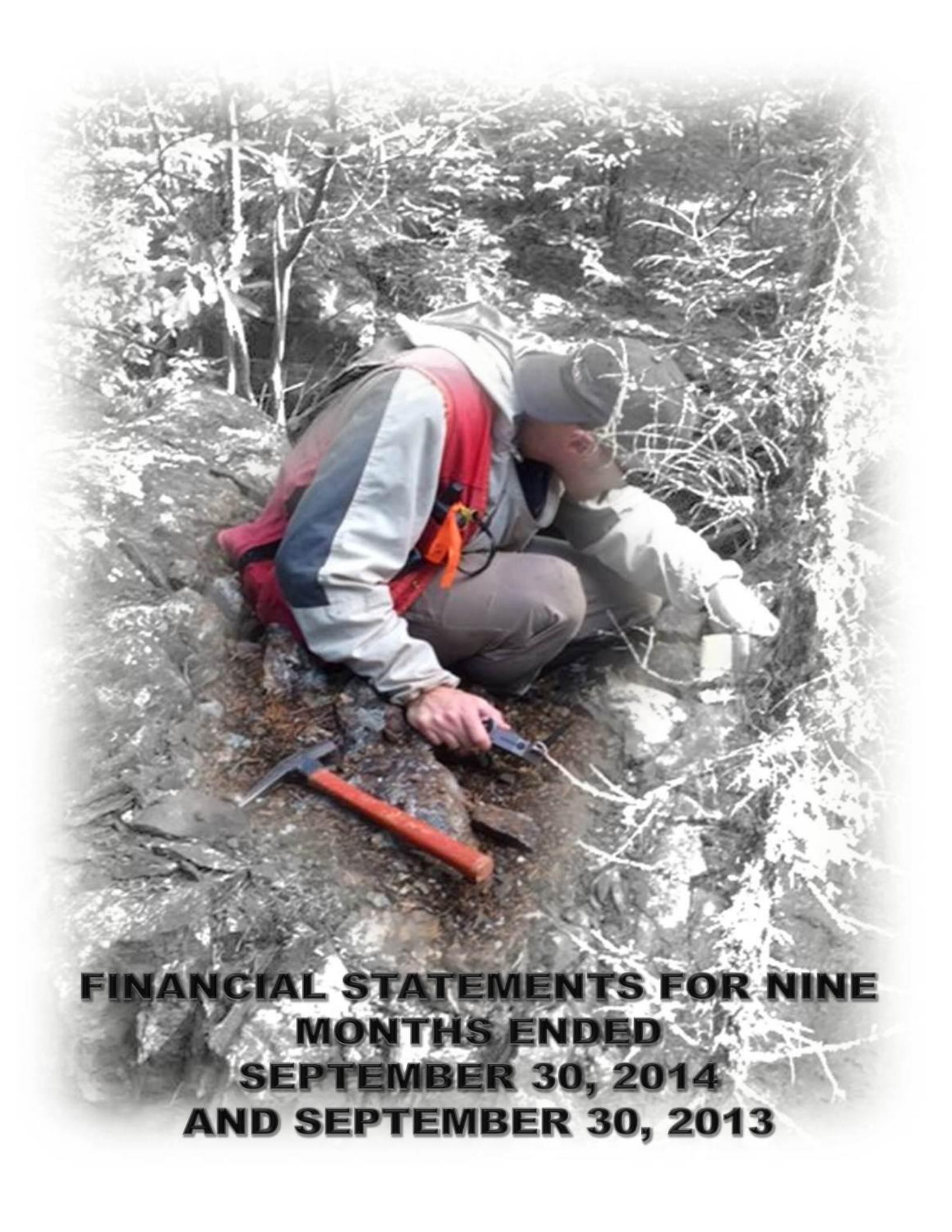




**FINANCIAL STATEMENTS FOR NINE
MONTHS ENDED
SEPTEMBER 30, 2014
AND SEPTEMBER 30, 2013**

LAURION MINERAL EXPLORATION INC.

For the Nine Month Period Ended September 30, 2014 and September 30, 2013

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Laurion Mineral Exploration Inc.

Interim Consolidated Statements of Operations

For the Nine Month Period Ended September 30, 2014 and September 30, 2013

(expressed in Canadian Dollars)

(Prepared by management - Unaudited)

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Administrative expenses (Note 4)	\$ (176,137)	\$ (172,117)	\$ (515,173)	\$ (539,196)
Amortization	(397)	(448)	(1,192)	(1,347)
Interest expense (Note 16)	(14,329)	(12,496)	(42,242)	(36,154)
Other income (loss) (Note 5)	(639,533)	55,009	(442,493)	55,576
Unrealized gain (loss) on investment	(6,250)	8,750	(1,250)	(76,250)
Loss on exchange differences	(31,874)	(1,824)	(32,892)	(31,944)
Net loss and comprehensive loss for the period	\$ (868,520)	\$ (123,126)	\$ (1,035,242)	\$ (629,315)

Loss per share (Note 6)

Laurion Mineral Exploration Inc.

Interim Consolidated Statement of Financial Position

As at September 30, 2014 and December 31, 2013

(expressed in Canadian Dollars)

(Prepared by management - Unaudited)

	September 30, 2014	December 31, 2013
ASSETS		
Current assets		
Cash	\$ 161,357	\$ 391,492
Other receivables	23,092	280,085
Prepaid expenses	4,915	12,292
Investment (Note 9)	12,500	13,750
	201,864	697,619
Non-current assets		
Property and equipment (Note 7)	2,477	3,669
Investment in mineral properties and deferred exploration (Note 8)	3,417,898	3,817,200
	3,420,375	3,820,869
TOTAL ASSETS	\$ 3,622,239	\$ 4,518,488
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables (Note 12)	\$ 364,004	\$ 315,557
Provision (Note 16)	670,071	594,814
	1,034,075	910,371
Equity		
Share capital (Note 10)	13,788,019	13,827,091
Warrants reserve	2,411,947	2,411,947
Share based payments reserve	3,943,592	3,889,231
Deficit	(17,555,394)	(16,520,152)
	2,588,164	3,608,117
TOTAL EQUITY AND LIABILITIES	\$ 3,622,239	\$ 4,518,488

Contingencies and Commitments (Note 15)

Laurion Mineral Exploration Inc.

Interim Consolidated Statement of Changes in Equity

For the Nine Month Period Ended September 30, 2014 and September 30, 2013

(expressed in Canadian Dollars)

(Prepared by management - Unaudited)

	Share capital (Note 10)	Warrants Reserve	Share Based Payments Reserve	Deficit	Total
Equity as at December 31, 2012	\$ 13,750,979	\$ 2,309,931	\$ 3,817,226	\$(15,659,089)	\$ 4,219,047
Issuance of units	68,412	102,016	8,072		178,500
Share based payments	-	-	42,017	-	42,017
Issuance of shares for investment in mineral properties	7,700				7,700
Net loss for the period	-	-	-	(629,315)	(629,315)
Equity as at September 30, 2013	13,827,091	2,411,947	3,867,315	(16,288,404)	3,817,949
Equity as at December 31, 2013	\$ 13,827,091	\$ 2,411,947	\$ 3,889,231	\$(16,520,152)	\$ 3,608,117
Share based payments	-	-	54,361	-	54,361
Shares forfeited on sale of mineral property	(43,272)				(43,272)
Issuance of shares for investment in mineral properties	4,200				4,200
Net loss for the period	-	-	-	(1,035,242)	(1,035,242)
Equity as at September 30, 2014	\$ 13,788,019	\$ 2,411,947	\$ 3,943,592	\$(17,555,394)	\$ 2,588,164

Laurion Mineral Exploration Inc.

