
MURCHISON MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditor.

MURCHISON MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
EXPENSES				
Exploration expenses – Canada	\$ 52,108	\$ 1,196	\$ 1,022,623	\$ 704
General exploration (recovery)	-	7,930	(15,000)	33,594
Professional fees	30,131	6,863	53,638	24,401
Management fees and salaries	37,169	91,542	132,350	102,953
Office and general	6,169	7,368	21,296	26,241
Regulatory and transfer agent	2,559	2,783	13,973	19,278
Investor relations	22,260	4,304	67,524	23,583
Share-based payments	-	266,430	-	266,430
Loss before the under noted	\$ 150,396	\$ 388,416	1,296,404	497,184
Interest income	(1,820)	(1,369)	(7,850)	(1,371)
Foreign exchange loss (gain)	2,837	(343)	5,506	(9,196)
Flow-through shares related income	(17,605)	(3,851)	(360,366)	(3,851)
Unrealized (gain) loss on marketable securities (Note 7)	(129)	-	1,507	-
Gain on disposal of property and equipment	(1,932)	-	(9,114)	(33,636)
(Income) Loss for the period	\$ 131,747	\$ 382,853	\$ 926,087	\$ 449,130
Loss per share - basic and diluted	\$ 0.01	\$ 0.02	\$ 0.04	\$ 0.03
Weighted average number of common shares outstanding - basic and diluted	25,290,095	20,092,227	25,290,095	17,261,382

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

MURCHISON MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital	Reserves			Total
		Equity settled share-based payments reserve	Warrants reserve	Deficit	
Balance, December 31, 2015	\$ 25,416,637	\$ 455,326	\$ 229,600	\$ (25,759,360)	\$ 342,203
Net loss for the period	-	-	-	(449,130)	(449,130)
Expiry of stock options	-	(67,458)	-	67,458	-
Share-based payments	-	266,430	-	-	266,430
Issuance of warrants and finder warrants	-	-	783,346	-	783,346
Issuance of common shares (net of issue costs)	1,170,605	-	-	-	1,170,605
Balance, September 30, 2016	\$ 26,587,242	\$ 654,298	\$ 1,012,946	\$ (26,141,032)	\$ 2,113,454
Balance, December 31, 2016	\$ 26,587,242	\$ 654,298	\$ 783,346	\$ (26,107,369)	\$ 1,917,517
Net loss for the period	-	-	-	(926,087)	(926,087)
Expiry of stock options	-	(56,032)	-	56,032	-
Balance, September 30, 2017	\$ 26,587,242	\$ 598,266	\$ 783,346	\$ (26,977,424)	\$ 991,430

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

MURCHISON MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES				
Loss for the period	\$ (131,747)	\$ (382,853)	\$ (926,087)	\$ (449,130)
Amortization	-	-	-	2,175
Share-based payments	-	266,430	-	266,430
Flow-through share related income	(17,605)	(3,851)	(360,366)	(3,851)
Unrealized loss (gain) on marketable securities	(129)	-	1,507	-
Gain on sale of property and equipment	-	-	(7,182)	(33,636)
	(149,481)	(120,274)	(1,292,128)	(218,012)
Net change in non-cash working capital items:				
Amounts receivable and prepaid expenses	20,109	(14,980)	30,617	27,160
Accounts payable and accrued liabilities	(27,018)	(51,281)	(16,587)	(84,116)
Net cash flows used by operating activities	(156,390)	(186,535)	(1,278,098)	(274,968)
INVESTING ACTIVITIES				
Proceeds on sale of property and equipment	-	-	187,182	34,116
Net cash flows provided by investing activities	-	-	187,182	34,116
FINANCING ACTIVITIES				
Issuance of securities	-	2,567,770	-	2,567,770
Issue costs	-	(169,259)	-	(169,259)
Net cash flows provided by financing activities	-	2,398,511	-	2,398,511
NET CHANGE IN CASH	(156,390)	2,211,976	(1,090,916)	2,157,659
CASH, BEGINNING OF THE PERIOD	1,212,709	69,851	2,147,235	124,168
CASH, END OF THE PERIOD	\$ 1,056,319	\$2,281,827	\$ 1,056,319	\$2,281,827

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

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Murchison Minerals Ltd. (the "Company" or "Murchison") was incorporated under the Canada Business Corporations Act on July 25, 2001. The principal business of the Company is the acquisition, exploration and evaluation of mineral property interests. The primary office is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, Canada, M5H 1T1.

The condensed interim consolidated financial statements were approved by the Board of Directors on November 24, 2017.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that planned exploration and evaluation programs will result in profitable mining operations. The continuance of the Company is dependent upon completion of the acquisition of the exploration and evaluation properties, the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write downs of the carrying values of the Company's assets.

Although the Company has taken steps to verify title to its exploration and evaluation properties, in accordance with industry standards for the current stage of exploration of such property, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions and political uncertainty.

