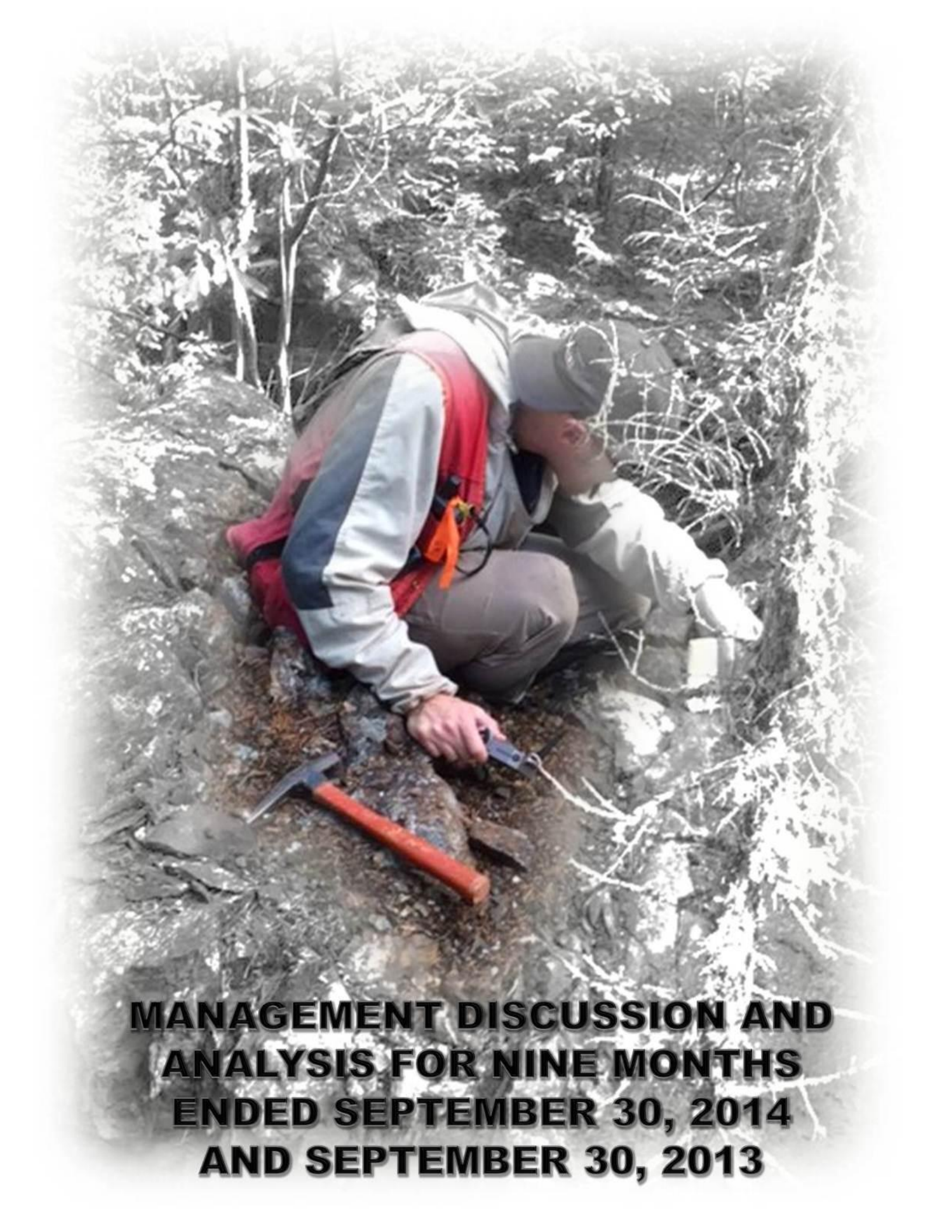




**MANAGEMENT DISCUSSION AND
ANALYSIS FOR NINE MONTHS
ENDED SEPTEMBER 30, 2014
AND SEPTEMBER 30, 2013**

FORWARD LOOKING DISCLAIMER

Certain statements in this document constitute "forward-looking statements", which statements are made as of the date hereof. The Corporation undertakes no obligation to publicly update any such statements to reflect new information or the occurrence of future events or circumstances. Management believes that any forward-looking statements are based upon reasonable assumptions, but can give no guarantees or assurances that actual results will be consistent with such statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, but are not limited to, the following:

- the risks inherent in the natural resource exploration business generally;
- the lack of cash flow and the Corporation's dependency on new capital;
- the risks associated with governmental regulation and environmental liability;
- the risk of title problems related to resource properties; and
- the results of legal claims made by or against the Corporation.

Additional information concerning the risks and uncertainties is discussed herein under the heading "Risks and Uncertainties". Readers should not place undue reliance on any forward-looking statements contained herein.

MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (the "**Q3-2014 MD&A**") should be read in conjunction with the Corporation's unaudited interim financial statements for the three and nine months ended September 30, 2014 and September 30, 2013, and the notes related thereto, which were prepared in accordance with International Financial Reporting Standards.

The Q3-2014 MD&A should also be read in conjunction with the management discussion and analysis related to:

- a. the unaudited interim financial statements of the Corporation for the and three and six months ended June 30, 2014 and June 30, 2013 (the "**Q2-2014 MD&A**").
- b. the unaudited interim financial statements of the Corporation for the three months ended March 31, 2014 and March 31, 2013 (the "**Q1-2014 MD&A**");
- c. the audited financial statements of the Corporation for the year ended December 31, 2013 and December 31, 2012 (the "**2013 MD&A**");
- d. the unaudited interim financial Statements of the Corporation for the three and nine months ended September 30, 2013 and September 30, 2012 (the "**Q3-2013 MD&A**"); and

Information disclosed in the **Q3-2013 MD&A**, **2013 MD&A** and **Q1-2014 MD&A**, **Q2-2014 MD&A** not updated herein, remains unchanged as of the date hereof.

