MURCHISON MINERALS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

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

MURCHISON MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
(Unaudited)
As at

		March 31, 2021		December 31, 2020
ASSETS				
Current Assets				
Cash	$	1,276,304	$	2,062,411
Amounts receivable and prepaid expenses (Note 6)		403,903		90,923
Total current assets		1,680,207		2,153,334
Investment (Note 7)		3,057		3,402
Property and equipment (Note 8)		67,467		71,580
Total assets	**$**	**1,750,731**	**$**	**2,228,316**
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	$	177,661	$	100,439
Flow-through share premium liability		81,021		130,459
Total liabilities		258,682		230,898
EQUITY				
Share capital (Note 10)		32,949,283		32,305,495
Reserves (Notes 11 and 12)		1,138,408		1,019,705
Deficit		(32,595,642)		(31,327,782)
Total equity		1,492,049		1,997,418
Total equity and liabilities	**$**	**1,750,731**	**$**	**2,228,316**

Nature and Continuance of Operations (Note 1)
Commitments and Contingencies (Note 14)

Approved on Behalf of the Board:

"signed"
Jean-Charles Potvin
Director

"signed"
Denis Arsenault
Director

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

MURCHISON MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

Three Months Ended March 31,	2021	2020
EXPENSES		
Exploration expenses (Note 9)	$ 1,153,908	$ 1,277,846
Professional fees	8,219	17,116
Management fees and salaries (Note 13)	90,781	75,112
Office and general	14,230	17,618
Regulatory and transfer agent	12,726	2,574
Investor relations	34,379	49,372
Share-based payments (Notes 12 and 13)	4,346	-
Loss before the under noted	**1,318,589**	**1,439,638**
Interest income	(1,636)	(2,518)
Flow-through shares premium	(49,438)	(330,349)
Unrealized loss on marketable securities (Note 7)	345	646
Loss for the period	**$ 1,267,860**	**$ 1,107,417**
Loss per share - basic and diluted	**$ 0.01**	**$ 0.02**
Weighted average number of common shares outstanding - basic and diluted	101,825,066	64,688,449

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)

		Reserves			
	Share Capital	**Equity settled share-based payments reserve**	**Warrants reserve**	**Deficit**	**Total**
Balance, December 31, 2019	**$ 29,934,685**	**$ 532,660**	**$ 212,475**	**$ (29,434,152)**	**$ 1,245,668**
Net loss for the period	-	-	-	(1,107,417)	(1,107,417)
Balance, March 31, 2020	**$ 29,934,685**	**$ 532,660**	**$ 212,475**	**$ (30,541,569)**	**$ 138,251**
Balance, December 31, 2020	**$ 32,305,495**	**$ 833,830**	**$ 185,875**	**$ (31,327,782)**	**$ 1,997,418**
Net loss for the period	-	-	-	(1,267,860)	(1,267,860)
Issuance of common shares (net of issue costs)	643,788	-	-	-	643,788
Issuance of stock options / share-based compensation	-	4,346	-	-	4,346
Issuance of warrants	-	-	114,357	-	114,357
Balance, March 31, 2021	**$ 32,949,283**	**$ 838,176**	**$ 300,232**	**$ (32,595,642)**	**$ 1,492,049**

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 March 31,	**2021**	**2020**
CASH (USED IN) PROVIDED BY:		
OPERATING ACTIVITIES		
Loss for the period	$ (1,267,860)	$ (1,107,417)
Share-based payments	4,346	-
Flow-through shares premium	(49,438)	(330,349)
Unrealized loss on marketable securities	345	646
Amortization	4,113	3,824
	(1,308,494)	(1,433,296)
Net change in non-cash working capital items:		
Amounts receivable and prepaid expenses	(312,980)	(132,376)
Accounts payable and accrued liabilities	77,222	254,910
Net cash flows used by operating activities	(1,544,252)	(1,310,762)
INVESTING ACTIVITIES		
Acquisition of property and equipment	-	(76,687)
Net cash flows used by investing activities	-	(76,687)
FINANCING ACTIVITIES		
Issuance of common shares	800,000	-
Issue costs	(41,855)	-
Issuance of promissory note	-	200,000
Net cash flows provided by financing activities	758,145	200,000
NET CHANGE IN CASH	**(786,107)**	**(1,187,449)**
CASH, BEGINNING OF THE PERIOD	**2,062,411**	**1,434,347**
CASH, END OF THE PERIOD	**$ 1,276,304**	**$ 246,898**

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

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 5063 North Service Road, Suite 100, Burlington, Ontario, Canada, L7L 5H6.