As at September 30, 2017, the Company has a cumulative deficit of \$26,977,424 (December 2016 - \$26,107,369), continuing losses and is not yet generating positive cash flows from operations. These condensed interim consolidated financial statements were prepared on a going-concern basis in accordance with International Financial Reporting Standards ("IFRS"). Funding for operations has been obtained primarily through private share offerings. Future operations are dependent upon the Company's ability to finance expenditure requirements and upon the achievement of profitable operations. Management believes it will be successful in raising the necessary funding to continue operations in the normal course of operations; however, there is no assurance that these funds will be available on terms acceptable to the Company or at all. These condensed interim consolidated financial statements do not include adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, these unaudited condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting purposes.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standard not yet adopted

The IASB issued the following standard that is relevant but has not yet been adopted by the Company. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company has not yet begun the process of assessing the impact that the new and amended standard will have on its condensed interim consolidated financial statements or whether to early adopt any of the new requirements.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 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 classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity 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 also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to consist of equity, comprising share capital, reserves and deficit which at September 30, 2017 totalled \$991,430 (December 31, 2016 - \$1,917,517). The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on its exploration and development activities. Selected information is regularly provided to the Board of Directors of the Company. The Company’s capital management objectives, policies and processes have remained unchanged during the period ended September 30, 2017. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

4. FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity price risk).

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management. There have been no changes in the risks, objectives, policies and procedures during the period ended September 30, 2017.

MURCHISON MINERALS LTD.

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4. FINANCIAL RISK FACTORS (Continued)

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash balances and amounts receivable. Cash is held with reputable banks, from which management believes the risk of loss to be remote. Financial instruments included in amounts receivable consist of sales tax receivable and refundable tax credits from government authorities in Canada. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable is remote.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2017, the Company had a cash balance of \$1,056,319 (December 31, 2016 - \$2,147,235) to settle current liabilities of \$49,990 (December 31, 2016 - \$66,577). All of the Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit or interest bearing accounts at major Canadian chartered banks. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered banks. Management believes that interest rate risk is minimal as cash and cash equivalents investments have maturities of three months or less.

Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar. Certain expenditures are transacted in foreign currencies. As a result, the Company is exposed to fluctuations in these foreign currencies relative to the Canadian dollar. As at September 30, 2017, approximately \$210,563 of cash was held in US dollars (December 31, 2016 - \$42,546). Approximately \$1,857 (December 31, 2016 - \$5,028) of account payable was held in US dollars.

Commodity price risk

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depends upon the world market price of commodities. Commodity prices have fluctuated widely in recent years. There is no assurance that, even as commercial quantities of base and/or precious metals may be produced in the future, a profitable market will exist for them. A decline in the market price of commodities may also require the Company to reduce its mineral resources, which could have a material and adverse effect on the Company's value. As at September 30, 2017, the Company is not a commodities producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

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4. FINANCIAL RISK FACTORS (Continued)

Sensitivity analysis

Based on management's knowledge and experience, the Company believes the following movements are "reasonably possible" over a one-year period:

- (i) Based on cash and other working capital balances at September 30, 2017, held in currencies other than the Canadian dollar, a 10% change in the foreign exchange rates relative to the Canadian dollar would result in a corresponding foreign exchange gain or loss of approximately \$20,500.
- (ii) Based on cash balances at September 30, 2017, a 1% change in interest rates would result in a corresponding interest income change of approximately \$8,500 for the one-year period.

5. CATEGORIES OF FINANCIAL INSTRUMENTS

	September 30 2017	December 31 2016
Financial assets:		
Loans and receivables		
Cash	\$ 1,056,319	\$ 2,147,235
Amounts receivable	1,475	1,475
FVTPL		
Investment	5,813	7,320
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	\$ 49,990	\$ 66,577

As of September 30, 2017 and December 31, 2016, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature, except as disclosed in note 7.

6. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	September 2017	December 2016
Sales tax receivable	\$ 10,000	\$ 30,346
Other receivable	1,475	1,475
Prepaid expenses and advances	14,447	9,475
Refundable tax credits	-	15,243
	\$ 25,922	\$ 56,539

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7. INVESTMENT

The Company's investment is classified as fair value through profit and loss ("FVTPL") and is carried at fair value. The balance is comprised of the following:

	Number of shares	September 30 2017	December 31 2016
First Mining Finance Corp.	8,612	\$ 5,813	\$ 7,320

In 2014, the Company received 33,500 common shares of PC Gold Inc. ("PCG") upon the sale of its interest in two claims known as the Pickle Lake East property. PCG was acquired by First Mining Finance Corp. ("FMF") in November 2015 and the PCG shares were exchanged for 8,612 FMF common shares. The unrealized loss of \$1,507 for the nine month period ended September 30, 2017 (September 2016 - \$nil) was recognized on the condensed interim consolidated statement of loss.

8. PROPERTY AND EQUIPMENT

	Exploration Equipment	Computer Equipment	Office Equipment	Total
Year ended December 31, 2016				
Opening net book amount	\$ 296,479	\$ -	\$ 896	\$ 297,375
Amortization for the period	(2,104)	-	(71)	(2,175)
Dispositions	(1,184)	-	(480)	(1,664)
Fair value write-down (assets held for sale)	(113,191)	-	(345)	(113,536)
Closing net book amount	\$ 180,000	\$ -	\$ -	\$ 180,000
Nine months ended September 30, 2017				
Opening net book amount	\$ 180,000	\$ -	\$ -	\$ 180,000
Dispositions	(180,000)	-	-	(180,000)
Closing net book amount	\$ -	\$ -	\$ -	\$ -

The Company sold its exploration equipment and office equipment located in Africa in February 2017 for \$180,000. The equipment was classified as held for sale on the statement of financial position as at December 31, 2016 and was presented at the carrying value which is the lower of its carrying amount and its estimated fair value less costs to sell, as determined by management.

9. EXPLORATION AND EVALUATION PROPERTIES

Canada

Brabant Lake Property – Saskatchewan

As at September 30, 2017, the Company held a 100% interest in certain claims forming the Brabant Lake property in Saskatchewan.

