

INTERIM
FINANCIAL
STATEMENTS FOR
THE NINE
MONTHS ENDED
SEPTEMBER 30,
2023 AND 2022



LAURION
MINERAL EXPLORATION INC.



TSXV: LME
QTC: LMEFF



LAURION MINERAL EXPLORATION INC.
Condensed Interim Consolidated Financial Statements
For the nine-month period ended September 30, 2023
(Expressed in Canadian dollars)
(Unaudited)

Management's Comments on Unaudited Condensed Interim Consolidated Financial Statements

These unaudited condensed interim consolidated financial statements of Laurion Mineral Exploration Inc. (the "Company") have been prepared by management and approved by the Board of Directors of the Company.

These unaudited condensed interim consolidated financial statements have not been reviewed by the Company's external auditors.

LAURION MINERAL EXPLORATION INC.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited - Prepared by Management)

	Notes	As at September 30 2023 \$	As at December 31, 2022 \$
Assets			
Current			
Cash and cash equivalents		6,960,256	7,474,144
Restricted cash	4 and 9	786,130	1,633,234
Receivables		105,450	63,621
Prepaid expenses		312,492	37,909
		<u>8,164,328</u>	<u>9,208,908</u>
Liabilities			
Current			
Accounts payable and accrued liabilities		211,955	107,853
		<u>211,955</u>	<u>107,853</u>
Shareholders' equity			
Share capital	6	39,114,372	38,602,524
Contributed surplus		4,412,174	4,497,860
Warrants		2,431,997	2,543,170
Deficit		(38,006,170)	(36,542,499)
		<u>7,952,373</u>	<u>9,101,055</u>
		<u>8,164,328</u>	<u>9,208,908</u>
Going concern	2		
Commitment	9		
Subsequent events	10		
Approved by the Board:			
	Cynthia Le Sueur-Aquin Director	Michael Burmi Director	

LAURION MINERAL EXPLORATION INC.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited - Prepared by Management)

	Notes	For the three month period ended September 30,		For the nine month period ended September 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
Expenses					
Professional fees		240,398	92,564	415,188	196,602
Management fees	8	26,978	29,100	83,938	87,708
Director bonus	8	-	-	-	36,250
Stock-based compensation	6	24,057	22,521	70,046	99,621
General and administrative		16,084	12,453	45,407	43,867
Investor relations	8	27,554	32,721	81,064	85,941
Public company costs		8,168	21,178	44,755	75,871
Travel		17,872	9,865	24,470	12,198
Exploration and evaluation	5	348,727	887,620	987,157	3,348,578
		709,838	1,108,022	1,752,025	3,986,636
Part XII.6 tax		6,931	62	23,677	(4,274)
Option income	5	-	-	(44,700)	(82,408)
Unrealized loss on marketable securities		(1,575)	900	-	45,000
Loss on the sale of marketable securities		2,384	-	2,384	-
Flow-through share premium		-	-	-	(16,877)
Foreign exchange (gain) loss		2,500	-	2,500	-
Interest income		(100,122)	-	(272,215)	-
		619,956	1,108,984	1,463,671	3,928,077
Loss and comprehensive loss		(619,956)	(1,108,984)	(1,463,671)	(3,928,077)
Loss per common share-basic and diluted		(0.002)	(0.004)	(0.006)	(0.016)
Weighted average number of common shares- basic and diluted		257,177,005	254,367,177	257,008,308	251,203,615

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

LAURION MINERAL EXPLORATION INC.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

(Unaudited - Prepared by Management)

