



**LAURION MINERAL EXPLORATION INC.**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR NINE MONTHS ENDED SEPTEMBER 30, 2018  
AND SEPTEMBER 30, 2017**

**Note to Reader:**

This Management Discussion and Analysis as filed on SEDAR on November 27, 2018 under Project # 02848320 has been revised to correct the references for the interim financial statements from “six months” to “nine months” ended September 30, 2018.

Except as described above, the Management Discussion and Analysis remains unchanged.



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation and presentation of the accompanying consolidated financial statements, Management Discussion and Analysis ("MD&A") and all financial information are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial statements, by nature, are not precise since they include certain amounts based upon estimates and judgements. When alternative methods exist, management has chosen those it deems to be the most appropriate in the circumstances.

Management, under the supervision of and the participation of the President and Chief Financial Officer, have a process in place to evaluate disclosure controls and procedures and internal control over financial reporting as required by Canadian securities regulations. We, as President and Chief Financial Officer, will certify our annual filings with the CSA as required in Canada by National Instrument 52-109.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee which is independent from management.

The Audit Committee is appointed by the Board of Directors and reviews the consolidated financial statements and MD&A; considers the report of the external auditors; examines the fees and expense for audit services; and recommends to the Board the independent auditors for appointment by the shareholders. The independent auditors have full and free access to the Audit Committee and meet with the Audit Committee to discuss their audit work, the Company's internal control over financial reporting and financial reporting matters. The Audit Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to the shareholders.

Additional information on the Company is available on SEDAR and at the Company's website, [www.laurion.ca](http://www.laurion.ca)

## FORWARD LOOKING DISCLAIMER

Certain disclosures contained in this MD&A may constitute forward-looking information. This is information regarding possible events, conditions or results of operations of the Company that is based upon assumptions about future



economic conditions and courses of action which is inherently uncertain. All information other than statements of historical fact may be forward-looking information.

Forward-looking information is subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation, risks and uncertainties relating to the interpretation of drill results and the estimation of mineral resources, the geology, grade and continuity of mineral deposits and the possibility that future exploration and development results will not be consistent with the Company's expectations. Some other risks and factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A are described under the heading "Risks and Uncertainties".

Readers are cautioned that any such listings of risks are not, and in fact cannot be, complete. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The Company believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A.

The forward-looking information contained in this MD&A is provided as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.



## MANAGEMENT DISCUSSION AND ANALYSIS

The following management discussion and analysis (the “Q3-2018 MD&A”) should be read in conjunction with the unaudited interim financial statements of the Corporation for nine months ended September 30, 2018 and the notes related thereto, which were prepared in accordance with International Financial Reporting Standards.

The Q3-2018 MD&A should also be read in conjunction with the management discussion and analysis related to:

- the unaudited interim financial statements of the Corporation for the six months ended June 30, 2018 (the “Q2-2018 MD&A”); and
- the unaudited interim financial statements of the Corporation for the three months ended March 31, 2018 (the “Q1-2018 MD&A”).
- the audited annual financial statements of the Corporation for the year ended December 31, 2017 (the “2017 MD&A”);
- the unaudited interim financial statements of the Corporation for the nine months ended September 30, 2017 (the “Q3-2017 MD&A”);

Information disclosed in the Q3-2018 MD&A, Q2-2018 MD&A, Q1,2018 MD&A, 2017 MD&A, Q3-2017 MD&A, not updated herein, remains unchanged as of the date hereof.



## OVERVIEW

LAURION Mineral Exploration Inc. (“LAURION” or the “Corporation”) is a mid-stage exploration company focused on the development of a near surface lode gold and polymetallic mineralization on its Ishkoday Project.

The Corporation is a public company listed on the TSX Venture Exchange under the symbol LME and the OTC/PINK under the symbol LMEFF.

The Corporation holds title and interest in two prospective mining properties located in Ontario, Canada, as follows:

i. The Ishkoday Property

The Ishkoday property situated in the Onaman-Tashota Greenstone Belt, 220km northeast of Thunder Bay, Ontario. The Ishkoday is composed of a 4,442 hectare land package consisting of 20 contiguous mining leases (1,178 hectares) and 17 mining claims totaling 204 units (3,264 hectares) located in Irwin, Walters, Elmhirst and Pifher Townships, 25km northeast of the Town of Beardmore.

ii. The Midlothian Property

A 2.5% net smelter royalty with respect to precious metals and a 1.5% net smelter royalty with respect to all other metals on the Midlothian Property. 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.

For additional information about the Ishkoday and Midlothian properties see sections hereof under the headings entitled “Q3-2018 Corporate Highlights”, “**Subsequent Events**” and “**Summary of Exploration**”.

## Q3-2018 CORPORATE HIGHLIGHTS

The following are the Corporation’s highlights of Q3-2018, which affected the performance

- **LAURION Announces Completion of Initial Field Exploration Campaign on the Ishkoday Gold Project – (Press Release – July 6, 2018)** – the Corporation announced the completion of the initial field validation of historical and recent data at the Corporation’s 47km<sup>2</sup> Ishkoday project (“Ishkoday”).
- **LAURION Reports on Second Field Exploration Update for 2018 on the Ishkoday Gold Project: More Mineralization Evidence Detailing the Gold and**



**Polymetallic Vein System - (Press Release – July 10, 2018)** – the corporation provided a second update from the 2018 summer field exploration program at the Corporation's 47 km<sup>2</sup> Ishkoday Project ("Ishkoday"). LAURION's personnel and Explo-Logik's technical crews (collectively, the "Team") have completed their initial field validation of historical and recent data.