The condensed interim consolidated financial statements were approved by the Board of Directors on April 26, 2021.

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, 2021, the Company has a cumulative deficit of $32,595,642 (December 31, 2020 - $31,327,782), continuing losses and is not yet generating positive cash flows from operations. However, management believes that its current working capital position is sufficient to support planned operations for the next twelve months.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 2021 totalled $1,492,049 (December 31, 2020 - $1,997,418). 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, 2021. 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, 2021.

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, 2021, the Company had a cash balance of $1,276,304 (December 31, 2020 - $2,062,411) to settle accounts payable and accrued liabilities of $177,661 (December 31, 2020 - $100,439). 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.

(Expressed in Canadian Dollars)

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, 2021, 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, 2021, a 1% change in interest rates would result in a corresponding interest income change of approximately $12,000 for the one-year period.

5. CATEGORIES OF FINANCIAL INSTRUMENTS

	March 2021	December 2020
Financial assets:		
Amortized cost		
Cash	$ 1,276,304	$ 2,062,411
Amounts receivable	30,068	-
FVPL		
Investment	3,057	3,402
Financial liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	$ 177,661	$ 100,439

As of March 31, 2021 and December 31, 2020, the fair value of all the Company's current financial instruments approximates the carrying value, due to their short-term nature.

(Expressed in Canadian Dollars)

6. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

		March 2021		December 2020
Sales tax receivable	$	80,099	$	81,703
Other receivable		30,068		-
Prepaid expenses and advances		293,736		9,220
	$	403,903	$	90,923

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:

	Number of shares		March 2021		December 2020
First Mining Gold Corp.	8,612	$	3,057	$	3,402

The Company holds 8,612 (2020 – 8,612) common shares of First Mining Gold Corp. The unrealized loss of $345 for the period ended March 31, 2021 (March 31, 2020 – $646) was recognized on the condensed interim consolidated statement of loss.

8. PROPERTY AND EQUIPMENT

		Buildings		Exploration equipment		Total
Period ended March 31, 2020						
Opening net book amount	$	-	$	11,056	$	11,056
Acquisition		48,866		27,821		**76,687**
Amortization for the period		(321)		(3,503)		**(3,824)**
Closing net book amount	**$**	**48,545**	**$**	**35,374**	**$**	**83,919**
At March 31, 2020						
Cost	$	48,866	$	42,037	**$**	**90,903**
Accumulated amortization		(321)		(6,663)		**(6,984)**
Net book amount	**$**	**48,545**	**$**	**35,374**	**$**	**83,919**
Period ended March 31, 2021						
Opening net book amount	**$**	**46,715**	**$**	**24,865**	**$**	**71,580**
Additions		-		-		**-**
Amortization for the period		(610)		(3,503)		**(4,113)**
Closing net book amount	**$**	**46,105**	**$**	**21,362**	**$**	**67,467**
At March 31, 2021						
Cost	$	48,866	$	42,037	**$**	**90,903**
Accumulated amortization		(2,761)		(20,675)		**(23,436)**
Net book amount	**$**	**46,105**	**$**	**21,362**	**$**	**67,467**

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION PROPERTIES

Brabant Lake Property – Saskatchewan

As at March 31, 2021, the Company holds a 100% interest in certain claims forming the Brabant Lake property in Saskatchewan.

HPM Property - Quebec

As at March 31, 2021, the Company holds a 100% interest in certain claims forming the HPM property in Quebec.

The following table sets out the exploration expenses for the three months ended March 31, 2021 and 2020.

