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**MURCHISON MINERALS LTD.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE MONTHS ENDED MARCH 31, 2020 AND 2019**

(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 March 31,</b>	<b>2020</b>	<b>2019</b>
<b>EXPENSES</b>		
Exploration expenses (Note 9)	\$ 1,277,846	\$ 345,218
Professional fees	17,116	12,084
Management fees and salaries (Note 13)	75,112	70,505
Office and general	17,618	13,575
Regulatory and transfer agent	2,574	11,281
Investor relations	49,372	48,413
Share-based payments (Notes 12 and 13)	-	61,180
<b>Loss before the under noted</b>	<b>1,439,638</b>	<b>562,256</b>
Interest income	(2,518)	(2,628)
Foreign exchange gain	-	(2)
Flow-through shares premium	(330,349)	(41,667)
Unrealized loss (gain) on marketable securities (Note 7)	646	(818)
<b>Loss for the period</b>	<b>\$ 1,107,417</b>	<b>\$ 517,141</b>
<b>Loss per share - basic and diluted</b>	<b>\$ 0.02</b>	<b>\$ 0.01</b>
Weighted average number of common shares outstanding - basic and diluted	64,688,449	44,622,210

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)

	<u>Reserves</u>				Total
	Share Capital	Equity settled share-based payments reserve	Warrants reserve	Deficit	
<b>Balance, December 31, 2018</b>	\$ 28,895,886	\$ 808,011	\$ 458,456	\$ (29,002,753)	\$ 1,159,600
Net loss for the period	-	-	-	(517,141)	(517,141)
Issuance of common shares	65,000	-	-	-	65,000
Issuance of stock options	-	61,180	-	-	61,180
Expiry of stock options	-	(271,127)	-	271,127	-
<b>Balance, March 31, 2019</b>	\$ 29,960,886	\$ 598,064	\$ 458,456	\$ (29,248,767)	\$ 768,639
<b>Balance, December 31, 2019</b>	\$ 29,934,685	\$ 532,660	\$ 212,475	\$ (29,434,152)	\$ 1,245,668
Net loss for the period	-	-	-	(1,107,417)	(1,107,417)
<b>Balance, March 31, 2020</b>	\$ 29,934,685	\$ 532,660	\$ 212,475	\$ (30,541,569)	\$ 138,251

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)

<b>Three Months Ended March 31,</b>	<b>2020</b>	<b>2019</b>
<b>CASH (USED IN) PROVIDED BY:</b>		
<b>OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,107,417)	\$ (517,141)
Share-based payments	-	61,180
Flow-through shares premium	(330,349)	(41,667)
Unrealized loss (gain) on marketable securities	646	(818)
Amortization	3,824	-
Common shares issued for mineral property	-	65,000
	(1,433,296)	(433,446)
Net change in non-cash working capital items:		
Amounts receivable and prepaid expenses	(132,376)	106,801
Accounts payable and accrued liabilities	254,910	41,830
<b>Net cash flows used by operating activities</b>	<b>(1,310,762)</b>	<b>(284,815)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(76,687)	-
<b>Net cash flows used by investing activities</b>	<b>(76,687)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of promissory note	200,000	-
<b>Net cash flows provided by financing activities</b>	<b>200,000</b>	<b>-</b>
<b>NET CHANGE IN CASH</b>	<b>(1,187,449)</b>	<b>(284,815)</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>1,434,347</b>	<b>1,176,697</b>
<b>CASH, END OF THE PERIOD</b>	<b>\$ 246,868</b>	<b>\$891,882</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**

**March 31, 2020 and 2019**

(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 May 26, 2020.

Following the declaration on March 11, 2020 of a global pandemic related to COVID-19 by the World Health Organization, the restrictions imposed by governments around the world have had a significant impact on the global economy and commodity prices. While the extent of the impact is unknown, we anticipate this outbreak will continue to cause investment market volatility, supply chain disruptions, and increased government regulations, all of which may negatively impact the Company's operations and ability to finance its operations. Following these events, the Company has taken and will continue to take action to ensure the safety of its workers and minimize the financial impact.

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 March 31, 2020, the Company has a cumulative deficit of \$30,541,569 (December 31, 2019 - \$29,434,152), 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.

### **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.

**MURCHISON MINERALS LTD.**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Basis of consolidation*

Subsidiaries are entities over which the Company has control, where control is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases.

*Exploration and evaluation properties*

The acquisition costs of exploration and evaluation properties are expensed the condensed interim consolidated statements of loss in the period incurred, as permitted under IFRS 6, Exploration for and Evaluation of Mineral Resources.