	Number of common shares	Share capital \$	Contributed surplus \$	Warrants \$	Deficit \$	Total \$
Balance, December 31, 2022	256,809,855	38,602,524	4,497,860	2,543,170	(36,542,499)	9,101,055
Option payment	100,000	51,000	-	-	-	51,000
Exercise of stock options	1,038,882	193,943	-	-	-	193,943
Fair value of exercised stock options	-	155,732	(155,732)	-	-	-
Fair value of expired warrants	-	111,173	-	(111,173)	-	-
Stock-based compensation	-	-	70,046	-	-	70,046
Loss for the period	-	-	-	-	(1,463,671)	(1,463,671)
Balance, September 30, 2023	257,948,737	39,114,372	4,412,174	2,431,997	(38,006,170)	7,952,373
Balance, December 31, 2021	247,117,449	34,166,729	4,431,940	3,011,802	(31,888,976)	9,721,495
Flow-through private placement units	1,917,242	2,013,104	-	-	-	2,013,104
Fair value of warrants	-	(111,173)	-	111,173	-	-
Share issuance costs	-	(80,265)	-	-	-	(80,265)
Exercise of warrants	5,271,831	1,574,513	-	-	-	1,574,513
Fair value of exercised warrants	-	164,447	-	(164,447)	-	-
Fair value of expired warrants	-	27,104	-	(27,104)	-	-
Exercise of stock options	1,663,333	143,167	-	-	-	143,167
Fair value of exercised stock options	-	53,159	(53,159)	-	-	-
Stock-based compensation	-	-	99,621	-	-	99,621
Loss for the period	-	-	-	-	(3,928,077)	(3,928,077)
Balance, September 30, 2022	255,969,855	37,950,785	4,478,402	2,931,424	(35,817,053)	9,543,558

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

LAURION MINERAL EXPLORATION INC.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited - Prepared by Management)

For the nine-month period ended

	September 30, 2023 \$	September 30, 2022 \$
Cash provided by (used in)		
Operating activities		
Loss for the period	(1,463,671)	(3,928,077)
Items not affecting cash		
Common shares issued for exploration and evaluation	51,000	-
Stock-based compensation	70,046	99,621
Option income	(14,700)	(88,800)
Unrealized loss on marketable securities	-	45,000
Loss on marketable securities	2,384	-
Flow-through share premium	-	(16,877)
Changes in non-cash working capital		
Receivables	(41,828)	(80,251)
Prepaid expenses	(274,583)	87,206
Accounts payable and accrued liabilities	104,102	34,660
Cash flows used in operating activities	(1,567,250)	(3,847,518)
Financing activities		
Private placements		
Flow-through units	-	2,013,104
Share issuance costs	-	(80,265)
Exercise of stock options	193,943	143,167
Exercise of warrants	-	1,574,513
Cash flows from financing activities	193,943	3,650,519
Investing activities		
Proceeds from the sale of marketable securities	12,315	-
Cash flows from investing activities	12,315	-
Net (decrease) increase in cash	(1,360,992)	(196,999)
Cash, beginning of period	9,107,378	9,713,182
Cash, end of period	7,746,386	9,516,183
Summary		
Cash	6,960,256	7,560,461
Restricted cash	786,130	1,955,722
	7,746,386	9,516,183
Non-cash transactions		
Issue of common shares		
Option payment for exploration and evaluation	51,000	-
	51,000	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

LAURION MINERAL EXPLORATION INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the nine-month period ended September 30, 2023

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

1. Nature of operations

Laurion Mineral Exploration Inc. (the “Company”) is a public company engaged in the acquisition, exploration and development of mineral resource properties. The Company is incorporated under the laws of Ontario and its registered office is located at 40 King Street West, Suite 5800, Toronto, Ontario, M5H 3S1.

2. Going concern

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company is in the exploration stage and does not generate revenue. For the nine-month period ended September 30, 2023, the Company incurred a loss of \$1,463,671 (2022 - \$3,928,077) and a cashflow deficit from operations of \$1,567,250 (2022 - \$3,847,518). The losses and cashflow deficit from operations limit the Company’s ability to fund operations and the acquisition, exploration and development of mineral resource properties.

The continued operation of the Company is dependent upon the Company’s ability to secure equity financing to meet its existing obligations and finance the acquisition, exploration and development of mineral resource properties. The Company is actively seeking to raise the necessary equity financing, however, there can be no assurance that additional equity financing will be available. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments to the 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. Such adjustments could be material.