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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9. EXPLORATION AND EVALUATION PROPERTIES (Continued)

Pickle Lake Properties - Ontario

The Company holds a 51% interest in the Dorothy-Dobie Lake property and the Kasagiminnis property, both located in the Pickle Lake Greenstone Belt. The Company also has a 100% interest in the Pickle Lake Gold property which comprises certain claims acquired in 2009.

In July 2016 (with amendment on February 2, 2017), the Company entered into an agreement with White Metal Resources Corp. ("White Metal") whereby White Metal can acquire all of the Company's interest ("Earned Interest") in its above Pickle Lake Gold properties. White Metal may exercise the option and acquire the Earned Interest by completing all of the following expenditures and cash payments :

- (i) pay \$10,000 in cash to Murchison at the signing of the agreement (received);
- (ii) pay \$15,000 in cash to Murchison on or before the date which is 12 months from the date of the agreement (received);
- (iii) pay \$20,000 in cash to Murchison on or before the date which is 24 months from the date of the agreement.
- (iv) spend \$1,200,000 over three years beginning on the date of the agreement as follows:
 - i. complete a work commitment of \$900,000 on or before the date which is twenty-four (24) months from the date of the agreement (with at least \$250,000 on drilling);
 - ii. complete a cumulative work commitment of \$1,200,000 on or before the date which is thirty-six (36) months from the date of the agreement (with at least \$700,000 on drilling).
- (v) once the Earned Interest is completed, Murchison will be entitled to a 1% net smelter return (the "NSR") of which fifty percent (50%) can be purchased by White Metal for \$1,000,000 and the balance of the other fifty percent (50%) of the said NSR can be purchased for \$1,500,000.

Upon completion of the option payments and expenditures, White Metal will deliver a notice to the Company setting out that it has exercised the option, and the date of the option notice shall be deemed to be the date in which White Metal's Earned Interest in the properties pursuant to the option shall be effective, subject to the Murchison's NSR.

On April 7, 2017, White Metal assigned its option and right to acquire the Earned Interest to Ardiden Ltd., an Australian exploration company.

In August 2014, the Company entered into an agreement with Frontline Gold Corporation ("FGC") and White Metal whereby FGC acquired 100% of the Company's 51% interest and the 49% interest held by White Metal in two claims known as the Pickle Lake East property. The claims will be subject to a 2% NSR (1% for the Company and 1% to White Metal for which 0.5% can be purchased for \$500,000 from each of White Metal and the Company).

HPM Property - Quebec

As at September 30, 2017, the property consisted of 51 claims on which Pure Nickel Inc. has a 50% interest.

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

10. SHARE CAPITAL

(a) Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares.

(b) Issued

Balance - December 31, 2015	15,853,695	\$	25,416,637
Issuance of common shares ⁽ⁱ⁾	5,263,000		1,315,750
Issue costs ⁽ⁱ⁾	-		(54,114)
Warrants ⁽ⁱ⁾	-		(594,950)
Issuance of flow-through shares ⁽ⁱⁱ⁾	4,173,400		1,252,020
Issue costs ⁽ⁱⁱ⁾	-		(67,651)
Warrants ⁽ⁱⁱ⁾	-		(235,890)
Flow-through premium ⁽ⁱⁱ⁾	-		(444,560)
Balance - September 30, 2016	25,290,095	\$	26,587,242
Balance - December 31, 2016 and September 30, 2017	25,290,095	\$	26,587,242

(i) On August 10 and August 31, 2016, Murchison completed two tranches of a non-brokered private placement and issued respectively 4,103,000 and 1,160,000 units priced at \$0.25 per unit for gross proceeds of \$1,315,750. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.30 until August 10, 2018 and August 31, 2018 respectively.

The fair value of the warrants was estimated at \$594,950 using the Black-Scholes option model pricing with the following assumptions: expected dividend yield of 0%, expected volatility of 219% based on historical trading of the Company's shares, risk-free interest rate of 0.56%, and expected life of 2 years.

Finders' fees of \$51,625 were paid and 206,500 finders' warrants valued at \$23,340 using the Black-Scholes option model pricing with the same assumptions in the paragraph above were issued. The finders' warrants are exercisable into common shares having the same terms as the private placement warrants at an exercise price of \$0.30 for a period of two years.

Directors and officers of the Company acquired 1,730,000 units of the private placement for gross proceeds of \$432,500 (Note 13).

(ii) On August 10 and August 31, 2016, Murchison completed two tranches of a non-brokered private placement and issued respectively 783,400 and 3,390,000 flow-through units priced at \$0.30 per unit for gross proceeds of \$1,252,020 of which, \$444,560 was allocated to the flow-through premium. Each unit consisted of one flow-through common share and one-half non flow-through common share purchase warrant exercisable at \$0.30 until August 10, 2018 and August 31, 2018 respectively.

The fair value of the warrants was estimated at \$235,890 using the Black-Scholes option model pricing with the following assumptions: expected dividend yield of 0%, expected volatility of 219% based on historical trading of the Company's shares, risk-free interest rate of 0.56%, and expected life of 2 years.

Finders' fees of \$78,540 were paid and 261,800 finders' warrants valued at \$29,600 using the Black-Scholes option model pricing with the same assumptions in the paragraph above were issued. The finders' warrants are exercisable into common shares having the same terms as the private placement warrants at an exercise price of \$0.30 for a period of two years.