Interim Consolidated Statement of Cash Flows

For the Nine Month Period Ended September 30, 2014 and September 30, 2013

(expressed in Canadian Dollars)

(Prepared by management - Unaudited)

	Three months ended		Nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$ (868,520)	\$ (123,126)	\$ (1,035,242)	\$ (629,315)
Amortization	397	448	1,192	1,347
Loss on exchange difference	31,874	1,824	32,892	31,944
Unrealized gain (loss) on investment	6,250	(8,750)	(1,250)	76,350
Loss (gain) on disposition of mineral properties	639,687	(52,144)	449,687	(52,144)
Share-based payments	6,120	14,006	18,589	42,017
Net changes in non-cash working capital				
Other receivables	(4,286)	1,933	256,992	(1,160)
Prepaid expenses	4,000	4,184	7,377	10,264
Trade and other payables	80,276	(5,82)	90,813	69,339
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(104,202)	(167,454)	176,450	(451,458)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Exploration costs capitalized	(68,942)	(22,143)	(308,685)	(148,532)
Mining rights and claim purchase	(10,000)	(15,000)	(10,000)	(15,000)
Proceeds from disposition of mineral property	25,000		25,000	-
Net proceeds from Bell Mountain transaction	50,000	350,000	240,000	350,000
NET CASH USED BY INVESTING ACTIVITIES	(3,942)	312,857	(53,685)	186,468
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net proceeds on issued shares	-	178,500	-	178,500
Net increase (decrease) in cash	(108,144)	323,903	(230,135)	(86,490)
Cash at beginning of period	269,501	152,102	391,492	562,495
Cash at end of period	\$ 161,357	\$ 476,005	\$ 161,357	\$ 476,005

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

1. Nature of Operations and Going Concern

a. Nature of Operations

Laurion Mineral Exploration Inc. and its wholly-owned subsidiary, Laurion Mineral Exploration USA LLC (collectively the "**Corporation**") is focused on the upside of high impact projects with a primary focus on gold and a secondary focus on base metals. The address of the Corporation's registered office is 333 Bay Street, Suite 2400, Toronto, Ontario.

The Corporation has key interests in prospective mining properties located in Ontario, Canada and Nevada, United States of America. The Corporation holds title and interest in several resource properties, as follows:

- I) A 100% interest in 15 contiguous mining leases (657 hectares) located in Irwin, Walters, Elmhirst and Pifher Townships, located 220 km northeast of Thunder Bay, Ontario, Canada ("**Ishkoday Property**");
- II) A 100% interest in 13 mining claims totalling 179 units (2,864 hectares), located in Pifher and Elmhirst Townships ("**Ishkoday North Property**");
- III) An option to acquire up to a 100% interest in 4 mining leases (64 hectares) located in Elmhirst Township ("**Jubilee-Elmhirst Property**");
- IV) A 100% interest in 3 mineral claims comprising 21 claim units (336 hectares) located in Walter and Elmhirst Townships ("**Ishkoday-East Property**" (formerly **Ishkoday-Hercules Property**));
- V) A 100% interest in 1 mining lease comprising of 30 mining leases (447 hectares) located in Elmhirst Township ("**Beaurox Property**");
- VI) A 100% interest in 1 mineral claim comprising 4 claim units (64 hectares) located in Walters Township ("**Ishkoday-South Property**" (formerly **Ishkoday-Hercules South Property**));
- VII) An option to earn a 100% interest in the Bell Mountain Property ("**Bell Mountain**") composed of 26 unpatented lode mining claims (217 hectares) and 119 recently staked lode mining claims (995 hectares), 29 unpatented mining claims plus 6 unpatented mill claim sites located in Sections 2-3 and 10-11, Township 15 North, Range 34 East, of the Mount Diablo Base and Meridian, Churchill County, Nevada, USA. The entire property package consists of 174 lode claims (1,408 hectares) and 6 mill site claims (12 hectares) (see Note 8.I); and
- VIII) A 100% ownership interest in 1 unpatented mining claim (1 unit) in Fortune Township, located 40km west of Timmins, Ontario, Canada ("**Enid-Massey Property**").

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

1. Nature of Operations and Going Concern (continued)

b. Going Concern

Going forward, the Corporation is in the process of exploring its core property, the Ishkoday Property. The Corporation has not yet determined whether the property contains economically recoverable resources. The recoverability of the carrying values of mineral exploration properties and deferred exploration costs is dependent upon the discovery of economically recoverable resources, the preservation of the Corporation's interest in the underlying patented leases and mineral claims, the ability of the Corporation to obtain financing necessary to continue the development of the Ishkoday Property, or any of its other properties, or alternatively upon the Corporation's ability to dispose of its interests on an advantageous basis.

As at September 30, 2014, the Corporation had a deficit of \$17,555,394 and working capital deficit of \$832,211. As at December 31, 2013, the Corporation had a deficit of \$16,520,152 and working capital deficit of \$212,752. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Corporation be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

2. International Financial Reporting Standards (IFRS) Compliance and Adoption

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). These interim consolidated financial statements have been approved by the Board of Directors on November 20, 2014.

3. Significant Accounting Policies

a. Basis of Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies applied by the Corporation are the same as those applied by the Corporation in its consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with IFRS, except for the adoption of new standards by the Corporation effective as of January 1, 2014.

b. Basis of Consolidation

The unaudited interim Consolidated Financial Statements include the accounts of the Corporation and its wholly owned subsidiaries Laurion Resource Corporation Laurion ("**Laurion Subsidiary**") (a US Colorado corporation) and Laurion Mineral Exploration USA LLC (a Nevada limited liability Corporation). The Laurion Subsidiary was registered on April 5, 2010 as a foreign liability company in the state of Colorado in the United States of America. All significant intercompany accounts and transactions have been eliminated.

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

3. Significant Accounting Policies (continued)

c. Foreign Currency Translation

The functional and reporting currency of Laurion Mineral Exploration Inc. is the Canadian Dollar. The functional currency of the Laurion Subsidiary is the Canadian Dollar. Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. The Corporation translates monetary assets and liabilities that are denominated in foreign currencies at the rate prevailing at each reporting date and non-monetary assets and liabilities at historical exchange rates. Gains and losses on translation are recorded in loss from operations.

d. Use of Judgments and Estimates

The preparation of consolidated financial statements in compliance with IFRS necessitates the Corporation's management to make certain judgments, estimates and assumptions that they consider reasonable. A precise determination of certain assets and liabilities of the Corporation is contingent upon future events and therefore the estimates and approximations have been determined using careful judgment.

The judgments, estimates and assumptions carried out by management relate to the valuation of share based payments, impairment of mineral properties and deferred exploration, value of other receivables, measurement of warrants and share based payment, determination of flow-through premium and determination of deferred income taxes.

e. Impairment of Non-Current Assets

Long lived assets, which consist of investment in mineral properties and deferred exploration and property and equipment, are evaluated quarterly by management for impairment. An impairment loss is recognized in the Consolidated Statement of Operations whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying value is not recoverable, the Corporation would recognize an impairment loss equal to the amount by which the carrying value exceeds the recoverable amount.

f. Financial Instruments

The Corporation classifies its financial assets as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at acquisition date.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through the Consolidated Statement of Operations. Cash and investments are included in this category of financial instruments.

Loans and Receivables

Loans and receivables are classified as current assets and are comprised of other receivables. Loans and other receivables are measured at amortized cost using the effective interest method. Amounts in other receivables are included in this category of financial instruments.

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

3. Significant Accounting Policies (continued)

f. Financial Instruments (continued)

Financial Instruments Available for Sale

The Corporation does not have any financial instruments available for sale. Changes in the fair value of these investments are recognised as fair value adjustments under other comprehensive income, except for impairment losses and in the case of monetary items such as securities denominated in foreign currency, which are recorded in foreign exchange gains and losses. When these investments are derecognized the cumulative gain or loss previously recognized directly in equity is recognized in profit and loss.

The Corporation had no other comprehensive income or loss transactions for the nine month period ended September 30, 2014 and the nine month period ended September 30, 2013. Accordingly, a statement of other comprehensive income has not been prepared.

Financial Liabilities

Financial liabilities classified as other financial liabilities consist of trade and other payables and provision. Other financial liabilities are measured at amortized cost using the effective interest method.