		March 31, 2021		March 31, 2020
Brabant Lake				
Amortization	$	4,113	$	3,824
Drilling		1,064,745		911,641
General Administrative		2,084		-
Geology		38,517		6,055
Geophysics		32,400		349,963
Mineral Property and Staking		300		694
Total Brabant Lake	**$**	**1,142,159**	**$**	**1,272,177**
HPM				
Geology		1,240		-
Geophysics		10,509		700
Mineral Property and Staking		-		4,969
Total HPM	**$**	**11,749**	**$**	**5,669**
Total exploration expenses	**$**	**1,153,908**	**$**	**1,277,846**

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
Balance – December 31, 2019 and March 31, 2020	**64,688,449**	**$**	**29,934,685**
Balance - December 31, 2020	**98,936,177**	**$**	**32,305,495**
Issuance of common shares (i)	10,000,000		800,000
Issue costs	-		(41,855)
Warrants	-		(114,357)
Balance – March 31, 2021	**108,936,177**	**$**	**32,949,283**

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

(i) On March 5, 2021, Murchison completed a non-brokered private placement and issued 10,000,000 common share units at a price of $0.08 per unit for gross proceeds of $800,000. Each unit consisted of one common share of the Company and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share until September 5, 2022 at an exercise price of $0.12 per common share. All securities issued pursuant to the private placement are subject to a four month hold period from the date of issue.

The fair value of the warrants was estimated at $120,670 using the Black-Scholes option model pricing with the following assumptions: expected dividend yield of 0%, expected volatility of 109%, risk-free interest rate of 0.29%, expected life of 1.5 year and share price of $0.07. Issue costs of $6,313 were allocated to the warrants.

Finder's fees totaling $18,000 were paid under the private placement. Insiders of the Company acquired an aggregate of 4,150,000 units in the private placement for a total of $332,000.

11. WARRANTS AND FINDERS' WARRANTS

The following summarizes the warrants and finders' warrants activity for the three-month periods ended March 31, 2020 and 2021:

	Number of Warrants		Grant Date Fair Value		Weighted Average Exercise Price
Balance – December 31, 2019 and March 31, 2020	**16,264,023**	**$**	**212,475**	**$**	**0.10**
Balance - December 31, 2020	**9,723,833**	**$**	**185,875**	**$**	**0.12**
Issued	5,000,000		114,357		0.12
Balance – March 31, 2021	**14,723,833**	**$**	**300,232**	**$**	**0.12**

As at March 31, 2021, the Company had warrants and finders' warrants outstanding as follows:

Date of Grant	Number of Warrants	Exercise Price ($)	Grant Date Fair Value ($)	Expiry Date	Remaining Contractual Life (years)
July 23, 2020	8,552,100	0.12	161,012	January 23, 2022	0.82
August 13, 2020	637,500	0.12	12,008	February 13, 2022	0.88
December 30, 2020	534,233	0.12	12,855	December 31, 2021	0.76
March 5, 2021	5,000,000	0.12	114,357	September 5, 2022	1.44
	14,723,833		**300,232**		**1.30**

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 2021:

(Expressed in Canadian Dollars)

12. STOCK OPTIONS (Continued)

	Number of Stock Options	Weighted Average Exercise Price
Balance – December 31, 2019 and March 31, 2020	**5,155,000**	**0.12**
Balance - December 31, 2020 and March 31, 2021	**9,255,000**	**$ 0.11**

As at March 31, 2021, the Company had incentive stock options issued to directors, officers, employees and key consultants of the Company outstanding as follows:

Date of Grant	Options Outstanding[(1)]	Exercise Price ($)	Grant Date Fair Value ($)	Expiry Date	Weighted Average Remaining Contractual Life (years)
September 27, 2016	305,000	0.30	75,945	September 27, 2021	0.49
January 10, 2018	885,000	0.19	151,335	January 10, 2023	1.78
March 6, 2019	665,000	0.095	61,180	March 6, 2024	2.93
December 23, 2019	3,300,000	0.085	244,200	December 23, 2024	3.73
July 20, 2020	400,000	0.10	23,200	July 20, 2025	4.31
December 31, 2020	3,700,000	0.095	284,900	December 31, 2025	4.75
	9,255,000	**0.11**	**840,760**		**3.82**

[(1)] All options are exercisable, except for 200,000 granted on July 20, 2020 (100,000 vest on each of April 20, 2021 and July 20, 2021).

