
| Share-based payments | 71,416 | 196,101 |
| Amortization expense (notes 15 and 16) | 21,676 | 21,271 |
| Net interest expense | 16,813 | 30,760 |
| Net change in non-cash operating working capital items | | |
| Change in tax credits and other receivables | (58,061) | 51,793 |
| Change in prepaid expenses | (58,548) | (868) |
| Change in accounts payable and accrued liabilities | 295,053 | (249,517) |
| Change in deferred revenue | (36,235) | 44,432 |
| Net interest paid | (14,708) | (28,853) |
| | (510,055) | (760,765) |
| Investing: | | |
| Investment (note 8(e)) | (75,000) | -- |
| Sales of Ouje Claims (note 8(e)) | 75,000 | -- |
| Additions to mining properties | | (36,000) |
| Additions to exploration and evaluation assets | (744,862) | (439,809) |
| | (744,862) | (475,809) |
| Financing: | | |
| Loan (note 11) | -- | 20,000 |
| Proceed from issuance of shares | 1,012,500 | -- |
| Lease payments | (15,224) | (15,685) |
| | 997,276 | 4,315 |
| Net change in cash and cash equivalents | (257,641) | (1,232,259) |
| Cash and cash equivalents, beginning of year | 1,886,476 | 1,467,916 |
| Cash and cash equivalents, end of period | \$ 1,628,835 | \$ 235,657 |

See accompanying notes to condensed interim financial statements.

YORBEAU RESOURCES INC.

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

| | For nine months ended | |
|--------------------------------------------------------------|-----------------------|-----------------------|
| | September 30, 2022 | September 30, 2021 |
| Transactions with shareholders, recorded directly in equity: | | |
| Share capital and warrants: | | |
| Balance, beginning of year | \$ 57,156,334 | \$ 56,089,667 |
| Issue of common shares (note 12) | 450,000 | -- |
| Issue of flow-through shares (note 12) | 500,000 | -- |
| Balance, end of period | 58,106,334 | 56,089,667 |
| Contributed surplus: | | |
| Balance, beginning of year | 3,386,476 | 3,149,366 |
| Share-based payments under the option plan (note 13) | 71,416 | 196,101 |
| Balance, end of period | 3,457,892 | 3,345,467 |
| Deficit: | | |
| Balance, beginning of year | (33,088,126) | (32,271,903) |
| Net loss and comprehensive loss for the period | (675,324) | (795,186) |
| Balance, end of period | (33,763,450) | (33,067,089) |
| Total shareholders' equity, end of period | \$ 27,800,776 | \$ 26,368,045 |

See accompanying notes to condensed interim financial statements.

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

1. Reporting entity and going concern:

Yorbeau Resources Inc. (“Yorbeau” or the “Company”) is a company domiciled in Canada and incorporated under the laws of the Province of Québec. The address of the Company’s registered office is 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 the 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 exploration stage with 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. 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 12 months, and to complete its planned 2022 calendar year exploration budget. Consequently, the Company will need to obtain additional financing in 2022. The Company currently has no committed sources of financing available. The Company has relied upon external financing to fund its operations in the past, primarily through the issuance of equity and amounts received from mining property option agreements.

The ability of the Company to meet its commitments and discharge its liabilities as they become due and pursue the acquisition of mineral properties and the development of projects is dependent on its ability to develop its mining properties and achieve commercial production and on its ability to raise additional funding to finance its operations. There can be no assurance that the Company will be able to obtain financing in the future, and there can be no assurance that such financing sources or initiatives will be available to the Company or that they will be available on terms acceptable to the Company. Further, 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.

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

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

1. Reporting entity and going concern (continued):

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 condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), including IAS 34, *Interim Financial Reporting*, and in accordance with the accounting policies used by the Company in its most recent audited annual financial statements.

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, 2021.

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*;
- Lease liabilities, which are measured at the present value of minimum lease payments at the commencement date pursuant to IFRS 16, *Leases*; and
- The liability for flow-through shares which is recorded at fair value at the date of the financing announcement.

(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.

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

3. Basis of preparation (continued):

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

- Note 10 - Estimation of the provision for site restoration costs;
- Note 12 - 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:

These unaudited condensed interim financial statements have been prepared using the same accounting policies used in the audited financial statements as of December 31, 2021.