CORPORATE STRATEGY

Laurion Mineral Exploration Inc. (the "**Corporation**") is an exploration/development company. The vision for the Corporation is to realize wealth thorough monetization of the Corporation's assets and discoveries.

The Corporation is a junior mining company focusing on the exploration and development upside of its high impact Ishkoday project with a primary focus on gold and base metals.

The Corporation also holds a beneficial right in the Bell Mountain property located in Nevada, and an interest in the Midlothian project located in Gowganda Area (collectively, the "**Resource Properties**").

OVERVIEW

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on April 17, 1945, as Davidson Tisdale Mines Limited. Since its incorporation, the Corporation has changed its name to Davidson Tisdale Ltd., Northcott Gold Inc., Laurion Gold Inc., and most recently to Laurion Mineral Exploration Inc. which formally occurred on October 10, 2006. Since its incorporation, the Corporation has been an exploration company engaged in the acquisition and exploration of Canadian gold properties; however, it has also diversified its exploration efforts into base metals.

The Corporation holds:

- a. The Ishkoday property situated in the Beardmore-Geraldton Gold Camp, 220km northeast of Thunder Bay, Ontario. The Ishkoday property is composed of a 4,442ha land package comprising six properties, located 25km northeast of the Town of Beardmore. The descriptions of the properties are as follows:
 - (i) a 100% interest in 15 contiguous mining leases (657 hectares) located in Irwin, Walters, Elmhirst and Pifher Townships ("**Ishkoday**");
 - (ii) a 100% interest in 13 mining claims totalling 179 units (2,864 hectares) located in Pifher and Elmhirst Townships ("**Ishkoday North**")
 - (iii) an option to earn-in up to 100% interest in 4 mining leases (74 hectares) located in Elmhirst Township ("**Jubilee-Elmhirst**");
 - (iv) 100% interest in 3 mineral claims comprising 21 claim units (336 hectares) located in Walters and Elmhirst Townships ("**Ishkoday-East**") (formerly Ishkoday-Hercules);
 - (v) a 100% interest in 1 mining lease comprising 30 mining leases, (447 hectares) located in Elmhirst Township ("**Beaurox**"); and,
 - (vi) a 100% interest in 1 mineral claim comprising 4 claim units (64 hectares) located in Walters Township ("**Ishkoday South**") (formerly Ishkoday-Hercules South);
- b. 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 site claims 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);

- c. A 100% ownership interest in 1 unpatented mining claim (1 unit) in Fortune Township, located 40km west of Timmins, Ontario, Canada ("**Enid-Massey Property**").

For additional information about the Bell Mountain, Ishkoday and Midlothian properties, see sections hereof under the headings entitled "**Q3-2014 Corporate Highlights**", "**Subsequent Events**" and "**Exploration Summaries**".

Q3 - 2014 CORPORATE HIGHLIGHTS

The following are the Corporation's highlights of Q3-2014, which affected the performance and/or the operation of the Corporation:

- ❖ **Laurion Increases Focus on Ishkoday Discovery Project: Announces Disposition of Midlothian Property – July 22, 2014** – the Corporation announced that it had executed a Purchase and Sale Agreement with Kiska Metals Corporation (**TSX.V:KSK**) ("**Kiska**") for the disposition of Laurion's 51% interest in the Midlothian Project. The Midlothian Property is an early-stage exploration project located 80km west-southwest of Kirkland Lake and 25km west-southwest of Matachewan.
- ❖ **Laurion Confidence Endorsed by Independent Expertise: Ishkoday Base and Precious Metal Project Indicated to be Proximal to Volcanic and Hydrothermal Centre - September 3, 2014** – the Corporation announced the results of an independent, expert geological and structural evaluation of the Ishkoday Property.
- ❖ **Laurion Announces Amended Payment Terms to Purchase Agreement with Lincoln Mining for the Bell Mountain - September 9, 2014** – the Corporation announced that it had consented to amend the payment terms under the Purchase and Sale agreement dated November 28, 2012, governing the sale by Laurion of the Bell Mountain Project to Lincoln Mining Corporation.

OVERALL PERFORMANCE

The Corporation incurred a net loss from operations for the quarter ended September 30, 2014 of \$868,520 attributed mainly to the disposition of a mineral property. In addition, as at September 30, 2014, the Corporation had a deficit of \$17,555,394 and working capital deficit of \$832,211.

For additional information about these expenses, see the section hereof entitled, "**Summary of Quarterly Results**". As the Corporation's business primarily involves mining exploration and development, the Corporation does not have a consistent source of revenue. The trend of losses from operations is, therefore, expected to continue for the foreseeable future until the Corporation's resource properties are brought into commercial production, or are sold.

As is the case with resource properties of other junior exploration companies, it is impossible to determine the likelihood or estimated time frame for commercial production or sale of the Corporation's resource properties.

EXPLORATION SUMMARY

Table 1: Properties Status

	PROJECT	OWNERSHIP	METALS
1.	Ishkoday Properties (4,442 ha)	100%	Au-Ag-Zn-Cu
2.	Midlothian Property (2,432 ha)	51%	PGE-Ni-Cu-Zn-Au
3.	Bell Mountain Property (1,420 ha)	100%*	Au-Ag

* Refer to section 2.0

1.0 Ishkoday Property

Corporate Exploration Outlook

The Corporation's Ishkoday Property continues to deliver excellent news with gold and base metal discoveries through positive drilling results and comprehensive field and sampling programs resulting in the delineation of a one kilometre wide corridor hosting several gold-rich base metal horizons, with a combined strike length of 9,000 metres.

The Corporation is optimistic that the field work and drilling programs on the Ishkoday property will uncover additional discoveries with growth potential in the area of our gold-rich base metal target.

The Corporation has therefore determined that its focus will remain on the exploration and development of the Ishkoday Project in Beardmore, Ontario.