13. RELATED PARTY TRANSACTIONS

a) Remuneration of directors and officers was as follows:

Three months ended March 31,	**2021**	**2020**
Salaries and benefits	$ 90,781	$ 75,113
Share-based payments	-	-
	$ 90,781	**$ 75,113**

For the three-month period ended March 31, 2021, the salaries and benefits amount above includes $48,281 (2020 - $35,250) for fees invoiced by a corporation controlled by the CFO of the Company for his services and $42,500 (2020 - $39,863) for fees invoiced by the CEO of the Company for his services as CEO. Included in accounts payable and accrued liabilities at March 31, 2021 is $nil (December 31, 2020 - $19,250) owed to the corporation controlled by the CFO and $nil (December 31, 2020 - $12,335) to the CEO.

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 bore interest at an annual rate of 5.0% and, in the event that the principal amount was not repaid in full by the due date of June 30, 2020, the interest accrued at the rate of 10% per annum from the due date until payment was effected. 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 promissory note was repaid on September 9, 2020 along with interest of $6,493.

13. RELATED PARTY TRANSACTIONS (Continued)

c) Private Placement
As part of the private placement completed on March 5, 2021, a director and officers of the Company subscribed for 4,150,000 units pursuant to this private placement for aggregate gross proceeds of $332,000.

14. COMMITMENTS AND CONTINGENCIES

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 totaling $400,000 are 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 unaudited condensed interim 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.

Flow-Through Obligation
As at March 31, 2021, the Company has to incur $918,915 in qualifying exploration expenditures by December 31, 2021 to meet its flow-through commitments. At this time, management anticipates meeting that obligation and as a result, no additional provisions are required.

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

COVID-19
The Company's operations could be significantly adversely affected by the effects of the global spread of the contagious coronavirus causing the outbreak of COVID-19 respiratory disease, which was declared a pandemic by the World Health Organization in March 2020. The Company has followed the instructions and advice of Federal and Provincial health authorities, as well as industry-wide best practice guidelines, and has limited travel and field activities to help control the spread of COVID-19 and protect local communities. The Company cannot accurately predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to the duration of the pandemic, the ultimate severity of the disease, the duration of travel and quarantine restrictions imposed by governmental authorities, and the impact on schedules and timelines for planned operations or exploration programs. In addition, this widespread health crisis and related business lockdowns have adversely affected the economies and financial markets of many countries, resulting in an economic downturn that could affect the Company's operations and ability to finance its planned operations.

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.

End of Notes to Financial Statements

MURCHISON MINERALS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

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, 2021. 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, 2020, which have been prepared in accordance with IFRS and available on the Company's website (www.murchisonminerals.com). This MD&A covers the most recently completed financial quarter and the subsequent period up to April 26, 2021. 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, 2020, 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.

The Company's operations could be significantly adversely affected by the effects of the global spread of the contagious coronavirus causing the outbreak of COVID-19 respiratory disease, which was declared a pandemic by the World Health Organization in March 2020. The Company has followed the instructions and advice of Federal and Provincial health authorities, as well as industry-wide best practice guidelines, and has limited travel and field activities to help control the spread of COVID-19 and protect local communities. The Company cannot accurately predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to the duration of the pandemic, the ultimate severity of the disease, the duration of travel and quarantine restrictions imposed by governmental authorities, and the impact on schedules and timelines for planned operations or exploration programs. In addition, this widespread health crisis and related business lockdowns have adversely affected the economies and financial markets of many countries, resulting in an economic downturn that could affect the Company's operations and ability to finance its planned operations.

OUTLOOK

On March 5, 2021, the Company completed a $800,000 private placement. Combined with the flow-through private placement during 2020, Murchison is well funded to complete its planned 2021 exploration activities and meet its administrative obligations for 2021 and beyond.