5. Tax credits and other receivables:

| | September 30, 2022 | December 31, 2021 |
|-------------|-----------------------|----------------------|
| Sales taxes | \$ 74,236 | \$ -- |
| Other | 10,119 | 26,294 |
| | <u>\$ 84,355</u> | <u>\$ 26,294</u> |

6. In-trust deposits:

At as September 30, 2022, the Company had an in-trust deposit of \$ 339 000 (2021 - \$339,000) 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 10).

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

7. Chibougamau Building:

| | September 30, 2022 | December 31, 2021 |
|---------------------------------|-----------------------|----------------------|
| Cost | | |
| Balance, beginning of year | \$ 273,890 | \$ 273,890 |
| Balance, end of period | \$ 273,890 | \$ 273,890 |
| Accumulated depreciation | | |
| Balance, beginning of year | \$ 75,375 | \$ 64,419 |
| Depreciation | 8,215 | 10,956 |
| Balance, end of period | \$ 83,590 | \$ 75,375 |
| Carrying amount | | |
| Balance, end of period | \$ 190,300 | \$ 198,515 |

8. Mining properties and exploration and evaluation assets:

Mining properties:

| | December 31, 2021 | Additions | September 30 2022 |
|------------------|----------------------|-----------|----------------------|
| Rouyn | \$ 2,570,940 | \$ -- | \$ 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 |
| | \$ 3,846,708 | \$ -- | \$ 3,846,708 |

| | December 31, 2020 | Additions | December 31, 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 |
| | \$ 3,810,708 | \$ 36,000 | \$ 3,846,708 |

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

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

Exploration and evaluations assets:

| | December 31, 2021 | Additions | Payment received as part of Option Agreement (note 7(a)) | September 30, 2022 |
|---------------------------------|----------------------|------------|----------------------------------------------------------------------|-----------------------|
| Rouyn ^(a) | \$ 13,379,397 | \$ 70,985 | \$ -- | \$ 13,450,382 |
| Beschefer ^(b) | 959,121 | 141,653 | -- | 1,100,774 |
| Kistabiche ^(c) | 203,714 | 3,157 | -- | 206,871 |
| Scott Lake ^(e) | 4,804,842 | 367,361 | -- | 5,172,203 |
| Lemoine ^(f) | 992,700 | 793 | -- | 993,493 |
| Selbaie West ^(d) | 332,639 | 1,105 | -- | 333,744 |
| Estrades-Caribou ^(g) | 1,238,056 | 1,677 | -- | 1,239,733 |
| Gemini ^(c) | 2,505 | -- | -- | 2,505 |
| Turgeon ^(c) | 387 | -- | -- | 387 |
| Allard ^(c) | 1,859 | 1,325 | -- | 3,184 |
| Landrienne ^(h) | 4,466 | 81,806 | -- | 86,272 |
| | \$ 21,919,686 | \$ 669,862 | \$ -- | \$ 22,589,548 |

| | December 31, 2020 | Additions | Impairment (note 7i)) | Payment Received as part Of Option Agreement (note 7 a)) | December 31, 2021 |
|--------------------------------|----------------------|-----------|--------------------------|----------------------------------------------------------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rouyn ^{a)} | 14,129,397 | -- | -- | (750,000) | 13,379,397 |
| Beschefer ^{b)} | 881,884 | 77,237 | -- | -- | 959,121 |
| Kistabiche ^{c)} | 202,512 | 1,202 | -- | -- | 203,714 |
| Scott Lake ^{e)} | 4,688,992 | 115,850 | -- | -- | 4,804,842 |
| Lemoine ^{f)} | 658,392 | 334,308 | -- | -- | 992,700 |
| Selbaie Ouest ^{d)} | 331,318 | 1,321 | -- | -- | 332,639 |
| Estrades-Caribou ^{g)} | 1,209,874 | 28,182 | -- | -- | 1 238,056 |
| Gemini ^{c)} | 2,505 | -- | -- | -- | 2,505 |
| Turgeon ^{c)} | 387 | -- | -- | -- | 387 |
| Allard ^{c)} | 1,192 | 667 | -- | -- | 1,859 |
| Landrienne ^{h)} | 1,606 | 2,860 | -- | -- | 4,466 |
| | 22,108,059 | 561,627 | -- | (750,000) | 21,919,686 |

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

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

Exploration and evaluations assets (continued):

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;
- (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 metres 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 are 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% NSR royalty on the minerals produced on the Rouyn

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

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

Exploration and evaluations assets (continued):

a) Rouyn Property (continued):

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, 2022, Yorbeau recognized \$440,470 (2021 - \$579,386) as contract revenue under this arrangement in the statement of loss and comprehensive 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.