The acquisition costs of exploration and evaluation properties include the cash consideration and the estimated fair market value of share-based payments issued for such property interests.

Exploration costs are expensed in the period incurred. Option payments which are solely at the Company's discretion are recorded as acquisition costs as they are made. Administrative expenditures are expensed in the period incurred.

*Property and equipment*

Property and equipment are carried at cost, less accumulated amortization and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

An asset's residual value, useful life and amortization method are reviewed, and adjusted if appropriate, on an annual basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Where an item of property and equipment consists of major components with different useful lives, the components are accounted for as separate items of property and equipment. Expenditures incurred to replace a component of an item of property and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

Amortization is recognized based on the cost of an item of property and equipment, less its estimated residual value, over its estimated useful life at the following rates:

Detail	Rate	Method
Exploration equipment	3 years	Straight-line
Buildings	20 years	Straight-line
Computer equipment	3 years	Straight-line
Office equipment	5 years	Straight -line

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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.

The Company considers its capital to consist of equity, comprising share capital, reserves and deficit which at March 31, 2020 totalled \$138,251 (December 31, 2019 - \$1,245,668). 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 March 31, 2020. 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 March 31, 2020.

***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 March 31, 2020, the Company had a cash balance of \$246,898 (December 31, 2019 - \$1,434,347) to settle accounts payable and accrued liabilities of \$490,679 (December 31, 2019 - \$35,769). 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.

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**4. FINANCIAL RISK FACTORS (Continued)**

*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.

*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 March 31, 2020, 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 balances earning interest at March 31, 2020, a 1% change in interest rates would result in a corresponding interest income change of approximately \$1,000 for the one-year period.

**5. CATEGORIES OF FINANCIAL INSTRUMENTS**

	<b>March 2020</b>	<b>December 2019</b>
<b>Financial assets:</b>		
Amortized cost		
Cash	\$ 246,898	\$ 1,434,347
Amounts receivable	185,882	-
FVPL		
Investment	1,550	2,196
<b>Financial liabilities:</b>		
Amortized cost		
Accounts payable and accrued liabilities	\$ 290,769	\$ 35,769
Promissory note	200,000	-

As of March 31, 2020 and December 31, 2019, the fair value of all the Company's current financial instruments approximates the carrying value, due to their short-term nature.

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

(Unaudited)

### 6. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	<b>March 2020</b>	<b>December 2019</b>
Sales tax receivable	\$ 84,435	\$ 20,478
Other receivable	185,882	-
Prepaid expenses and advances	26,246	143,709
	<b>\$ 296,563</b>	<b>\$ 164,187</b>

### 7. INVESTMENT

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

	<b>Number of shares</b>	<b>March 2020</b>	<b>December 2019</b>
First Mining Gold Corp.	8,612	\$ 1,550	\$ 2,196

The Company holds 8,612 (2019 – 8,612) common shares of First Mining Gold Corp. The unrealized loss of \$646 for the period ended March 31, 2020 (March 31, 2019 – gain of \$818) was recognized on the condensed interim consolidated statement of loss.

### 8. PROPERTY AND EQUIPMENT

	<b>Buildings</b>	<b>Exploration Equipment</b>	<b>Total</b>
<b>Balance December 31, 2018 and March 31, 2019</b>	\$ -	\$ -	\$ -
<b>Balance December 31, 2019</b>	\$ -	\$ 11,056	\$ 11,056
Acquisition	48,866	27,821	76,687
Amortization for the period	(321)	(3,503)	(3,824)
<b>Balance March 31, 2020</b>	<b>\$ 48,545</b>	<b>\$ 35,374</b>	<b>\$ 83,919</b>

### 9. EXPLORATION AND EVALUATION PROPERTIES

#### *Canada*

#### Brabant Lake Property – Saskatchewan

As at March 31, 2020, the Company holds a 100% interest in certain claims forming the Brabant Lake property in Saskatchewan.

#### HPM Property - Quebec

As at March 31, 2020, the Company holds a 100% in 109 claims forming the nickel-copper-cobalt HPM property.

In March 2019, the Company acquired the 50% interest held by then joint venture partner Pure Nickel Inc. in the HPM property (51 claims in March 2019). The Company paid \$50,000 and issued 500,000 common shares of the Company valued at \$65,000 to Pure Nickel Inc.