- **LAURION Announced Shares for Debt Transaction – (Press Release – July 13, 2018)** – the Corporation announced that it intended to settle an aggregate amount of CAD\$45,185 in payables owing to certain arm's length parties (the "Shares for Debt Transaction").
- **LAURION Announces Closing of Non-Brokered Private Placement – (Press Release – July 18, 2018)** – the Corporation announced that it had closed its previously-announced non-brokered private placement (the "Private Placement").
- **LAURION Announces Proposed Private Placement – (Press Release – July 26, 2018)** – the Corporation announced that it is proposing to complete a flow-through and non-flow-through private placement on a non-brokered basis (the "Private Placement")
- **LAURION Provides Mid-Year Review and Outlook for Remainder of 2018 – (Press Release – August 1, 2018)** – the Corporation provided a further update and summary of exploration developments and progress made during Q2-2018 and outlined upcoming plans and projected milestones for the remainder of the year for the Corporation's 47km<sup>2</sup> Ishkoday Project.
- **LAURION Announced Closing of Non-Brokered Private Placement of Flow-Through and Non Flow-Through Private Placement – (Press Release - August 2, 2018)** – the Corporation announced that it has closed the first tranche of its previously-announced non-brokered private placement (the "Private Placement")
- **LAURION Announces Assay Results for Precious and Base Metal from the Initial 2018 Validation Program at the Ishkoday Gold Project - (Press Release – August 14, 2018)** – the Corporation announce the first precious and base metals assay results from initial May-June 2018 validation program (the "**Stage 1 Campaign**") at the Corporation's 47km<sup>2</sup> Ishkoday Project.
- **LAURION Provides Updates on Selective Grab Assay Results and Initiates Stage 2 Exploration of Mechanized Outcrop Stripping in Key Gold Bearing Areas at the Ishkoday Gold Project - (Press Release – August 21, 2018)** – the Corporation announces the commencement of the Stage 2 Exploration Campaign (the "Campaign") on the Corporation's 47km<sup>2</sup> Ishkoday Project.



- **LAURION Initiates SONIC Drill Program on the Surface Stockpile of the Ishkoday Gold Project - (Press Release – September 5, 2018)** – the Corporation announces the commencement of a SONIC drill program on its surface rock “waste” Stockpile (the “Stockpile”) from the historic operation of the Sturgeon River Mine at the Corporation’s wholly owned Ishkoday Gold Project.

### SUBSEQUENT EVENTS

- **LAURION Provides Progress Update on the Stockpile Funding Project - (Press Release – October 2, 2018)** - the Corporation provided an update on its stockpile funding project (the “Stockpile Funding Project”) that was previously announced on April 25, 2018 and pursuant to which a private investment group (the “Investor”) is financing and otherwise supporting the development and potential extraction of gold and other metals from historic surface stockpiles (the “Surface Stockpiles”) located on LAURION’s wholly-owned Ishkoday property .
- **LAURION Provides Progress Update on the Stockpile Funding Project - (Press Release – October 4, 2018)** - the Corporation is pleased to announce the completion of a SONIC drilling and ancillary work program on its surface Stockpile (the “Stockpile”) from the historic operation of the Sturgeon River Mine at the Corporation’s wholly owned Ishkoday Gold Project.
- **LAURION Releases Assays Results up to 27.7g/t over 0.4m Gold, 11.50g/t Silver over 0.3m, and 3.8% Zinc over 0.8m from Individual Channel Samples at the Ishkoday Gold Project - (Press Release – November 13, 2018)** - the Corporation is pleased to report assay results from systematic channel sampling of the August-September 2018 Program.



## SUMMARY OF EXPLORATION

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.

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.

**Table 1 Properties Status**

	Property	Ownership	Metals	Agreement Arrangement
1.	Ishkoday Property(4,442 ha)	100%	Au-Ag-Zn-Cu	
2.	Midlothian Property	NSR	PGE-Ni-Cu-Zn-Au	Transition Metals/ Canadian Miner

## ISHKODAY PROPERTY

### Corporate Status

LAURION Mineral Exploration Inc. is a small-cap, mid-stage junior exploration and development company focused primarily on its wholly owned 44.2km<sup>2</sup> (10,027ac.) flagship 'brown field' Ishkoday Gold Polymetallic Project located 220km North-East of Thunder Bay, Ontario Canada.

LAURION is developing an open-pit model by proving the existence of near surface bulk mineralization in gold-silver and gold-zinc rich polymetallic component which extend over a 3 km x 1 km area.

LAURION's Ishkoday Gold Polymetallic Project is also moving forward concurrently with the monetizing (revenue generation) of its high-grade past-producing Quebec Sturgeon River Gold Mine assets, in the reprocessing of its surface ore-bearing stockpiles, and the 80,000 ounces gold reported to remain in the existing mine drifts.

Through a strategic and sustainable monetization approach of successfully being able to identify under-valued and sometimes forgotten mining assets, LAURION Mineral Exploration Inc. is advancing its Ishkoday Gold Polymetallic Project from the discovery stage to value creation for its stakeholders.



The Ishkoday property conveniently straddles Highway #801, has favourable year-round access and proximity to all services, including grid power and water supply, which management believes translates to lower exploration and development costs.

LAURION has collected in excess of 14,000 samples of all types since 2008. These include diamond drill core, field channel and selected field grab samples. Of these, some 10,354 samples have multi-element analysis (copper, zinc, lead, and partial major and trace elements) - 8,662 from previous drill core samples (8,582 with gold and silver), and 1,692 current channel and selected field grabs samples (1,536 with gold and silver).

The Corporation has a property-wide database of 283 diamond drill holes totalling 40,729m, detailed sampling, mapping, assays and geochemical analysis, and ground geophysics.