Transaction Cost

Transaction cost associated with financial assets FVTPL are expensed as incurred while transaction cost associated with all other financial assets are included in the initial carrying amount of the asset.

g. Property and Equipment

Property and equipment is carried at cost less accumulated depreciation and accumulated impairment losses. Mining equipment is depreciated over its estimated useful life on a declining balance basis at a rate of 30%. Office equipment is depreciated on a declining balance basis at a rate of 45%.

h. Investment in Mineral Properties and Deferred Exploration

The Corporation records its interests in mineral properties at cost. Direct costs relating to the acquisition, exploration and development of mineral properties, less recoveries, are deferred until such time as the properties are either put into commercial production, sold, determined not to be economically viable or abandoned. Cost related to pre exploration and evaluation activities are deferred on a project-by-project basis if it is probable that they will result in future economic benefits. If the costs incurred cannot be directly attributed to a project that is going to be pursued beyond the pre-exploration and evaluation stage they are expensed. If the property is placed into production, deferred costs would be amortized over the estimated life of the mineral property. The deferred costs would be written off if the property is abandoned. If the property is sold, proceeds are first credited against the carrying value of the property with any excess included in the Consolidated Statement of Operations for the period. If it is determined that the carrying value of a property exceeds its net recoverable amount as estimated by management, or exceeds the selling value of the property, a provision is made for the decline in value and charged against operations in the year of determination of value.

Costs include the cash consideration and the fair market value of any shares issued for the acquisition of mineral properties. The carrying value is reduced by option proceeds received until such time as the property cost and deferred expenditures are reduced to nominal amounts. Properties acquired under option agreements or by joint ventures, whereby payments are made at the sole discretion of the Corporation, are

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

3. Significant Accounting Policies (continued)

h. Investment in Mineral Properties and Deferred Exploration (continued)

recorded in the accounts at the time of payment.

The amounts shown for investment in mineral properties and deferred exploration represent costs incurred to date, less write offs and recoveries.

i. Investments

The Corporation has classified its investment as FVTPL and accordingly the investment is recognized on the Consolidated Statement of Financial Position at its fair value with any changes in fair value recognized in income in the period in which the change arose. Fair value is determined by the bid price of the shares at the Consolidated Statement of Financial Position date (see Note 9).

j. Asset Retirement Obligations

The Corporation records the estimated fair value of any asset retirement obligations as a liability in the period in which the related environmental disturbance occurs and the present value of the associated future costs can be reasonably estimated. The fair values of asset retirement obligations are recorded as liabilities on a discounted basis when they are incurred. Amounts recorded for the related assets are increased by the amount of these obligations. Over time, the liabilities will be accreted for the change in their present value and the initial capitalized costs will be depleted and amortized over the useful lives of the related assets. The Corporation has not incurred any asset retirement obligations to date.

k. Income Taxes

The Corporation uses the asset and liability method of tax allocation for accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to be reversed. Deferred income taxes are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be realized.

l. Income (Loss) Per Share

Basic income (loss) per share is calculated by dividing the income (loss) for the year by the weighted average number of common shares outstanding during the year. The diluted income (loss) per share gives effect to the exercise of any option or warrant for which the exercise price is lower than the average market price during the year. Dilution is calculated based on the net number of common shares issued should these options and warrants be exercised and the proceeds used to purchase common shares at the weighted average market price in the year.

m. Share Based Payments

The Corporation has a stock option plan that is described in Note 10(e). The granting of stock options represents a benefit given to employees of the Corporation, which include others providing similar services, and non-employees and constitutes additional compensation to be borne by the Corporation.

Employees

Share based payments issued to employees and directors are valued at the date of grant using the Black Scholes option pricing model and are included in the Consolidated Statement of Operations over each tranche's vesting period and credited to the share based payments reserve unless it can be directly attributed to exploration and evaluation activities, in which case it is deferred.

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

3. Significant Accounting Policies (continued)

m. Share Based Payments (continued)

Non-employees

Share based payments issued to non-employees are valued at the fair value of the goods and services received, unless they cannot be reliably measured, then the Black Scholes option pricing model is used. The expense is included in the Consolidated Statement of Operations over each tranche's vesting period which represents the period over which the services have been received and credited to the share based payments reserve unless it can be directly attributed to exploration and evaluation activities, in which case it is deferred.

Acquisitions

Share based payments issued to other entities for acquisition of properties are valued at the bid price on the date of the agreement and included in equity on that day, where the fair value of the goods and services received could not be reliably measured.

n. Interest

The Corporation classifies interest received and paid as an operating cash flow within the Consolidated Statement of Cash Flows.

o. Flow Through Shares

The Company has financed a portion of its exploration activities through the issuance of flow through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions.

The issue of flow through shares is in substance an issue of ordinary shares and the sale of tax deductions. The sale of tax deductions are measured using the relative fair value method. At the time the flow through shares are issued, the sale of tax deductions is deferred and is presented as other liabilities in the Consolidated Statement of Financial Position, because the Company has not yet fulfilled its obligation to pass on the tax deductions to the investor. When the Company fulfills its obligation the sale of tax deductions is recognized in the Consolidated Statement of Operations as other income

The obligation is fulfilled when the eligible expenditures are incurred and there is an intention to renounce the expenditures.

p. Changes in Accounting Policies and Disclosures

The following standards have been issued but are not yet effective:

IFRS 9 - Financial Instruments

IFRS 9 replaces the current standard, IAS 39 Financial Instruments: Recognition and Measurement. The new standard replaces the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value.

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

3. Significant Accounting Policies (continued)

p. Changes in Accounting Policies and Disclosures (continued)

The following standards have been issued and were adopted on January 1, 2013. The adoption of the following standards had no impact on the financial statement presentation in the current or prior years

IFRS 10 – Consolidated Financial Statements

IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard (i) requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements; (ii) defines the principle of control, and establishes control as the basis for consolidation; (iii) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation—Special Purpose Entities.

IFRS 12 – Disclosure of Involvement with Other Entities

IFRS 12 requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

IFRS 13 – Fair Value Measurement

IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except for: share-based payment transactions within the scope of IFRS 2 Share-based Payment; leasing transactions within the scope of IAS 17 Leases; measurements that have some similarities to fair value but that are not fair value, such as net realizable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

4. Administrative Expenses

Administrative expenses are composed of the following:

For the period ended	For the three months ended		For the nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
Management fees (Note 12)	\$ 17,165	\$ 19,883	\$ 51,881	\$ 58,273
Directors' fees (Note 12)	14,500	12,950	44,700	40,700
Office and administrative expenses	35,160	23,041	113,002	76,637
Professional fees	66,048	46,028	129,944	139,677
Rent	1,865	1,865	5,594	5,594
Shareholder information	30,319	27,692	120,376	115,713
Share-based payments	6,120	14,006	18,589	42,017
Transfer listing and filing fees	-	11,563	8,138	20,614
Travel and automotive	4,960	15,089	22,949	39,971
	\$ 176,137	\$ 172,117	\$ 515,173	\$ 539,196

5. Other Income (loss)

Other income (loss) is composed of the following:

For the period ended	For the three months ended		For the nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2014	2013	2014	2013
Interest income	\$ 154	\$ 2,865	\$ 7,194	\$ 3,432
Gain (loss) on disposition of mineral property	(639,687)	52,144	(449,687)	52,144
	\$ (639,533)	\$ 55,009	\$ (442,493)	\$ 55,576

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

6. Income (Loss) Per Share

Basic and diluted income (loss) per share.

The calculation of basic and diluted income (loss) per share at the period end is based on the net income (loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding at the end of the reporting period. In the current reporting period and in 2013, the Corporation was in a loss position and therefore its options and warrants were anti-dilutive.