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

March 31, 2020 and 2019

(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

	Number		Amount
<b>Balance - December 31, 2018</b>	<b>44,209,881</b>	<b>\$</b>	<b>28,895,886</b>
Issuance of common shares <sup>(i)</sup>	500,000		65,000
<b>Balance – March 31, 2019</b>	<b>44,709,881</b>	<b>\$</b>	<b>28,960,886</b>

<sup>(i)</sup> On March 5, 2019, the Company completed the acquisition of the remainder 50% interest in the nickel-copper-cobalt HPM property held by then joint venture partner Pure Nickel Inc. by making a cash payment of \$50,000 and issued 500,000 common shares of the Company valued at \$65,000 to Pure Nickel Inc.

<b>Balance – December 31, 2019 and March 31, 2020</b>	<b>64,688,449</b>	<b>\$</b>	<b>29,934,685</b>
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### 11. WARRANTS AND FINDERS' WARRANTS

The following summarizes the warrants and finders' warrants activity for the three month periods ended March 31, 2020 and 2019:

	Number of Warrants	Grant Date Fair Value	Weighted Average Exercise Price
<b>Balance - December 31, 2018 and March 31, 2019</b>	<b>4,844,970</b>	<b>\$ 458,456</b>	<b>\$ 0.24</b>
<b>Balance – December 31, 2019 and March 31, 2020</b>	<b>16,264,023</b>	<b>\$ 212,475</b>	<b>\$ 0.10</b>

As at March 31, 2020, the Company had warrants and finders' warrants outstanding as follows:

<b>Date of Grant</b>	<b>Number of Warrants</b>	<b>Exercise Price (\$)</b>	<b>Grant Date Fair Value (\$)</b>	<b>Expiry Date</b>	<b>Weighted Average Remaining Contractual Life (years)</b>
December 12, 2019	16,264,023	0.10	212,475	December 12, 2020	0.70
	<b>16,264,023</b>		<b>212,475</b>		<b>0.70</b>

### 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 three month periods ended March 31, 2020 and 2019:

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(Expressed in Canadian Dollars)

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### 12. STOCK OPTIONS (Continued)

	Number of Stock Options	Weighted Average Exercise Price
<b>Balance - December 31, 2018</b>	<b>3,502,800</b>	<b>\$ 0.30</b>
Granted <sup>(i)</sup>	665,000	0.10
Expired	(638,900)	0.56
<b>Balance – March 31, 2019</b>	<b>3,528,900</b>	<b>0.22</b>
<b>Balance – December 31, 2019 and March 31, 2020</b>	<b>5,155,000</b>	<b>0.12</b>

(i) On March 6, 2019, the Company granted 665,000 stock options exercisable at \$0.095 for 5 years to directors, officers and consultants of the Company. The grant date fair value of these options of \$61,180 was estimated using the Black Scholes valuation model with the following weighted average assumptions: risk free interest rate – 1.69%, expected volatility – 186%, expected dividend yield – 0%, expected forfeiture rate of – 0% and expected life – 5 years. The options vested immediately and the \$61,180 fair value was recorded as share-based payment on the condensed interim consolidated statement of loss for the period ended March 31, 2019.

As at March 31, 2020, 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)
September 27, 2016	305,000	0.30	75,945	September 27, 2021	1.49
January 10, 2018	885,000	0.19	151,335	January 10, 2023	2.78
March 6, 2019	665,000	0.095	61,180	March 6, 2024	3.93
December 23, 2019	3,300,000	0.085	244,200	December 23, 2024	4.73
	<b>5,155,000</b>	<b>0.12</b>	<b>532,660</b>		<b>4.10</b>

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

### 13. RELATED PARTY TRANSACTIONS

a) Remuneration of directors and officers was as follows:

Three months ended March 31,	2020	2019
Salaries and benefits	\$ 75,113	\$ 70,505
Share-based payments	-	59,340
	<b>\$ 75,113</b>	<b>\$ 129,845</b>

For the three month period ended March 31, 2020, the salaries and benefits amount above includes \$35,250 (2019 - \$30,500) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$39,863 (2019 - \$40,005) for fees invoiced by the CEO of the Company for his services as CEO. Included in accounts payable and accrued liabilities at March 31, 2020 is \$12,375 (December 31, 2019 - \$nil) owed to the corporation controlled by the CFO and \$12,066 (December 31, 2019 - \$15,013) to the Interim CEO.

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## **Notes to the Condensed Interim Consolidated Financial Statements**

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### **13. RELATED PARTY TRANSACTIONS (Continued)**

#### *b) Promissory Note*

On March 27, 2020, the Company issued a \$200,000 promissory note to Vyco Limited (“Vyco”). The amount owing under this Promissory Note bears interest at an annual rate of 5.0%. In the event that the principal amount is not repaid in full on the date due of June 30, 2020, the interest shall accrue at the rate of 10% per annum from the due date until payment is effected. The Promissory Note is secured by the Company’s following receivables: a deposit of \$185,882 from the Government of Saskatchewan and the HST Input Tax Credit receivable for the period January 1 to March 31, 2020 of \$84,435. Vyco is a corporation controlled by a family trust. Mr. Donald K. Johnson, director of the Company, is a discretionary beneficiary of such trust and President of Vyco.