A director of the Company acquired 333,400 units of the flow-through private placement for gross proceeds of \$100,020 (Note 13).

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11. WARRANTS and FINDERS' WARRANTS

The following summarizes the warrants and finders' warrants activity for the nine months ended September 30, 2017 and September 30, 2016:

	Number of Warrants	Grant Date Fair Value	Weighted Average Exercise Price
Balance - December 31, 2015	2,348,120	\$ 229,600	\$ 0.50
Issued August 10 and 31, 2016 - Warrants	7,349,700	830,840	0.30
Issued August 10 and 31, 2016 – Finders' Warrants	468,300	52,940	0.30
Issue costs	-	(100,434)	-
Balance – September 30, 2016	10,166,120	\$ 1,012,946	\$ 0.35
Balance – December 31, 2016 and September 30, 2017	7,818,000	\$ 783,346	\$ 0.30

As at September 30, 2017, the Company had warrants and finder's warrants outstanding as follows:

Date of Grant	Number of Warrants	Exercise Price (\$)	Grant Date Fair Value (\$)	Expiry Date
August 10, 2016	4,670,400	0.30	482,058	August 10, 2018
August 31, 2016	3,147,600	0.30	301,288	August 31, 2018
	7,818,000		783,346	

12. STOCK OPTIONS

The Company maintains a stock option plan whereby certain key employees, officers, directors and consultants may be granted stock options for common shares of the Company. The maximum number of common shares that is issuable under the plan was fixed at 10% of the number of common shares issued and outstanding (a maximum of 5% of the number of common shares issued and outstanding may be held by any one person). Options expire after a maximum period of five years following the date of grant. Vesting provisions are determined at the time of each grant.

The following summarizes the stock option activity for the nine months ended September 30, 2017 and September 30, 2016:

	Number of Stock Options	Weighted Average Exercise Price
Balance - December 31, 2015	1,406,100	\$ 0.60
Granted	1,070,000	0.30
Expired	(167,800)	1.26
Balance September 30, 2016	2,308,300	0.42
Balance - December 31, 2016	2,308,300	\$ 0.42
Expired	(174,500)	0.70
Balance – September 30, 2017	2,133,800	0.39

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12. STOCK OPTIONS (Continued)

As at September 30, 2017, the Company had incentive stock options issued to directors, officers, employees and key consultants of the Company outstanding as follows:

Date of Grant	Options Outstanding ⁽¹⁾	Exercise Price (\$)	Grant Date Fair Value (\$)	Expiry Date	Weighted Average Remaining Contractual Life (years)
February 28, 2014	501,500	0.70	270,810	February 28, 2019	1.41
December 2, 2014	612,300	0.30	73,476	December 2, 2019	2.17
August 22, 2016	600,000	0.30	149,400	August 22, 2021	3.90
September 27, 2016	420,000	0.30	104,580	September 27, 2021	3.99
	2,133,800	0.39	598,266		2.84

⁽¹⁾ All options are exercisable.

13. RELATED PARTY TRANSACTIONS

a) *Remuneration of directors and the officers was as follows:*

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Salaries and benefits	\$ 37,169	\$ 107,612	\$ 132,350	\$ 117,762
Share-based payments	-	261,460	-	261,460
	\$ 37,169	\$ 369,072	\$ 132,350	\$ 379,222

For the three month period ended September 30, 2017, the salaries and benefits amount above includes \$15,719 (2016 - \$39,975) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$21,450 (2016 - \$51,450) for fees invoiced by a corporation controlled by the CEO of the Company for his services as CEO.

For the nine month period ended September 30, 2017, the salaries and benefits amount above includes \$68,000 (2016 - \$59,163 of which \$16,188 was included in issue costs) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$64,350 (2016 - \$58,600) for fees invoiced by a corporation controlled by the CEO of the Company for his services as CEO. Also, included in accounts payable and accrued liabilities at September 30, 2017 is \$4,596 (December 2016 - \$2,149) and \$7,150 (December 2016 - \$12,450) owed to corporations controlled by the CFO and CEO, respectively.

b) *Private Placement*

As part of the private placement completed in August 2016, directors and officers of the Company acquired 1,730,000 units for gross proceeds of \$432,500 and 333,400 flow-through units for gross proceeds of \$100,020 (Note 10).

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14. COMMITMENTS AND CONTINGENCIES

Flow-Through Obligation

As at September 30, 2017, the Company has to incur \$131,346 in qualifying exploration expenditures by December 31, 2017 to meet its flow-through commitment. The Company keeps a separate bank account for the flow-through expenses to be incurred in a minimum amount equal to the flow-through obligation. At this time, management anticipates meeting that obligation and as a result, no additional provisions are required.

Environmental

The Company's mining and exploration 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 Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Management Contract

The Company is party to a management contract. This contract requires that an additional payment of up to \$500,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payment has not been reflected in these condensed interim consolidated financial statements. The minimum commitment upon termination of this contract is \$128,700. The minimum commitment due within one year under the terms of this contract is \$85,800.

Litigations

In August 2014, Flemish Investments Burundi S.A. was informed that three Burundian ex-employees have filed claims against Flemish Investments Burundi S.A. pertaining to severance payments totaling approximately US\$10,500 and damages of approximately US\$188,000. In 2015, the Court of Appeal of Bujumbura found in favour of the former employees for an aggregate amount of approximately US\$117,000 plus 6% interest. The Company no longer operates or owns assets in Burundi and according to Burundian law, the subsidiary's liability is limited to:

- the value of the assets of the subsidiary in Burundi (\$nil at September 30, 2017 and December 31, 2016) or;
- the share capital originally invested of US\$10,000.