	For the three months ended		For the nine months ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
For the period ended				
Loss for the period	\$ (868,520)	\$ (123,126)	\$ (1,035,242)	\$ (629,315)
Weighted average number of ordinary outstanding during the period	104,899,071	102,464,299	105,145,824	103,952,405
	\$ (0.001)	\$ (0.001)	\$ (0.010)	\$ (0.006)

7. Property and Equipment

a. Cost

	Mining Equipment	Office Equipment	Total
December 30, 2012	\$ 21,900	\$ 22,419	\$ 44,319
Additions	-	1,440	1,440
December 31, 2013	21,900	23,859	45,759
Additions	-	-	-
September 30, 2014	\$ 21,900	\$ 23,859	\$ 45,759

b. Accumulated amortization

	Mining Equipment	Office Equipment	Total
December 30, 2012	\$ 21,315	\$ 18,817	\$ 40,132
Additions	175	1,783	1,958
December 31, 2013	21,490	20,600	42,090
Additions	92	1,100	1,192
September 30, 2014	\$ 21,582	\$ 21,700	\$ 43,282

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

7. Property and Equipment (continued)

c. Carrying amount

	Mining Equipment	Office Equipment	Total
December 31, 2013	\$ 410	\$ 3,259	\$ 3,669
September 30, 2014	\$ 318	\$ 2,159	\$ 2,477

8. Investment in Mineral Properties and Deferred Exploration

a. Mineral Properties and Deferred Exploration for the period ended September 30, 2014:

	Mining Properties	Deferred Explorations	Total
Bell Mountain Property	\$ -	\$ -	\$ -
Midlothian Property	1	-	1
Ishkoday Property	50,000	3,004,097	3,054,097
Ishkoday North Property	68,000	-	68,000
Jubilee-Elmhirst Property	53,700	-	53,700
Ishkoday East Property	17,100	-	17,100
Beaurox Property	225,000	-	225,000
	\$ 413,801	\$ 3,004,097	\$ 3,417,898

Mineral Properties and Deferred Exploration for the period ended December 31, 2013:

	Mining Properties	Deferred Explorations	Total
Bell Mountain Property	\$ -	\$ -	\$ -
Midlothian Property	28,750	682,825	711,575
Ishkoday Property	50,000	2,706,025	2,756,025
Ishkoday North Property	68,000	-	68,000
Jubilee-Elmhirst Property	42,200	-	42,200
Ishkoday East Property	14,400	-	14,400
Beaurox Property	225,000	-	225,000
	\$ 428,350	\$ 3,388,850	\$ 3,817,200

Laurion Mineral Exploration Inc.

Notes to the Interim Consolidated Financial Statements
For the Nine Month Period Ended September 30, 2014
(expressed in Canadian Dollars)
(Prepared by management - Unaudited)

8. Investment in Mineral Properties and Deferred Exploration (continued)

b. Additions, write downs and recoveries of mineral properties for the period ended September 30, 2014:

	Opening balance	Additions	Write off/ Disposals	Closing balance
Bell Mountain Property	\$ -	\$ -	\$ -	\$ -
Midlothian Property	28,750	-	(28,749)	1
Ishkoday Property	50,000	-	-	50,000
Ishkoday North Property	68,000	-	-	68,000
Jubilee-Elmhirst Property	42,200	11,500	-	53,700
Ishkoday East Property	14,400	2,700	-	17,100
Beaurox Property	225,000	-	-	225,000
	\$ 428,350	\$ 14,200	\$ (28,749)	\$ 413,801

Additions, write downs and recoveries of mineral properties for the period ended December 31, 2013:

	Opening balance	Additions	Write off/ Disposals	Closing balance
Bell Mountain Property	\$ 243,500	\$ -	\$ (243,500)	\$ -
Midlothian Property	28,750	-	-	28,750
Ishkoday Property	50,000	-	-	50,000
Ishkoday North Property	68,000	-	-	68,000
Jubilee-Elmhirst Property	24,000	18,200	-	42,200
Ishkoday East Property	9,900	4,500	-	14,400
Beaurox Property	225,000	-	-	225,000
	\$ 649,150	\$ 22,700	\$ (243,500)	\$ 428,350

Laurion Mineral Exploration Inc.

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8. Investment in Mineral Properties and Deferred Exploration (continued)

c. Additions, write downs and recoveries of deferred exploration costs for the period ended September 30, 2014:

	Opening balance	Additions	Write off/ Disposals	Closing balance
Bell Mountain Property	\$ -	\$ -	\$ -	\$ -
Midlothian Property	682,825	10,612	(693,437)	-
Ishkoday Property	2,706,025	298,072	-	3,004,097
	\$ 3,388,850	\$ 308,684	\$ (693,437)	\$ 3,004,097

Additions, write downs and recoveries of deferred exploration costs for the period ended December 31, 2013:

	Opening balance	Additions	Write off/ Disposals	Closing balance
Bell Mountain Property	\$ 489,832	\$ (22,080)	\$ (467,752)	\$ -
Midlothian Property	631,158	51,667	-	682,825
Ishkoday Property	2,512,266	193,759	-	2,706,025
	\$ 3,633,256	\$ 223,346	\$ (467,752)	\$ 3,388,850

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8. Investment in Mineral Properties and Deferred Exploration (continued)

I. The Bell Mountain Property

On June 28, 2010 (the "**Closing Date**"), the Corporation entered into an exploration and option agreement with Globex Mining Enterprises Inc. ("**Globex**") of Rouyn Noranda, Quebec and Globex Nevada Inc., (a wholly owned subsidiary of Globex) in which the Laurion Subsidiary received an option to acquire a 100% interest in the Bell Mountain Property located in Churchill County, Nevada. Under the terms of the agreement, the Corporation has an option to earn an undivided 100% interest in the Bell Mountain Property by making cash and share payments and incurring exploration expenditures over a 60 month period from the Closing Date as follows:

- i. On the Closing Date, the Corporation made a cash payment of \$10,000 and issued 1,700,000 common shares at \$0.055 per share for a total payment of \$103,500 to Globex;
- ii. On June 28, 2011, the Corporation made a cash payment of \$15,000, and issued 1,000,000 of its common shares at \$0.07 per share for a total payment of \$85,000 to Globex, and confirmed that it had incurred \$250,000 in exploration expenditures on the property;
- iii. On June 28, 2012, the Corporation made an additional cash payment of \$15,000, and issued an additional 1,000,000 of its common shares at \$0.04 per share for a total payment of \$55,000 to Globex and confirmed that it had incurred an aggregate of \$500,000 in exploration expenditures on the property;
- iv. On or before the third anniversary of the Closing Date, the Corporation is required to have incurred an additional \$500,000 in exploration expenditures on the property; and
- v. On or before the fifth anniversary of the Closing Date, the Corporation is required to incur an additional \$2,000,000 of exploration expenditures on the property.

The Bell Mountain Property is subject to two royalties which will take effect upon commencement of commercial production. The first royalty is held by N.A. Degerstrom ("**Degerstrom**") who retains a 2% net smelter return royalty which can be acquired for US\$167,000. In addition, pursuant to the Agreement, Globex will maintain a sliding scale Gross Metal Royalty ("**GMR**") on all mineral production (gold, silver, etc.) benchmarked upon the price of gold (1% GMR at a gold price under US\$500/troy oz, 2% GMR at a gold price between US\$500 and US\$1200/troy oz and 3% GMR at a gold price over US\$1200/troy oz).

The Corporation may terminate the agreement at any time.

On September 5, 2012, the Corporation signed a binding letter of agreement to sell the Bell Mountain Nevada Property through a 100% purchase option to Lincoln Mining Corporation ("**Lincoln**") for an aggregate cash purchase price of \$2,350,000. The agreement was amended on August 23, 2013 and a new payment schedule was agreed to in March 2014.

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8. Investment in Mineral Properties and Deferred Exploration (continued)

I. The Bell Mountain Property (continued)

On September 9, 2014, the Corporation announced that they had concluded an amended agreement to the Purchase Agreement (the "Amended Agreement"). Both the Corporation and Lincoln have agreed that the remaining balance of approximately \$736,877 including 4% interest would be subject to a payment schedule as outlined below.

Pursuant to the terms of the Amended Agreement, Lincoln has made a payment of \$50,000 of which \$25,000 was applied toward the principal balance and a bonus payment of \$25,000 was paid to Laurion.

The remaining payment schedule under the Amended Agreement provides for Lincoln to either pay the outstanding principal balance owing to the Corporation by September 30, 2014, or Lincoln could obtain monthly extensions for payments of \$75,000, which each payment provides Laurion with a bonus payment of \$25,000 and an extension payment to be applied toward the principal balance in the amount of \$50,000, for each such monthly extension until December 31, 2014. The October and November 2014 principal and bonus payments under the Amended Agreement remain unpaid.

The Amended Agreement provides that In the event Lincoln fails to make all of the extension payments contemplated above and they are not paid prior to December 31, 2014, then as of January 1, 2015, Laurion is at liberty to:

- (a) take whatever steps it considers necessary and appropriate under the Purchase Agreement, including without limitation, relying on a (i) duly executed assignment and assumption agreement between, among others, Lincoln and Laurion dated as of September 2, 2014 with respect to the transfer of rights and interests relating to the Bell Mountain Project to Laurion (the "Assignment Agreement"), and (ii) quit claim duly executed as of September 2, 2014 by Lincoln in favour of Laurion in respect of the Bell Mountain 180 claims (the "Quit Claim");
- (b) accept a further set of monthly extension payments from Lincoln until June 30, 2015, as outlined below; or,
- (c) seek to obtain a favourable judgement against Lincoln. The Assignment Agreement and Quit Claim have been placed into escrow.