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 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 RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

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

Exploration and evaluations assets (continued):

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

- 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 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.

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:

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

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

Exploration and evaluations assets (continued):

e) Scott Lake (continued):

- Ouje block: These 5 claims were assigned to Tomagold Inc. in return for 1,500,000 shares worth \$75,000, plus a 2% NSR royalty of which 1% is redeemable for \$1 million.
- 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 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 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;

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

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

Exploration and evaluations assets (continued):

(g) Estrades-Caribou (continued):

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.

9. Trade and other payables:

| | September 30, 2022 | December 31, 2021 |
|----------------|-----------------------|----------------------|
| Trade | \$ 365,213 | \$ 72,172 |
| Other payables | 46,200 | 44,188 |
| | \$ 411,413 | \$ 116,360 |

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*

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

10. Provisions (continued):

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 \$279,000 (2021 - \$279,000) for the Astoria site and \$60,000 (2021 - \$60,000) for the Augmitto sites. 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. The effect of discounting is not material to these financial statements. The balance at June 30, 2022 was \$339,000 (2021 - \$339,000)

11. Loan:

Consists of a term loan of \$60,000 (2021 - \$60,000) under the Canadian Small Business Emergency Account, interest free before December 31, 2023, with \$20,000 being forgivable provided \$40,000 is paid back before December 31, 2023. The effect of discounting the loan is not material to these financial statements.

Outstanding loan on December 31, 2023 will be converted to a 2-year term loan at 5% annual interest, paid monthly, effective January 1, 2024, with the loan fully due by December 31, 2025.

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

12. 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, 2022 | | December 31, 2021 | |
|---------------------------------------------|---------------------|-----------------------|----|----------------------|------------|
| | Number of shares | | \$ | Number of shares | \$ |
| Balance, beginning of year | 390,902,616 | 57,156,334 | | 364,235,936 | 56,089,667 |
| Shares issued | | | | | |
| Options exercise (note 13) | 500,000 | 12,500 | | -- | -- |
| Private placement | | | | | |
| common shares | 12,500,000 | 437,500 | | 13,333,340 | 533,333 |
| flow-through shares | 12,500,000 | 562,500 | | 13,333,340 | 666,667 |
| Liability related to flow-through shares | -- | (62,500) | | -- | (133,333) |
| Balance, end of period | 416,402,616 | 58,106,334 | | 390,902,616 | 57,156,334 |

Flow-through shares issuance:

On December 9, 2021, the Company completed a private placement. The Company issued a total of 13,333,340 flow-through shares at a price of \$0.05 per share and 13,333,340 common shares at a price of \$0.04 per share for gross proceeds of \$1,200,000. The Company incurred equity financing fees of \$19,830, comprised of the finder's fee paid at closing.

The carrying amount of the flow-through shares is presented net of the liability related to flow-through shares of \$133,333 which was recognized at the time of issuance.

On August 08, 2022, the Company completed a private placement. The Company issued a total of 12,500,000 flow-through shares at a price of \$0.045 per share and 12,500,000 common shares at a price of \$0.035 per share for gross proceeds of \$1,000,000.

The carrying amount of the flow-through shares is presented net of the liability related to flow-through shares of \$62,500 which was recognized at the time of issuance.

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

13. Share option plan:

As at September 30, 2022, 13,983,334 Class A common shares were reserved for future issuance 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 July 7, 2021 the Company granted a total of 800,000 share options to employees and directors exercisable at \$0.05 per share.