In May 2017, a former director of the Company filed a claim under the Toronto Small Claims Court in an amount of \$23,720. In June 2017, the Company filed a Defense Statement as it believes the claim is without merit. The Company also filed a Defendant's Claim against the former director in the amount of \$25,000 for breach of fiduciary duty, negligence and negligent misrepresentation. A court date has been set for February 1, 2018.

End of Notes to Financial Statements

MURCHISON MINERALS LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

This Management's Discussion and Analysis ("MD&A") is intended to supplement the condensed interim consolidated financial statements and notes of Murchison Minerals Ltd. (the "Company" or "Murchison") for the three and nine months ended September 30, 2017. The unaudited condensed interim consolidated financial statements including comparative figures have been prepared by the Company in accordance with International Financial Reporting Standards ("IFRS") applicable to preparation of interim financial statements. This MD&A should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes for the year ended December 31, 2016, which have been prepared in accordance with IFRS and available on the Company's web-site (www.murchisonminerals.com). This MD&A covers the most recently completed financial quarter and the subsequent period up to November 24, 2017. The information is presented in Canadian dollars unless stated otherwise.

OVERALL PERFORMANCE

Description of Business

Murchison is a Canadian based exploration company with a diversified portfolio of properties, including the high-grade Brabant-McKenzie zinc-copper-silver deposit (the "Deposit") in north-central Saskatchewan, the HPM Nickel/Copper/Cobalt project in Quebec and holds gold claims in the Pickle Lake area of northwestern Ontario which are currently under option. The Company expects to acquire additional properties as attractive opportunities are identified. The Company does not have any projects that generate revenue at this time. The Company's ability to carry out its business plan in the future rests entirely on its ability to secure equity and other financings or realize cash from the sale of assets.

Trends

The financing, exploration and development of any properties the Company holds or may acquire in the future will be subject to a number of factors including the commodity prices for minerals, applicable laws and regulations, political conditions, currency fluctuations, the hiring of qualified people, and obtaining necessary services in jurisdictions where the Company operates. The current trends relating to these factors could change at any time and negatively affect the Company's operations and business. Apart from these, the risk factors noted under the heading "Uncertainties and Risk Factors" and "Forward Looking Statement" included in MD&A for the year ended December 31, 2016, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

OUTLOOK

In November 2017, the Company announced plans to raise \$3.0 million (the "Private Placement") via the issuance of up to 6,000,000 common share units (the "Units") at a price of \$0.20 per Unit and up to 7,500,000 flow-through shares (the "FT Shares") at a price of \$0.24 per FT Share. The proceeds from the Private Placement will be used by the Company for exploration on its Brabant-McKenzie project in Saskatchewan and for working capital and for other general and administrative costs.

Upon completion of the Private Placement, the Company plans to conduct a winter 2018 diamond drill program at its 100% owned Brabant-McKenzie project consisting of up to 20 drill holes totalling approximately 11,500 metres (the "2018 Program"). See section "Mineral Properties – Exploration Activities" for full details.

The 2018 Program will focus on advancing the Brabant McKenzie deposit's (the "Deposit") expansion towards the 9-11 million tonne exploration target at a grade ranging from 7.5% to 9.5% from the current global 6 million tonnes. Specifically, the objective of the 2018 Program will be:

1. To further delineate the lateral and down dip extensions of Deposit;
2. To infill drill the untested down dip area from 610 m to 950 m; and
3. To convert inferred resources into the higher category of indicated resources.

The 2018 Program will also drill test two new excellent targets (Anomaly C and Anomaly D) (see press release September 18, 2017 and November 21, 2017). Both targets are located within approximately 1.5 km of the Deposit and add good growth potential to the project as a whole.

The Company also plans to continue follow up regional exploration on known mineralized showings and identified geophysical anomalies, including the Priority 3 and TOM2 exploration targets, along the 16 km length of its property.

At the time of this MD&A, the Company has approximately \$900,000 in cash and 25.3 million common shares outstanding.

Management's objective is to maximize the money spent "in the ground". The long-term goal remains to maximize shareholder value by advancing the Company's portfolio of exploration targets, expanding the Deposit's resource base through drilling, to subsequently proceed to develop the Company's properties and achieve commercial production.

MINERAL PROPERTIES – EXPLORATION ACTIVITIES

Brabant Property – Saskatchewan

The Brabant property is owned 100% by Murchison and is strategically located along Highway 102 between the town of La Ronge to the south and the Athabasca Basin to the north, near major infrastructure. The Brabant property consists of the Deposit and several additional zinc and copper occurrences and geophysics anomalies along the 16 kilometre strike of favourable geological horizon, all of which remain under-explored and mostly untested. The project area shares geological characteristics, including similar age, with the Flin Flon volcanogenic massive sulphide (VMS) mining camp in Manitoba.

