MURCHISON MINERALS LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 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

	June 30, 2021	December 31, 2020
ASSETS		
Current Assets		
Cash	$ 1,104,003	$ 2,062,411
Amounts receivable and prepaid expenses (Note 6)	179,005	90,923
Total current assets	1,283,008	2,153,334
Investment (Note 7)	3,919	3,402
Property and equipment (Note 8)	103,825	71,580
Total assets	**$ 1,390,752**	**$ 2,228,316**
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 315,723	$ 100,439
Loan payable (Note 14)	8,717	-
Flow-through share premium liability	10,848	130,459
Total current liabilities	335,288	230,898
Loan payable (Note 14)	34,869	-
Total liabilities	370,157	230,898
EQUITY		
Share capital (Note 10)	32,949,283	32,305,495
Reserves (Notes 11 and 12)	1,176,305	1,019,705
Deficit	(33,104,993)	(31,327,782)
Total equity	1,020,595	1,997,418
Total equity and liabilities	**$ 1,390,752**	**$ 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 June 30		Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
EXPENSES				
Exploration expenses (Note 9)	422,150	(6,592)	$ 1,576,058	$ 1,271,254
Professional fees	13,053	9,213	21,272	26,329
Management fees and salaries (Note 13)	56,919	43,876	147,700	118,988
Office and general	10,566	14,135	24,796	31,753
Regulatory and transfer agent	702	6,604	13,428	9,178
Investor relations	40,325	21,695	74,704	71,067
Share-based payments (Notes 12 and 13)	37,897	-	42,243	-
Loss before the under noted	**581,612**	**88,931**	**1,900,201**	**1,528,569**
Interest income	(1,226)	(103)	(2,862)	(2,621)
Flow-through shares premium	(70,173)	-	(119,611)	(330,349)
Unrealized gain on marketable securities (Note 7)	(862)	(2,110)	(517)	(1,464)
Loss for the period	**509,351**	**86,718**	**$ 1,777,211**	**$ 1,194,135**
Loss per share - basic and diluted	**0.00**	**0.00**	**$ 0.02**	**$ 0.02**
Weighted average number of common shares outstanding - basic and diluted	101,936,177	64,839,155	105,400,265	64,763,802

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	-	-	-	(1,194,135)	(1,194,135)
Issuance of common shares	170,007	-	-	-	170,007
Balance, June 30, 2020	**$ 30,104,692**	**$ 532,660**	**$ 212,475**	**$ (30,628,287)**	**$ 221,540**
Balance, December 31, 2020	**$ 32,305,495**	**$ 833,830**	**$ 185,875**	**$ (31,327,782)**	**$ 1,997,418**
Net loss for the period	-	-	-	(1,777,211)	(1,777,211)
Issuance of common shares (net of issue costs)	643,788	-	-	-	643,788
Issuance of stock options / share-based compensation	-	42,243	-	-	42,243
Issuance of warrants	-	-	114,357	-	114,357
Balance, June 30, 2021	**$ 32,949,283**	**$ 876,073**	**$ 300,232**	**$ (33,104,993)**	**$ 1,020,595**

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 June 30		Six Months Ended June 30	
	2021	2020	2021	2020
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES				
Loss for the period	(509,351)	(86,718)	$ (1,777,211)	$ (1,194,135)
Share-based payments	37,897	-	42,243	-
Flow-through shares premium	(70,173)	-	(119,611)	(330,349)
Unrealized loss on marketable securities	(862)	(2,110)	(517)	(1,464)
Amortization	5,269	4,113	9,382	7,937
	(537,220)	(84,715)	(1,845,714)	(1,518,011)
Net change in non-cash working capital items:				
Amounts receivable and prepaid expenses	224,898	74,034	(88,082)	(58,342)
Accounts payable and accrued liabilities	138,062	(131,699)	215,284	123,211
Net cash flows used by operating activities	(174,260)	(142,380)	(1,718,512)	(1,453,142)
INVESTING ACTIVITIES				
Acquisition of property and equipment	(41,627)	-	(41,627)	(76,687)
Net cash flows used by investing activities	(41,627)	-	(41,627)	(76,687)
FINANCING ACTIVITIES				
Issuance of common shares	-	182,857	800,000	182,857
Issue costs	-	(12,850)	(41,855)	(12,850)
Loan payable	43,586	-	43,586	-
Issuance of promissory note	-	-	-	200,000
Net cash flows provided by financing activities	43,586	170,007	801,731	370,007
NET CHANGE IN CASH	**(172,301)**	**27,627**	**(958,408)**	**(1,159,822)**
CASH, BEGINNING OF THE PERIOD	**1,276,304**	**246,898**	**2,062,411**	**1,434,347**
CASH, END OF THE PERIOD	**1,104,003**	**274,525**	**$ 1,104,003**	**$ 274,525**