The mineralization at the Ishkoday is open at depth beyond the current diamond drill limit of -200m from surface, based on the historical mining to a -685 m depth, as evidenced in the past producing Sturgeon River Mine (the "Mine"). The Mine produced 73,322 ounces of gold, and 15,929 ounces of silver from 1936 to 1942 on the No. 3 Vein at 24g/t gold and generated a large gold and silver bearing stockpile of 144,070 tonnes grading 1.59g/t gold in the Indicated Mineral Resources category (based on a *NI 43 -101 Technical Report filed on SEDAR in June 2013 – refer to the Corporation's news release dated April 23, 2013*).

### **Structural Observations at the Ishkoday Property**

Two main structural trends exist at LAURION's Ishkoday property. These are northeast-southwest trending quartz-sulphide and polymetallic veins, and east-west to east-southeast trending faults. Most of LAURION's Ishkoday veins are oriented northeast-southwest and represent a dilatant crack-seal type veining with minor associated shearing. Dextral movements along the east to southeast trending faults are thought to represent the mechanism which produced the northeast dilatant features hosting the gold-bearing quartz veins.

Gold is associated with quartz (-carbonate) veins hosted by felsic to intermediate meta-volcanics, often located marginal to felsic intrusions (dykes, stocks or plutons). Veins are typically sigmoidal or lenticular, and free visible gold is common. Sulphide content within such veins range from trace to 40%. Coarse pyrite, pyrrhotite, chalcopyrite, sphalerite and galena may be present in the veins. Gold usually occurs either in quartz veins as free coarse gold or in fractured sulphides. Gold can also occur in sheared chlorite and sulphide rich wall rocks.



## Stage 2 Exploration Campaign Channel Sampling and Assay Results

The Campaign is centered on mechanized stripping, channel sampling and assaying along two strategic NW-SE 400m to 500m outcrop stripping lines (the “**Lines**”) as a first pass assessment of the bulk polymetallic veins in the 3km by 1km Target Area. Two lines were completed, T18-1 and 2. Following MNDM permitting, a mechanized tree cutter or harvester cut and removed trees along both lines, followed by the mechanized removal of overburden using a shovel. Bedrock was cleaned using high pressure water, with water recovered in pits that was re-used for outcrop washing. Channels were cut using a gas-powered saw. The sampling, bagging and tagging of rock samples was done by field technicians. The strip lines were geologically mapped for rock types, structures and mineralization, by qualified geologists and technicians from the exploration service provider Explo-Logik Inc.

### **Strip Line T18-1**

Located approximately 1km NE of the past producing Sturgeon Lake Mine's No. 3 Quartz Vein (*Figure 1*), Line T18-1 extends 500m in a NW-SE direction at right angle to the orientation of geological units. Bedrock outcrop coverage is approximately 60%. The geology consists of felsic to intermediate volcanic and intrusive rocks, mostly rhyolite/dacite flows, tuffs and cut by mafic dykes.

Sulphide mineralization (pyrite, chalcopyrite and sphalerite) occurs in NE-SW trending centimetric and metric shear zones or horizons, in addition to sulphide-rich metric-sized veins similar to those 700m NE in the “CRK” veins sector. Laurion's previous channel sampling work in 2014 from the “CRK” Showing, yielded typical assay results of 8m width of 1.08 g/t gold, 4.90 g/t silver, 1.11% zinc and 0.08% copper, including 5m width of 1.68 g/t gold, 7.00 g/t silver, 1.27% zinc and 0.10% copper.

The northernmost 140m of Line T18-1 depicts 8 NE-SW trending quartz veins belonging to either the “85-A2” or the “A” vein systems. Both vein systems were historically channel sampled and assayed by Phoenix Gold (1988) as reported in *1986 Exploration Program Report, Sturgeon River Gold Mines Property, 34 pages, by L.O. Koskitalo, February 1988*.

Selected historic gold assay intervals of the “85-A2” Quartz Vein system (*Phoenix Gold, 1988*) from Line T18-1 include:



- 13.41 g/t gold over a 168m length and 19 cm width, including 21.92 g/t gold over a 52m length and 14 cm width and 14.71 g/t gold over a 50m length and 23cm width; and
- 20.26 g/t gold (with visible gold or “VG”) over a 20m length and 20cm width from the Glory Hole Quartz Vein.

The quartz veins undulate and form anastomosing patterns as observed in the “85-A2” vein system, similar to other structurally hosted lode gold deposits.

Selected historic gold assay intervals of the “A” Quartz Vein system (*Phoenix Gold, 1988*) from Line T18-1 include:

- 14.71 g/t gold over a 50m length and 23cm width (“A-2” Quartz Vein);
- 3.63 g/t gold over a 50m length and 25cm width (“A-5” Quartz Vein); and
- 6.17 g/t gold over a 20m length and 95cm width (“A-4” Quartz Vein).

The Stage 1 stripped area is located a few meters SW of the main “85-A2” Quartz Vein outcrop. Here, current channel sampling confirmed the gold-bearing potential of the 85-A2 Quartz Vein with a selected assay result of 18.50 g/t gold over a 20cm width. A Laurion (2012) selective grab sample yielded 2.86 g/t on an adjacent subsidiary quartz vein.

A total of 468 individual channel samples were taken from Line T18-1, varying in individual length from 20cm to 1.5m. Individual channel sample assay results (“Assays”) to date include:

- 120 anomalous gold Assays:
  - 50 gold Assays between 0.03 g/t and 0.10 g/t gold;
  - 53 between 0.10 g/t and 1 g/t gold; and
  - 17 above 1 g/t in the range 1.02 g/t to 27.70 g/t gold.
- 121 anomalous silver Assays:
  - 70 silver Assays between 0.10 g/t and 1 g/t silver; and
  - 51 above 1 g/t in the range 1.10 g/t to 9.10 g/t silver.
- 3 anomalous copper Assays:
  - 3 copper Assays between 0.10% and 1% copper.
- 43 anomalous zinc Assays:
  - 37 zinc Assays between 0.10% and 1% copper;
  - 6 above 1% zinc from 1.03% to 3.80% zinc.