The 2021 drill program included 4 holes on the Brabant McKenzie deposit along the outside perimeter of the known mineralization. A fifth hole**, BM21-004,** confirmed the continuity of the high-grade mineralization within the deposit with **15.35 metres of continuous sulphide mineralization at 13.16% Zn Eq** at the peripheral edge of Indicated Mineral Resources. The intersection consisted of 9.07% Zn, 0.81% Cu, 0.26% Pb, 0.11 g/t Au and 35.11 g/t Ag from 341.20 to 356.55 metres. Samples have been sent for metallurgical testing. Two holes were completed on the recently acquired Betty zone both of which intersected narrow VMS mineralization grading up to 9.22% Zn Eq over 0.92 metre (4.40% Zn, 1.33% Cu, 12.95 g/t Ag from 280.73 to 281.65 metres). Given these positive signs, a downhole EM survey was completed identifying a large off hole Maxwell Plate conductor extending over a strike length of 700 m X 200m wide. The Company is currently applying for drilling permits to test the potential of the Betty target in September when a drill will become available.

Three holes were completed at the Main Lake target and one hole was drilled at the Pete's Point South target and two holes at the McIvor target. Assays are currently pending.

At the date of this MD&A, Geotech Ltd. had almost completed the VTEM airborne survey at the HPM project in Quebec. The data generated will be integrated with a remote sensing study of the property in preparation for detailed field prospecting this coming summer.

The Company is also in advanced negotiation to acquire a 100% interest in certain claims with drill ready targets, located near a mining camp area in Québec targeting new zinc-silver-gold deposits. These properties were identified based on a new interpretation from detailed compilation and recent regional geophysical data processing.

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 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 627 km^2 Property shares geological characteristics, including similar age, with the Flin Flon and Lynn Lake volcanogenic massive sulphide (VMS) mining camps in Manitoba.

Drilling

In January 2021, the Company initiated a drilling program targeting various targets identified during previous geophysical surveys and field exploration programs where a total of 3,925 metres (14 holes) were drilled. 1,938 metres (6 holes) were in drilled in the Brabant-McKenzie Deposit area, 771 metres (2 holes) in the Zn-Cu Betty Showing, 925 metres (3 holes) in the Main Lake target and 351 metres (3 holes) in three high-priority regional drill targets. The drill program was completed in the last week of March 2021.

On March 22, 2021, the Company announced the assay results for the first three drills holes which were designed to test the northern extents of the Deposit (holes BM21-002 and BM21-003), and BM21-004 was designed to convert Inferred Mineral Resources to Indicated Mineral Resources while simultaneously collecting material for metallurgical analysis and testing. (See press release March 22, 2021 for details and maps). The hole BM21-001 was designed to test the rock mass directly south of the Deposit to assess growth potential and the drill hole intersected two narrow intervals of sulphide mineralization from 222.15 to 222.92 metres and from 409.81 to 410.16 metres, indicating the area is prospective for potential resource growth. Hole BM21-005 was designed to test the southern near-surface extents of the Deposit's lower domain and assess the viability of expanding the reported Inferred Mineral Resources within the upper domain and the hole successfully intersected 1.31 metres of 6.82% Zn Eq. BME21-001 was designed to test a small shallow isolated conductor directly east of the Deposit. The hole intersected an interval of graphite and pyrrhotite mineralization, but no notable economic mineralization was encountered.

Highlights:

- Hole BM21-004 confirms the continuity of the high-grade mineralization within the deposit with 15.35 metres of continuous sulphide mineralization at 13.16% Zn Eq at the peripheral edge of Indicated Mineral Resources. The intersection consisted of:
  - 9.07% Zn, 0.81% Cu, 0.26% Pb, 0.11 g/t Au and 35.11 g/t Ag from 341.20 to 356.55 metres

- Hole BM21-003 proves the continuation of the near-surface mineralization north of reported Mineral Resources with a broad zone of sulphide mineralization, including:
  - 107 g/t Ag from 171.50 to 173.00 metres (1.50 m)
  - 3.78% Zn, 0.30% Cu, and 8.15 g/t Ag from 175.21 to 176.83 metres (1.62 m)

- Hole BM21-002, designed to test the northernmost extent of the Brabant-McKenzie deposit at depth, intersected sulphide mineralization consisting of:
  - 0.26% Zn, 0.38% Cu, and 5.80 g/t Ag from 325.40 to 326.56 metres (1.16 m)
  - 0.47% Zn, 0.34% Cu, and 3.49 g/t Ag from 331.47 to 338.9 metres (7.43 m)