3. Basis of presentation

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using accounting policies consistent with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board.

The accounting policies used in these condensed interim consolidated financial statements are consistent with those disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2022.

These condensed interim consolidated financial statements do not include certain information and disclosures normally included in annual audited financial statements prepared in accordance with IFRS and should be read in conjunction with the Company’s annual audited financial statements for the year ended December 31, 2022.

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 24, 2023.

LAURION MINERAL EXPLORATION INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the nine-month period ended September 30, 2023

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

4. Restricted cash

Restricted cash represents the proceeds from the issuance of flow-through common shares. As at September 30, 2023, the Company had internally restricted cash of \$786,130 (December 31, 2022 - \$1,633,234) which is not available for working capital purposes and must be expended exclusively for Canadian Exploration Expenditures by December 31, 2023.

5. Exploration and evaluation

Ishkoday

The Company holds the following interests in the Ishkoday situated in the Onaman-Tashota Greenstone Camp in the Irwin, Walters, Elmhirst and Pifher Townships located 25 km northeast of the Town of Beardmore, Ontario and 220 km northeast of Thunder Bay, Ontario:

100% interest:	Interest	Hectares
Ishkoday	15 mining leases	657
Ishkoday North	164 boundary and single cell claims	2,864
Ishkoday South	5 boundary cell claims	64
Ishkoday East	28 boundary and single cell claims	336
Brenbar (a)	2 mining leases	255
Jubilee-Elmhirst (b)	4 mining leases	74
Beaurox (c)	1 mining lease	447
		4,697

(a) Brenbar

Brenbar consists of 2 leases covering 255 hectares contiguous and to the west of Ishkoday. During the period ended September 30, 2023, the Company increased its interest in Brenbar from 60% to 100%.

In order for the Company to earn its 60% interest, the Company made option payments, issued common shares and incurred exploration expenditures, as follows:

	Option	Common Shares		Exploration
	Payments	Number	Fair Value	Expenditures
	\$		\$	\$
Upon execution of agreement	50,000	300,000	48,000	-
September 18, 2020	40,000	160,000	32,800	-
December 18, 2020	25,000	100,000	20,000	100,000
	115,000	560,000	100,800	100,000

In order for the Company to earn its 100% interest, the Company made option payments, issued common shares and incurred exploration expenditures as follows:

	Option	Common shares		Exploration
	payments	Number	Fair value	expenditures
	\$		\$	\$
December 18, 2021 (paid, issued and incurred)	25,000	100,000	72,000	100,000
December 18, 2022 (paid and issued)	25,000	100,000	58,000	-
February 1, 2023 (issued) ⁽¹⁾	-	100,000	51,000	-
	165,000	860,000	281,800	200,000

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For the nine-month period ended September 30, 2023

(Unaudited – Prepared by Management)
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5. Exploration and evaluation (continued)

(1) In accordance with the option agreement if the Company doesn't incur \$100,000 of exploration expenditures during the exploration expenditure commitment period the Company had the option to issue 100,000 common shares in lieu of exploration expenditures incurred. As at December 18, 2022, the Company had not met the required exploration expenditure commitment of \$100,000. On February 1, 2023, the Company issued the 100,000 common shares in lieu of meeting the expenditure commitment and fulfilled all payments under the option agreement, retaining a 100% interest in Brenbar and the claims have been transferred into the name of the Company.

(b) Jubilee-Elmhirst

The Company holds a 100% interest in Jubilee-Elmhirst, subject to a 2% net smelter return royalty. At any time, the Company has the option to reduce the royalty to 1% by making a payment of \$1,000,000.

(c) Beauxox

The Company holds a 100% interest in Beauxox, subject to a 3% net smelter return royalty. At any time, the Company has the option to reduce the royalty to 1.5% by making a payment of \$1,500,000 or to 2% by making a payment of \$1,000,000.