In October 2017, Murchison published an updated NI43-101 mineral resource estimate (the "Estimate") which is reflected in the table below. (see Press Release dated October 4, 2017 for full details)

Category	Tonnes	Zn%	Cu%	Pb%	Ag (g/t)	Zn Eq%
Indicated	1,500,000	7.46	0.70	0.39	31.2	10.01
Inferred	4,500,000	5.99	0.62	0.28	19.4	7.99

The Estimate for the Brabant-McKenzie Deposit was determined on the basis of:

- Drilling results to March 21, 2017 and including historical diamond drilling used in the previous NI-43-101 resource estimate completed in 2008;
- US\$ metal prices of \$1.20/lb Zn, \$2.50/lb Cu, \$1.00/lb Pb, \$16.00/oz Ag and \$1,200/oz Au;
- CDN\$:US\$ exchange rate of \$1.10;
- An NSR cut-off of \$110/tonne or 5% Zn equivalent based on above metal prices;

- Average metallurgical and payable recovery of 75% for all metals;
- Indicated Resources were calculated using a two-hole minimum and a maximum distance of 30 m from a diamond drill hole; and
- Inferred Resources were calculated using a no hole minimum and a minimum of 30 m and a maximum distance of 60 m from a diamond drill hole was used for inferred.

Prior to the announcement of the Estimate, the Company reported excellent results from its summer exploration activities and interpretation of geological and geophysical programs for the Brabant McKenzie project. (see Press Release dated September 18, 2017 for full details)

1. Initial modeling and interpretation of the Anomaly C and D 2017 ground SQUID electromagnetic ("EM") and magnetic ("Mag") survey and the 2011 VTEM and Mag airborne survey (the "Data"):
 - Confirmed EM Anomaly C as a conductive body and drill target measuring 1.4 km strike by 1.3 km depth beginning 260 m from surface
 - Identified EM Anomaly D is as a strongly conductive body of size having a 1 km strike and in excess of 2 km depth, beginning 145 m from surface
 - Defined and upgraded two regional anomalies, the TOM2 and Priority 3, as significant geophysical targets
2. Recent geological prospecting programs identified chalcopyrite and pyrrhotite sulphide mineralization proximal to:
 - The surface projection of the modeled EM Anomaly D conductor
 - The TOM2 and Priority 3 VTEM and Mag airborne anomalies (the "Anomalies")
3. The combination of:
 - The modeled EM Anomaly D conductor dimensions and its proximity to mineralized outcrops presents the potential for the existence of a sulphide body of size
 - The proximity of TOM2 and Priority 3 to mineralization present the potential for additional massive sulphide bodies at both targets

Based on the identification of mineralization in relation to these geophysical anomalies, the Company staked an additional 1,873 ha of land adjacent to its current claims package.

The Company conducted additional detailed ground EM and Mag surveys on Anomaly D in November 2017 in order to better define its size and geometries for the results for which were announced on November 21, 2017 and are as follows:

1. Modeling and interpretation results of additional information for Anomaly D acquired from the surveys:
 - Further refined EM Anomaly D as a strong conductive body with minimum dimensions of 800 m strike and 800 m depth extent, starting at approximately 20 m below surface

- Display a strong coincidence between high magnetic susceptibility anomalies and Anomaly D conductivities
 - Show similar conductivities and dimensions to the Deposit which is currently outlined at 1,000 m by 610 m
2. Recent geological prospecting programs have identified chalcopyrite and pyrrhotite sulphide mineralization in outcrop exposures (“Exposures”) proximal to Anomaly D
 3. Grab samples of outcrop collected directly over the Exposures returned anomalous copper geochemistry values.

The combination of Anomaly D conductor dimensions, conductivity and proximity to the surface Exposures hosting anomalous copper geochemistry values continues to demonstrate the excellent potential for the existence of a massive sulphide body of significant size.

For additional details, refer to Murchison’s website: www.murchisonminerals.com.

Qualified Persons

Exploration programs at the Company’s project in Saskatchewan are being reviewed by Kent Pearson P. Geo., Finley Bakker, P. Geo. and Martin St-Pierre, P. Geo., qualified persons as defined by National Instrument 43-101. Mr. Bakker and Mr. St-Pierre are independent consultants to Murchison Minerals Ltd. and the Brabant-McKenzie project. Mr. Pearson is President and Chief Executive Officer of Murchison. Mr. Pearson, Mr. Bakker and Mr. St-Pierre have supervised the preparation of, and confirmed all of the scientific and technical disclosure in this MD&A.

Access to Properties

The Company’s access to its properties is dependent on climate and weather conditions. The Brabant property in Saskatchewan is accessible all year round via all-weather highway. Typically, properties in Ontario are generally accessible all year round. Our project in Québec can be accessed from January to September as weather limits the activities during other times of the year due to freeze up.

RESULTS OF OPERATIONS

For the nine months ended September 30, 2017, the Company incurred a loss of \$926,087 (2016 - \$449,130). The increase of \$476,957 is mainly related to the following factors: **1.** higher exploration expenses in Canada of \$1,021,919 (2017 - \$1,022,623 vs 2016 - \$704) as the Company completed a drill program in the winter 2017, geophysical surveys and field exploration at its Brabant-McKenzie project in Saskatchewan; **2.** higher investor relations of \$43,941 (2017 - \$67,524 vs 2016 - \$23,583) as the Company attended conferences and met with investors and shareholders in Europe; **3.** higher management fees and salaries of \$29,397 (2017 - \$132,350 vs 2016 - \$102,953) as management performed their functions without compensation from February to June in 2016; **4.** higher professional fees of \$29,237 (2017 - \$53,638 vs 2016 - \$24,401) due to legal fees related to the claims from a former director and due to the costs of winding up the African subsidiaries; offset by **5.** higher non-cash flow-through shares related income of \$356,515 (2017 - \$360,366 vs 2016 - \$3,851) as the Company recognized the income based on exploration activities in Canada.