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 August 27, 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 June 30, 2021, the Company has a cumulative deficit of $33,104,993 (December 31, 2020 - $31,327,782), 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.

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 June 30, 2021 totalled $1,020,595 (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 June 30, 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 June 30, 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 June 30, 2021, the Company had a cash balance of $1,104,003 (December 31, 2020 - $2,062,411) to settle accounts payable and accrued liabilities of $324,440 (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, except for the loan payable as disclosed in note 14.

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 June 30, 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 June 30, 2021, a 1% change in interest rates would result in a corresponding interest income change of approximately $11,000 for the one-year period.

5. CATEGORIES OF FINANCIAL INSTRUMENTS

	June 2021	December 2020
Financial assets:		
Amortized cost		
Cash	$ 1,104,003	$ 2,062,411
Amounts receivable	-	-
FVPL		
Investment	3,919	3,402
Financial liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	$ 315,723	$ 100,439
Loan payable	43,586	-

As of June 30, 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

	June 2021	December 2020
Sales tax receivable	$ 52,062	$ 81,703
Prepaid expenses and advances	126,943	9,220
	$ 179,005	$ 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	June 2021	December 2020
First Mining Gold Corp.	8,612	$ 3,919	$ 3,402

The Company holds 8,612 (2020 – 8,612) common shares of First Mining Gold Corp. The unrealized gain of $517 for the period six months ended June 30, 2021 (June 30, 2020 – $1,464) was recognized on the condensed interim consolidated statement of loss.

8. PROPERTY AND EQUIPMENT

	Buildings	Exploration equipment	Total
Period ended June 30, 2020			
Opening net book amount	$ -	$ 11,056	$ 11,056
Acquisition	48,866	27,821	**76,687**
Amortization for the period	(931)	(7,006)	**(7,937)**
Closing net book amount	**$ 47,935**	**$ 31,871**	**$ 79,806**
At June 30, 2020			
Cost	$ 48,866	$ 42,037	**$ 90,903**
Accumulated amortization	(931)	(10,166)	**(11,097)**
Net book amount	**$ 47,935**	**$ 31,871**	**$ 79,806**
Period ended June 30, 2021			
Opening net book amount	**$ 46,715**	**$ 24,865**	**$ 71,580**
Additions	-	41,627	**41,627**
Amortization for the period	(1,220)	(8,162)	**(9,382)**
Closing net book amount	**$ 45,495**	**$ 58,330**	**$ 103,825**
At June 30, 2021			
Cost	$ 48,866	$ 83,664	**$ 132,530**
Accumulated amortization	(3,371)	(25,334)	**(28,705)**
Net book amount	**$ 45,495**	**$ 58,330**	**$ 103,825**

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION PROPERTIES

Brabant Lake Property – Saskatchewan
As at June 30, 2021, the Company holds a 100% interest in certain claims forming the Brabant Lake property in Saskatchewan.

HPM Property - Quebec
As at June 30, 2021, the Company holds a 100% interest in certain claims forming the HPM property in Quebec.

Barraute-Landrienne Property - Quebec
On April 28, 2021, the Company entered into an agreement with Gestion Aline Leclerc Inc. (“GAL”) granting Murchison an option to earn 100% in 75 mineral claims covering 2,377 hectares, by making payments totaling $500,000 and property expenditures of $1.0 million over a 6-year period. The first payment of $20,000 is due in 12 months on April 28, 2022. GAL will retain a royalty of 1% of net smelter returns (NSR) on future production. The 1% NSR can be acquired anytime by the Company for $1.0 million.