If after January 1, 2015, Laurion elects to accept a further set of monthly extension payments from Lincoln until June 30, 2015, Lincoln would pay Laurion a monthly bonus payment of a \$25,000 and a principal balance payment of \$125,000 for each monthly extension requested. If the full outstanding balance is not paid in accordance with the description above, and in any event by June 30, 2015, or if Lincoln fails to make two consecutive extension payments prescribed by the Amended Agreement, then Laurion is at liberty to (a) take whatever steps it considers necessary and appropriate under the Purchase Agreement, including without limitation, relying on the (i) Assignment Agreement, and (ii) Quit Claim, or (b) seek to obtain a favourable judgement against Lincoln.

The amounts received to date and amounts included in other receivables (exclusive of interest) have been credited against the carrying amount of the property with the excess being reflected as "Gain on disposition of property" (Note 5).

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8. Investment in Mineral Properties and Deferred Exploration (continued)

II. The Ishkoday Property

On October 4, 2007, the Corporation entered into an agreement with St. Andrew Goldfields Ltd. for the purchase of a 100% interest in the Ishkoday Property, located 25km northeast of the Town of Beardmore, 220 km northeast of Thunder Bay, Ontario, for a consideration of 500,000 common shares issued at \$0.10 per share.

The Ishkoday Property consists of 15 contiguous mining leases (657 hectares) located in Irwin Walters, Elmhirst and Pifher Townships.

III. The Ishkoday North Property

On July 7, 2011, the Corporation acquired an undivided 100% interest from two prospectors (collectively, "**Bond and Renner**"), the Ishkoday North Claims, for a consideration of 800,000 common shares of the Corporation issued at \$0.085 per share.

The Ishkoday North Property is composed of 13 mining claim units aggregating 179 contiguous units covering an area of approximately 2,864 hectares, located in Pifher, and Elmhirst Townships. The Ishkoday North Claims are situated to the north and are contiguous with the Ishkoday Property.

IV. The Jubilee-Elmhirst Property

On August 30, 2011, the Corporation entered into an option agreement with Jubilee Gold Inc. ("**Jubilee**") in which the Corporation received an option to acquire up to a 100% interest in 4 mining leases totalling 74 hectares located in Elmhirst Township. The agreement closed on September 9, 2011. The Jubilee-Elmhirst Property is located in Elmhirst Township, is contiguous and to the east of the Corporation's Ishkoday Property.

Under the terms of the agreement, the Corporation has the option to acquire a 60% interest in the mining leases by making cash and share payments and incurring exploration expenditures over a 60 month period from the closing date as follows:

- i. Upon execution of the agreement, the Corporation made a cash payment of \$7,000 and issued of 50,000 common shares of the Corporation to Jubilee;
- ii. On August 30, 2012, the Corporation made an additional cash payment of \$10,000 and, issued an additional 60,000 common shares of the Corporation to Jubilee and incurred \$50,000 in exploration expenditures;
- iii. On August 30, 2013, the Corporation made an additional cash payment of \$15,000, issued an additional 80,000 common shares of the Corporation and incurred an additional \$75,000 in exploration expenditures;
- iv. On September 2, 2014, the Corporation made an additional cash payment of \$10,000 (an additional cash payment of \$10,000 was deferred for twelve months), issued an additional 100,000 common shares of the Corporation and incurred an additional \$100,000 in exploration expenditures;
- v. On or before the fourth anniversary of the closing date, the Corporation is required make an additional cash payment of \$10,000 and incur an additional \$125,000 in exploration expenditures; and
- vi. On or before the fifth anniversary of the closing date, the Corporation is required to incur an additional \$150,000 in exploration expenditures.

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8. Investment in Mineral Properties and Deferred Exploration (continued)

IV. The Jubilee-Elmhirst Property (continued)

The Corporation, in consideration for acting as the operator, is entitled to a management fee equal to 10% of the expenditures it incurs. This management fee will be applied against the required exploration expenditures noted above.

Once the Corporation has earned the 60% interest in the mining leases, the Corporation has an option to acquire an additional 40% interest by making cash payments in the aggregate amount of \$30,000, issuing 160,000 common shares of the Corporation, incurring an additional \$333,333 in exploration expenditures and granting Jubilee a 2% net smelter royalty on production from the leases. The Corporation has the option to purchase 50% of the royalty by paying an additional amount of \$1,000,000.

V. The Ishkoday-East Property (formerly "The Ishkoday-Hercules Property")

On September 8, 2011, the Corporation entered into an option agreement with Argonaut Gold Inc. ("**Argonaut**" formerly Prodigy Gold), in which the Corporation received an option to acquire an undivided 100% interest in 3 mineral claims comprising 21 claim units totalling 336 hectares in Walter and Elmhirst Townships. The agreement closed on October 7, 2011. The Ishkoday East property is located in Elmhirst Township, is contiguous and is situated to the east of the Corporation's Ishkoday Property.

Under the terms of the agreement, the Corporation must issue shares and incur exploration expenditures over a 36 month period from the closing date as follows:

- i. Upon execution of the agreement, the Corporation issued 70,000 common shares of the Corporation to Argonaut at \$0.07 per share;
- ii. On September 28, 2012, the Corporation issued 100,000 common shares of the Corporation to Argonaut at \$0.05 per share and incurred \$25,000 in exploration expenditures;
- iii. On September 27, 2013, the Corporation issued 150,000 common shares of the Corporation and incurred an additional \$25,000 in exploration expenditures; and
- iv. On September 29, 2014, the Corporation issued 180,000 common shares of the Corporation and incurred an additional \$25,000 in exploration expenditures.

The Corporation has notified Argonaut Gold that it has met its commitments to date under the Argonaut option agreement. Argonaut will now complete the transfer of the Ishkoday East Property to Laurion.

VI. Beauxox Property

On May 7, 2012, Laurion completed a definitive agreement with Beauxox Mines Limited ("**Beauxox**"), whereby the Corporation received the option to acquire up to a 100% in 1 mining lease, 30 mining claims, covering an area of 447 hectares. The Beauxox property is contiguous to the Corporation's Ishkoday Property north eastern boundary, and is located in the south western quarter of Elmhirst Township.

Pursuant to the terms of the Agreement, Laurion has an Option to earn in an undivided 100% interest, subject to the issuance of an aggregate of 4,500,000 common shares in the capital of Laurion ("Common Shares" and by incurring a total of \$400,000 in expenditures on or before February 28, 2015 (a minimum of \$300,000 in expenditures to be incurred on or before February 28, 2014). 90% of the 4,500,000 Common Shares to be issued by Laurion shall be held pursuant to an escrow agreement and released in accordance with a structured schedule over a period of 36 months. The Beauxox property is subject to a 3% net smelter return ("**NSR**") royalty (the "**Royalty**") in favour of Beauxox (0.5%), David Malouf (2%) and Regean Gosselin (0.5%). At any time, Laurion may purchase 1.5% of the Royalty for \$1,500,000 or 1% of the Royalty for

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8. Investment in Mineral Properties and Deferred Exploration (continued)

VI. Beauroux Property (continued)

\$1,000,000. Beginning in the fourth year of the agreement, there shall be an annual advance net smelter return royalty of \$30,000. Laurion shall have the right to waive the advanced royalty payment by committing to a execute minimum of \$300,000 of audited assessment credits on the leases and to renew the leases within two years.

VII The Ishkoday-South Property (formerly "The Sturgeon-Hercules South Property")

In June 2012, the Corporation staked 1 mineral claim comprising 4 claim units (64 hectares) in Walters Township, which is contiguous to Ishkoday-Hercules property and to the east of the Corporation's Ishkoday Property.

VIII. The Alliance Properties

i. Kiska Metals Corporation and Laurion Strategic Alliance

On April 3, 2007, the Corporation entered into a strategic alliance ("**Laurion/GXL Agreement**") with Kiska Metals Corporation (formerly Geoinformatics Exploration Inc.) and certain of its affiliates (collectively, "**Kiska**").

