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**MURCHISON MINERALS LTD.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE and NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015**

(Expressed in Canadian Dollars)

(Unaudited)

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**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)

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>EXPENSES</b>				
Exploration expenses Burundi (recovery)	\$ 3,263	\$ (190,438)	\$ 9,215	\$ (189,652)
Exploration expenses Uganda	4,789	26,950	23,997	100,189
Exploration expenses Canada	1,196	23,437	704	101,553
General exploration (recovery)	(122)	-	382	6,347
Professional fees	6,863	26,903	24,401	51,172
Management fees and salaries	91,542	41,158	102,953	114,117
Office and general	7,368	17,868	26,241	55,127
Regulatory and transfer agent	2,783	4,307	19,278	20,180
Investor relations	4,304	6,777	23,583	26,961
Share-based payments	266,430	-	266,430	-
Amortization	-	361	-	1,083
<b>Loss before the under noted</b>	<b>388,416</b>	<b>(42,677)</b>	<b>497,184</b>	<b>287,077</b>
Interest income	(1,369)	(59)	(1,371)	(321)
Foreign exchange loss (gain)	(343)	5,944	(9,196)	5,691
Flow-through shares related income	(3,851)	(7,787)	(3,851)	(28,105)
Gain on disposal of property and equipment	-	-	(33,636)	-
<b>(Income) Loss for the period</b>	<b>\$ 382,853</b>	<b>\$ (44,579)</b>	<b>\$ 449,130</b>	<b>\$ 264,342</b>
Loss per share - basic and diluted	<b>\$ 0.02</b>	<b>\$ 0.00</b>	<b>\$ 0.03</b>	<b>\$ 0.02</b>
Weighted average number of common shares outstanding - basic and diluted (Note 1)	20,092,227	15,553,695	17,261,382	15,553,695

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

**MURCHISON MINERALS LTD.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

For the nine months ended September 30, 2016 and 2015

	<u>Reserves</u>				
	Share Capital	Equity settled share-based payments reserve	Warrants reserve	Deficit	Total
Balance, December 31, 2014	\$ 25,403,089	\$ 455,500	\$ 1,910,330	\$ (26,565,367)	\$ 1,203,552
Expiry of stock options	-	(174)	-	174	-
Expiry of warrants	-	-	(1,680,000)	1,680,000	-
Net loss for the period	-	-	-	(264,342)	(264,342)
<b>Balance, September 30, 2015</b>	<b>\$ 25,403,089</b>	<b>\$ 455,326</b>	<b>\$ 229,630</b>	<b>\$ (25,148,835)</b>	<b>\$ 939,210</b>
<b>Balance, December 31, 2015</b>	<b>\$ 25,416,637</b>	<b>\$ 455,326</b>	<b>\$ 229,600</b>	<b>\$ (25,759,360)</b>	<b>\$ 342,203</b>
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 broker warrants	-	-	783,346	-	783,346
Issuance of common shares (net of issue costs)	1,170,605	-	-	-	1,170,605
<b>Balance, September 30, 2016</b>	<b>\$ 26,587,242</b>	<b>\$ 654,298</b>	<b>\$ 1,012,946</b>	<b>\$ (26,141,032)</b>	<b>\$ 2,113,454</b>

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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>CASH (USED IN) PROVIDED BY:</b>				
<b>OPERATING ACTIVITIES</b>				
Net (loss) income for the period	\$ (382,853)	\$ 44,579	\$ (449,130)	\$ (264,342)
Amortization	-	1,689	2,175	5,068
Share-based payments	266,430	-	266,430	-
Flow-through share related income	(3,851)	(7,787)	(3,851)	(28,105)
Gain on sale of property and equipment	-	-	(33,636)	-
	(120,274)	(38,481)	(218,012)	(287,379)
Net change in non-cash working capital items:				
Amounts receivable and prepaid expenses	(14,980)	15,265	27,160	24,977
Accounts payable and accrued liabilities	(51,281)	(1,158)	(84,116)	(70,474)
<b>Net cash flows from operating activities</b>	<b>(186,535)</b>	<b>52,588</b>	<b>(274,968)</b>	<b>(332,876)</b>
<b>INVESTING ACTIVITIES</b>				
Proceeds on sale of property and equipment	-	-	34,116	-
<b>Net cash flows provided by investing activities</b>	<b>-</b>	<b>-</b>	<b>34,116</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of securities	2,567,770	-	2,567,770	-
Issue costs	(169,259)	-	(169,259)	-
<b>Net cash flows provided by financing activities</b>	<b>2,398,511</b>	<b>-</b>	<b>2,398,511</b>	<b>-</b>
<b>NET CHANGE IN CASH</b>	<b>2,211,976</b>	<b>52,588</b>	<b>2,157,659</b>	<b>(332,876)</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>69,851</b>	<b>182,328</b>	<b>124,168</b>	<b>567,792</b>
<b>CASH, END OF THE PERIOD</b>	<b>\$ 2,281,827</b>	<b>\$ 234,916</b>	<b>\$ 2,281,827</b>	<b>\$ 234,916</b>

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, 2016 and 2015**

(Expressed in Canadian Dollars)

(Unaudited)

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### **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 28, 2016.

At the annual and special meeting of the shareholders of the Company held on April 6, 2016, shareholders of the Company approved the consolidation of the outstanding common shares on the basis of one post-Consolidation common share for up to twenty (20) outstanding pre-Consolidation common shares in the event of a significant financing and/or of a corporate transaction.