The claims, split into 4 blocks are located in the Barraute-Landrienne mining camp, approximately 60 km north of Val-d'Or, and about 4 km northwest of the municipality of Barraute in Québec and were selected targeting new zinc-silver-gold deposits. These four blocks of claims are believed to host some of the best untested geological/geophysical base-metal targets in the area and are considered ready for drilling.

The following table details the payments and exploration commitments on an annual basis.

	Timeline	Cash Payments or Number of Consideration Shares	Expenditures
1.	on or before April 28, 2022	$20,000 cash	$200,000
2.	on or before April 28, 2023	$20,000 cash	$200,000 ($400,000 cumulative)
3.	on or before April 28, 2024	$30,000 cash	$200,000 ($600,000 cumulative)
4.	on or before April 28, 2025	$30,000 cash	$200,000 ($800,000 cumulative)
5.	on or before April 28, 2026	$200,000 or equivalent in common shares at the 20-day VWAP Price, or a combination of both, at the option of Murchison	$200,000 ($1,000,000 cumulative)
6.	on or before April 28, 2027	$200,000 or equivalent in common shares at the 20-day VWAP Price, or a combination of both at the option of Murchison	Nil
TOTAL		$100,000 cash and $400,000 or equivalent in common shares at the 20-day VWAP Price, or a combination of both at the option of Murchison	$1,000,000

(Expressed in Canadian Dollars)

9. EXPLORATION AND EVALUATION PROPERTIES (Continued)

The following table sets out the exploration expenses for the six months ended June 30, 2021 and 2020.

		June 30, 2021		June 30, 2020
Brabant Lake				
Amortization	$	9,382	$	7,937
Drilling		1,085,527		861,642
General Administrative		2,084		-
Geology		58,957		25,677
Geophysics		36,787		357,650
Metallurgy		26,132		-
Mineral Property and Staking		300		694
Total Brabant Lake	**$**	**1,219,169**	**$**	**1,253,600**
HPM				
Geology		138,358		11,985
Geophysics		183,982		700
Mineral Property and Staking		10,117		4,969
Total HPM	**$**	**332,457**	**$**	**17,654**
Barraute-Landrienne				
Geology		18,782		-
Geophysics		3,150		-
Mineral Property and Staking		2,500		-
Total Barraute-Landrienne	**$**	**24,432**	**$**	**-**
Total exploration expenses	**$**	**1,576,058**	**$**	**1,271,254**

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	**64,688,449**	**$**	**29,934,685**
Issuance of flow-through common shares [(i)]	2,285,714		200,000
Issue costs [(i)]	-		(12,850)
Flow-through premium [(i)]	-		(17,143)
Balance – June 30, 2020	**66,974,163**	**$**	**30,104,692**

[(i)] On June 24, 2020, the Company completed a non-brokered flow-through private placement and issued 2,285,714 flow-through common shares priced at $0.0875 per share for gross proceeds of $200,000 of which, $17,143 was allocated to the flow-through premium. Finders' fees of $12,000 were also paid.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (Continued)

Balance - December 31, 2020	**98,936,177**	**$**	**32,305,495**
Issuance of common shares [(ii)]	10,000,000		800,000
Issue costs	-		(41,855)
Warrants	-		(114,357)
Balance – June 30, 2021	**108,936,177**	**$**	**32,949,283**

[(ii)] 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 were 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 six-month periods ended June 30, 2020 and 2021:

	Number of Warrants		Grant Date Fair Value		Weighted Average Exercise Price
Balance – December 31, 2019 and June 30, 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 – June 30, 2021	**14,723,833**	**$**	**300,232**	**$**	**0.12**

As at June 30, 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	0.57
August 13, 2020	637,500	0.12	12,008	February 13, 2022	0.63
December 30, 2020	534,233	0.12	12,855	December 31, 2021	0.51
March 5, 2021	5,000,000	0.12	114,357	September 5, 2022	1.19
	14,723,833		**300,232**		**0.78**