### **14. COMMITMENTS AND CONTINGENCIES**

#### *Management Contracts*

See note 15, subsequent events.

#### *Promissory Note*

See note 13 b).

#### *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.

### **15. SUBSEQUENT EVENTS**

#### *Management Contracts*

On April 9, 2020, the Company entered into consulting agreements for the services of its CEO and CFO. The agreements are effective April 1, 2020. Under the agreements, additional payments totalling \$400,000 are to be made upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these interim condensed consolidated financial statements. The commitment upon termination of the agreements is \$220,000, in aggregate. The minimum commitment due within one year under the terms of the agreements is \$146,400, in aggregate.

**End of Notes to Financial Statements**

# **MURCHISON MINERALS LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE MONTHS ENDED MARCH 31, 2020**

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 months ended March 31, 2020. 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, 2019, 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 May 26, 2020. The information is presented in Canadian dollars unless stated otherwise.

## **OVERALL PERFORMANCE**

### **Description of Business**

Murchison is a Canadian based exploration company with a focus on its Brabant Lake property (the "Property") which includes the high-grade Brabant-McKenzie VMS zinc-copper-silver deposit (the "Deposit") in north-central Saskatchewan. The Company also owns 100% of the HPM nickel-copper-cobalt project in Quebec. 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, 2019, 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.

Following the declaration on March 11, 2020 of a global pandemic related to COVID-19 by the World Health Organization, the restrictions imposed by governments around the world have had a significant impact on the global economy and commodity prices. While the extent of the impact is unknown, we anticipate this outbreak will continue to cause investment market volatility, supply chain disruptions, and increased government regulations, all of which may negatively impact the Company's operations and ability to finance its operations. Following these events, the Company has taken and will continue to take action to ensure the safety of its workers and minimize the financial impact.

## **OUTLOOK**

In January 2020, the Company initiated a drill program and drilled 11 holes on 5 of the prospective targets. The drill program was completed on March 3, 2020. VMS type sulphide mineralization was intersected on a EM conductor at the Main Lake showing.

The Company acquired new claims at the Property in November, December and February which are mostly contiguous to the existing property holdings, increasing its land position in the Brabant Lake area by 231 km<sup>2</sup> to a total of 565 km<sup>2</sup>. The Company completed a 900-line kilometre helicopter-borne versatile time-domain EM ("EM") VTEM™ Max geophysical survey with the purpose of investigating the mineral potential over its newly acquired claims, a task which was completed in the latter part of March 2020.

This airborne survey identified 35 new conductors on the same geological horizon which hosts the Brabant-McKenzie VMS deposit and 23 additional EM conductors on the eastern portion of the land package. The intention is to undertake a prospecting program using a Beep Mat instrument to locate, map and sample all of these new conductors, most of which are relatively accessible. The maps generated by the airborne survey are found in the Corporate presentation posted on the Company's website [www.murchisonminerals.com](http://www.murchisonminerals.com)

The Company will be required to raise additional funds within the next few months in order to fund its exploration activities going forward.

There are no known legal, political, environmental or other risks that could materially affect the potential development of Company's exploration projects. Management is of the opinion that it will be able to maintain the status of its current exploration obligations and to keep its properties in good standing. Advancing exploration at the mineral properties will require substantially more financial resources. In the past, the Corporation has been able to rely on its ability to raise financing via equity private placements.

Management's main objective is to advance its current projects and maximize their potential via the use of different exploration techniques available. 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 LAKE PROPERTY – SASKATCHEWAN

The Property is owned 100% by Murchison, has no royalties and is strategically located along Highway 102 approximately 175 kilometres northeast of the town of La Ronge and near major infrastructure, including grid power. The Property consists of the Brabant-McKenzie VMS Deposit and multiple known mineralized showings and identified geophysical conductors over approximately 57 kilometre strike length of favourable geological horizon, all of which remain under-explored and mostly untested. The 565 km<sup>2</sup> Property shares geological characteristics, including similar age, with the Flin Flon and Lynn Lake volcanogenic massive sulphide (VMS) mining camps in Manitoba.

#### Drilling

On March 31, 2020, the Company announced that exploration drilling on the Brabant Lake property has intersected high grade copper-zinc mineralization at the Main Lake target located approximately 10 km southwest of the Deposit. The Main Lake target is on the same geological horizon as the Brabant-McKenzie VMS Deposit.