Midlothian and Doon

The Company owns a 30% joint venture interest and Canadian Gold Miner Corp. ("Canadian Gold") owns a 70% joint venture interest in Midlothian consisting of 11 claims (152 claim units) covering 2,520 hectares located 80 km west-southwest of Kirkland Lake and 25 km west-southwest of the Town of Matachewan and Doon consisting of 1,721 hectares located adjacent to Midlothian. Doon is subject to the following:

- a) net smelter royalty ("NSR") of 2% covering 333 hectares which can be reduced to 1% by making a payment of \$1,500,000 plus a \$1,500,000 commercial payment; and
- b) net smelter royalty of 2% covering 1,388 hectares which can be reduced to 1% by making a payment of \$1,500,000 and commercial payment of \$1,500,000.

The joint venture will incur exploration expenditures. If a joint venture partner does not fund its proportionate interest in the joint venture, its interest will be diluted and, when its interest is reduced below 10%, its interest will be reduced solely to a 3% net smelter returns royalty on Midlothian ("Midlothian NSR") and 1% net smelter returns royalty on Doon. The other joint venture partner will have the option to reduce the Midlothian NSR from 3% to 2% by making a payment of \$1,000,000. As the joint venture is not structured as a separate vehicle, the joint venture will be accounted for as a joint operation in accordance with IFRS 11, *Joint Arrangements*. During the year ended December 31, 2022, the Company incurred expenditures of \$21,392.

On November 19, 2021, the Company and Canadian Gold granted an option to Canada Nickel Company Inc. ("Canada Nickel") to acquire a 100% interest in Midlothian by making payments, issuing common shares and incurring exploration expenditures, as follows:

	Option Payments (\$)	Common shares	Exploration Expenditures (\$)
Upon grant of option (received)	50,000	100,000	–
May 19, 2023 (incurred) ⁽²⁾	–	–	500,000 ⁽²⁾
May 19, 2023 (received)	100,000	35,000	–
February 19, 2024	200,000	70,000	–
November 19, 2024	300,000	105,000	–
November 19, 2025	400,000	140,000	2,000,000
	1,050,000	450,000	2,500,000

LAURION MINERAL EXPLORATION INC.

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For the nine-month period ended September 30, 2023

(Unaudited – Prepared by Management)
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5. Exploration and evaluation (continued)

(2) As a result of permit delays, Canada Nickel was unable to meet the required exploration expenditures by the original first work commitment date of November 19, 2022. Consequently, Canada Nickel requested a first work commitment date extension. On May 19, 2023, the Company, Canada Nickel, and Canadian Gold reached an agreement to extend the first work commitment date to May 19, 2023.

All option payments and common shares will be allocated 30% to the Company and 70% to Canadian Gold based on their respective joint venture interest at the time of payment. On May 19, 2023, the Company received an option payment of \$44,700 which comprised of \$30,000 and 10,500 common shares of Canada Nickel with a fair value of \$14,700. On February 16, 2022, the Company received an option payment of \$103,800 which comprised of \$15,000 and 30,000 common shares of Canada Nickel with a fair value of \$88,800. The Company recorded option income of \$82,408 which is net of expenditures of \$21,392.

The Company and Canadian Gold will retain a net smelter return royalty of 4% for gold and 2% for nickel with a commercial production payment of \$4,000,000.

Davidson-Tisdale and North Tisdale

As part of the consideration for the Company selling its interest in Davidson-Tisdale and North Tisdale in 2010, the Company received and continues to hold a 2% net smelter royalty payable on commercial production from certain mineral rights known as the North Tisdale.

6. Share capital

Authorized:

Unlimited number of special shares, voting, redeemable, convertible, participating
500,000 Class A shares, voting, non-redeemable, convertible, non-participating
Unlimited number of common shares

Private placements - 2022

On September 27, 2022, the Company completed a private placement of 1,917,242 flow-through units at price of \$1.05 per unit for gross proceeds of \$2,013,104. Each flow-through unit consisted of one common share and one-half of one warrant entitling the holder to purchase one common share for \$1.15 until September 27, 2023. In connection with the private placement, the Company paid a cash commission of \$32,813.