### **Strip Line T18-2**

Located approximately 350m W-SW of the past producing Sturgeon River Mine's No. 3 Quartz Vein, Line T18-2 extends 500m in a NW-SE direction at right angles to the orientation of geological units .

Bedrock outcrop coverage is approximately 80%. The geology consists of felsic to intermediate volcanic rocks (fine to coarse tuffs, rhyolite/dacite flows) and several generations of crosscutting mafic dykes. Sulphide mineralization (pyrite, chalcopyrite and sphalerite) is rare but increases in narrow NE-SW and N trending shear zones or horizons.

The southernmost third of the stripped line shows an increase in shearing, brittle deformation and quartz veining and sulphide development, within generally more siliceous host rocks (principally rhyolites) offering a significant positive topographic relief. Two major vein sets were identified including the newly discovered 040° Bootleg Quartz Vein (the "Bootleg") that may be the SW extension of the "85-A2" Quartz Vein located more than 1km to the NE. Significant shearing of the host rock has produced a quartz-chlorite-sericite-carbonate schist, more than 50m wide, bearing minor pyrite and numerous centimetric NE-SW trending quartz and quartz-iron carbonate veins, located 70m SE of the Bootleg.

A total of 475 individual channel samples were taken from Line T18-2, varying in individual length from 20cm to 1.5m. Individual Assays to date include:

- 40 anomalous gold Assays
  - 22 gold Assays between 0.03 and 0.10 g/t gold;
  - 17 between 0.10 and 1 g/t; and
  - 1 above 1 g/t at 1.29 g/t gold.
  
- 101 anomalous silver Assays:
  - 55 silver Assays between 0.10 and 1 g/t gold; and
  - 46 above 1 g/t in the range 1.10 to 9.10 g/t gold.
  
- 1 anomalous copper Assays:
  - 1 copper Assays between 0.1% and 1% copper.
  
- 21 anomalous zinc Assays:
  - 19 zinc Assays between 0.1% and 1% copper;
  - 2 above 1% zinc, 1.58% and 2.72% zinc.

Additional results and location maps are being compiled for both T18-1 and 2 and will be made available shortly.



### Multi-Element Geochemical Results

Laurion has collected in excess of 14,000 samples of all types since 2008. These included diamond drill core, field channel and selected field grab samples. Of these, some 10,354 samples have multi-element analysis (copper, zinc, lead, and partial major and trace elements) - 8,662 from previous drill core samples (8,582 with gold and silver), and 1,692 current channel and selected field grabs samples (1,536 with gold and silver).

Key highlights from the 8,582 previous drill core samples include:

- In terms of igneous rock classification, the felsic volcanic rocks at Ishkoday are mainly dacites, rhyodacites and rhyolites (or felsic volcanics) with a major spread towards the iron-rich basalt fields in the classic 1976 Jensen Ternary Diagram (aluminum oxide versus iron+titanium oxides versus magnesium oxide).

By using Zirconium (Zr) versus yttrium (Y) diagrams, Gibson in 2014 (*Review of Base Metal and Gold Mineralization at Laurion's Ishkoday Property, NW Ontario, internal report dated August 2014*) was able to show the felsic volcanics at Ishkoday are in the Calc-Alkaline field instead of the Tholeiitic field.

The higher iron content is due in part to the presence of iron sulphides (pyrite), iron-magnesium hydroxide phyllo-silicates (chlorites) and iron hydroxide alumino-silicates (epidote) in the felsic volcanics rocks, confirmed from observations made in 10 thin sections from a Laurion 2018 study, and the higher proportion of sulphide-chlorite-epidote veins intersected in Laurion's diamond drilling and surface sampled in 2008 to 2012.

- Correlation Coefficients ("**CC**") between precious and base metals indicate that gold is not associated with either copper, zinc or lead (CC near zero), whereas there is a moderate correlation between gold and silver (CC @ +0.383).

Laurion interprets that the gold event is not part of the base metal system, but linked solely to the late overprinting quartz vein system. Gold and silver production from the Sturgeon Gold Mine proves the point - 73,322 ounces of gold and 15,929 ounces of silver (gold:silver ratio of 4.6:1)

However, silver has a moderate to good association with the base metals copper, zinc and lead (copper @ +0.691, zinc @ +0.559, lead @ +0.286); copper has a good association with zinc (CC @ +0.515) but poor with lead (CC @ +0.132); and zinc has a poor association with lead (CC @ +0.223).



Silver is linked to the gold and only in part to the base metal event. The base metals do not exhibit a typical Archean Volcanogenic Massive Sulphide association where there would be a strong correlation between copper, zinc and lead, commonly with silver and gold. The metal association would be more typical of individual distinct vein systems, each with their own metal(s).

Of the precious and base metals, only lead has a poor or weak correlation (CC between +0.100 and +0.200) with other elements such as alumina, barium, calcium, potassium, sodium, phosphorus and titanium, and suggests a potential feldspar association (a calcium-sodium-potassium alumino-silicate).

As more historic and new quartz vein systems are exposed over the next 12 months, they will establish if the anastomosing patterns repeat themselves on- and across-strike giving them bulk length and width potential. The more gold carrying veins the better the potential. The sulphide mineralization in polymetallic veins, shear zones and as disseminations could definitely add to this potential.