The copper-zinc mineralization intercepted in drill hole ML-20-004 consisted of a copper rich upper zone and a zinc rich lower zone. The upper zone was intersected over an interval of 3.59 metres with 0.83% Cu, 0.61% Zn and 11.8 g/t Ag. The lower zone intersected 6.62 metres of 0.09% Cu, 1.62% Zn and 41 g/t Ag over the entire interval, including 1.02 metres at 5.08% Zn and 0.22 metre at 9.77% Zn. There are several high silver intercepts in this zone as well, the highest of which was 81.2 g/t Ag over 0.82 metre (169.80-170.62 metres).

Drill Hole ID	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
ML-20-004 Upper	139.65	143.24	3.59	0.83	0.61	11.80	0.025
ML-20-004 Lower	169.80	176.42	6.62	0.09	1.62	41.10	0.056
<i>including</i>	169.80	170.62	0.82	0.02	0.65	81.20	0.094
<i>including</i>	170.62	171.64	1.02	0.15	5.08	26.90	0.081
<i>including</i>	176.20	176.42	0.22	0.03	9.77	56.50	0.050
<i>Intercepts are reported as drill widths. True thickness is currently unknown.</i>							

The winter 2020 drill program was originally designed to test 12 high priority drill targets but due to an unseasonably warm winter and inadequate ice conditions, the decision was made to forego drilling any targets requiring ice road access. Of the 12 targets originally planned to be tested, only 5 were ultimately tested with 11 drill holes totalling 2,618 metres. Two holes were drilled at Brabant McKenzie South and significant zinc mineralization was noted in drill hole BMS-20-002 (1.49% Zn over 1.43 metres). The TOM2 and T2T targets were each tested by 1 drill hole which did not intersect any economically significant mineralization. Graphite and pyrrhotite were present in both TOM2 and T2T but do not adequately explain the strong geophysical signature and both areas require further work. The Main Lake West target was tested by 3 drill holes with copper mineralization noted in drill holes MLW-20-001, MLW-20-002 and MLW-20-003 (0.23% Cu over 6.0 metres, 0.08% Cu over 5.53 metres and 0.26% Cu over 2.03 metres, respectively). Drill results at Main Lake West are encouraging and will require future investigation.

Drill Hole ID	From (m)	To (m)	Length (m)	Cu (%)	Zn (%)	Ag (g/t)	Au (g/t)
BMS-20-002	72.62	73.04	0.42	0.06	1.49	8.37	0.032
ML-20-001	135.43	142.79	7.36	0.06	0.03	2.31	0.018
MLW-20-001	60.98	70.48	9.50	0.23	0.01	0.22	0.038
MLW-20-002	71.37	76.90	5.53	0.08	0.01	0.17	n/a
MLW-20-003	18.84	20.87	2.03	0.26	0.01	1.86	n/a

*Intercepts are reported as drill widths. True thickness is currently unknown.*

Please refer to the Company's press release dated March 31, 2020 for full results on the winter 2020 drill program at the Property.

### Geophysics

Murchison's winter 2020 program included fixed loop surface TDEM geophysical survey focused on the Brabant South area, which contains a complex package of conductors defined by the 2011 VTEM (Versatile Time Domain Electromagnetic) Plus survey. The survey results defined five high conductance targets that are high priority and ready for the Company next drill program.

On April 6, 2020, the Company announced that it had completed a 949-line kilometre EM VTEM-Max airborne survey covering approximately 3,353 hectares at the Property. The main goal of the survey was to identify additional new targets on the south-west extension of the geological horizon which hosts the Deposit. A total of 58 new conductors were identified of which, 35 are located on the Deposit horizon.

The 35 new EM conductors to the south-west of the Brabant-McKenzie VMS Deposit and the recent Main Lake drill discovery. An additional 23 EM conductors have also been defined on the M-Block group of claims located on the eastern side of the Property.

According to Murchison's President and CEO, Mr. Jean-Charles Potvin, the discovery of so many new EM conductors at the Property paired with the new discovery at Main Lake is very exciting and we feel we are seeing just the tip of the iceberg.

The VTEM survey was completed using a 400 metre line spacing and included a number of in-fill lines at 200 metre spacing over the six historical mineral showings located on the MAS claims acquired in February 2020. Three of these six showings have EM conductors located in close proximity from one another.

### Property Holdings

During the first quarter, the Company increase its land position at the property by 135.47 km<sup>2</sup> to 565.6 km<sup>2</sup>.