The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following inputs and assumptions:

	Flow-through unit warrants
Warrants issued	958,620
Exercise price	\$1.15
Share price	\$1.01
Risk-free interest rate	4.06%
Expected volatility based on historical volatility	38.78%
Expected life of warrants	1 year
Expected dividend yield	0%
Fair value	\$111,173
Fair value per warrant	\$0.12

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For the nine-month period ended September 30, 2023

(Unaudited – Prepared by Management)
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6. Share capital (continued)

Stock options

Pursuant to a stock option plan approved on October 4, 2010, the Company may grant stock options to its directors, officers, employees and consultants for up to 10% of the number of common shares outstanding. The maximum term of each option is 10 years and the exercise price shall not be less than the closing price of the common shares prevailing on the date of the grant, less a discount up to 25% in accordance with the policies of the TSX Venture Exchange.

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

A continuity of the Company's stock options is presented below:

	Weighted-average exercise price (\$)	Number of stock options
Balance, December 31, 2021	0.11	6,902,369
Granted	0.93	308,000
Exercised	0.11	(2,163,333)
Balance, December 31, 2022	0.22	5,047,036
Granted	0.40	250,000
Exercised	0.19	(1,038,882)
Balance, September 30, 2023	0.24	4,258,154

The common share price when the stock options were exercised was in the range of \$0.455 - \$1.02.

A summary of the Company's stock options is presented below:

Exercise price	Expiry date	Number of stock options exercisable	Number of stock options outstanding
\$0.17	June 2, 2025	1,250,729	1,250,729
\$0.23	December 14, 2025	826,837	826,837
\$0.23	January 26, 2026	200,000	200,000
\$0.23	April 13, 2026	295,379	295,379
\$0.55	August 19, 2026	36,212	36,212
\$0.82	January 11, 2027	38,668	58,000
\$0.95	October 5, 2027	83,333	250,000
\$0.05	June 15, 2028	349,333	349,333
\$0.40	August 21, 2028	-	250,000
\$0.11	July 16, 2029	500,000	500,000
\$0.15	September 9, 2029	241,664	241,664
		3,822,155	4,258,154

LAURION MINERAL EXPLORATION INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the nine-month period ended September 30, 2023

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

6. Share capital (continued)

During the nine-months ended September 30, 2023, the Company granted stock options to a consultant of the Company. The fair value of the stock options were calculated using the Black-Scholes option pricing model with the following assumptions:

Grant date	August 21, 2023
Expiry date	August 21, 2028
Stock options granted	250,000
Exercise price	\$0.40
Share price	\$0.40
Risk-free interest rate	4.14%
Expected volatility based on historical volatility	67%
Expected life of stock options	5 years
Expected dividend yield	0%
Vesting	1/3 on each annual anniversary of their date of grant with the first vesting on the first anniversary of the date of grant
Fair value	\$59,534
Fair value per stock option	\$0.24

During the year ended December 31, 2022, the Company granted stock options to officers and directors of the Company. The fair value of the stock options were calculated using the Black-Scholes option pricing model with the following assumptions:

Grant date	January 11, 2022	October 5, 2022
Expiry date	January 11, 2027	October 5, 2027
Stock options granted	58,000	250,000
Exercise price	\$0.82	\$0.95
Share price	\$0.85	\$0.81
Risk-free interest rate	1.50%	3.42%
Expected volatility based on historical volatility	103%	99%
Expected life of stock options	5 years	5 years
Expected dividend yield	0%	0%
Vesting	1/3 each of the date of grant and the first and second anniversary of the date of grant	
Fair value	\$38,000	\$148,000
Fair value per stock option	\$0.65	\$0.59

Warrants

A continuity of the Company's warrants is presented below:

	Weighted-average exercise price (\$)	Number of warrants
Balance, December 31, 2021	0.43	7,198,487
Issued	1.15	958,620
Exercised	0.30	(5,511,831)
Expired	0.81	(1,686,656)
Balance, December 31, 2022	1.15	958,620
Issued	-	-
Expired	1.15	(958,620)
Balance, September 30, 2023	-	-

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Notes to the Condensed Interim Consolidated Financial Statements
For the nine-month period ended September 30, 2023

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

7. Financial instruments and risk management

Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value requires judgement and may affect placement within the fair value hierarchy levels. The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

The fair values of cash, restricted cash, accounts receivable, and accounts payable and accrued liabilities approximated their respective carrying value due to their short term to maturity. The Company classified the fair value of its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument: The Company accounts for its marketable securities at fair value using level 1 inputs. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Risk management

The Company's activities expose it to a variety of financial risks that arise as a result of its exploration and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents and restricted cash. The Company holds its cash in substantial financial institutions to mitigate risk. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due, other than amounts owing to related parties. Accounts payable and accrued liabilities are subject to normal trade terms.

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7. Financial instruments and risk management (continued)

Capital management

Capital of the Company consists of share capital, contributed surplus, warrants reserve and deficit. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can acquire, explore and develop mineral resource properties for the benefit of its shareholders.

The Company manages its capital structure and makes adjustments based on the funds available to the Company in light of changes in economic conditions. The Board of Directors has not established quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the Company.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

As the Company is an exploration stage company and has no revenues, its principal source of capital is from the issuance of common shares, units, flow-through common shares and flow-through units, exercise of stock options and warrants or advances from related parties. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

8. Related party transactions

Compensation of key management personnel

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out as follows:

	Nine-month period ended	
	September 30, 2023	September 30, 2022
	\$	\$
Exploration and evaluation	129,141	159,563
Management fees and investor relations	104,496	115,187
	233,637	274,750
Director bonus	-	36,250
Stock-based compensation	64,127	77,804
	297,764	388,804

During the nine-month period ended September 30, 2023, the Company engaged a third-party advisor and paid a financial advisory fee of \$338,675 (\$250,000 USD). Pursuant to an agreement with a director of the Company, the advisory fee paid is recoverable by the Company if the Company does not secure a transaction to the Company's satisfaction as a result of, arising from, or related to the engagement.

Additional related party transactions are disclosed in note 6.

LAURION MINERAL EXPLORATION INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the nine-month period ended September 30, 2023

(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

9. Commitment

Pursuant to private placements of flow-through units, the Company is committed to make eligible Canadian Exploration Expenditures of \$786,130 by December 31, 2023.

10. Subsequent events

(a) Financing

On November 3, 2023, the Company closed a non-brokered private placement consisting of an aggregate of 5,142,900 flow-through shares at a subscription price of \$0.56 per flow-through share for aggregate gross proceeds to the Company of \$2,880,024. In connection with the closing of the private placement, the Company paid an aggregate of \$62,501 as a cash finder's commission and issued 111,608 common shares of the Company as finder's shares.

(b) Twin Falls Acquisition

On October 10, 2023, the Company expanded its flagship Ishkodag project by acquiring mineral exploration claims by way of a purchase agreement between the Company and two arm's-length parties. The Company has acquired 53 mineral claims located in the Irwin, Pifher and Sandra townships within the Greenstone area of Northwestern Ontario. The property, which hosts an orogenic gold occurrence, is 1,046 hectares and is located in the Onaman-Tashota greenstone belt, approximately 10 km north of the Trans-Canada Highway and 28 km northeast of the town of Beardmore.

As consideration for the property, the Company has issued to the vendors an aggregate of 142,857 common shares of the Company at a deemed price of \$0.70 per share, representing an aggregate purchase price of \$100,000. The Company has also granted to the vendors a net smelter return royalty of 1% on gold and base metal production from the property. The Company shall have the exclusive and irrevocable right and option to purchase, at any time, 0.5% of the NSR royalty by paying \$500,000 and giving notice to the vendors to that effect.