A further update on the full data processing including the precious and base metals will be made available shortly.

### Quality Assurance and Quality Control

A total of 1,692 field samples were taken from the Stage 1 and 2 field exploration programs at the Ishkoday in 2018. All samples including standards, blanks and duplicates were sent to ALS laboratory facilities in Thunder Bay (Ontario) and Val-d'Or (Quebec) for analytical preparation and eventually to Vancouver (B.C.) precious and base metal assays, and whole rock analysis.

Some 322 field samples were taken during Stage 1: 82 channel samples from the Jack quartz-sericite-chlorite-sulphide schists and the "85-A2" quartz vein, and 240 selective grab samples from the quartz veins of the northern claims and both quartz and polymetallic veins from the southern claim blocks. A total of 468 channel samples were taken during Stage 2 from Line T18-1 and 475 taken from Line T18-2. Each channel sample was saw cut individually by a technician to lengths chosen by the senior geologists, ranging from 20cm to 1.5m, 5 to 7 cm widths and 7 to 10cm depths. Individual sample weights ranged from 5 to 10kg for channel samples and 1 to 3kg for selective grab samples.

Individual field samples were taken by either field technicians, prospectors or geologists, and inserted in individual plastic bags, each with ALS sample tags. Samples were checked, catalogued and bags sealed by the senior geologist, then placed in large numbered nylon bags with standards, blanks and duplicates. The bags were then sealed and transported by Explo-Logik employees to the ALS facilities. Once at the ALS facilities, samples were



catalogued using the bar-coding system, dried, weighed, crushed, pulverized to 70% <2mm, and riffle-split for final pulverization to 85% <75µm. A final split was taken for multi-element ICP-AES analysis (gold plus 33 elements) and ore grade finish on anomalous results in gold, silver, copper and zinc.



## MIDLOTHIAN PROPERTY

### Location of the Midlothian Property

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.

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 \$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. Kiska further agrees to incur a minimum of \$2,000,000 of mineral exploration expenditures on or before July 22, 2019 or may elect to make a cash payment equal to the difference between the \$2,000,000 and the actual mineral exploration expenditures incurred. Failure to do so will result in a 100% interest in the property reverting back to the Corporation and Kiska retaining a net smelter royalty of 1%. In addition, the Corporation is to receive \$500,000 upon completion of a mineral resource estimate of at least 500,000 gold equivalent ounces ("GEOs") and an additional \$1,000,000 upon the decision to commence the development and construction of a mine for the project.

In March 2016, Kiska announced that it has entered into an agreement ("Agreement") to sell the Midlothian Property to Canadian Gold Miner Corp. ("CGM"), a subsidiary of Transition Metals Corp.

Pursuant to this agreement, the Corporation will retain their 2.5% net smelter royalty with respect to precious metals and a 1.5% net smelter royalty with respect to all other metals.



### 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.

**Table 3 Unaudited Statements for the Eight Last Quarters**

The following information is derived from the audited annual financial statements of the Corporation for each of the three most recently completed financial years:

	UNAUDITED IFRS Sept 30, 2018 (\$)	UNAUDITED IFRS June 30, 2018 (\$)	UNAUDITED IFRS MAR 31, 2018 (\$)	AUDITED IFRS Dec 31, 2017 (\$)
<b>Expenses (Recoveries)</b>	641,507	775,024	100,296	79,199
<b>Net (Loss) Income</b>	(641,507)	(775,024)	(100,296)	(79,199)
<b>(Loss) Income Per Income Per Share*</b>	(0.004)	(0.005)	(0.001)	(0.001)

	UNAUDITED IFRS Sept 30, 2017 (\$)	UNAUDITED IFRS June 30, 2017 (\$)	UNAUDITED IFRS MAR 31, 2017 (\$)	AUDITED IFRS Dec 31, 2016 (\$)
<b>Expenses (Recoveries)</b>	70,028	78,700	78,731	72,918
<b>Net (Loss) Income</b>	(70,028)	(78,700)	(78,731)	(72,918)
<b>(Loss) Income Per Income Per Share*</b>	(0.001)	(0.001)	(0.001)	(0.001)

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

### Analysis of Overall Expenses

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 consolidated financial statements of the Corporation have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future.

For the nine-month period ended September 30, 2018, cash used in operation by the Corporation was \$913,129 (2017 - \$6,801) and the Corporation carried an accumulated deficit of \$22,671,520 (2017 - \$21,075,594). Furthermore, the Corporation had not generated revenue from operations.

The Corporation's current assets exceeded its current liabilities by \$18,081 as at September 30, 2018 (December 31, 2017 – current liabilities exceeded its current assets by \$858,399). These conditions indicate the existence of material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

**Table 4 Administrative Expenses**

For Periods Ended	September 30, 2018 (\$)	September 30, 2017 (\$)
Management Fees	58,970	57,850
Consulting Fees	1,481	-
Office and Administrative Expenses	18,377	16,725
Professional Fees	144,264	45,365
Rent	2,700	2,700
Shareholder Information	55,994	68,898
Share-Based Payments	1,777	4,852
Transfer, Listing and Filing Fees	39,808	13,113
Travel and Automotive	45,388	9,387
<b>Total</b>	<b>368,759</b>	<b>218,890</b>

**Analysis of Administrative Expenses**

A significant increase in professional fees and legal fees as a result of three financings completed in the nine-month period plus two share-for-debt agreements and legal fees relating to the organization of a new subsidiary company that was completed in the fourth quarter.

A significant increase in transfer, listing and filing fees was due to increased filing fees as a result of the three financings, two shares-for-debt arrangements and one grant of stock options.