Significant Drill Intercepts from BM21-002, BM21-003 and BM21-004

Drill Hole	From (m)	To (m)	Length (m)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)	Zn Eq* (%)
BM21-002	325.40	326.56	1.16	0.26	0.38	0.01	0.02	5.80	1.73
and	331.47	338.90	7.43	0.47	0.34	0.02	0.03	3.49	1.76
including	331.47	334.41	2.94	0.45	0.45	0.01	0.04	4.55	2.15
including	335.41	338.90	3.49	0.58	0.28	0.02	0.02	2.68	1.62
BM21-003	171.50	173.00	1.50	0.01	0.01	0.00	0.01	107.00	3.32
and	175.21	176.83	1.62	3.78	0.30	0.01	0.01	8.15	5.04
and	179.93	181.16	1.23	0.04	0.09	0.01	0.00	29.30	1.22
and	186.59	189.09	2.50	0.97	0.33	0.00	0.01	3.27	2.18
and	190.92	193.49	2.57	0.77	0.84	0.00	0.06	8.18	3.87
BM21-004	337.09	337.90	0.81	0.04	0.55	0.01	0.03	19.30	2.47
and	338.60	339.50	0.90	0.07	0.28	0.02	0.17	11.90	1.70
and	341.20	356.55	15.35	9.07	0.81	0.26	0.11	35.11	13.16
including	341.20	344.70	3.50	9.92	0.81	0.02	0.06	41.26	13.91
including	345.20	346.20	1.00	5.22	2.00	0.02	0.25	72.40	14.38
including	346.70	348.70	2.00	13.89	0.44	0.02	0.06	17.35	15.99

including	352.00	356.55	4.55	14.39	0.87	0.04	0.10	29.70	18.34
and	360.50	361.52	1.02	0.04	0.31	0.08	0.05	13.40	1.62

Notes (1)(2)

(1) Zinc Equivalent (Zn Eq) values are based on the following metal prices: US$1.26/lb Zn, US$4.07/lb Cu, US$0.90/lb Pb, US$1,740/Oz. Au and US$26.27/Oz. Ag

(2) True widths are 80-95% of interval lengths.

On April 13, 2021, the Company announced that a large, highly prospective, off-hole borehole geophysical anomaly was located at its newly acquired Betty Zone target located approximately one kilometre northeast of the Deposit. Two holes, BZ21-001 and BZ21-002, were drilled during the 2021 winter drill program at the Betty Zone and were later surveyed by a borehole electromagnetic survey subsequent to the end of the 2021 winter drill program. The resulting data indicates that the holes narrowly missed a large conductive body located immediately down dip and is approximately 100 to 300 metres below surface. Initial modelling suggests the anomaly has the potential of a 700 m long strike length, that is also supported by airborne VTEM data. The anomaly is directly on strike with the Deposit with similar conductivity values. (See press release April 13, 2021 for details, figures and maps).

BZ21-001 (381 metres) and BZ21-002 (330 metres) both intersected VMS mineralization similar to what is observed at the Deposit. The observed mineralization consists of an interval of abundant sphalerite and chalcopyrite and is located proximal to the observed off-hole borehole geophysical anomaly.

Highlights:

- Hole BZ21-002 intersected 4.40% Zn, 1.33% Cu, 12.95 g/t Ag from 280.73 to 281.65 metres (0.92 m) including 0.42 m at 3.76% Zn, 2.40% Cu, 21.70 g/t Ag and 0.12 g/t Au (12.41% Zn Eq).
- Hole BZ21-001 intersected 3.59% Zn, 0.21% Cu, 5.30 g/t Ag from 327.25 to 327.54 metres (0.29 m).
- Downhole EM indicates the presence of a significant off-hole conductor down dip from the intersections.

Significant Drill Intercepts from BM21-001, BM21-005, BZ21-001, and BZ21-002.