On August 10, 2016, in conjunction with the closing of the first tranche of a significant financing, the Company consolidated its common shares on a ten (10) old common shares for one (1) new common share. The post-consolidation common shares commenced trading on the Canadian Securities Exchange ("CSE") under same name and ticker symbol (MUR) on August 10, 2016, at which time the CUSIP and ISIN numbers of the Company became 626426209 and CA6264262099, respectively. Following the consolidation, the Company had 15,853,695 common shares outstanding. The comparative figures have been adjusted to reflect the consolidation.

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, 2016, the Company has a cumulative deficit of \$26,141,032 (December 2015 - \$25,759,360), continuing losses and is not yet generating positive cash flows from operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue its operations as a going concern.

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.

**MURCHISON MINERALS LTD.**  
**Notes to the Condensed Interim Consolidated Financial Statements**  
**September 30, 2016 and 2015**  
(Expressed in Canadian Dollars)  
(Unaudited)

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**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.

*New accounting policies*

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (“IFRS 5”) was amended in September 2014 to add specific guidance for cases in which an entity reclassifies an asset from “held for sale” to “held for distribution” or vice versa and cases in which “held-for-distribution” accounting is discontinued. The amendments are effective for annual periods beginning on or after January 1, 2016. At January 1, 2016, the Company adopted this amendment and there was no material impact on the Company’s condensed interim consolidated financial statements.

IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”) was amended in September 2014 to clarify whether a servicing contract is continuing involvement in a transferred asset for purposes of determining the disclosures required. IFRS 7 was also amended to clarify that the additional disclosures relating to offsetting are not specifically required for interim periods unless required by IAS 34. The amendments are effective for annual periods beginning on or after January 1, 2016. At January 1, 2016, the Company adopted this amendment and there was no material impact on the Company’s condensed interim consolidated financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. At January 1, 2016, the Company adopted this amendment and there was no material impact on the Company’s condensed interim consolidated financial statements.

*New accounting standards not yet adopted*

The IASB issued the following standard that is relevant but has not yet been adopted by the Company. 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.

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

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### 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. At the annual and special meeting of shareholders of the Company held on April 6, 2016, the shareholders of the Company approved that the common shares in the capital of the Company be changed by the consolidation of the issued and outstanding common shares at a ratio of up to twenty (20) to one (1), such ratio to be determined by the board of directors of the Company, in its sole discretion. On August 10, 2016, in conjunction with the closing of the first tranche of a significant financing, the Company consolidated its common shares on a one (1) new common share for ten (10) old common shares.

The Company considers its capital to consist of equity, comprising share capital, reserves and deficit which at September 30, 2016 totalled \$2,110,379 (December 31, 2015 - \$342,203). 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 three and nine months ended September 30, 2016. 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 three and nine months ended September 30, 2016.

#### *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, 2016, the Company had a cash balance of \$2,281,827 (December 31, 2015 - \$124,168) to settle current liabilities of \$54,550 (December 31, 2015 - \$138,666). All of the Company's financial liabilities generally have contractual maturities of less than 30 days and are subject to normal trade terms. An amount of \$nil (December 31, 2015 - \$25,000) that is included in current liabilities became payable when the Company completed its first tranche of the equity financing closed on August 10, 2016 and the amount has now been paid.



**MURCHISON MINERALS LTD.**  
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**4. FINANCIAL RISK FACTORS (continued)**

*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, 2016, approximately \$21,462 of cash was held in US dollars (December 31, 2015 - \$24,032). Approximately \$2,722 (December 31, 2015 - \$11,891) 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 gold 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, 2016, 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.

*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, 2016, 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 \$1,800.
- (ii) Based on cash balances at September 30, 2016, a 1% change in interest rates would result in a corresponding interest income change of approximately \$22,800 for the one-year period.

**5. CATEGORIES OF FINANCIAL INSTRUMENTS**

	<b>September 30 2016</b>	<b>December 31 2015</b>
<b>Financial assets:</b>		
Loans and receivables		
Cash	\$ 2,281,827	\$ 124,168
Amounts receivable	18,893	38,704

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

### 5. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

#### Financial liabilities:

Other financial liabilities			
Accounts payable and accrued liabilities	\$	54,550	\$ 138,666

As of September 30, 2016 and December 31, 2015, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

### 6. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	September 30 2016	December 31 2015
Sales tax receivable	\$ 17,698	\$ 32,633
Interest receivable	1,195	-
Prepaid expenses and advances	13,273	20,622
Refundable tax credits	-	6,071
	\$ 32,166	\$ 59,326