Travel expenses increased significantly as a result of increased travel to the project site due to the increased exploration activity plus increased travel resulting from extensive negotiations related to current and future financings.



The Corporation is a careful steward of the treasury given the current market climate and limited access to finance. All expenditures have been greatly rationalized with great sensitivity to the corporation as a going concern. No key management or directors' fees have been paid.

The Corporation will require additional financing to complete its planned exploration and evaluation program on the Ishkoday property and will continue to explore financing alternatives to raise capital.

There can be no assurance that the Corporation will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms or that the Corporation will achieve profitable operation.

## RELATED PARTY TRANSACTIONS

### Management Fees

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.

### Trade and Other Payables

The Corporation has a contract for consulting services with AquinTerra Inc. ("AquinTerra") – 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 \$225,000 annually) and are subject to annual review. The Corporation also reimburses all reasonable out of pocket expenses incurred.

Trade and other payables include \$170,617 (2017 - \$386,059) due to AquinTerra. The balance is non-interest bearing and payable on demand. Charges by AquinTerra during the year include exploration services of \$71,274 (2017 - \$3,480) and other expenses including office space, staffing and administrative overhead of \$2,700 (2017 - \$2,700). Management fees and compensation of investor relations charges includes \$104,157 (2017 - \$118,280).

During a prior year Aquin-Terra advanced \$24,000 in working capital loans to the Corporation. These loans are unsecured, non-interest bearing and payable on demand.



Trade and other payables include \$21,300 (2017 - \$104,075) due to Bolton & Bolton Inc. ("Bolton & Bolton") - a company owned by the Chief Financial Officer. The balance is non-interest bearing and payable on demand. The amount includes accounting consultation, office space, staffing and administrative overhead.

### Off Balance Sheet Arrangements

The Corporation is not a party to any off balance sheet arrangements or transactions.

## LIQUIDITY

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, 2018, the Corporation had a cash balance of \$394,526 (2017 - \$38,682) to settle current liabilities of \$502,474 (2017- \$826,092). All the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms except for related party balances.

## CAPITAL RESOURCES AND EXPENDITURES

It is anticipated that during 2018 the Corporation will incur capital expenditures on its resource property. The Corporation is in good standing with current planned work on its resource property.

The Corporation's focus is to place the Corporation in a better financial position in order;

- i. to aggressively explore and develop its flagship property;
- ii. to continue to retain exploration and development consultants; and lastly,
- iii. to increase shareholder value with the continued success the Corporation has realized on the Ishkoday Property.

In the event that additional capital is required to finance the exploration of the resource property in 2018 it is expected that any capital raised by the Corporation will be by way of an equity financing, likely in the form of a private placement, or by financing growth through unique commodity financing alternatives to debt and equity.



### 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, 2018, the following securities of the Corporation were issued and outstanding:

**Table 5: Share Summary**

<b>Common Shares</b>	<b>137,965,639</b>
<b>Stock options– Various vesting schedules, exercise prices and expiry dates*</b>	10,510,000
<b>Warrants</b>	19,513,966

\*Each option noted above is exercisable into one Common Share upon payment of the applicable exercise price.

<b>As at November 27, 2018</b>	<b>Number of Instruments Issued</b>	<b>Allocated Value* (\$)</b>	<b>Average Exercise Price (\$)</b>	<b>Total</b>
Issued and Outstanding Shares	138,892,306			138,892,306
Stock Options Issued/Exercisable	10,383,333**		0.078	8,883,335
Warrants	18,113,966		0.068	18,113,966
Fully Diluted	167,389,605			166,389,607

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

\*\*Notes to the above Table described in detail below

### Non-Brokered Private Placement of Flow-Through And Non Flow Through Units

On August 2, 2018 the Corporation closed a non-brokered private placement (the "Private Placement"), consisting of an aggregate of 5,353,888 units (composed of 4,673,888 flow-through units (the "FT Units") and 680,000 non flow-through units (the "Non-FT Units", and collectively with the FT Units, the "Units") at a subscription price of \$0.09 per Unit for aggregate gross proceeds to the Corporation of \$481,850.

Each FT Unit consists of one common share of the Corporation to be issued as a "flow-through share" (as defined in subsection 66(15) of the Income Tax Act



(Canada) (the "Tax Act")) (each, a "FT Share") and one common share purchase warrant (each, a "Warrant"). Each Non-FT Unit consists of one non flow-through common share of the Corporation and one Warrant. Each Warrant (whether comprising part of a FT Unit or a Non-FT Unit) entitles the holder thereof to acquire one non flow-through common share of the Corporation at a price of \$0.12 per share for a period of 24 months from the date of issuance.

The gross proceeds allocable to the FT Shares comprising the FT Units will be used for "Canadian Exploration Expenses" (within the meaning of the Tax Act), which will qualify, once renounced, as "flow-through mining expenditures", as defined in the Tax Act, which will be renounced with an effective date of no later than December 31, 2018 (provided the subscriber deals at arm's length with the Corporation at all relevant times) to the initial purchasers of FT Units in an aggregate amount not less than the gross proceeds raised from the issue of the FT Units which are allocable to the FT Shares. The Corporation intends to use the net proceeds from the issue of Non-FT Units for exploration activities and general working capital purposes.

Certain arm's-length finders in connection with the Private Placement received an aggregate of \$24,500 as a cash finder's commission and an aggregate of 272,221 finder's warrants having the same attributes as the Warrants.

### **Private Placements and Share for Debt Settlements Completed for 2018 To Date**

On March 22, 2018, the corporation announced a non-brokered private placement (the "Private Placement") consisting of 4,340,000 units ("Units") at a subscription price of \$0.05 per Unit for aggregate gross proceeds to the Corporation of \$217,000. Each Unit is comprised of one common share (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to purchase one additional Common Share at an exercise price of \$0.07 for a period of 24 months following the date of issue.