Mineralization of the Ishkoday Property

The Ishkoday property can be described as contained within a north-easterly trending Archean volcanic "wedge" and is situated in an area where the volcanics have been wedged in between the Coyle Lake Stock to the south of the Namewaminikan River and the Elmhurst Stock to the north.

In the last three years, Laurion has successfully identified a *1km wide by 3km long* corridor as having the potential to host a gold-rich base metal deposit. Approximately 289 holes for a total of 41,153m have been

completed property-wide on the Ishkoday property to date by Laurion and others, with most of these drill holes testing surface mineralization in 3 precious metal-rich gold-rich base metals trends, intersecting the 3 zones to a shallow depth of approximately 100m below surface.

There are two main types of mineralization identified from exploration work on the Ishkoday property:

- i. 120 high grade lode gold style quartz veins, locally speckled by minor amounts of chalcopyrite and pyrite, historically mined; and
- ii. extensive gold-rich base metals systems within a silicified and brecciated envelope containing chlorite, pyrite, sphalerite, and locally, chalcopyrite associated with felsic and intermediate volcanics.

1. Ishkoday Gold Environment

The Ishkoday quartz vein system is associated with typical strong north-south to north northeast trending structures which may constitute vein emplacement along principal and conjugate Riedel shears respectively, within a regional scale shear system that passes through the Ishkoday property.

When Laurion acquired the Ishkoday Property in October 2007, little was known about the property other than it was a historical producer (the Sturgeon River Gold Mine) which operated from 1936-1942. The historic shaft produced 73,322 ounces of gold and 15,929 ounces of silver, processed from 145,123 tons mined primarily from the No.3 Vein at an average grade of 17 g/t gold. Historical reports suggest a target deposit of a 300,000 - 400,000 ton resource at 0.12 ozs to 0.17 ozs/ton gold (3.75 to 5.30 g/t) down to the 2,000ft. (610m) level. This resource is entirely contained within the No. 3, the M and 10 quartz vein systems over a strike length on surface of 200m increasing to 466m in strike length on the 2100 ft. level (642m depth). This increased strike length indicates a potential for a far larger mineralized body at depth.

A further gold zone of high potential is the Marge zone and a number of en echelon quartz veins, which are located approximately 700m to the north of the Ishkoday Mine. The Marge zone outcrops on surface and thus would be available for quick mine development if reserves could be defined.

In 2013, Laurion completed a NI 43-101 Measured and Indicated resource estimate. The resource estimate was for the low grade stockpile at the old Sturgeon River Mine accumulated during underground mining operations from 1936 to 1942, and for the low grade tailings area associated with the processing of ore feed from the mine. The resource estimate for the low grade stockpile is 144,070 tonnes grading 1.59 g/t gold for 7,383 contained ounces of gold in the Indicated category. The resource estimate for the low grade tails is 137,501 tonnes grading 0.67 g/t gold for 2,944 contained ounces of gold in the Indicated category. Total Indicated mineral resources for both deposits totals 281,571 tonnes grading 1.14 g/t gold for 10,327 contained ounces of gold.

Based on historical ground magnetics and a 2009 airborne magnetic survey, an intersection of the NE and NNE conjugate shear directions is interpreted at the Ahmik zone located just north of the shaft. Historical soil sampling at the Ahmik zone has assayed over 1.0g/t gold.

The Corporation has completed 3 diamond drill holes in the Ahmik zone. The Ahmik zone is along strike north of the Sturgeon River Mine No. 3 quartz vein, and is northeast along strike from newly discovered shear zones that were intersected in the deep drilling. The intersection of these two zones may host a far larger gold target. ("*Ahmik*" – Ojibwe/Anishnaabe for "Beaver").

2. Potential for a Precious Metal Rich Deposit

Historically, the focus of exploration on the Ishkoday Property Main and in the general Beardmore/Geraldton Gold Camp was on the gold exploration of the known 120 high grade gold quartz veins. Numerous exploration and drilling campaigns in the area around the Ishkoday Property, also only focused on gold exploration.

On the main Ishkoday Property (the original 35 patented leases), the previous drilling and reports of base metal intercepts, when integrated into the Laurion data base, began to tell a story of evolving base metal trends and a new unexplored environment.

Exploration Work Summary from 2008 to 2014

Following the old prospecting maps in search of the A11 quartz vein in 2008, Laurion rediscovered a base metal showing just off Highway 801. Sample assays returned **18.55% Zn, 62.11 g/t Ag, 0.90% Cu and 0.21 g/t Au**. This zone was to be named the Tehya Zone - ("Tehya" - Ojibwe/Anishnaabe for "precious").

The first of a number of comprehensive property prospecting and sampling campaigns was conducted in June 2010. One of the campaigns was conducted within the Tehya zone, and returned surface samples averaging **6.13% Zn, 45.6 g/t Ag, 1.40% Cu and 0.63 g/t Au**. In addition, approximately 30m southwest of the Tehya zone, a quartz vein (A11 quartz vein), returned samples of **57.2 g/t Au and 21.1 g/t Ag**. Laurion followed the prospecting campaign with drilling, and drill hole **LME10-07** reported **3.91% Zn, 27.80 g/t Ag, 0.94% Cu and 0.45 g/t Au over 4.08m**.

The Tehya zone was then stripped and the bedrock exposed, displaying sulphide mineralization over approximately 15m, which was then mapped and channel sampled returning assays of **7.44% Zn, 30.8 g/t Ag, 0.91% Cu, and 0.17 g/t Au over 1.50m, and 3.07% Zn, 14.7 g/t Ag, 0.32% Cu and 0.19 g/t Au over 4.05m**. In addition, a zone of gold bearing quartz veining located 10m structurally above the Tehya sulphide zones was exposed for approximately 35m, returning assays of **29.50 g/t Au and 13.40 g/t Au over 0.50m**.