In February, the Company acquired 11 mineral claims (123.91 km<sup>2</sup>) located southwest and contiguous to the Property. These claims were acquired from MAS Gold Corp. ("MAS") in exchange for a 1% NSR royalty.

The new claims which host 6 mineral showings, cover the same prospective geological unit that hosts the Deposit. The area covered by these claims has seen limited historic exploration and represents a promising exploration opportunity to employ modern geophysical and other exploration techniques.

As part of the agreement with MAS, Murchison posted a \$185,867 bond with the Government of Saskatchewan to cover the assessment work required to keep the claims in good standing past May 6, 2020. Exploration expenditures made by Murchison have been allocated to these claims and the Company expects to receive its bond by the end of June 2020.

Also in February, the Company acquired, by map designation, an additional 11.56 km<sup>2</sup> of claims contiguous to the Property. The new claims covered prospective geological units that hosts 14 conductors identified from a 1968 government sponsored airborne EM survey.

### Mineral Resource Estimate

In September 2018, the Company provided the results of a new mineral resource estimate (the “2018 Mineral Resource Estimate”). The 2018 Mineral Resource Estimate included the addition of 19 diamond drill holes totaling 9,004 metres which were completed during the 2018 winter drilling program as well as a comprehensive re-interpretation of the geology of the Deposit using current and historical drilling data and reports. Please refer to the press release dated September 13, 2018 for full details.

The 2018 Mineral Resource Estimate has been prepared by independent qualified person (“QP”) Finley Bakker, P.Geo., and was calculated using Minesight/Hexagon 3D modeling software to define the mineralized limits of the Deposit.

The 2018 Mineral Resource Estimate for the Deposit is as follows:

Category	Tonnes	Zn%	Cu%	Pb%	Ag (g/t)	Zn Eq%
Indicated	2,100,000	7.08	0.69	0.49	39.6	9.98
Inferred	7,600,000	4.45	0.57	0.19	18.4	6.29

The 2018 Mineral Resource Estimate for the Deposit was determined on the basis of:

- Drilling results to March 24, 2018 and including historical diamond drilling used in the previous NI-43-101 resource estimate completed in 2008 and 2018;
- 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 \$1.20;
- An NSR cut-off of \$90/tonne or 3.5% zinc equivalent (“Zn Eq”) based on above metal prices;
- Average metallurgical and payable recovery of 75% for all metals;
- Indicated Resource was calculated using a two-hole minimum and a maximum distance of 60 metres from a diamond drill hole;
- Inferred Resource was calculated using a no-hole minimum and a maximum distance of 200 metres from a diamond drill hole;
- As much as possible, a 2 metre intercept minimum was used but not strictly adhere to;
- The resources were also manually reviewed and adjusted to take into consideration drill intercepts from previous operators in the areas of drilling carried out by the Company, and;
- 138 drill holes were used in the calculation and were used to model 2 mineral lenses.

During the first quarter ended March 31, 2020, the Company incurred \$1,272,177 (Q1/19 - \$228,361) at the Property. For Q1/20, drilling expenses accounted for \$911,641, geophysics for \$349,963 and \$10,573 in geology and claim acquisitions.

### **HPM PROPERTY - QUEBEC**

During the first quarter of 2019, the Company announced that it had increased its interest in the HPM property to 100%.

In March 2020, the Company announced the acquisition, by map designation, of an additional 31 km<sup>2</sup> of mineral claims at HPM, effectively consolidating a 100% interest over 58.3 km<sup>2</sup> land position in the area.

This expanded property holding covers the prospective geological unit that hosts significant nickel/copper/cobalt mineralization identified by a total of 32 diamond drill holes (6,479 metres) completed in 2001/2002 and 2008.

To date, only a small portion of the HPM property has been evaluated. Previous exploration has been primarily focused on two areas of Ni-Cu-Co mineralization (PYC & Barre de Fer) which were originally discovered by Falconbridge Nickel. Past diamond drilling at PYC (1 hole) and Barre de Fer (25 holes) has confirmed the Ni-Cu-Co mineralization continues at depth. Generally, mineralization occurs as massive sulfide breccia and as disseminated (5-15% sulfides) to net-textured sulfide in norite intrusion (Barre de Fer area) and in granulitic gabbro (PYC area).

The nickel, copper and cobalt mineralization at the Barre de Fer has been traced by diamond drilling for approximately 300 metres along strike and to a depth of about 280 metres. The mineralization remains open at depth and along strike. The wide interval of disseminated sulfide may have substantial tonnage potential and warrant assessment for high volume, low cost open pit mining potential.