On May 11, 2018, the shareholders of the Corporation approved the issuance of 10,366,080 common shares of the Corporation to certain members of management in exchange for the settlement of certain debts of the Corporation totalling \$518,304.

In the first quarter, the Corporation granted 2,000,000 stock options as compensation for accrued director fees of \$157,000 at \$0.08 per share.

On July 13, 2018, an additional \$45,185 of accounts payable was settled by a second shares-for-debt transaction with the issuance of 564, 812 common shares.



On July 13, 2018, the Corporation announced that it settled an aggregate amount of CAD\$45,185 in payables owing to certain arm's length parties (the "Shares for Debt Transaction") by issuing an aggregate of 564,812 common shares in its capital ("Common Shares") at a deemed price of CAD\$0.08 per share

On July 18, the Corporation Announced that it had closed the previously announced non-brokered private placement (the "Private Placement") consisting of 8,947,857 units ("Units") at a subscription price of \$0.07 per Unit for aggregate gross proceeds to the Corporation of \$626,350, which exceeds the initial maximum size of the Private Placement that was previously announced. Each Unit was comprised of one common share (each, a "Common Share") and one Common Share purchase warrant (each, a "Warrant"). Each Warrant entitles the holder to purchase one additional Common Share at an exercise price of \$0.09 for a period of 24 months following the date of issue, subject to customary adjustment provisions. Of the above gross proceeds \$626,350, \$500,000 of the private placement was composed of the funding for the processing of the Surface Stockpiles pursuant to non-brokered private placements outlined under the heading "Private Placement with a Private Equity Group" as announced in the April 25, 2018 press release,

### Stock Option Plan

Effective October 4, 2010, the Board adopted a new rolling 10% stock option plan (the "2010 Stock Option Plan"), which was ratified by the Shareholders on November 5, 2010 and approved by the TSXV. The 2010 Stock Option Plan replaced the Company's previous incentive stock option plan, dated August 11, 2000, as amended and restated on March 3, 2004, June 20, 2005 and August 30, 2006 (collectively, the "2006 Stock Option Plan"). While all existing grants of options under the 2006 Stock Option Plan will continue to be exercisable in accordance with their terms, the 2010 Stock Option Plan will remain in effect and any subsequent option grants will be made pursuant thereto. Additional information in respect of the 2010 Stock Option is set forth below.

The purpose of the 2010 Stock Option Plan is to allow the Corporation to grant options to directors, officers, employees and consultants, as additional compensation and as an opportunity to participate in the success of the Corporation. The granting of such options is intended to align the interests of such persons with those of the shareholders. The 2010 Stock Option Plan will be administered by the Board or, in its discretion, a stock option committee consisting of not less than three members of the Board. It is anticipated that the Board will administer the 2010 Stock Option Plan with recommendations from the compensation committee of the Corporation (the "Compensation Committee").

Pursuant to the 2010 Stock Option Plan, options will be exercisable over periods of up to ten years as determined by the Board. In addition, options are required to have an exercise price 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 varying with market price in accordance with the policies of the TSXV.

Pursuant to the 2010 Stock Option Plan, the Board may from time to time authorize the issuance of options to directors, officers, employees and consultants of the Corporation and its subsidiaries or employees of companies providing management or consulting services to the Corporation or its subsidiaries. The number of Common Shares which may be issued pursuant to options granted under the 2010 Stock Option Plan will be a maximum of 10% of the issued and outstanding Common Shares at the time of the grant. Options granted under the 2010 Stock Option Plan will be subject to such vesting schedule as the Board may determine.

The terms and conditions of each option granted under the 2010 Stock Option Plan will be set forth in an option agreement entered into between the Corporation and each optionee (the "Option Agreement"), such agreement in the form appended to the 2010 Stock Option Plan. Each Option Agreement, among other things, sets out the number of options granted, their exercise price, vesting schedule and term.

Pursuant to the 2010 Stock Option Plan, if any participant who is a director, officer, employee or consultant of the Corporation or an affiliate shall cease to act in that capacity for any reason other than death or permanent disability, such participant's options will terminate on the earlier of the date of the expiration of the relevant date and 90 days after the date such participant ceases to be a director, officer, employee or consultant of the Corporation or any affiliate. The 2010 Stock Option Plan also provides that if a change of control, as defined therein in accordance with TSXV rules, occurs, all shares subject to option shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

Options are non-assignable and non-transferable, although they are assignable to and may be exercisable by an optionee's legal heirs, personal representatives or guardians in certain cases.



**Table 6 Summary of Stock Options Outstanding as at September 30, 2018**

Grant Date	Expiry Date	Exercise Price (\$)	Number of Options	Exercisable Options	Weighted Average Remaining Life (Years)
December 31, 2010	December 31, 2020	0.12	1,800,000	1,800,000	2.25
December 31, 2011	December 31, 2021	0.10	600,000	600,000	3.25
December 31, 2012	December 31, 2022	0.10	2,770,000	2,770,000	4.25
December 31, 2013	December 31, 2023	0.05	1,490,000	1,490,000	5.25
December 31, 2014	December 31, 2024	0.05	1,600,000	1,600,000	6.25
April 6, 2017	April 6, 2027	0.05	250,000	83,333	8.51
June 15, 2018	June 15, 2028	0.05	2,000,000	666,668	9.75
<b>Options Outstanding as at September 30, 2018</b>					<b>5.43</b>

### Stock Options Granted

On October 1, 2018, the Corporation entered into a Consulting Agreement with GloRes Capital Inc. ("GloRes") to provide certain Investor Relations and related services to the Corporations. The agreement with GloRes is for a twelve-month term with one-time payment of \$7,000. GloRes was also granted options to acquire 66,667 common shares at an exercise price of \$0.105 per share for a period of 5 years. The options vest 22,222 immediately, 22,222 on the first anniversary date and 22,223 on the second anniversary date.