Three grab samples taken from the (A6 vein – Ahki Zone), located approximately 800m to the north east of the Tehya Zone returned average grab assays of **6.76 g/t Au, 8.5 g/t Ag, 10.2% Zn and 0.70% Cu**. Drill hole **LME11-013** intersected **3.22 g/t Au, 5.63% Zn, 27.5 g/t Ag and 0.38% Cu over 3.10m, including 10.40 g/t Au, 77.1 g/t Ag, 14.30% Zn and 0.83% Cu over 0.80m**. ("Ahki" – Ojibwe/Anishnaabe for "Earth").

This information confirmed continuity of the Tehya Zone and subsequently a number of holes were drilled along this trend, all to a relatively shallow depth of approximately 100m.

This information also gave rise to the channeling of the Corporations focus to other parallel shear zones on the property, highlighting and confirming the evolving presence of a potentially large base metal environment.

In 2011 and 2012, a number of strategic transactions were completed to the north and northeast of the Ishkoday Property, successfully securing and covering multiple horizons hosting massive to semi-massive sulphides. These transactions brought with them the records of historic drilling campaigns and significant information which further highlighted the significance of the multiple highly prospective base metal horizons.

Following these acquisitions, Laurion compiled all information from approximately 170 historic diamond drill holes completed since the 1950s and the 35 drill holes (2010 to 2014) completed by Laurion totaling 22,736m, all located in the northeast part of the Ishkoday property. These drill holes cover portions of the Tehya, Ahki, Loki precious metal rich VMS trends, as well as the most northern trend, the Name Ziibi Trend (River) Cu-Au trend. ("Name Ziibi" – Ojibwe/Anishnaabe for "Sturgeon River").

Laurion developed a Target Deposit in 2011 based on its own and historical drilling information which suggested a combined strike length of 3,000 metres each for 3 zones of sulphides. The target deposit assumed a minimum vertical depth of 250 metres on these 3 zones at an average true width of 2.5 metres, and that the trends were 30-50% mineralized. Given those assumptions, the **Target Deposit size indicated 4.0 to 6.0 million tonnes containing 1.5 to 3.0 g/t gold, 20 to 30 g/t silver, 2.5 to 3.5% zinc and 0.25 to 0.50% copper.**

Laurion completed a drilling program on this area in late 2012. This drill program highlighted more than one intercept, better described as a series of high grade intercepts, encompassed in a large lower grade base metal halo. This information highlights the fact that the Target Deposit size could be greater than stated above as a result of much improved sampling of drill core in the Laurion drilling program.

Note: The potential quantity and grade of the Target Deposit quoted above, was conceptual in nature. There has been insufficient exploration to define a mineral resource as yet, and the reader should note that it is still uncertain if further exploration will result in discovery of a mineral resource, irrespective of the Corporation's positive outlook on their exploration and drill program's to date.

As noted previously, Laurion's drilling conducted in late summer 2012 highlighted a different slant to the Corporation's assumptions in assembling the Target Deposit metrics, in that a number of stacked high grade base metal zones was noted in the drill core, hosted in a lower grade mineralized envelope that now has a known width of up to 113m. Drilling has also only been completed to a 100m depth.

A program of channel sampling in 2013 followed up on several new discovery zones identified in an earlier prospecting program. Over the past two years Laurion, with its project managers GeoVector Management, have shifted their focus to these largely unexplored sequences of mineralized sericite and quartz rich shear zones, discovering a number of new gold and polymetallic zones.

A new horizon, the Makwa Trend, is postulated to exist south of the Loki Trend. Diamond drill holes LME11-014, LME11-015 and LME11-016 tested three IP targets during winter 2011. It appears that these holes fell short of the main Makwa Trend; however all the holes intersected extensive zones of disseminated and stringer style zinc mineralization (sphalerite) and associated lower grade gold and silver and occasional copper mineralization.

In the first quarter of 2014, Laurion completed a 533m drill program in 4 holes (LBX14-016, LBX14-017, LME14-030 and LME14-031), reporting an intercept of 27.8g/t Au, 13.1g/t Ag, 1.21% Zn and 0.16% Cu over 1.80m in a New Zone (LME14-031).

In the second quarter of 2014, two strategic diamond drill holes (LBX14-018 and LBX14-019) totalling 424m were completed on the high grade polymetallic "A" Zone of the Loki Trend, intersecting a 35 to 45m wide zone of polymetallic mineralization on the "A" Zone of the 3km Loki Trend.

Independent Geological and Structural Expertise

In July 2014, Laurion retained the services of Drs. Harold Gibson and Stefan Kruse with the goal of understanding structural controls on both the base metal and gold mineralization.

Dr. Gibson evaluated the base metal and gold mineralization of the Ishkoday Property and concluded: *"The base and precious mineralized zones represent a pre- to syn-D1 deformation vein system. The base and precious metal enrichment of altered wall rocks within 10s of metres from the mineralized zones suggest that (these) zones are the product of a proximal hydrothermal system, and one main mineralization event. Based on our current understanding of the geology, and a synvolcanic timing, the base and precious metal veins may be a product of a transitional, low sulfidation epithermal to VMS system that developed within a subvolcanic intrusion environment. The extensive development of the mineralized zones (within a 1km x 3km area), suggests that the veins are a product of a large, magmatic hydrothermal system and may have greater tonnage potential than recognized by previous workers."*

In addition, Dr. Gibson inferred that mineralized zones occur predominantly within a massive, coherent, feldspar porphyritic volcanic unit with a restricted andesite/dacite composition and a calc-alkaline affinity. The characteristics of the massive feldspar porphyritic host rock are most consistent with a high level, subvolcanic intrusion(s). Dr. Gibson's interpretation that the Ishkoday property occupies an area proximal to a volcanic and hydrothermal center confirms Laurion's confidence in the prospectivity of the project.