Drill Hole	From (m)	To (m)	Length (m)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)	Zn Eq* (%)
BM21-001	222.15	222.92	0.77	0.09	0.26	0.01	0.01	2.87	1.05
and	409.81	410.16	0.35	0.26	0.06	1.13	0.06	58.80	3.16
BM21-005	61.83	62.18	0.35	0.02	0.31	0.00	0.08	7.90	1.42
and	199.75	201.06	1.31	3.49	0.80	0.02	0.08	18.55	6.82
including	200.28	200.56	0.28	11.90	2.80	0.01	0.29	57.60	23.29
BZ21-001	327.25	327.54	0.29	3.59	0.21	0.02	0.05	5.30	4.56
BZ21-002	280.73	281.65	0.92	4.40	1.33	0.00	0.07	12.95	9.22
including	280.73	281.15	0.42	3.76	2.40	0.00	0.12	21.70	12.41

*Zinc Equivalent (Zn Eq) values are based on the following metal prices: $1.26/lb Zn, $4.07/lb Cu, $0.90/lb Pb, $1,740/Oz. Au and $26.27/Oz. Ag
Note that BME21-001 did not intersect grades over 1.0% Zn Eq and was not composited. True widths are currently unknown.

Assays are pending on the drill results from Main Lake and 3 regional exploration targets.

Qualifying Statement

The foregoing scientific and technical disclosures have been reviewed by John Shmyr, P. Geo., and Martin St-Pierre, P. Geo., 'Qualified Persons' as defined by National Instrument 43-101 (NI 43-101). Mr. Shmyr and Mr. St-Pierre are independent consultants to Murchison and the Brabant-McKenzie Project.

HPM PROPERTY - QUEBEC

At HPM, a VTEM airborne geophysical survey started on April 14, 2020 to follow up on promising prospecting results (see November 19, 2020 release) on its 100% owned HPM Ni-Cu-Co ("HPM") project in Quebec.

The Geotech VTEM 655-line kilometre survey over the HPM property will be flown with a 100-line spacing.

Murchison has also commissioned a satellite remote sensing study to detect alteration signatures on the property which, when completed, will integrate all pertinent data including the airborne survey to identify the most prospective drill targets in this coming summer field program.

The HPM project continues to show tremendous promise with its numerous gossanous nickel-copper-cobalt-bearing outcrops spatially linked to historical airborne EM anomalies. It is well-known that the prolific Voisey's Bay Mine, some 620 km from our HPM project, was originally prospected and mapped as a pyritic gossan. There, leaching of metals from the deeply-weathered surficial cap yielded little or no anomalous metal concentrations in the first sampling yet Voisey's Bay is one of world's most spectacular nickel-copper-cobalt mines."

Historically, exploration and drilling on the HPM property focused on the immediate area around the Barre de Fer showing. The anomalous Ni-Cu-Co results from mafic intrusions 0.5-2.5 km outside of that area, obtained from the recent reconnaissance prospecting program, demonstrate the potential for a mineralization system that is larger than previously thought.

The 58 km^2 HPM property lies within the Grenville Province's Allochthonous Belt and is host to numerous Ni-Cu-Co showings associated with mafic to ultramafic intrusions, including the high-grade Barre de Fer magmatic nickel sulphide occurrence. The Barre de Fer occurrence returned up to 1.74% Ni, 0.90% Cu, and 0.09% Co over 43.18 m in historic diamond drilling. Results from this short reconnaissance-prospecting program in conjunction with other historic results provide additional encouragement for a follow-up program at HPM.

Access to Properties

The Company's access to its properties is dependent on climate and weather conditions. The Brabant property in Saskatchewan is accessible all year round. The HPM project can also be accessed all year round but weather conditions may limit access at certain times of the year.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

The following table sets out the exploration expenses for the last two quarters.