MURCHISON MINERALS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS – SEPTEMBER 2017

For the nine months ended September 30, 2017, exploration expenses totaled \$1,007,623 (2016 - \$34,298) with 1,022,623 incurred in Canada at the Brabant-McKenzie project (2016 - \$704) and offset by a recovery of \$15,000 (2016 – \$33,594) in general exploration which relates to the 2nd anniversary option payment received from White Metal Resources Corp. ("White Metal") as part of the Pickle Lake option agreement.

For the three months ended September 30, 2017, the Company incurred a loss of \$131,747 (Q3/16 - \$382,853). The decrease of \$251,106 is mainly related to the following factors: 1. lower share-based payment of \$266,430 (Q3/17 - \$nil vs Q3/16 - \$266,430) as stock options were granted in Q3/16; 2. lower management fees and salaries of \$54,373 (Q3/17 - \$37,169 vs Q2/16 - \$91,542) as in Q3/16, management's compensation was re-instated and retro bonuses were paid, offset by; 3. higher exploration expenses in Canada of \$50,912 (Q3/17 - \$52,108 vs Q3/16 - \$1,196) as the Company completed a field exploration program at the Brabant-McKenzie project in Saskatchewan during the quarter.

For the three months ended September 30, 2017, exploration expenses totaled \$52,108 (Q3/16 - \$9,126) with \$52,108 incurred in Canada (Q3/16 - \$1,196) and \$nil in general exploration (Q3/16 - \$7,930).

SUMMARY OF QUARTERLY RESULTS

	Third Quarter 2017	Second Quarter 2017	First Quarter 2017	Fourth Quarter 2016
	\$	\$	\$	\$
Total Assets	1,088,054	1,264,424	1,454,540	2,391,094
Current Assets	1,082,241	1,258,470	1,447,478	2,383,774
Non-current Assets	5,813	5,684	7,062	7,320
Total Liabilities	96,624	141,247	247,352	473,577
Interest Income	1,820	1,827	4,203	4,699
Loss	131,747	84,011	710,329	195,937
Loss Per Share ⁽¹⁾	0.01	0.00	0.03	0.01

	Third Quarter 2016	Second Quarter 2016	First Quarter 2016	Fourth Quarter 2015
	\$	\$	\$	\$
Total Assets	2,608,713	381,757	364,675	480,869
Current Assets	2,313,993	87,037	69,084	183,494
Non-current Assets	294,720	294,720	295,591	297,375
Total Liabilities	495,259	105,831	95,995	138,666
Interest Income	1,369	2	nil	43
Loss (Profit)	382,853	(7,246)	73,523	610,555
Loss Per Share ⁽¹⁾	0.02	0.00	0.00	0.01
⁽¹⁾ Loss per share remains the same on a diluted basis				

Due to the nature of the business, the cash balance and short-term investments generating interest income are subject to fluctuations from quarter to quarter. The timing of equity financing and ensuing exploration and operating expenses are the main factors affecting the level of funds invested from time to time. The variation in interest rates also has an impact on the interest income.

In Q1, 2017, the Company was actively drilling at its Brabant McKenzie project in Saskatchewan and incurred \$919,910 in exploration. This amount was offset by \$326,357 of non-cash flow-through shares related income. In Q3, 2016, the Company completed a non-brokered private placement in two tranches for net proceeds of \$2.4 million. This had a direct impact on the interest income as well as total current assets and total assets. Also in Q3, 2016, the Company granted stock options to its directors, officers and consultants which generated a non-cash share-based payment expense of \$266,430. In Q2, 2016, the profit of \$7,246 is a direct result of a \$33,514 gain on sale of assets held in Africa combined with

lower management fees as the CEO and CFO provided services to the Company without compensation during the quarter. In Q1-2016, the lower loss is reflecting of the efforts made by management to control all administrative expenses. In Q4-2015, the Company wrote-off the carrying value of the Cloridorme property of \$480,000 and conducted an exploration program at Brabant of \$90,556.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2017, the Company had no debt, cash of \$1,056,319 and working capital (excluding non-cash flow-through share liability) of \$1,032,251 (December 31, 2016 – \$2,147,235 and \$2,317,197, respectively). The Company's excess cash, when available, is deposited into interest-bearing accounts or invested in redeemable GICs with major Canadian chartered banks.

As at September 30, 2017, the Company had amounts receivable and prepaid expenses totaling \$25,922 which included sales tax receivable of \$10,000, prepaid expenses of \$14,447 and other receivable of \$1,475.

The September 2017, condensed interim consolidated financial statements were prepared in accordance accounting principles to a going concern, which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. The Company's ability to continue as a going concern is always dependent on its ability to raise new funds to meet its obligations and continue its exploration activities.

Equity Financing

The Company's exploration projects are at an early stage and it has not yet been determined whether any of its properties contain economically recoverable ore. As a result, the Company has no current sources of revenue and has relied on the issuance of shares to generate the funds required to further its projects.

General

The Company's ability to successfully acquire mineral projects or recover amounts expended on mineral properties is conditional on its ability to secure financing when required. The Company expects to meet additional financing requirements through equity financing. The Company may seek other alternatives for financing in the future depending on market conditions and exploration results; however, there can be no assurance that such financing attempts will be successful. The impact on our business and the cost and availability of financing remain uncertain and could affect our overall liquidity.