### 7. PROPERTY AND EQUIPMENT

	Exploration Equipment <sup>(1)</sup>	Computer Equipment	Office Equipment	Total
<b>Nine months ended September 30, 2015</b>				
Opening net book amount	\$ 301,529	\$ 1,995	\$ 1,158	\$ 304,682
Amortization for the period	(3,789)	(1,083)	(196)	(5,068)
<b>Closing net book amount</b>	<b>\$ 297,740</b>	<b>\$ 912</b>	<b>\$ 962</b>	<b>\$ 299,614</b>
<b>At September 30, 2015</b>				
Cost	\$ 371,087	\$ 34,306	\$ 1,304	\$ 406,697
Accumulated amortization	(73,347)	(33,394)	(342)	(107,083)
<b>Net book amount</b>	<b>\$ 297,740</b>	<b>\$ 912</b>	<b>\$ 962</b>	<b>\$ 299,614</b>
<b>Year ended December 31, 2015</b>				
Opening net book amount	\$ 301,529	\$ 1,995	\$ 1,158	\$ 304,682
Amortization for the year	(5,050)	(1,995)	(262)	(7,307)
<b>Closing net book amount</b>	<b>\$ 296,479</b>	<b>\$ -</b>	<b>\$ 896</b>	<b>\$ 297,375</b>
<b>At December 31, 2015</b>				
Cost	\$ 371,087	\$ 34,306	\$ 1,304	\$ 406,697
Accumulated amortization	(74,608)	(34,306)	(408)	(109,322)
<b>Net book amount</b>	<b>\$ 296,479</b>	<b>\$ -</b>	<b>\$ 896</b>	<b>\$ 297,375</b>
<b>Nine months ended September 30, 2016</b>				
Opening net book amount	\$ 296,479	\$ -	\$ 896	\$ 297,375
Disposals	-	-	(480)	(480)
Amortization for the period	(2,104)	-	(71)	(2,175)
<b>Closing net book amount</b>	<b>\$ 294,375</b>	<b>\$ -</b>	<b>\$ 345</b>	<b>\$ 294,720</b>

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**Notes to the Condensed Interim Consolidated Financial Statements**  
**September 30, 2016 and 2015**  
(Expressed in Canadian Dollars)  
(Unaudited)

**7. PROPERTY AND EQUIPMENT (continued)**

**At September 30, 2016**

Cost	\$ 330,673	\$ 34,306	\$ 586	\$ 365,565
Accumulated amortization	(36,298)	(34,306)	(241)	(70,845)
<b>Net book amount</b>	<b>\$ 294,375</b>	<b>\$ -</b>	<b>\$ 345</b>	<b>\$ 294,720</b>

<sup>(1)</sup> The Company is looking for a buyer for its exploration equipment located in Africa. The exploration equipment has therefore been classified as held for sale on the statement of financial position as at September 30, 2016 and December 31, 2015 and is 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.

**8. EXPLORATION AND EVALUATION PROPERTIES**

	<b>Canada</b>	<b>Uganda</b>	<b>Total</b>
<b>Balance, December 31, 2013</b>	\$ -	\$ 4,188	\$ 4,188
Acquisition - RTO	475,774	-	475,774
Additions	61,000	-	61,000
Impairment	(56,774)	-	(56,774)
<b>Balance, December 31, 2014</b>	<b>\$ 480,000</b>	<b>\$ 4,188</b>	<b>\$ 484,188</b>
Impairment	(480,000)	(4,188)	(484,188)
<b>Balance, December 31, 2015 and September 30, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*Canada*

Brabant Lake Property – Saskatchewan

As at September 30, 2016, the Company held a 100% interest in certain claims forming the Brabant Lake property in Saskatchewan.

Pickle Lake Properties - Ontario

At September 30, 2016, the Company had a 51% interest in the Dorothy-Dobie Lake property and the Kasagiminnis property, both located in the Pickle Lake Greenstone Belt. The Company also had a 100% interest Pickle Lake Gold property consisted of certain claims acquired in 2009.

On July 4, 2016, 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 (the “Properties”). White Metal may exercise the option (the “Option”) and acquire the Earned Interest by completing all of the following expenditures and cash payments (“Option 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;
- (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 (collectively, the “Expenditures”) as follows:

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

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### 8. EXPLORATION AND EVALUATION PROPERTIES (continued)

- i. complete a work commitment of \$200,000 on or before the date which is twelve (12) months from the date of the Agreement;
- ii. complete a cumulative work commitment of \$700,000 on or before the date which is twenty four (24) months from the date of the Agreement (with at least \$250,000 on drilling); and
- iii. 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 (the "Option Notice") 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.

In August 2014, the Company entered into an agreement with Frontline Gold Corporation ("FGC") and White Metal Resources Corp. ("WMRC") whereby FGC acquired 100% of the Company's 51% interest and the 49% interest held by WMRC in two claims known as the Pickle Lake East property. As part of the agreement, the Company received 33,500 common shares of PC Gold Inc. The claims will be subject to a 2% net smelter royalty (1% for the Company and 1% to WMRC for which 0.5% can be purchased for \$500,000 from each of WMRC and the Company).

#### HPM Property - Quebec

During 2015, the Company acquired certain claims at HPM property. As at September 30, 2016, the property consisted of 36 claims for which Pure Nickel Inc. has a 50% interest.

#### Cloridorme Property - Quebec

As at September 30, 2016, the Company owned 100% of the claims forming the Cloridorme property. The property is subject to a royalty equivalent to a 2% Net Smelter Royalty ("NSR"). The Company has the right to purchase the 2% NSR at any time for \$1,000,000. In December 2015, the Company has written-off the carrying value of the Cloridorme property as no further work is planned on the property.