Past diamond drilling at Barre de Fer has substantiated the presence of multiple zones of brittle fracture hosted Ni-Cu-Co bearing massive sulphide breccia vein-type mineralization that coincides with an airborne EM conductor. The best result occurs in hole #HPM 08-03 where a 43.2 metre intersection returned 1.74% Ni, 0.90% Cu and 0.1% Co. Five hundred metres of the 800 metre long conductor, remain untested.

Past prospecting on the PYC claim group identified a mineralized zone over a strike length of 1,200 metres which returned grab samples containing up to 0.76% Ni, 0.93% Cu and 1,415 ppm Co. Notably, only one drill hole, #151-03 was ever completed on the PYC structure and intersected 15.3 metres of 0.28% Ni, 0.14% Cu and 0.06% Co within a broad interval of disseminated Ni-Cu-Co mineralization hosted by granulitic gabbro. The single diamond drill hole has not adequately tested the zone's potential to host massive Ni-Cu deposits. Additional drilling is warranted.

Ground prospecting undertaken in 2009 in the vicinity of the Barre de Fer prospect led to the discovery of several new Ni-Cu-Co showings (including the Syrah, Muscat and Pinot). At the Syrah showing, breccia-vein style, semi-massive to massive sulphide (pyrrhotite +/- chalcopyrite) mineralization has been observed over a 65 metre by 15 metre area within the Gabbro Est Intrusive. Grab samples have returned values up to 0.50% Ni, 0.43% CU and 1,137 ppm Co.

During the first quarter ended March 31, 2020, the Company incurred \$5,669 (Q1/19 - \$116,857) at the Property. For 2020, expenses related to addition claims map staked. In 2019, the expenses related to the acquisition of Pure Nickel 50% interest in HPM.

### Qualifying Statements

The foregoing scientific and technical disclosures for the Property have been reviewed by Martin St-Pierre, P. Geoph., qualified person as defined by National Instrument 43-101. Mr. St-Pierre is an independent consultant to Murchison and the Brabant-McKenzie project. Disclosures for the HPM project have been reviewed by François Bissonnette, P. Geo.

### 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. 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 three months ended March 31, 2020, the Company incurred a loss of \$1,107,417 (Q1/19 - \$517,141). The increase of \$590,276 is mainly related to the following factors: **1.** higher exploration expenses of \$932,628 (Q1/20 - \$1,277,846 vs Q1/19 - \$345,218) as the Company completed 2,618 metres of drilling in Q1/20 compared to no drilling in Q1/19 at the Brabant Lake project. Also in Q1/20, the Company completed a geophysical airborne VTEM survey as well as ground geophysics at Brabant Lake. In Q1/19, the Company carried an extensive airborne geophysical survey and acquired numerous additional claims at the Brabant Lake and increased its interest in the HPM property to 100%, offset by; **2.** lower non-cash share-based payments of \$61,180 (Q1/20 - \$nil vs Q1/19 - \$61,180) as the Company granted stock options in Q1/19 but none in Q1/20 and ; **3.** higher non-cash flow-through shares related income of \$288,682 (Q1/20 - \$330,349 vs Q1/19 - \$41,667) as the Company recognized the income based on the higher level of exploration activities funded with flow-through dollars in Q1/20.

For the quarter ended March 31, 2020, exploration expenses totaled \$1,277,846 (Q1/19 - \$345,218) with \$1,272,177 (Q1/19 - \$228,361) related to drilling and geophysical surveys at the Brabant Lake and \$5,669 (Q1/19 - \$116,857) related to the acquisition of claims via map staking at the HPM project.

## SUMMARY OF QUARTERLY RESULTS

	First Quarter 2020	Fourth Quarter 2019	Third Quarter 2019	Second Quarter 2019
	\$	\$	\$	\$
Total Assets	628,930	1,611,786	563,941	944,323
Current Assets	543,461	1,598,534	549,590	928,212
Non-current Assets	85,469	13,252	14,351	16,111
Total Liabilities	490,679	366,118	95,674	116,988
Interest Income	2,518	1,370	1,761	1,973
Loss	1,107,417	387,681	243,306	322,458
Loss Per Share <sup>(1)</sup>	0.02	0.01	0.00	0.01