The Laurion/GXL Agreement is based on a comprehensive exploration program encompassing project generation to on ground exploration in a geological region known as the Mid Continent Rift ("**MCR**") which extends from Minnesota, Wisconsin and Michigan in the United States and southern Ontario, eastern Manitoba and western Quebec in Canada (certain areas excluded) (the "**LAGXL Area**"). With respect to the acquisition and exploration of target properties, the Laurion/GXL Agreement provides that the Corporation has the right to select up to five targets in the LAGXL Area within the Anglo Area (the "**Alliance Targets**") and Kiska will provide geological and exploration management related thereto, the costs of which will be borne by the Corporation.

Title to each Alliance Target shall be held as to 51% by the Corporation and 49% by Kiska.

To maintain its 51% interest in each Alliance Target, the Corporation must expend an aggregate of \$250,000 per annum on each Alliance Target. The Corporation also must fund all costs to complete a positive pre-feasibility study on or before the seventh anniversary of the agreement.

ii. The Alliance Target Properties

As noted previously, the Corporation has the right to select up to five Ni, Cu or PGE targets ("**Alliance Targets**"). To date, the Corporation and Kiska have selected only two of the five Alliance Targets: the Gowganda Project and the Nipigon Project (abandoned in 2010).

The Gowganda Project is composed of the Midlothian and Raymond Properties. The Midlothian Property is located 33km northwest of Gowganda in the Township of Midlothian and consists of a 2,432 hectare claim block.

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On August 25, 2011, the Corporation notified Kiska Metals that it would be abandoning the Raymond Property.

8. Investment in Mineral Properties and Deferred Exploration (continued)

ii. The Alliance Target Properties (continued)

On July 22, 2014, the Corporation executed a Purchase and Sale Agreement with Kiska Metals Corporation ("Kiska") for the disposition of the Corporation's 51% interest in the Midlothian Project. The Corporation received a \$25,000 cash payment plus the return of the 500,000 common shares of the corporation held by Kiska. Pursuant to the agreement, the Corporation will also receive a 2.5% net smelter royalty with respect to precious metals and a 1.5% net smelter royalty with respect to all other metals. In addition the Corporation is to receive \$500,000 upon completion of a mineral resource estimate of at least 500,000 gold equivalent ounces ("GEO'S") and an additional \$1,000,000 upon a decision to commence the development and construction of a mine for the project.

IX. The Enid-Massey Property

During 2011, the Corporation held a 100% ownership interest in 28 unpatented mining claims (consisting of 354 units), located in Enid, Massey Côté and Fortune Townships located approximately 40 kilometres west of Timmins. In 2006, the Corporation acquired 9 additional unpatented mining claims (137 units) in Fortune and Côté Townships ("**Fortune Côté claims**") from 2090720 Ontario Inc. ("**2090720**"), by issuance of 100,000 common shares valued at \$10,000 and a cash payment of \$15,000. These 9 unpatented mining claims were subject to a net smelter royalty (NSR) of 2% thereon, however, the Corporation had the right to purchase one half thereof from 2090720 for \$750,000 for a period of five years commencing on the date of signing and for \$1,000,000 at any point thereafter.

In 2011, the Corporation decided to permit the claims to lapse and all costs related to the property were written off. At December 31, 2013 only 1 unpatented mining claim (consisting of 1 unit) located in Fortune Township, remains.

9. Investment

At September 30, 2014, the Corporation has an investment of 125,000 shares in San Gold with a market value of \$12,500 (December 30, 2013 - 125,000 shares with a market value of \$13,750).

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10. Share Capital and Reserves

a. Authorized

Unlimited	special shares, voting, redeemable, convertible, participating
500,000	class A shares, voting, non-redeemable, convertible, non-participating
Unlimited	common shares

Issued common shares

	Number of shares		Amount
Balance at December 31, 2012	101,707,913	\$	13,750,979
Issued August 1, 2013	3,333,332		68,412
Issued August 31, 2013	80,000		3,200
Issued September 27, 2013	150,000		4,500
Balance at September 30, 2013	105,271,245	\$	13,827,091
Balance at December 31, 2013	105,271,245	\$	13,827,091
Cancelled July 18, 2014	(500,000)		(43,272)
Issued September 2, 2014	100,000		1,500
Issued September 29, 2014	180,000		2,700
Balance at September 30, 2014	105,051,245	\$	13,788,019

b. Shares Issued

On August 1, 2013, the Corporation closed the first tranche of a private placement consisting of 3,333,332 units at a price of \$0.06 per unit for gross proceeds of \$200,000. Each unit consisted of one flow-through common share and one non-flow-through common share purchase warrant (valued at \$102,016). Each warrant entitled the holder to purchase, for a period of 24 months, one non-flow-through common share at a price of \$0.10 per share. In connection with this portion of the private placement, the Corporation paid agent's fees of \$14,000 in cash and legal fees of \$7,500 and granted the broker options to acquire 233,333 non-flow-through common shares of the Corporation (valued at \$8,072) at an exercise price of \$0.06 per share for a period of 24 months.

On August 30, 2013, the Corporation issued 80,000 shares to Jubilee Gold Inc. (see Note 8.c.1V)

On September 27, 2013, the Corporation issued 150,000 shares to Argonaut Gold Inc. (see Note 8.c.V)

On July 18, 2014, the Corporation received and cancelled 500,000 shares previously issued to Kiska Metals (see Note 8.VIII.ii)

On September 2, 2014, the Corporation issued 100,000 shares to Jubilee Gold Inc. (see Note 8.c.1V)

On September 29, 2014, the Corporation issued 180,000 shares to Argonaut Gold Inc. (see Note 8.c.V)

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10. Share Capital and Reserves (continued)

c. Warrants

Warrant transactions are as follows:

	Number of Warrants	Allocated Value	Average Exercise Price
Balance at December 31, 2012	21,724,097	\$ 2,309,931	\$ 0.13
Expired - July 21, 2013	(8,200,000)	-	-
Issued – August 1, 2013	3,333,332	102,016	0.10
Expired - December 28, 2013	(6,631,767)	-	-
Balance at December 31, 2013	10,225,662	\$ 2,411,947	\$ 0.10
Expired - February 28, 2014	(6,892,330)	-	0.10
Balance at September 30, 2014	3,333,332	\$ 2,411,947	\$ 0.10

On July 21, 2013, 8,200,000 common share purchase warrants expired without being exercised.

On August 1, 2013, the Corporation issued 3,333,332 common share purchase warrants in connection with the private placement of the same date (see Note 10(b)). These warrants were valued using the Black Scholes pricing model with the following weighted average assumptions: strike price - \$0.10, stock price - \$0.05, risk free rate - 1.25%; volatility (based on historical data) - 151.122%; dividend yield - Nil.

On December 28, 2013, 6,631,767 common share purchase warrants expired without being exercised.

On February 28, 2014, 6,892,330 common share purchase warrants expired without being exercised.

At September 30, 2014, there were 3,333,332 warrants outstanding (December 31, 2013 - 10,225,662).

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10. Share Capital and Reserves (continued)

d. Broker Options

Broker options are included in share based payments reserve:

	Number of Options	Allocated Value	Average Exercise Price
Balance at December 30, 2012	2,151,410	\$ 70,634	\$ 0.06
Expired - July 21, 2013	(799,000)	(39,285)	0.10
Issued - August 1, 2013	233,333	8,072	0.06
Expired - December 31, 2013	(663,177)	(13,618)	0.06
Balance at December 31, 2013	922,566	\$ 25,803	\$ 0.06
Expired - February 28, 2014	(689,233)	(17,731)	0.06
Balance at September 30, 2014	233,333	\$ 8,072	\$ 0.06

On July 21, 2013, 799,000 broker options expired without being exercised.

On August 1, 2013, the Corporation issued 233,333 agents options in connection with the private placement of the same date (see Note 10(b)). These options were valued using the Black Scholes pricing model with the following assumptions: strike price - \$0.06, stock price - \$0.05, risk free rate - 1.25%; volatility (based on historical data) - 78.400%; dividend yield - Nil.

On December 28, 2013, 663,177 broker options expired without being exercised.

On February 28, 2014, 689,233 broker options expired without being exercised.

At September 30, 2014, there were 233,333 broker options outstanding (December 31, 2013 - 922,566).

e. Stock Options

On October 4, 2010, the Corporation adopted the 2010 Option Plan.