### 9. SHARE CAPITAL

- (a) Authorized Share Capital

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

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

### 9. SHARE CAPITAL (continued)

(b) Issued

	Number of Shares	Amount
<b>Balance - December 31, 2014 and September 30, 2015 (note 1)</b>	<b>15,553,695</b>	<b>\$ 25,403,089</b>
<b>Balance - December 31, 2015</b>	<b>15,853,695</b>	<b>\$ 25,416,637</b>
Issuance of common shares <sup>(i)</sup>	5,263,000	1,315,750
Issue costs <sup>(i)</sup>	-	(54,114)
Warrants <sup>(i)</sup>	-	(594,950)
Issuance of flow-through shares <sup>(ii)</sup>	4,173,400	1,252,020
Issue costs <sup>(ii)</sup>	-	(67,651)
Warrants <sup>(ii)</sup>	-	(235,890)
Flow-through premium <sup>(ii)</sup>	-	(444,560)
<b>Balance – September 30, 2016</b>	<b>25,290,095</b>	<b>\$ 26,587,242</b>

(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. All securities issued under the private placement are subject to a four-month and one day statutory hold period.

The fair value of the warrants was estimated to be \$594,950 using the Black-Scholes option model pricing with the following assumptions: expected dividend yield of 0%, expected volatility of 219%, 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 were issued. The finders' warrants are exercisable into units having the same terms as the private placement at an exercise price of \$0.30 for a period of two years.

Insiders of the Company acquired 1,730,000 units of the private placement for gross proceeds of \$432,500 (note 12).

(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. All securities issued under the flow-through private placement are subject to a four-month and one day statutory hold period.

The fair value of the warrants was estimated to be \$235,890 using the Black-Scholes option model pricing with the following assumptions: expected dividend yield of 0%, expected volatility of 219%, 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 were issued. The finders' warrants are exercisable into units having the same terms as the private placement at an exercise price of \$0.30 for a period of two years.

An insider of the Company acquired 333,400 units of the flow-through private placement for gross proceeds of \$100,020 (note 12).

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

### 10. WARRANTS and FINDERS' WARRANTS

The following summarizes the warrants and finders' warrants activity for the nine months ended September 30, 2016 and September 30, 2015:

	Number of Warrants	Grant Date Fair Value	Weighted Average Exercise Price
<b>Balance - December 31, 2014</b>	<b>7,598,620</b>	<b>\$ 1,910,330</b>	<b>\$ 1.20</b>
Expired	(5,250,000)	(1,680,700)	1.50
<b>Balance – September 30, 2015</b>	<b>2,348,620</b>	<b>229,630</b>	<b>0.50</b>
<b>Balance - December 31, 2015</b>	<b>2,348,120</b>	<b>\$ 229,600</b>	<b>\$ 0.50</b>
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)	-
<b>Balance – September 30, 2016</b>	<b>10,166,120</b>	<b>\$ 1,012,946</b>	<b>\$ 0.35</b>

As at September 30, 2016, 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
November 18, 2014	2,167,000	0.50	211,900	November 18, 2016
December 3, 2014	181,120	0.50	17,700	December 3, 2016
August 10, 2016	4,670,400	0.30	482,058	August 10, 2016
August 31, 2016	3,147,600	0.30	301,288	August 31, 2016
	<b>10,166,120</b>		<b>1,012,946</b>	

### 11. 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, 2016 and September 30, 2015:

	Number of Stock Options	Weighted Average Exercise Price
<b>Balance - December 31, 2014</b>	<b>1,410,310</b>	<b>\$ 0.80</b>
Expired	(4,210)	50.00
<b>Balance – September 30, 2015</b>	<b>1,406,100</b>	<b>0.60</b>
<b>Balance - December 31, 2015</b>	<b>1,406,100</b>	<b>\$ 0.60</b>
Expired	(167,800)	1.26
Granted <sup>(i)</sup> <sup>(ii)</sup>	1,070,000	0.30
<b>Balance – September 30, 2016</b>	<b>2,308,300</b>	<b>0.42</b>

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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### 11. STOCK OPTIONS (continued)

(i) On August 22, 2016, the Company granted 600,000 stock options exercisable at \$0.30 for 5 years to an officer and director of the Company. The grant date fair value of the these options was \$149,400 which was estimated using the Black Scholes valuation model with the following weighted average assumptions: risk free interest rate – 0.58%, expected volatility – 122%, expected dividend yield – 0%, expected forfeiture rate of – 0% and expected life – 5 years. The options vested immediately and the \$149,400 fair value was recorded as share-based payment on the Statement of Loss and Comprehensive Loss for the quarter ended September 30, 2016

(ii) On September 27, 2016, the Company granted 470,000 stock options exercisable at \$0.30 for 5 years to directors, officers and consultants of the Company. The grant date fair value of the these options was \$117,030 which was estimated using the Black Scholes valuation model with the following weighted average assumptions: risk free interest rate – 0.64%, expected volatility – 122%, expected dividend yield – 0%, expected forfeiture rate of – 0% and expected life – 5 years. The options vested immediately and the \$117,030 fair value was recorded as share-based payment on the Statement of Loss and Comprehensive Loss for the quarter ended September 30, 2016.

As at September 30, 2016, 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 <sup>(1)</sup>	Exercise Price (\$)	Grant Date Fair Value (\$)	Expiry Date	Weighted Average Remaining Contractual Life (years)
June 6, 2014	6,100	7.50	2,074	February 10, 2017	0.36
February 28, 2014	566,500	0.70	305,910	February 28, 2019	2.41
December 2, 2014	665,700	0.30	79,884	December 2, 2019	3.17
August 22, 2016	600,000	0.30	149,400	August 22, 2021	4.90
September 27, 2016	470,000	0.30	117,030	September 27, 2021	4.99
	<b>2,308,300</b>	<b>0.42</b>	<b>654,298</b>		<b>3.80</b>

<sup>(1)</sup> All options are exercisable.