	March 31, 2021	March 31, 2020
Brabant Lake		
Amortization	$ 4,113	$ 3,824
Drilling	1,064,745	911,641
General Administrative	2,084	-
Geology	38,517	6,055
Geophysics	32,400	349,963
Mineral Property and Staking	300	694
Total Brabant Lake	**$ 1,142,159**	**$ 1,272,177**

HPM		
Geology	$ 1,240	$ -
Geophysics	10,509	700
Mineral Property and Staking	-	4,969
Total HPM	**$ 11,749**	**$ 5,669**
Total exploration expenses	**$ 1,153,908**	**$ 1,277,846**

RESULTS OF OPERATIONS

For the three months ended March 31, 2021, the Company incurred a loss of $1,267,860 (Q1/20 - $1,107,417). The increase of $160,443 is mainly related to the following factors: **1.** lower exploration expenses of $123,936 (Q1/21 - $1,1,153,908 vs Q1/20 - $1,277,846) as the Company completed more drilling in 2021 than in 2020, offset by; **2.** lower non-cash flow-through shares related income of $280,911 (Q1/20 - $49,438 vs Q1/19 - $330,349) as the Company recognized the income based on the lower level of exploration activities funded with flow-through dollars in Q1/21.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2021, the Company had no debt, cash of $21,276,304 and working capital of $1,502,546 (December 31, 2020 – $2,062,411 and $2,052,895, 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, 2021, the Company had amounts receivable and prepaid expenses totaling $403,903 which included sales tax receivable of $80,099, prepaid expenses of $293,736 and other receivable of $30,068.

The March 31, 2021, 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.

Private Placements

On March 5, 2021, the Company completed a non-brokered private placement and issued 10,000,000 common share units at a price of $0.08 per unit for gross proceeds of $800,000. Each unit consisted of one common share of the Company and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share until September 5, 2022 at an exercise price of $0.12 per common share. All securities issued pursuant to the private placement are subject to a four month hold period from the date of issue.

Finder's fees totaling $18,000 were paid under the private placement. Insiders of the Company acquired an aggregate of 4,150,000 units in the private placement for a total of $332,000.

The fair value of the warrants was estimated at $120,670 using the Black-Scholes option model pricing with the following assumptions: expected dividend yield of 0%, expected volatility of 109%, risk-free interest rate of 0.29%, expected life of 1.5 year and share price of $0.07. Issue costs of $6,313 were allocated to the warrants.

Warrants

As part of the March 5, 2021 private placement, the Company issued 5,000,000 warrants at an exercise price of $0.12 per warrant expiring 18 months expiring September 5, 2022.

Stock Options

On April 14, 2021, the Company granted 200,000 stock options to a key consultant exercisable at $0.095 for 5 years. The options vested immediately.

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 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.

As at March 31, 2021, the Company has to incur $918,915 in qualifying exploration expenditures by December 31, 2021 to meet its flow-through commitments. At this time, management anticipates meeting that obligation and as a result, no additional provisions are required.

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,	2021	2020
Salaries and benefits	$ 90,781	$ 75,113
Share-based payments	-	-
	$ 90,781	**$ 75,113**

For the three-month period ended March 31, 2021, the salaries and benefits amount above includes $48,281 (2020 - $35,250) for fees invoiced by a corporation controlled by the CFO of the Company for his services and $42,500 (2020 - $39,863) for fees invoiced by the CEO of the Company for his services as CEO. Included in accounts payable and accrued liabilities at March 31, 2021 is $nil (December 31, 2020 - $19,250) owed to the corporation controlled by the CFO and $nil (December 31, 2020 - $12,335) to the CEO.

b) Private Placement
As part of the private placement completed on March 5, 2021, a director and officers of the Company subscribed for 4,150,000 units pursuant to this private placement for aggregate gross proceeds of $332,000.

PROPOSED TRANSACTIONS

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

FINANCIAL INSTRUMENTS

	March 31 2021	December 31 2020
Financial assets:		
Amortized cost		
Cash and cash equivalents	$ 1,276,304	$ 2,062,411
Amounts receivable	30,068	-
FVPL		
Investments	3,057	3,402
Financial liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	$ 177,661	$ 100,439

As of March 31, 2021 and December 31, 2020, 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, 2021, the Company's Investment on the consolidated statements of financial position was recorded at level 1 with a fair value of $3,057 (December 31, 2020 - $3,402).

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, 2021 and the year ended December 31, 2020. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

ADDITIONAL INFORMATION

Outstanding Shareholders' Equity Data
As of April 26, 2021, the following are outstanding:

• Common Shares	108,936,177
• Stock Options	9,455,000
• Warrants	14,723,833

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, 2020 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.