Structural controls on base-metal and gold mineralization were investigated by Dr. Kruse of Terrane Geoscience Inc. Dr. Kruse concluded that, *"The association of sulphide zones with extensive haloes of epidote and sericite alteration and the observation that sulphide zones pre-date D1 deformation suggests that mineralization is early. Structural repetition of massive sulphide layers and/or veins was observed within outcrops. In addition, sulphide zones are notably thickened in fold hinges. The combination of fold repetition and hinge-zone thickening make fold zones attractive exploration targets"*.

Dr. Kruse also noted that the fold-controlled mineralization commonly plunges 20-60° to the SW. This plunge direction can be used to direct future drilling and increases targeting confidence at depth.

PROPERTY DETAILS

Ishkoday Property (Main)

The Ishkoday Project is situated in the Beardmore-Geraldton Gold Camp, 220km northeast of Thunder Bay, Ontario and is composed of 4,442ha land package. There are six separate properties within the Ishkoday Project: (i) Ishkoday - 15 mining leases totaling 657ha; (ii) Ishkoday North - 13 mining claims totaling 179 units (2,864ha), (iii) Jubilee-Elmhirst - in 4 mining leases totaling 74ha; (iv) Ishkoday East (formerly Ishkoday-Hercules) in 3 mining claims comprising 21 claim units totaling 336ha; and (v) Beauxroix - 1 mining lease comprising 30 mining leases totaling 447ha; and, (vi) Ishkoday South (formerly Ishkoday South Hercules) - 1 mining claim comprising 4 claim units totaling 64ha.

As noted above, the Corporation completed a series of property acquisitions in 2011 and 2012. The objective of these transactions was to encompass the extensions along the strikes of the Tehya, Ahki, Loki and A2 Vein trends, which are highly prospective horizons for precious metal rich base metal mineralization.

Ishkoday North Property

On July 7, 2011, the Corporation entered into an agreement with two prospectors (collectively, "**Bond and Renner**") to acquire a 100% interest in the Ishkoday North Claims, for a consideration of 800,000 common shares of the Corporation issued at \$0.085 per share. The agreement closed July 8, 2011.

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 of, and are contiguous with, the Ishkoday Property.

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 totaling 74 hectares located in Elmhirst Township. The agreement closed on September 9, 2011. The Jubilee-Elmhirst Property is located in Elmhirst Township, is contiguous to, 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 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 issued an additional 100,000 common shares of the Corporation and incurred an additional \$100,000 in exploration expenditures. The Corporation also made cash payment of \$10,000 of the \$20,000 cash payment due pursuant to the agreement. Laurion negotiated the remaining payment of \$10,000 to be deferred to August 30, 2015.

- v. On or before the fourth anniversary of the closing date, the Corporation is required to make a 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.

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.

The Corporation has met its commitments to date under the Jubilee-Elmhirst option agreement.

Ishkoday East Property (formerly 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 totaling 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 to, and 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.

Beaurox Property

On May 7, 2012, Laurion completed a definitive agreement with Beaurox Mines Limited ("Beaurox"), 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 Beaurox 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 to 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 \$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 execute a minimum of \$300,000 of audited assessment credits on the leases and to renew the leases within two years.

The Corporation completed the required expenditures on the Beauxox Lease 108899 (formerly lease 105945) as stipulated under the Purchase Agreement within the fiscal year 2012. The Beauxox Lease 108899 has been transferred and is 100% owned by Laurion.

Ishkoday South Property (formerly Ishkoday-Hercules South Property)

In 2011, the Corporation staked 1 mineral claim comprising 4 claim units (64 hectares) located south of the Ishkoday East Property in Walters Township.

Exploration Planning and Outlook on the Ishkoday Discovery Property

Over the last 6 months, Laurion has completed its objective of carrying out programs composed of high resolution aerial photography and retaining expertise with volcanogenic and structural perspective for guidance on regional targeting concepts and recommendations for effective exploration techniques and definition of priority target zones.

Over the next 6 months Laurion's objectives are based on the validation of proximity to a large volcanic and hydrothermal centre received from Drs. Gibson and Kruse (see Press Release dated - September 3, 2014).

Laurion has recently completed a detailed mapping and sampling program utilizing the services of Drs. Crystal La Flamme and Stefan Kruse of Terrane Geoscience and Adam Findlay of GeoVector Management. Seven days were spent mapping the core portion of the Ishkoday property at 1:5,000 scale. Key geological findings included:

- i. Definition of two distinct stratigraphic packages within the Loki Trend. An upper intermediate volcanic/volcaniclastic package overlies a lower felsic-dominated volcanic/volcaniclastic package. The upper intermediate volcanic/volcaniclastic package appears to host most of the mineralization.
- ii. The southern boundary of the prospective volcanic stratigraphy was delineated, where it is truncated by the Coyle Lake Intrusion.
- iii. The boundaries of the Ishkoday diorite intrusion were delineated.
- iv. Property-scale N-S striking structural zones were mapped. These zones appear to have a correlation with increased Au mineralization.

In addition to the geological mapping, 61 whole rock samples were collected.

Laurion intends to complete a program of 10km of IPower 3D ground geophysical surveys perpendicular to the strike of the 3,000m long trends. These programs will be followed by 6,500m of diamond drilling focusing on testing the depth extent of the three gold-rich base metal trends, targeting the core of the large magmatic hydrothermal system and possible associated feeder structures.

Despite the changing market conditions and economic downturns in the resource sector, Laurion has met a number of its exploration objectives this year as set out in a press release dated May 14, 2014.