### 12. RELATED PARTY TRANSACTIONS

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2016	2015	2016	2015
Salaries and benefits	\$ 107,612	\$ 34,786	\$ 117,762	\$ 92,286
Share-based payments	261,460	-	261,460	-
	<b>\$ 369,072</b>	<b>\$ 34,786</b>	<b>\$ 379,222</b>	<b>\$ 92,286</b>

For the nine months ended September 2016, the table above includes \$56,162 (2015 - \$29,000) for fees invoiced by a corporation controlled by the CFO of the Company for his services (for which \$16,188 was recorded as issue costs) and \$58,600 (2015 - \$nil) for fees invoiced by a corporation controlled by the CEO of the Company for his services as CEO. Also included these amounts for the three and nine months ended September 30, 2016 are bonuses paid to the CEO and CFO of respectively \$25,000 and \$20,000 following the private placement completed in August 2016. Included in accounts payable and accrued liabilities at September 30, 2016 is \$12,907 (December 2015 - \$1,150) owed to the corporation controlled by the CFO.

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2016 and 2015

(Expressed in Canadian Dollars)

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### 12. RELATED PARTY TRANSACTIONS (continued)

#### *b) Private Placement*

As part of the private placement completed in August 2016, insiders 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 9).

### 13. COMMITMENTS AND CONTINGENCIES

#### *Flow-Through Obligation*

As at September 30, 2016, the Company has to incur \$1,241,173 in qualifying exploration expenditures by December 31, 2017 to meet its flow-through commitment as described in note 10. 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.

#### *Office Equipment Lease*

In 2011, the Company entered into a 66-month lease for office equipment. As at September 30, 2016, the commitment balance under this lease is \$865 for 2016.

#### *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. 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.

#### *Burundi Litigation*

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.



# MURCHISON MINERALS LTD.

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September 30, 2016 and 2015

(Expressed in Canadian Dollars)

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### 14. SEGMENTED INFORMATION

The Company currently operates in one reportable operating segment, being the acquisition, exploration and evaluation of mineral property interests. Non-current assets segmented by geographical area are as follows:

	September 30 2016	December 31 2015
Canada	\$ -	\$ -
Africa	294,720	297,375
	<b>\$ 294,720</b>	<b>\$ 297,375</b>

### 15. SUBSEQUENT EVENT

On November 18, 2016, 2,167,000 warrants exercisable at \$0.50 expired unexercised.

# **MURCHISON MINERALS LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016**

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, 2016. 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, 2015, which have been prepared in accordance with IFRS and available on the Company's web-site ([www.murchisonminerals.com](http://www.murchisonminerals.com)). This MD&A covers the most recently completed financial quarter and the subsequent period up to November 28, 2016. 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 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 to White Metals Resources Corp. 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, 2015, 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 August 2016, the Company completed of a non-brokered private placement in 2 tranches for gross proceeds of \$2,567,770, including \$1,252,020 in flow-through units. The flow-through proceeds will allow the Company to advance the exploration on its mineral properties with the focus on the resource expansion at the high-grade Brabant-McKenzie zinc-copper-silver deposit (the "Deposit") in north-central Saskatchewan.

The Company's previously announced late summer/fall program is currently underway at the Deposit and includes a recently completed partial re-log and a magnetic susceptibility and EM study of previously drilled core, important for further defining mineralization and country rock geological and geophysical characteristics. The results of this study, in conjunction with the results of current borehole EM geophysical program, will be used to help provide better definition of proposed drill targets, on both off-hole and off-deposit EM conductor anomalies.

Regionally, the Company completed an initial detailed ground follow up of three of the known mineralized showings and one previously identified airborne conductor anomalies located along the 16 kilometre strike of the property. Winter weather cut this program short and will resume in the Spring/Summer of 2017. Results of this initial program are pending.

The Company's drill program is currently planned for early winter and is initially targeted to be up to an 8,000 metre program. Drill targets are expected to focus along strike, up dip and down plunge of the known mineralized domains. Drilling is also expected to test internal targets, as applicable, within the inferred domains in order to capture additional tonnage via deposit thickening. Final drill targets will be refined based on all results obtained from a late summer/fall program.

In conjunction with the first tranche of the non-brokered private placement closed on August 10, 2016, the Company consolidated its common shares on a ten (10) old for one (1) new common share. Following the consolidation and completion of both tranches of the private placement, the Company now has 25.3 million common shares outstanding.

As disclosed previously, the CEO and CFO had been providing services to the Company without compensation since February 1, 2016. Following the recent private placement, the compensation of the executives resumed effective July 1, 2016.

In the light of the recent financing, management's objective is to maximize the money spent "in the ground". The long-term goal remains to develop the Company's properties and achieve commercial production. The Company may enter into partnerships in order to fully exploit the production potential of its exploration assets.