	First Quarter 2019	Third Quarter 2018	Third Quarter 2018	Second Quarter 2018
	\$	\$	\$	\$
Total Assets	948,668	1,830,107	1,830,107	2,023,442
Current Assets	945,740	1,827,179	1,827,179	2,019,567
Non-current Assets	2,928	2,928	2,928	3,875
Total Liabilities	180,029	247,462	247,462	283,988
Interest Income	2,628	5,475	5,475	5,335
Loss	517,141	156,809	156,809	286,004
Loss Per Share <sup>(1)</sup>	0.01	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 Q1/2020, the loss includes exploration expenses of \$1,277,846 related to drilling and geophysical surveys at the Brabant Lake project. In Q4/2019, the loss includes a \$244,200 non-cash share-based payment expense related to stock option granted in December 2019. In Q3-Q2/2019, the Company completed its summer field exploration program at the Brabant Lake project and in Q2-2019, the Company completed a \$408,600 non-brokered flow-through private placement. In Q1-2019, the Company completed an extensive airborne geophysical survey at the Brabant Lake property and on the newly acquired claims. It also acquired joint venture partner Pure Nickel's 50% interest in the HPM project in Québec at a cost of \$115,000. In Q4-2018, the Company made a \$225,000 termination payment in December 2018 to end the contract with the former President and CEO of the Company.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2020, the Company had a promissory note payable of \$200,000, cash of \$246,898 and working capital of \$52,782 (December 31, 2019 – \$1,434,347 and \$1,562,765, 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 March 31, 2020, the Company had amounts receivable and prepaid expenses totaling \$296,563 which included sales tax receivable of \$84,435, prepaid expenses of \$26,246 and a \$185,882 deposit receivable from the Government of Saskatchewan for deficiency deposits made in relation to the MAS Gold claims acquired during the quarter.

On March 27, 2020, the Company issued a \$200,000 promissory note in favour of Vyco Limited ("Vyco"). The amount owing under this Promissory Note bears interest at an annual rate of 5.0%. In the event that the principal amount is not repaid in full on the date due of June 30, 2020, the interest shall accrue at the rate of 10% per annum from the due date until payment is effected. The Promissory Note is secured by the Company's following receivables: the deposit of \$185,882 from the Government of Saskatchewan and the HST Input Tax Credit receivable for the period January 1 to March 31, 2020 of \$84,435. Vyco is a corporation controlled by a family trust. Mr. Donald K. Johnson, director of the Company, is a discretionary beneficiary of such trust and President of Vyco.

The March 31, 2020, consolidated financial statements were prepared in accordance with accounting principles applicable 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

On April 9, 2020, the Company entered into consulting agreements for the services of its CEO and CFO. The agreements are effective April 1, 2020. Under the agreements, additional payments totalling \$400,000 are to be made upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these interim condensed consolidated financial statements. The commitment upon termination of the agreements is \$220,000, in aggregate. The minimum commitment due within one year under the terms of the agreements is \$146,400, in aggregate.

The Company has issued a promissory note of \$200,000 to Vyco as described above.

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 March 31,	2020	2019
Salaries and benefits	\$ 75,113	\$ 70,505
Share-based payments	-	59,340
	<b>\$ 75,113</b>	<b>\$ 129,845</b>

For the three month period ended March 31, 2020, the salaries and benefits amount above includes \$35,250 (2019 - \$30,500) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$39,863 (2019 - \$40,005) for fees invoiced by the CEO of the Company for his services as CEO. Included in accounts payable and accrued liabilities at March 31, 2020 is \$12,375 (December 31, 2019 - \$nil) owed to the corporation controlled by the CFO and \$12,066 (December 31, 2019 - \$15,013) to the CEO.

b) Promissory Note

The Company issued a promissory note of \$200,000 to Vyco as described above. Vyco is a corporation controlled by a family trust. Mr. Donald K. Johnson, director of the Company, is a discretionary beneficiary of such trust and President of Vyco.

### PROPOSED TRANSACTIONS

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

## FINANCIAL INSTRUMENTS

Three months ended March 31,	2020	2019
Financial assets:		
Amortized cost		
Cash and cash equivalents	\$ 246,898	\$ 1,434,347
Amounts receivable	185,882	-
FVPL		
Investments	1,550	2,196
Financial liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	\$ 35,769	\$ 138,199
Promissory note	\$ 200,000	-

As of March 31, 2020 and December 31, 2019, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature, except as for the investment which is presented at fair value.

As at March 31, 2020, the Company's Investment on the consolidated statements of financial position was recorded at level 1 with a fair value of \$1,550 (December 31, 2019 - \$2,196).

### 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.
- **Income and other taxes**  
Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities

that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

- **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 quarter ended March 31, 2020 and the year ended December 31, 2019. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

## **ADDITIONAL INFORMATION**

### **Outstanding Shareholders' Equity Data**

As of May 26, 2020, the following are outstanding:

- |                 |            |
|-----------------|------------|
| • Common Shares | 64,688,449 |
| • Stock Options | 5,155,000  |
| • Warrants      | 16,264,023 |

### **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 the December 31, 2019 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.*