2.0 Bell Mountain Property

In a press release dated June 29, 2010, the Corporation announced that it had entered into an exploration and option agreement (the "**Agreement**") with Globex Mining Enterprises Inc. [TSE:GMX, (G1M-Frankfurt)] ("**Globex**") of Rouyn-Noranda, Quebec and Globex Nevada Inc., (a wholly owned subsidiary of Globex) in which the Corporation's wholly owned subsidiary, Laurion Mineral Exploration USA LLC ("**Laurion Subsidiary**") received the option to acquire a 100% interest in the Bell Mountain gold project located in Churchill County, Nevada, USA, subject to payments of \$40,000 cash, 3,700,000 common shares of the Corporation over a period of three years, and incurring \$3,000,000 exploration expenditures (collectively, the "**Expenditure Commitments**") over a 60 month period from June 28, 2010. The Corporation is up to date with all payments relating to the Agreement.

The Bell Mountain property is subject to two royalties which will take effect upon commencement of commercial production. The first royalty is held by Degerstrom (a previous property owner/operator), which retains a 2% net smelter return royalty which can be acquired by the Laurion Subsidiary 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 ounce, 2% GMR at a gold price between US\$500 and US\$1200/troy ounce and 3% GMR at a gold price over US\$1200/troy ounce). The Corporation may terminate the Agreement at any time.

Location

The Bell Mountain project, which encompasses approximately 4.5 square miles (11.42 square kilometres) of mineral rights, is located in Churchill County, County, Nevada, about 95 miles southeast of Reno, Nevada.

Disposition of the Bell Mountain Project to Lincoln Mining

On September 5, 2012, the Corporation signed a binding letter of agreement to monetize the Bell Mountain Nevada property through a 100% purchase option to Lincoln Mining Corporation ("Lincoln"). On November 29, 2012, the Corporation executed the Definitive Agreement for an aggregate cash purchase price of \$2,350,000. Payments are to be staged according to Lincoln achieving certain project milestones, payable by Lincoln to Laurion as follows:

1. \$350,000 within five business days following receipt by Lincoln and Laurion of all necessary TSX Venture Exchange ("TSXV") approvals to the letter agreement (received);
2. \$350,000 on completion of a convertible loan financing by Lincoln in the amount of \$2,300,000 but in any event not later than November 30, 2012, at which time Laurion and Lincoln will complete the sale and transfer of Laurion's mining claims and option on the Bell Mountain property to Lincoln (or a subsidiary of Lincoln), and Lincoln shall assume the remaining obligations of Laurion in respect of the option (received);
3. \$375,000 on June 30, 2013 (\$350,000 received in July, 2013 with the remaining \$25,000 to bear interest at the rate of 4% per annum accruing from June 30, 2013 and to be received in equal monthly payments on account of principal plus interest in March, April and May 2014);
4. \$140,000 on September 30, 2013 (received in October, 2013) plus interest at the rate of 4% per annum accruing from June 30, 2013 to be paid on December 31, 2013 (received in February 2014);
5. \$235,000 on December 31, 2013 plus interest at the rate of 4% per annum accruing from September 30, 2013 with payments of \$100,000 plus interest received in February 2014 and \$100,000 plus interest received in March 2014 with the balance to be received in equal monthly payments on account of principal plus interest in March, April and May 2014; and,

6. \$900,000 on February 28, 2014 with interest at the rate of 4% per annum accruing from September 30, 2013 (subsequent to December 31, 2013 the payment structure was revised to \$100,000 plus interest in April, 2014; \$100,000 plus interest in May, 2014; and the balance plus interest in June, 2014).

Amended Payment Terms to Purchase Agreement with Lincoln Mining

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

Laurion had previously agreed to Lincoln's various payment extension requests, but Lincoln has not been able to fulfil them. Pursuant to the terms of the Amended Agreement, Lincoln has made a payment of \$50,000 of which \$25,000 will be applied toward the principal balance and \$25,000 will be paid to Laurion as a bonus payment. The remaining payment schedule under the Amended Agreement provides for Lincoln to either pay the outstanding principal balance owing to Laurion by September 30, 2014 or Lincoln can obtain monthly extensions for payments of \$75,000, which in turn each provide Laurion with a bonus payment of \$25,000 and an extension payment applied toward the principal balance in the amount of \$50,000, for each such monthly extension until December 31, 2014. 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.

3.0 Strategic Alliance with Kiska Metals

Strategic Alliance

On April 3, 2007, the Corporation formed a strategic alliance with Kiska Metals (previously Geoinformatics Exploration Inc.). The strategic alliance between the Corporation and Kiska Metals was based on a comprehensive exploration program encompassing project generation to on-ground exploration in a geological region known as the Mid-Continent Rift ("**MCR**"), located in the southwest portion of the Canadian Superior Craton (the "**LAGXL Area**").

Under the requirements of the agreement, the Corporation selected 2 of 5 property areas, the Gowganda and Nipigon project. The Nipigon project covered three properties (Fox Mountain, Dorothea and the Graydon projects) of which all were allowed to lapse after both Kiska Metals and the Corporation had ascertained that these properties had no further technical merit to pursue further exploration on these properties. The Gowganda project covered two properties (Midlothian and the Raymond projects) of which the Raymond was permitted to lapse after both Kiska Metals and the Corporation had ascertained that the Raymond property had no further technical merit to justify further exploration.

In July 22, 2014, the Corporation announced that it had executed a Purchase and Sale Agreement ("Agreement") with Kiska Metals Corporation ("Kiska") for the disposition of Laurion's 51% interest in the Midlothian Project (the "Project").

The Midlothian property consists of 11 claims (152 claim units) covering an area of approximately 2,432 hectares, and is located 80km west-southwest of Kirkland Lake and 25km west-southwest of the town of Matachewan.

Under the terms of this Agreement, Kiska will grant a Net Smelter Royalty ("NSR") in the Midlothian Project in favour of Laurion for 2.5% with respect to precious metals and 1.5% with respect to all other metals derived from the Midlothian Project. As per the Agreement, precious metals include platinum, rhodium, gold, iridium, osmium, palladium, rhenium, ruthenium and silver.

The Corporation received a \$25,000 cash payment plus the return of the 500,000 common shares of the corporation held by Kiska on closing of the Agreement.