## **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 number of additional zinc and copper occurrences along the 16 kilometer strike of favourable geological horizon, all of which remain under-explored. The project area shares geological characteristics, including similar age, with the Flin Flon volcanogenic massive sulphide (VMS) mining camp in Manitoba. The current (2008) mineral resource for the Deposit consists of 1.5 Mt grading 9.2% zinc, 0.8% copper and 33 g/t silver in indicated resources and 3.0 Mt grading 5.6% zinc, 0.6% copper and 14 g/t silver in inferred resources (for additional details, refer to Murchison's website: [www.murchisonminerals.com](http://www.murchisonminerals.com)). The Deposit consists of two sub-parallel massive sulphide zones, which average 5 metres in thickness and have been traced in drilling for approximately 1,000 metres along strike and 500 metres down dip. Re-interpretation of VTEM and BHEM surveys has identified numerous conductors laterally and down dip from known mineralization and confirms that the deposit remains open to expansion by drilling in all directions.

In December 2015, the Company completed a TDEM and magnetic geophysical program (the "Program") conducted on the Deposit.

The Program was designed to confirm and define known conductors with coincident magnetic anomalies situated immediately south, along strike and to depth of the Deposit. This was the first of a number of planned ground geophysical programs designed to test numerous anomalies identified along the 16 kilometre strike of the property.

### ***Deposit Upside Potential Supported***

Modeled results from the Program reveal a higher conductive plate within the northern portion of a larger conductive horizon described below. This plate continues into and is coincident with mineralization associated with the Deposit along strike and extends to depth below historically intersected mineralization. The plate measures 350 metres in strike with a depth extent of over 500 metres and a 54 degree dip to the northwest. As reported in the Technical Report, this portion of the Deposit has seen limited historic drilling with reported intersections of up to 13.3% Zn over 1.8 m in Hole 38 and 15.4% Zn over 1.5 m in Hole 40. Past drilling reveals that the Deposit has been drilled to a depth of over 500 metres down-dip, and remains open down-dip and along strike to the south. These results confirm that this area remains a priority drill target with potential to add tonnage to the Deposit.

### ***Large Untested Horizon Defined***

Modeling of the data from this survey also reveals an open ended, 1.3 kilometre long conductive and magnetic horizon extending south from the Deposit with a depth extent of over 1 kilometre and a dip of approximately 50 degrees to the northwest. The direction, length, dip and depth of the modeled data are consistent with the known airborne conductor extent and historical drill results.

Historical drilling along the 2015 TDEM conductor south of the Deposit area consisted of several short, near surface holes which do not appear to have adequately tested the horizon of the newly modeled conductor.

The Program consisted of a fixed loop TDEM and magnetic ground survey which was conducted over 200 metres of the southern portion of the Deposit and a further 600 metres along strike to the south along 100 metre spaced lines. One line of EM surveying was conducted using a SQUID sensor for comparative purposes and confirms the higher conductive zone identified in the northern part of the survey area.

The geophysical data obtained during the 2015 program will aid the Company with drill programs going forward, designed to increase the resource of the known Deposit. The data will also be utilized in regional programs as exploration vectors to rank the numerous airborne electromagnetic and magnetic anomalies that occur within similar host rock lithologies along the 16 kilometre strike length of the Brabant property.

For the three months ended September 30, 2016, only preparation work for the upcoming fall exploration program took place for the Brabant-McKenzie property. For the nine months ended September 30, 2016, the Company incurred \$11,466 (2015 - \$80,513) in exploration expenses for the Brabant-McKenzie property.

### **Pickle Lake Properties – Ontario**

On July 4, 2016, the Company entered into an Agreement with White Metal Resources Corp. ("White Metal") whereby White Metal can acquire all of the Company's 51% interest ("Earned Interest") in its Pickle Lake Gold properties (the "Properties"). White Metal may exercise the option (the "Option") and acquire the Earned Interest by completing all of the following expenditures and cash payments ("Option 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;
- (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 (collectively, the "Expenditures") as follows:
  - i. complete a work commitment of \$200,000 on or before the date which is twelve (12) months from the date of the Agreement;
  - ii. complete a cumulative work commitment of \$700,000 on or before the date which is twenty four (24) months from the date of the Agreement (with at least \$250,000 on drilling); and
  - iii. 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 (the "Option Notice") 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.

### **HPM Property – Quebec**

No exploration activities were conducted on the HPM project during the period. The HPM project is a 50-50 joint venture with Pure Nickel Inc.

### **Qualified Person**

Exploration programs at the Company's project in Saskatchewan are being carried out under the supervision of Graham Gill, P.Geo., Independent Consultant, a "Qualified Person" within the meaning of NI43-101. Mr. Gill has 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 Canadian properties is dependent on climate and weather conditions. The Brabant property in Saskatchewan is accessible all year round. Typically, properties in Ontario are generally accessible all year round. Access to the Kasagiminnis and Dorothy-Dobie properties is by floatplane or helicopter. All projects in Québec can be accessed from January to September as weather limits the activities during other times of the year.

## **RESULTS OF OPERATIONS**

For the nine months ended September 30, 2016, the Company incurred a loss of \$449,130 (2015 - \$264,342). The increase of \$184,788 is mainly related to the following factors: **1.** higher share-based payments of \$266,430 (2016 - \$266,430 vs 2015 - \$nil) as the Company granted options in August and September 2016; **2.** higher exploration expenses in Burundi of \$198,867 (2016 - \$9,215 vs 2015 – recovery of \$189,652) due to a VAT refund of \$190,834 (US\$143,000) received in July 2015, offset by; **3.** lower exploration expenses in Canada of \$100,849 (2016 – \$704 vs 2015 – \$101,553) explained by the compilation and re-interpretation of prior years' results for the Brabant-McKenzie deposit completed

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in 2015 combined a cost recovery of \$10,000 in option payment received from White Metal (as disclosed above) and \$1,600 in June 2016 related to the sale of previously expensed exploration supplies; **4.** lower exploration expenses in Uganda of \$76,192 (2016 – \$23,997 vs 2015 – \$100,189) as the Company is continuing to reduce its presence and activities in the country and; **5.** a gain on sale of assets of \$33,636 (2016 - \$33,636 vs 2015 - \$nil) as the Company sold exploration equipment in Africa.