The 2010 Option Plan has a "**rolling plan**" to allow the Corporation to issue options to a maximum of 10% of the issued and outstanding common shares of the Corporation. Options will be exercisable over periods of up to ten years as determined by the Board. Options are required to have an exercise price of no less than the closing market price of the Corporation's shares prevailing on the day that the option is granted less a discount of up to 25%. The amount of the discount will vary with the market price in accordance with the policies of the TSXV.

All outstanding options granted under the Original Option Plan will remain outstanding and be governed by the terms of the Original Option Plan. The Original Option Plan allowed the Corporation to issue options to directors, officers and service providers, enabling them to purchase common shares. The Corporation set aside 4,000,000 common shares for the exercise of options granted pursuant to the plan. Each option granted under the plan had a maximum term of five years. The exercise price was determined by the Corporation's Board of Directors at the time the option is granted and was subject to regulatory approval.

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10. Share Capital and Reserves (continued)

e. Stock Options (continued)

On November 19, 2009 the Corporation granted an aggregate of 1,350,000 options to its directors. Each option is exercisable into one common share of the capital of the Corporation at an exercise price of \$0.10 per share at any time until November 19, 2014. They vest 540,000 as of their date of grant, 405,000 on the first anniversary of their date of grant and 405,000 on the second anniversary of their date of grant.

On March 11, 2010, the Corporation retained the services of geological consulting company GeoVector Management Inc. ("**GeoVector**") to manage and direct its exploration programs and issued 100,000 stock options to GeoVector as part of their compensation under the consulting agreement. The options have an exercise price of \$0.10 and an expiry date of March 11, 2015. They vest 33,000 six months after the date of issue and 33,000 twelve months after the date of issue and 34,000 eighteen months after the date of issue.

On October 4, 2010, the Corporation approved the issuance of 76,000 stock options to the Bell Mountain Group as part of their finder's fee for the Bell Mountain Property, for a total of 228,000 stock options. The options have an exercise price of \$0.10 and an expiry date of September 21, 2020. The options vest as follows: 40% upon signing of the Consulting Agreement on October 4, 2010 (the "**Effective Date**"); 30% twelve months after the Effective Date and the remaining 30% eighteen months after the Effective Date.

On December 31, 2010, the Corporation granted an aggregate of 2,100,000 options to its directors. Each option is exercisable into one common share of the capital of the Corporation at an exercise price of \$0.12 per share at any time until December 31, 2020. Of the 2,100,000 options, 700,000 vest on the date of their grant, 700,000 on the first anniversary of their date of grant and 700,000 on the second anniversary of their date of grant.

On December 31, 2011, the Corporation granted an aggregate of 720,000 options to its directors. Each option is exercisable into one common share of capital of the Corporation at an exercise price of \$0.10 per share at any time until December 31, 2021. Of the 720,000 options, 240,000 vest on the date of their grant, 240,000 on the first anniversary of their date of grant and 240,000 on the second anniversary of their date of grant. Previous options grants totalling 480,000 options, issued to all of the Directors, expired on December 28, 2011.

On September 20, 2012, the Corporation granted 250,000 options to a director / officer. Each option is exercisable into one common share of capital of the Corporation at an exercise price of \$0.10 per share at any time until September 20, 2017. Of the 250,000 options, 83,333 vest on the date of their grant, 83,334 on the first anniversary of their date of grant and 83,333 on the second anniversary of their date of grant.

On December 31, 2012, the Corporation granted an aggregate of 3,130,000 options to its directors. Each option is exercisable into one common share of the capital of the Corporation at an exercise price of \$0.10 per share at any time until December 31, 2022. Of the 3,130,000 options 1,043,334 vest on the date of their grant, 1,043,333 on the first anniversary of their date of grant and 1,043,333 on the second anniversary of their date of grant.

On December 31, 2013, the Corporation granted an aggregate of 1,870,000 options to its directors. Each option is exercisable into one common share of the capital of the Corporation at an exercise price of \$0.10 per share at any time until December 31, 2023. Of the 1,870,000 options 623,334 vest on the date of their grant, 623,333 on the first anniversary of their date of grant and 623,333 on the second anniversary of their date of grant.

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10. Share Capital and Reserves (continued)

e. Stock Options (continued)

Stock option transactions are as follows:

	Number of Options	Average Exercise Price
Balance at December 31, 2012	8,578,000	\$ 0.11
Granted	1,870,000	0.10
Expired	(700,000)	0.10
Balance at December 31, 2013 and September 30, 2014	9,748,000	\$ 0.095

Details of options outstanding at September 30, 2014 are:

Grant Date	Expiry Date	Exercise Price \$	Number of Option	Exercisable Options	Weighted Average Remaining Life (Years)
November 19, 2009	November 19, 2014	0.10	1,350,000	1,350,000	0.13
March 11, 2010	March 11, 2015	0.10	100,000	100,000	0.44
October 4, 2010	September 21, 2020	0.10	228,000	228,000	5.98
December 31, 2010	December 31, 2020	0.12	2,100,000	2,100,000	6.25
December 31, 2011	December 31, 2021	0.10	720,000	720,000	7.25
September 20, 2012	September 20, 2017	0.10	250,000	250,000	2.97
December 31, 2012	December 31, 2022	0.10	3,130,000	2,086,667	8.25
December 31, 2013	December 31, 2023	0.10	1,870,000	623,334	9.25
Options outstanding as at September 30, 2014			9,748,000	7,458,001	-

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10.Share Capital and Reserves (continued)

e. Stock Options (continued)

The fair value of each stock option granted to employees is estimated on the date of grant and the fair value of each stock option granted to non-employees, where the fair value of the goods and services received could not be reliably measured, is estimated on the date of vesting using the Black Scholes option pricing model with the following weighted average assumptions:

	March 11, 2010	October 4, 2010	December 31, 2010	December 31, 2011	September 20, 2012	December 31, 2012	December 31, 2013
Number of options	100,000	228,000	2,100,000	720,000	250,000	3,130,000	1,870,000
Stock price	\$ 0.06	\$ 0.12	\$ 0.10	\$ 0.06	\$ 0.04	\$ 0.03	\$ 0.015
Strike price	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10
Expected life	5 years	10 years	10 years	10 years	5 years	10 years	10 years
Expected volatility	147.1%	136.0%	115.0%	153.3%	139.4%	143.4%	121.8%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Risk-free interest rate	1.88%	1.98%	1.88%	2.50%	1.63%	1.63%	1.63%

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10. Share Capital and Reserves (continued)

f. Shareholder Rights Plan

On October 4, 2010, the Corporation adopted an amended and restated shareholder rights plan (the "2010 Rights Plan"). The 2010 Rights Plan took effect on November 6, 2010 after the expiration of the shareholder rights plan adopted by the Corporation on July 3, 2007.

The purpose of the 2010 Rights Plan is to provide shareholders and the Board with adequate time to consider and evaluate any unsolicited take-over bid made for the Corporation's common shares, provide the Board with adequate time to identify, develop and negotiate value enhancing alternatives, and encourage the fair treatment of shareholders in connection with any take-over bid made for the Corporation's common shares. The 2010 Rights Plan is intended to prevent any person from acquiring beneficial ownership of more than 20% of the outstanding common shares while the Board's process is ongoing, or from entering into arrangements or relationships that have a similar effect.

The rights will be issued and attached to all issued and outstanding common shares. A separate rights certificate will not be issued until such time as the rights become exercisable. Following an acquisition of the Corporation's shares otherwise prohibited by the 2010 Rights Plan, each right held by a person other than the acquiring person and its affiliates, associates and joint actors would, upon exercise, entitle the holder to purchase common shares from the Corporation with a total market value equal to twice the exercise price of the rights for an amount in cash equal to the exercise price. The 2010 Rights Plan provides for permitted bids, which would be open for a minimum period of 60 days from the date the bid is made.