Kiska has committed to complete not less than \$2,000,000 in mineral exploration expenditures on the Midlothian Project on or before the fifth anniversary of the Closing Date (the "Work Commitment"). If Kiska does not satisfy the Work Commitment, then 100% of the Midlothian property interest will revert to Laurion, with Kiska retaining a 1% NSR, half of which may be purchased for \$500,000.

Upon completion of a mineral resource estimate of at least 500,000 gold equivalent ounces (inclusive of inferred, indicated and measured resources) Kiska is to make a cash payment of \$500,000 to Laurion. Upon a decision to commence the development and construction of a mine for the Project, a cash payment of \$1,000,000 will be due to Laurion from Kiska.

SUMMARY OF QUARTERLY RESULTS

The following information relates to the Corporation's eight most recently completed quarters. As noted above, the Resource Properties are not at the stage of commercial production and, therefore, the Corporation does not have a source of revenue.

	UNAUDITED			
	IFRS Sept 30, 2014 (\$)	IFRS June 30, 2014 (\$)	IFRS March 31, 2014 (\$)	IFRS Dec 31, 2013 (\$)
Expenses (Recoveries)	868,520	(8,023)	174,744	231,747
Net (Loss) Income	(868,520)	8,023	(174,744)	(231,747)
(Loss) Income Per Share*	(0.001)	(0.000)	(0.002)	(0.002)

	UNAUDITED			
	IFRS Sept 30, 2013 (\$)	IFRS June 30, 2013 (\$)	IFRS March 31, 2012 (\$)	IFRS Dec 31, 2012 (\$)
Expenses (Recoveries)	(123,126)	210,320	295,870	291,559
Net (Loss) Income	123,126	(210,320)	(295,870)	(291,559)
(Loss) Income Per Share*	(0.001)	(0.002)	(0.003)	(0.003)

*Note: The (Loss) Income Per Share is calculated using the weighted average number of Common Shares.

ANALYSIS OF EXPENSES

The Corporation incurred a net loss from operations during Q3-2014 of \$868,520, which net loss was attributable to the disposition of the Midlothian property.

As the Corporation's business primarily involves mining exploration and development, the Corporation does not have a source of revenue and it remains impossible to determine the likelihood or estimated time frame for this to change.

The increase in office and administrative expenses in the current nine-month period over that of the comparative period is due to the inclusion of salaries paid to the President and the Chief Financial Officer.

The increase in professional fees over the comparative period is attributable to legal costs related to the Midlothian sale and the restructuring of the payments due from Lincoln Mining.

The decrease in transfer listing and filing fees is because in third quarter of 2013 the Corporation closed a financing arrangement. The Corporation has also moved from the OTCIQX down to the OTCBBB eliminating costs involved with reporting standards.

The decrease in share-based payments as a result of stock options which carrying a higher valuation, were fully vested in 2013.

ADMINISTRATIVE EXPENSES

For the period ended	Sept 30, 2014	Sept 30, 2013
Management fees	17,165	19,883
Directors' fees	14,500	12,950
Office and Administrative Expenses	35,160	23,041
Professional fees	66,048	46,028
Rent	1,865	1,865
Shareholder Information	30,319	27,692
Share-based Payments	6,120	14,006
Transfer Listing and Filing Fees	-	11,563
Travel and Automotive	4,960	15,089
	\$176,137	\$172,117

ANALYSES OF DEFERRED EXPLORATION EXPENSES

	Ishkoday		Midlothian		Bell Mountain		Total	
	Sept 30, 2014	Dec 31, 2013	Sept 30, 2014	Dec 31, 2013	Sept 30, 2014	Dec 31, 2013	Q3 2014	2013
Acquisition Costs								
Balance, beginning of period	399,600	376,900	28,750	28,750	-	243,500	428,350	649,150
Mineral Properties acquired(disposed)	14,200	22,700	(28,749)	-	-	(243,500)	(14,549)	(220,800)
Balance, end of period	413,800	399,600	1	28,750	-	-	413,801	428,350
Exploration Expenses								
Balance, beginning of period	2,706,025	2,512,266	682,825	631,158	-	489,832	3,388,850	3,633,256
Ishkoday Other	-	-	-	-	-	-	-	-
Early Exploration	-	-	-	23,191	-	-	-	23,191
Maintenance, Mining Leases Payments and Taxes	11,027	11,367	-	-	-	(25,106)	-	(13,739)
Geological Supervision	57,593	27,325	-	5,980	-	-	-	33,305
Geochemistry/Assays	29,336	17,271	-	3,180	-	-	-	20,451
Metallurgy Channel Sampling, Geophysics, Stockpile/Tailings sampling	\$21,605	13,551	-	-	-	-	-	13,551
Environmental/Consulting	-	-	2,400	-	-	-	-	-
Surface Diamond/Overburden Drilling	87,941	-	-	-	-	-	-	-
Drill Supplies	15,607	-	-	-	-	-	-	-
Stripping and Trenching	-	-	-	-	-	-	-	-
Core Shack Rental - Ishkoday	-	21,497	-	-	-	-	-	21,497
Head Office Costs	51,181	86,393	8,212	16,410	-	3,026	-	105,829
Other Field Costs (Including travel, food and lodging)	23,382	16,355	-	2,906	-	-	-	19,261
Total Exploration Expenditures	298,072	193,759	10,612	51,667	-	(22,080)	308,684	223,346
Write Offs/Disposals	-	-	(693,437)	-	-	(467,752)	(693,437)	(467,752)
Balance, end of period	3,004,097	2,706,025	-	682,825	-	-	3,004,097	3,388,850
Cumulative Costs	3,417,847	3,105,625	1	711,575	-	-	3,417,898	3,817,200

LIQUIDITY

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.