### Stock Options Exercised

On November 14, 2018, a consultant exercised options to acquire 126,667 common shares at an exercise price of \$0.05 per share.

### Warrants Exercised

On November 2, 2018, an investor from the March 13, 2018 Private Placement exercised 800,000 warrants at a price of \$0.07 per common share purchase warrant, for aggregate gross proceeds of \$56,000.



## Warrants Expired

On October 11, 2018, warrants to acquire 600,000 common shares of the Corporation at an exercise price of \$0.05 per share expired without being exercised.

## The Corporation as a Going Concern

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 alternatively upon the Corporation's ability to dispose of its interests on an advantageous basis.

These financial statements of the Corporation have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. For the nine month period ended September 30, 2018, cash used in operation by the Corporation was \$913,129 (2017 - \$6,801) and the Corporation carried an accumulated deficit of \$22,671,520, (2017 - \$21,075,594). Furthermore, the Corporation had not generated revenue from operations.

The Corporation's current assets exceeded its current liabilities by \$18,801 as at September 30, 2018 (December 31, 2017 – current liabilities exceeded its current assets by \$858,399). There can be no assurance that the Corporation will be able to continue to raise adequate financing in the future or that such financing will be available on acceptable terms or that the Corporation will achieve profitable operation.

Financing remains tough across the mining sector. The vast majority of exploration companies will continue to struggle with limited financing options and a general lack of investor interest.

The financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material.

The Corporation is a careful steward of the treasury and continues to actively pursuing opportunities to access financing at this current time. The resource sector has been subject to continued softening of commodity prices and a



dramatic sell-off in equity markets, which has created a capital desert in the junior end of the capital market at levels not experienced in the resource sector in the last 10 years.

Advanced juniors and mid-tier producers have been caught in the middle, exposed to a fragile balancing act between investors' thirst for yield and low tolerance of risk. There is some hope in the form of private capital investors who favour the juniors with more advanced projects.

In that respect, LAURION has been proactive in past years and unique in its ability to have monetized \$6.35 million from non-core assets to enable exploration focus on its primary Ishkoday discovery property, delaying and minimizing the need for equity injections.

The financial statements and Management Discussion and Analysis 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 27, 2018.

## SIGNIFICANT ACCOUNTING POLICIES

### A. 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.

### B. Use of Judgments and Estimates

The preparation of 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 measurement of share-based payments and determination of deferred



income taxes.

### **C. 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 Statements of Operations. Cash is included in this category of financial instruments.

#### **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.

#### **Financial Liabilities**

Financial liabilities classified as other financial liabilities consist of trade and other payables and loan payable. 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.

### **D. 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%.

### **E. Expenditures on Mineral Properties and Exploration**

Direct costs relating to the acquisition, exploration and evaluation of mineral properties, less recoveries, are expensed in the period incurred.

Costs include the cash consideration and the fair market value of any shares issued for the acquisition of mineral properties. Option proceeds received are



recorded in the accounts at the time of receipt. 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.

#### **F. 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.

#### **G. 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.

#### **H. 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.

In the current reporting period, the Corporation was in a loss position and therefore its options and warrants were anti-dilutive.

#### **I. 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 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 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.

### **J. Interest**

The Corporation classifies interest received and paid as an operating cash flow

### **K. 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 is 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 Statements 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 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.

### **L. Pending Changes in Accounting Policies and Disclosures**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017. Many are not applicable or do not have a significant impact to the Corporation and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Corporation.

#### **IFRS 2 – Share-Based Payments**

("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

#### **IFRS 9 - Financial Instruments**

("IFRS 9") was issued by the IASB as a complete standard in July 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard requires a single impairment method to be used, replacing the multiple impairment methods in IAS.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

#### **IFRS 16 - Leases**

("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases ("IAS 17") as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset a cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a financing lease if it transfers substantially all the risks and rewards incidental to ownership of an



underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

## FINANCIAL INSTRUMENTS

### 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.

### 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 \$452,695 at September 30, 2018 (2017 - \$40,889). Management believes the credit risk with respect to cash is not significant.

### 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, 2018, the Corporation had a cash balance of \$394,526 (2017 - \$38,682), to settle current liabilities of \$502,474 (2017 - \$826,092). All the Corporation's financial liabilities have contractual maturities of less than 30 days, except for liabilities owing to related parties.



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 2018. Management prepares budgets and ensures funds are available prior to commencement of any exploration program.

### Capital Disclosures

The Corporation's objective when managing capital is to raise sufficient funds to execute its exploration plan. At September 30, 2018, the Corporation's working capital in the amount of \$18,081 (2017 – a working capital deficiency in the amount of \$780,259).

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 nine-month periods ended September 30, 2018 or 2017.

### Contingencies and Commitments

The Corporation is party to certain consulting contracts that provide for aggregate contingent payments of up to approximately \$375,000 to AquinTerra and \$60,000 to Bolton & Bolton upon termination or the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in the financial statements.

### Environmental Contingencies

The Corporation's exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Corporation has made, and expects to make in the future, expenditures to comply with such laws and regulations.



## 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 September 30, 2017, 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](http://www.LAURION.ca), by visiting the SEDAR public documents site at

[www.sedar.com](http://www.sedar.com) or by contacting:

Cynthia Le Sueur-Aquin, President of the Corporation, at:

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