11. Income Taxes

a. Provision for income taxes

The major factors that cause variations from the Corporation's combined federal and provincial statutory Canadian income tax rates of 26.5% (2012 – 26.5%) were the following:

	December 31, 2013 Canadian Dollars	December 31, 2012 Canadian Dollars
Net loss	\$ (861,063)	\$ (887,298)
Expected tax (recovery) at statutory rates	(226,900)	(237,600)
Non-deductible expenses	10,671	6,916
Adjustment to non-capital losses	287,113	(120,331)
Share issue costs	(7,873)	(10,925)
Stock-based compensation	16,942	24,108
Unrealized loss on sale of investments	55,319	-
Adjustment to mineral property pools	468,294	-
Gain on sale of mineral property	(10,268)	-
Difference in tax rates and other	(10,698)	50,532
	(582,600)	(287,300)
Change in unrecognized deferred taxes	582,600	287,300
	\$ -	\$ -

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11. Income Taxes (continued)

b. Deferred tax balances

The tax effects of temporary differences that give rise to deferred income tax assets and deferred income tax liabilities are as follows:

	2013	2012
Deferred tax assets (liabilities)		
Non-capital losses	\$ 758,000	\$ 831,000
Shares issue costs	35,000	42,100
Resource properties	(536,500)	(68,200)
Difference in property and equipment	49,000	32,000
Provincial transitional credits	-	18,100
Investments	55,000	88,100
	360,500	943,100
Deferred income taxes not recognized	(360,500)	(943,100)
	\$ -	\$ -

c. Deferred tax balances

The Corporation has approximately \$nil (2012 - \$427,040) in foreign resource tax pools and \$1,792,708 (2012 - \$1,524,582) of Canadian resource tax pools which have no expiry date.

The Corporation has non-capital losses that will expire, if not utilized, as follows:

2028	\$ 392,200
2029	445,300
2031	671,200
2032	482,500
2033	745,800
	<u>\$ 2,737,000</u>

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12. Related Party Transactions

Compensation to Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation determined that the key management personnel consist of the President, Chief Financial Officer and the Board of Directors.

The Corporation has a contract for consulting services with Quaere Strategia Inc. ("**Quaere**"), a company wholly owned by the President of the Corporation. Consulting services include, but are not limited to, accounting consultation, administrative personnel services, administrative management, corporate development, investor relations and exploration services. Fees for these services are \$850 per day (but not to exceed \$201,000 annually) and are subject to annual review. The Corporation also reimburses all reasonable out of pocket expenses incurred.

The Corporation had a contract for consulting services with a company owned by the Chief Financial Officer. Fees for these services are \$5,000 per month for 2013. The Corporation also reimburses all reasonable out of pocket expenses incurred.

Effective January 1, 2014, the President and Chief Financial Officer each receive a salary of \$2,000 per month. The salary portion paid to the President and Chief Financial Officer is not included in the amount reflected as consulting fees noted above.

Trade and other payables include \$97,598 (December 31, 2013 - \$87,194) due to Quaere. The balance is non-interest bearing and payable on demand. Deferred exploration costs includes \$44,734 (2013 - \$54,201) paid to Quaere, and other expenses of \$74,753 (2013 - \$46,298) were also paid to the related party during the period. Other expenses include accounting consultation, office space, staffing and administrative overhead. Management fees and compensation of investor relations charges includes \$94,319 (2013 - \$107,450)

Trade and other payables include \$140,400 (December 31, 2013 - \$95,700) due to directors for unpaid director fees. The balance is non-interest bearing and payable on demand. The Directors have unanimously agreed to waive the right to demand repayment of unpaid Directors' fees in 2014.

Companies owned by directors/officers of the Corporation were paid \$107,929 (2013 - \$68,625) for geological services and \$765 (2013 - \$50,200) for management services provided to the Corporation.

The President is entitled to participate in the Corporations stock option plan (see Note 10(e))

On December 31, 2011, the Corporation granted 720,000 options to directors as detailed in Note 10(e). Options are included in remuneration of the Board of Directors on the date they vest.

On September 20, 2012, the Corporation granted 250,000 options to a director / officer as detailed in Note 10(e). Options are included in remuneration of the director / officer on the date they vest.

On December 31, 2012, the Corporation granted 3,130,000 options to directors as detailed in Note 10(e). Options are included in remuneration of the Board of Directors on the date they vest.

On December 31, 2013, the Corporation granted 1,870,000 options to directors as detailed in Note 10(e). Options are included in remuneration of the Board of Directors on the date they vest.

The above transactions are in the normal course of operations.

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12.Related Party Transactions (continued)

Compensation to Key Management Personnel (continued)

Remuneration of the Board of Directors and the President and their related companies is shown in the table below:

	Contract Payments	Bonus	Value of options vested during period	Directors Fees	Other	Total
September 30, 2013	\$ 208,580	\$ -	\$ -	\$ 40,700	\$ 118,075	\$ 367,355
September 30, 2014	\$ 213,807	\$ -	\$ -	\$ 44,700	\$ 108,694	\$ 367,211

13.Financial Instruments

a. Fair Value

The carrying value of cash and investments is measured at fair value as they are classified as FVTPL. Trade and other payables are classified as other financial liabilities, which are measured at amortized cost which approximates fair value due to the short term nature of these financial instruments. Other receivables are classified as loans and receivables, which are measured at amortized cost which approximates fair value due to the short term nature of these financial instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists.

The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy included in IFRS. Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable data. Cash and investments are considered to be level 1 under the fair value hierarchy.

b. Credit Risk

Credit risk is the risk of loss associated with a counterpart's inability to fulfil its payment obligations. The Corporation's credit risk relates to cash and other receivables. Cash is held with a reputable financial institution and is closely monitored by management. The Corporation's maximum credit exposure is \$184,449 at September 30, 2014 (December 31, 2013 - \$671,577). Management believes the credit risk with respect to cash is not significant.

The San Gold investment is held by the investment broker. Bankruptcy or insolvency of the broker may cause the Corporation's right with the respect to the shares held by the custodian to be delayed or limited. The Corporation manages this risk by monitoring the credit quality and financial position of the broker. If the credit quality or the financial position deteriorates unacceptably, the Corporation will move the investment to another broker.

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13. Financial Instruments (Continued)

c. Liquidity Risk

Liquidity risk refers to the risk that the Corporation will not be able to meet its financial obligations when they become due. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at September 30, 2014, the Corporation had a cash balance of \$161,357 (December 31, 2013 - \$391,492) to settle current liabilities of \$1,034,075 (December 31, 2013 - \$910,371). All of the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms except for \$670,071 (December 31, 2013 - \$594,814) as outlined in Note 16.

The Corporation has no income and relies on equity financing to support its exploration program. Additional financing is required to fund the related operating expenses required to manage the Corporation through the fiscal year of 2014. Management prepares budgets and ensures funds are available prior to commencement of any exploration program.

d. Foreign Exchange Risk

The Corporation is subject to foreign exchange risk due to certain balances being denominated in US dollars. A 10% change in \$US foreign exchange rates will impact profitability by approximately \$58,300 (December 31, 2013 - \$55,534).

Foreign denominated balances for the period ended September 30, 2014:

		USD
Cash	\$	14,447
Other receivable		400
Trade and other payables and provision		(597,851)

Foreign denominated balances for the period ended December 31, 2013

		USD
Cash	\$	3,504
Other receivable		400
Trade and other payables and provision		(559,246)

14. Capital Disclosures

The Corporation's objective when managing capital is to raise sufficient funds to execute its exploration plan. At September 30, 2014, the Corporation's capital consists of equity in the amount of \$2,588,164 (December 31, 2013 - \$3,608,117).

The properties in which the Corporation currently has an interest are in the exploration stage; as such the Corporation is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Corporation will spend its existing working capital and raise additional amounts as needed.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business. The Corporation does not have any externally imposed capital requirements. There were no changes in the Corporation's approach to capital management during the year ended December 31, 2013 or 2012.

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15.Contingencies and Commitments

The nature of the Corporation's business subjects it to regulatory investigations, claims and lawsuits in the ordinary course of business.

There are no known commitments or contingencies as at September 30, 2014.

16.Provision

Legal counsel who represented the Corporation in a suit has a judgment against the Corporation for its legal fees since April 2001. The Corporation has estimated the amount payable and the corresponding interest payable to be CDN \$670,071 (US\$ 597,851) (September 30, 2013 – CDN \$563,512 (US \$549,940). The interest accrued for the period is \$42,242 (2013 \$36,154).

17.Subsequent Events

On November 19, 2014, options to acquire 1,350,000 common shares of the Corporation expired without being exercised.