The Corporation's ability to continue as a going concern is dependent on the continued financial support of its shareholders, the ability to arrange alternate financing, or the discovery of economically recoverable reserves and the ultimate achievement of profitable operations.

SHARE CAPITAL SUMMARY

The Corporation is authorized to issue an unlimited number of Common Shares, an unlimited number of special shares (voting, redeemable, convertible, participating), and 500,000 Class A shares (voting, non-redeemable, convertible, non-participating). As at September 30, 2014 there were 105,271,245 Common Shares outstanding.

On July 18, 2014, 500,000 shares of the Corporation were returned to treasury, pursuant to the Purchase and sale Agreement with Kiska Corporation for the disposition of Laurion's 51% interest for the disposition of Laurion's 51% interest in the Midlothian Project.

On August 27, 2014, 100,000 common shares of the Corporation were issued to Jubilee Gold, pursuant to the Option Agreement of August 30, 2011 for the option to acquire up to a 100% interest in 4 mining leases totalling 74 hectares located in Elmhirst Township

On September 29, 2014, the Corporation issued 180,000 shares to Argonaut Gold Inc., pursuant to an Option Agreement dated September 8, 2011, in which the Corporation received an option to acquire an undivided 100% interest in 3 mineral claims comprising 21 claim units totalling 136 hectares in Walter and Elmhirst Townships.

As at September 30, 2014, the following securities of the Corporation were issued and outstanding:

SHARE SUMMARY

As at September 30, 2014	Number of Warrants Issued	Allocated Value * (\$)	Average Exercise Price (\$)	Total
Issued and Outstanding Shares				105,051,245
Warrants- FT August 1 2013 (expiry Aug 1 2015)	3,333,332	\$102,016	\$0.10	3,333,332
Broker Options – FT August 1 2013(expiry Aug 1, 2015)	233,333	\$8,072	\$0.06	233,333
Stock options issued	9,748,000	\$534,007	\$0.095	9,748,000
Fully Diluted	13,314,665			118,365,910
Total Broker Options	233,333	\$8,072	\$0.06	233,333
Total Warrants	3,333,332	\$102,016	\$0.10	3,333,332
Total Stock options (Exercisable)	7,458,001	\$484,131	\$0.10	7,458,001
Total Warrants/Broker Warrants/Options (Exercisable)	11,024,686			11,024,686

* The above warrants were valued using the Black Scholes pricing model.

Subsequent Event

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

RELATED PARTY TRANSACTIONS

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 and the Board of Directors.

The Corporation had two employees during the three month period ended September 30, 2014. Cynthia Le Sueur-Aquin and Douglas Bolton became employees of the Corporation as of January 1, 2014. In addition Ms. Le Sueur-Aquin who was appointed President of the Corporation on April 11, 2003, is contracted to the Corporation by Quaere Strategia Inc. ("**Quaere**") as a consultant. Consulting services include the duties normally associated resource and mining management services.

Fees for Quaere's services are \$850 per day (not to exceed \$201,000 annually) and are subject to annual review. Quaere is a consulting company wholly owned by Ms. Le Sueur-Aquin. A total of \$94,319 (2013 Q3- \$107,450) was paid to Quaere as payment for management services provided by Quaere during the period ended September 30, 2014. Quaere provides administrative personnel services, administrative management, corporate accounting services, corporate development, investor relations and exploration services to the Corporation. The Corporation also reimburses all reasonable out of pocket expenses incurred by Ms. Le Sueur-Aquin. As of January 1, 2014, Ms. Le Sueur-Aquin draws a monthly salary of \$2,000 in her capacity as President and CEO from the Corporation.

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 - \$46,928) were also paid to the related party during the period. Other expenses include office space, staffing and administrative overhead. Management fees and compensation of investor relations charges includes \$94,319 (2013 - \$107,450). The President is entitled to participate in the Corporation's stock option plan.

Douglas Bolton became an employee of the Corporation as of January 1, 2014. Mr. Bolton draws a salary of \$2,000 monthly in his capacity as CFO. The Corporation also reimburses all reasonable out of pocket expenses incurred by Mr. Bolton.

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 payment of unpaid Directors' fees in 2014.

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

The above transactions are in the normal course of operations.

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 financial statements have been approved by the Board of Directors on November 20, 2014.

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 Consolidated Financial Statements include the accounts of the Corporation and its wholly owned subsidiary Laurion Mineral Exploration USA LLC ("**Laurion Subsidiary**"). 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.

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, measurement of warrants and share based payment 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.

i. 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 assets.

ii. 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.

iii. 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 recognized 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.

iv. Financial Liabilities

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

v. 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. Costs related to pre exploration and evaluation activities are deferred on a project-by-project basis if it is possible 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 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) of the Financial Statements. 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.

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.

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.

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.

a. Credit Risk

Credit risk is the risk of loss associated with a counterpart's inability to fulfill 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 investment in San Gold Corporation 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.

b. 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 of the Financial Statements.

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.

c. 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 net income (loss) by approximately \$58,300 (December 31, 2013 - \$55,534).

d. 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 December 31, 2012.

e. 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.

f. 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).

g. Subsequent Events

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

DISCLOSURE CONTROLS, PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Corporation's President and Chief Financial Officer are responsible for establishing and maintaining the Corporation's disclosure controls and procedures and internal control over financial reporting for the Corporation. They are assisted in this responsibility by the Corporation's management team. The President and the Chief Financial Officer, after evaluating the effectiveness of the Corporation's disclosure controls and procedures and the design of internal controls over financial reporting at December 31, 2012, have concluded that the Corporations' disclosure controls and procedures and design of internal control over financial reporting are adequate and effective to ensure that material information relating to the Corporation would have been known to them.

Additional information about Laurion Mineral Exploration Inc. can be obtained from the Corporation's website at www.laurion.ca, by visiting the SEDAR public documents site at www.sedar.com or by contacting Cynthia Le Sueur-Aquin, President of the Corporation, at:

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