Share options vest over a period of two years and 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 \$0.043 per option for a total value of \$34,415. The fair value measurement assumptions used at the share option plan grant date were as follows:

| | |
|---------------------------|---------|
| Risk-free interest rate | 1,8% |
| Expected service life | 5 years |
| Expected volatility | 130% |
| Share price on grant date | \$0.05 |

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

| | September 30, 2022 | | December 31, 2021 | |
|------------------------------------|-------------------------------|---------------------------------------|-------------------------------|---------------------------------------|
| | Number of share options | Average weighted exercise price | Number of share options | Average weighted exercise price |
| Balance, beginning of year | 13,050,000 | \$ 0.05 | 12,550,000 | \$ 0.05 |
| Granted | -- | -- | 800,000 | 0.05 |
| Expired | -- | -- | (300,000) | 0.10 |
| Forfeited | (750,000) | 0.048 | -- | -- |
| Exercised | (500,000) | 0.025 | -- | -- |
| Balance, end of period | 11,800,000 | \$ 0.05 | 13,050,000 | \$ 0.05 |
| Options exercisable, end of period | 10,900,000 | \$ 0.048 | 8,750,000 | \$ 0.048 |

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

13. Share option plan (continued):

As at September 30, 2022, the following options were outstanding:

- 2,275,000 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.
- 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.
- 800,000 options at \$0.05 per share until July 07, 2026

14. Commitments and contingencies:

The Company committed to carry out \$1,168,258 in eligible exploration and evaluation work prior to December 31, 2023, related to the flow-through financing completed in 2020, 2021 and 2022. As at September 30, 2022, the Company has incurred expenditures of \$663,351 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, 2022 and 2021

(Unaudited)

15. Administrative expenses:

| | For nine months ended | |
|-------------------------------------|-----------------------|----------------------|
| | September 30 2022 | September 30 2021 |
| Salaries | \$ 193,764 | \$ 164,865 |
| Fees | 241,964 | 226,605 |
| Investor relations | 62,051 | 45,621 |
| Taxes, licences and other | 6,575 | 36,710 |
| Rent | 18,370 | 16,839 |
| Insurance | 15,024 | 11,875 |
| Depreciation of right-of-use assets | 13,461 | 13,054 |
| Miscellaneous | 77,323 | 89,201 |
| | <u>\$ 628,532</u> | <u>\$ 604,770</u> |

16. Chibougamau building expenses:

| | For nine months ended | |
|--------------------------|-----------------------|----------------------|
| | September 30 2022 | September 30 2021 |
| Depreciation | \$ 8,215 | \$ 8,217 |
| Taxes, licences and fees | 6,423 | 6,080 |
| Heating | 5,579 | 3,440 |
| Property maintenance | 4,479 | -- |
| Insurance | 1,322 | 4,388 |
| Miscellaneous | 1,822 | 2,054 |
| | <u>\$ 27,840</u> | <u>\$ 24,179</u> |

YORBEAU RESOURCES INC.

Notes to Condensed Interim Financial Statements, Continued

Nine months ended September 30, 2022 and 2021

(Unaudited)

17. Related party transactions:

Transactions with key management personnel

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

| | For nine months ended | |
|------------------------------|-----------------------|----------------------|
| | September 30 2022 | September 30 2021 |
| Short-term employee benefits | 44,750 | 35,750 |
| Share-based payments | 71,416 | 196,101 |
| | <u>\$ 116,166</u> | <u>\$ 231,851</u> |

In connection with the private placement that closed on December 09, 2021, five insiders of the Company purchased a total of 16,772,330 common shares for total proceeds of \$754,750. The terms and conditions offered to the related parties in this transaction are identical to those offered to non-related common Shareholders.

In connection with the private placement that closed on August 08, 2022, five insiders of the Company purchased a total of 9,125,000 common shares for total proceeds of \$410,625. 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 (2021 – \$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 8 (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, 2022 and 2021

(Unaudited)

18. 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, 2022 | December 31, 2021 |
|----------------------------------------------------------|-----------------------|----------------------|
| Right-of-use assets, beginning of year | \$ 34,251 | \$ 26,051 |
| Additions | -- | 25,129 |
| Depreciation expense with respect to right-of-use assets | (13,461) | (16,929) |
| Right-of-use assets, end of period | \$ 20,790 | \$ 34,251 |

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

| | September 30, 2022 | December 31, 2021 |
|------------------------------------------------------|-----------------------|----------------------|
| Lease liabilities, beginning of year | \$ 35,500 | \$ 27,369 |
| Additions | -- | 25,129 |
| Lease liability payments, including related interest | (15,224) | (19,177) |
| Interest expense with respect to lease liabilities | 2,104 | 2,179 |
| Lease liabilities, end of period | \$ 22,380 | \$ 35,500 |
| Current portion | \$ 20,769 | \$ 17,716 |
| Non-current portion | 1,611 | 17,784 |

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%.