Commitments and Obligations

As at September 30, 2017, the Company has to incur \$131,346 in qualifying exploration expenditures by December 31, 2017 to meet its flow-through commitment. The Company keeps a separate bank account for the flow-through expenses to be incurred in a minimum amount equal to the flow-through obligation. At this time, management anticipates meeting that obligation and as a result, no additional provisions are required

The Company is party to a management contract. This contract requires that an additional payment of up to \$500,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payment has not been reflected in these condensed interim consolidated financial statements. Minimum commitment upon termination of this contract is \$128,700. Minimum commitment due within one year under the terms of this contract is \$85,800.

In August 2014, Flemish Investment Burundi S.A. was informed that three Burundian ex-employees have filed claims against Flemish Burundi S.A. pertaining to severance payments totaling approximately US\$10,500 and damages of approximately US\$188,000. In 2015, the Court of Appeal of Bujumbura found in favour of the former employees for an aggregate amount of approximately \$117,000 plus 6%

interest. The Company no longer operates or owns assets in Burundi and according to Burundian law, the subsidiary's liability is being limited to:

- the value of the assets of the subsidiary in Burundi (\$nil at September 30, 2016) or;
- the share capital originally invested of US\$10,000.

In May 2017, a former director of the Company filed a claim under the Toronto Small Claims Court in an amount of \$23,720. In June 2017, the Company filed a Defense Statement as it believes the claim is without merit. The Company also filed a Defendant's Claim against the former director in the amount of \$25,000 for breach of fiduciary duty, negligence and negligent misrepresentation. A court date has been set for February 1, 2018.

The Company's mining and exploration 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 Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. The Company has no long-term contractual obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

a) Remuneration of directors and the officers was as follows:

	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Salaries and benefits	\$ 37,169	\$ 107,612	\$ 132,350	\$117,762
Share-based payments	-	261,460	-	261,460
	\$ 37,169	\$ 369,072	\$ 132,350	\$379,222

For the three month period ended September 30, 2017, the salaries and benefits amount above includes \$15,719 (2016 - \$39,975) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$21,450 (2016 - \$51,450) for fees invoiced by a corporation controlled by the CEO of the Company for his services as CEO.

For the nine month period ended September 30, 2017, the salaries and benefits amount above includes \$68,000 (2016 - \$59,163 of which \$16,188 was included in issue costs) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$64,350 (2016 - \$58,600) for fees invoiced by a corporation controlled by the CEO of the Company for his services as CEO. Also, included in accounts payable and accrued liabilities at September 30, 2017 is \$4,596 (December 2016 - \$2,149) and \$7,150 (December 2016 - \$12,450) owed to corporations controlled by the CFO and CEO, respectively.

PROPOSED TRANSACTIONS

The Company continues to evaluate quality exploration projects and financing opportunities. There are no transactions currently pending.

CHANGES IN ACCOUNTING POLICIES

New Accounting Standards Not Yet Adopted

The IASB issued the following standard that is relevant but has not yet been adopted by the Company. Many are not applicable or do not have a significant impact to the Company and have been excluded. The Company has not yet begun the process of assessing the impact that the new and amended standard will have on its condensed interim consolidated financial statements or whether to early adopt any of the new requirements.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 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 classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity 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 also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. Management intends to adopt IFRS 9 in the fourth quarter of 2017 and it will have no material impact on the Company’s consolidated financial statements.

FINANCIAL INSTRUMENTS

As at,	September 30, 2017	December 31, 2016
Financial assets:		
Loans and receivables		
Cash and cash equivalents	\$ 1,056,319	\$ 2,147,235
Amounts receivable	1,475	1,475
Fair Value Through Profit and Loss (FVTPL)		
Investment	5,813	7,320
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	\$ 49,990	\$ 66,577

As of September 30, 2017 and December 31, 2016, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature, except for investment.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using

the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2017 and December 31, 2016, none of the Company's financial instruments are recorded at fair value on the consolidated statements of financial position, except for investment.

Significant accounting judgments and estimates:

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to the following:

- ***Assets' carrying values and impairment charges***
In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.
- ***Estimation of decommissioning and restoration costs and the timing of expenditure***
The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.
- ***Impairment of exploration and evaluation properties***
While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of exploration and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration and evaluation properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.
- ***Income and other taxes***
In assessing the probability of realizing income and other tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income and other tax assets and liabilities recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets or could result in taxes owing,

- **Share-based payments**

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgments used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates. The Company currently estimates the expected volatility of its common shares based on historical volatility taking into consideration the expected life of the options and warrants.

Capital Management:

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to consist of equity, comprising share capital, reserves and deficit. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on its exploration and development activities. Selected information is regularly provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the period ended June 30, 2017 and for the year ended December 31, 2016. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

ADDITIONAL INFORMATION

Outstanding Shareholders' Equity Data

As of November 24, 2017, the following are outstanding:

- | | |
|-----------------|------------|
| • Common Shares | 25,290,095 |
| • Stock Options | 2,133,800 |
| • Warrants | 7,818,000 |

Uncertainties and Risk Factors

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

In addition to the risks outlined in the December 31, 2016 annual MD&A, Murchison has identified the extreme volatility occurring in the financial markets as a significant risk for the Company. As a result of the market turmoil, investors are moving away from assets they perceive as risky to those they perceive as less so. Companies like Murchison are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for the Company to access the capital markets to raise the funds required for its future expenditures.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements based on the Company's current expectations. Forward-looking information can often be identified by forward looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those presented in this document. Accordingly, the Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, unless required by law. Readers are cautioned not to place undue reliance on forward-looking information.