For the nine months ended September 30, 2016, exploration expenses totaled \$34,298 (2015 - \$18,437) with Canada, \$704 (2015 – \$101,553), Uganda \$23,997 (2015 - \$101,189) and general exploration (including Burundi) \$9,597 (2015 – recovery of \$183,305).

For the three months ended September 30, 2016, the Company incurred a loss of \$382,853 (Q3/15 – profit of \$44,579). The increase of \$427,432 is mainly related to the following factors: **1.** higher share-based payments of \$266,430 (Q3/16 - \$266,430 vs Q3/15 - \$nil) as the Company granted options in August and September 2016 and; **2.** higher exploration expenses in Burundi of \$193,701 (Q3/16 - \$3,263 vs Q3/15 – recovery of \$190,438) due to a VAT refund of \$190,834 (US\$143,000) received in July 2015, offset by; **3.** higher management fees and salaries of \$50,384 (Q3/16 - \$91,542 vs Q3/15 - \$41,158) as the CEO and CFO compensation resumed effective July 1, 2016 and bonus paid to the CEO and CFO following the closing of the private placement

For the three months ended September 30, 2016, exploration expenses totaled \$9,126 (Q3/15 – recovery of \$140,051) with Canada, a \$1,196 (Q3/15 – 23,437), Uganda \$4,789 (Q3/15 - \$26,950) and general exploration (including Burundi) \$3,141 (Q3/15 – recovery of \$190,438).

## SUMMARY OF QUARTERLY RESULTS

	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 <sup>(1)</sup>	\$0.02	\$0.00	\$0.00	\$0.01

	Third Quarter 2015	Second Quarter 2015	First Quarter 2015	Fourth Quarter 2014
Total Assets	\$1,079,417	\$1,043,784	\$1,184,225	\$1,442,338
Current Assets	\$295,615	\$258,292	\$397,044	\$653,468
Non-current Assets	\$783,802	\$785,492	\$787,181	\$788,870
Total Liabilities	\$140,207	\$149,153	\$150,833	\$238,786
Interest Income	\$59	\$86	\$176	\$232
Loss	(\$44,579)	\$138,761	\$170,160	\$320,833
Loss Per Share <sup>(1)</sup>	\$0.00	\$0.00	\$0.00	\$0.01

<sup>(1)</sup> 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 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 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. In Q3-2015, the profit of \$44,579 relates mainly to a VAT refund of \$190,834 (US\$143,000) from the Government of Burundi. In Q1-2015 and Q2-2015, the exploration expenses were limited to Canada as the Company benefited from flow-through funds raised in Q4-2014. In Q4-2014, exploration expenses in Uganda were \$355,564.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2016, the Company had no debt, cash of \$2,281,827 and working capital of \$2,259,443 (December 31, 2015 – \$124,168 and \$44,828, 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, 2016, the Company had amounts receivable and prepaid expenses totaling \$32,166 which included sales tax receivable of \$17,698, prepaid expenses of \$13,273 and interest receivable of \$1,195.

In October 2016, the Company sold exploration equipment in located Africa for US\$21,600.

The September 30, 2016, 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.

### Common Shares Consolidation

At the annual and special meeting of the shareholders of the Company held on April 6, 2016, shareholders of the Company approved a consolidation of the outstanding common shares on the basis of one post-Consolidation common share for up to twenty (20) outstanding pre-Consolidation common shares. On July 29, 2016, the Company confirmed that it was consolidating its current issued and outstanding share capital on a 10 old for 1 new basis.

The post-Consolidation common shares commenced trading on the Canadian Securities Exchange ("CSE") under same name and ticker symbol (MUR) on August 10, 2016, at which time the CUSIP and ISIN numbers of the Company became 626426209 and CA6264262099, respectively. Following the Consolidation, the Company had 15,853,695 common shares outstanding.

### 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.

#### Private Placement - \$2,567,770

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.

Finders' fees of \$51,625 were paid and 206,500 finders' warrants valued at \$23,340 were issued. The finders' warrants are exercisable into units having the same terms as the private placement at an exercise price of \$0.30 for a period of two years.

Insiders of the Company acquired 1,730,000 units of the private placement for gross proceeds of \$432,500.

Also 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. 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.

Finders' fees of \$78,540 were paid and 261,800 finders' warrants valued at \$29,600 were issued. The finders' warrants are exercisable into units having the same terms as the private placement at an exercise price of \$0.30 for a period of two years.

An insider of the Company acquired 333,400 units of the flow-through private placement for gross proceeds of \$100,020.

All securities issued under the private placement and flow-through private placement are subject to a four-month and one day statutory hold period.

### **Warrants**

In conjunction with both tranches of the private placements, the Company issued 7,349,700 warrants and 468,300 finders' warrants. All warrants entitle the holder to purchase one common share at an exercise price of \$0.30 until August 10, 2018 (for 4,670,400 warrants) and August 31, 2018 (for 3,147,600 warrants).

On November 18, 2016, 2,167,000 warrants exercisable at \$0.50 expired unexercised.

### **Stock Options**

On July 19, 2016, the Company cancelled a total of 7,124,000 options previously granted to certain directors, officers, consultants and employees on December 2, 2014 at a price of pre-consolidation of \$0.03. The Company re-issued 712,400 post-consolidation options at price of \$0.30 per common share on August 22, 2016 and kept the original expiry date at December 2, 2019. Also on August 22, 2016, the Company issued 600,000 stock options exercisable at \$0.30 for 5 years to an officer of the Company to satisfy a provision in the officer's management contract.

On September 27, 2016, the Company granted 470,000 stock options exercisable at \$0.30 for 5 years to directors, officers and consultants of the Company.

On September 30, 2016, 103,000 stock options exercisable at \$0.70 and 46,700 stock options exercisable at \$0.30 expired.

### **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, 2016, the Company has to incur \$1,241,173 in qualifying exploration expenditures by December 31, 2017 to meet its flow-through commitment as described in note 10 of the financial statements for the period ended September 30, 2016. 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

In 2011, the Company entered into a 66 month lease for office equipment. As at September 30, 2016, the commitment balance under this lease is \$865.

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.

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 September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Salaries and benefits	\$ 107,612	\$ 34,786	\$ 117,762	\$ 92,286
Share-based payments	261,460	-	261,460	-
	<b>\$ 369,072</b>	<b>\$ 34,786</b>	<b>\$ 379,222</b>	<b>\$ 92,286</b>

For the nine months ended September 2016, the table above includes \$56,162 (2015 - \$29,000) for fees invoiced by a corporation controlled by the CFO of the Company for his services (for which \$16,188 was recorded as issue costs) and \$58,600 (2015 - \$nil) for fees invoiced by a corporation controlled by the CEO of the Company for his services as CEO. Also included these amounts for the three and nine months ended September 30, 2016 are bonuses paid to the CEO and CFO of respectively \$25,000 and \$20,000 following the private placement completed in August 2016. Included in accounts payable and accrued liabilities at September 30, 2016 is \$12,907 (December 2015 - \$1,150) owed to the corporation controlled by the CFO.

b) Private Placement

As part of the private placement completed in August 2016, insiders 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.

## **PROPOSED TRANSACTIONS**

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

## **CHANGES IN ACCOUNTING POLICIES**

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations (“IFRS 5”) was amended in September 2014 to add specific guidance for cases in which an entity reclassifies an asset from “held for sale” to “held for distribution” or vice versa and cases in which “held-for-distribution” accounting is discontinued. The amendments are effective for annual periods beginning on or after January 1, 2016. At January 1, 2016, the Company adopted this amendment and there was no material impact on the Company’s condensed interim consolidated financial statements.

IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”) was amended in September 2014 to clarify whether a servicing contract is continuing involvement in a transferred asset for purposes of determining the disclosures required. IFRS 7 was also amended to clarify that the additional disclosures relating to offsetting are not specifically required for interim periods unless required by IAS 34. The amendments are effective for annual periods beginning on or after January 1, 2016. At January 1, 2016, the Company adopted this amendment and there was no material impact on the Company’s condensed interim consolidated financial statements.

IAS 1 – Presentation of Financial Statements (“IAS 1”) was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. At January 1, 2016, the Company adopted this amendment and there was no material impact on the Company’s condensed interim consolidated financial statements.

## **New Accounting Standards Not Yet Adopted**

The IASB issued the following standards which are relevant but have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its 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.

## FINANCIAL INSTRUMENTS

As at,	September 30, 2016	December 31, 2015
Financial assets:		
Loans and receivables		
Cash and cash equivalents	\$ 2,281,827	\$ 124,168
Amounts receivable	18,893	38,704
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	\$ 54,550	\$ 138,666

As of September 30, 2016 and December 31, 2015, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

### 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, 2016 and December 31, 2015, none of the Company's financial instruments are recorded at fair value on the consolidated statements of financial position.

**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. At the Annual and Special Meeting of Shareholders of the Company held on April 6, 2016, the shareholders of the Company approved that the common shares in the capital of the Company be changed by the consolidation of the issued and outstanding common shares at a ratio of up to twenty (20) to one (1), such ratio to be determined by the board of directors of the Company, in its sole discretion. In July 2016, the Board of directors determined that the consolidation would be effective to the shareholders of record as of August 12, 2016 with a consolidation ratio of ten (10) to one (1). On August 10, 2016, in conjunction with the closing of the first tranche of a significant financing, the Company consolidated its common shares on a one (1) new common share for ten (10) old common shares. The post-consolidation common shares commenced trading on the Canadian Securities Exchange ("CSE") under same name and ticker symbol (MUR) on August 10, 2016, at which time the CUSIP and ISIN numbers of the Company became 626426209 and CA6264262099, respectively.

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 September 30, 2016 and for the year ended December 31, 2015. 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 28, 2016, the following are outstanding:

- |                 |            |
|-----------------|------------|
| • Common Shares | 25,290,095 |
| • Stock Options | 2,308,300  |
| • Warrants      | 7,999,120  |

## **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, 2015 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.*