(Expressed in Canadian Dollars)

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 June 30, 2020 and 2021:

	Number of Stock Options	Weighted Average Exercise Price
Balance – December 31, 2019 and June 30, 2020	**5,155,000**	**0.12**
Balance - December 31, 2020	**9,255,000**	**$ 0.11**
Granted [(i)] [(ii)]	700,000	0.095
Balance – June 30, 2021	**9,955,000**	**0.11**

[(i)] On April 14, 2021, the Company granted 200,000 stock options exercisable at $0.095 for 5 years to an officer of the Company. The grant date fair value of these options of $9,800 was estimated using the Black Scholes valuation model with the following weighted average assumptions: risk free interest rate – 0.95%, expected volatility – 113%, expected dividend yield – 0%, expected forfeiture rate of – 0% and expected life – 5 years. The options vested immediately and the $9,800 fair value was recorded as share-based payment on the interim consolidated statement of loss for the period ended June 30, 2021.

[(ii)] On May 25, 2021, the Company granted 500,000 stock options exercisable at $0.095 for 5 years to a director, an officer, a consultant and employees of the Company. The grant date fair value of these options of $26,000 was estimated using the Black Scholes valuation model with the following weighted average assumptions: risk free interest rate – 0.86%, expected volatility – 109%, expected dividend yield – 0%, expected forfeiture rate of – 0% and expected life – 5 years. The options vested immediately and the $26,000 fair value was recorded share-based payment on the interim consolidated statement of loss for the period ended June 30, 2021.

As at June 30, 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	0.24
January 10, 2018	885,000	0.19	151,335	January 10, 2023	1.53
March 6, 2019	665,000	0.095	61,180	March 6, 2024	2.68
December 23, 2019	3,300,000	0.085	244,200	December 23, 2024	3.48
July 20, 2020	400,000	0.10	23,200	July 20, 2025	4.06
December 31, 2020	3,700,000	0.095	284,900	December 31, 2025	4.51
April 14, 2021	200,000	0.095	9,800	April 14, 2026	4.79
May 25, 2021	500,000	0.095	26,000	May 25, 2021	4.90
	9,955,000	**0.11**	**876,560**		**3.66**

[(1)] *All options are exercisable, except for 100,000 granted on July 20, 2020 which vest on July 20, 2021).*

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

a) Remuneration of directors and officers was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Salaries and benefits	$ 55,011	$ 43,875	$ 145,792	$ 118,988
Share-based payments	25,400	-	25,400	-
	$ 80,411	**$ 43,875**	**$ 171,192**	**$ 118,988**

For the three-month period ended June 30, 2021, the salaries and benefits amount above includes $22,094 (2020 - $16,875) for fees invoiced by a corporation controlled by the CFO of the Company for his services and $22,500 (2020 - $27,000) for fees invoiced by the CEO of the Company for his services as CEO.

For the six-month period ended June 30, 2021, the salaries and benefits amount above includes $70,375 (2020 - $52,125) for fees invoiced by a corporation controlled by the CFO of the Company for his services and $65,000 (2020 - $66,863) for fees invoiced by the CEO of the Company for his services as CEO. Included in accounts payable and accrued liabilities at June 30, 2021 is $15,272 (December 31, 2020 - $19,250) owed to the corporation controlled by the CFO and $23,365 (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.

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.

Property Option Agreement
On April 28, 2021, the Company optioned certain claims forming the Barraute-Landrienne property whereby Murchison can earn 100% in 75 mineral claims covering 2,377 hectares, by making payments totaling $500,000 and property expenditures of $1.0 million over a 6-year period. See Note 9.

Loan Payable
In June 2021, the Company financed the purchase of an exploration vehicle in the amount of $43,586. The loan bears an interest rate of 7.89% and is repayable over 60 monthly payments of $881. The balance payable at June 30, 2021 was $43,586.

14. COMMITMENTS AND CONTINGENCIES (Continued)

Flow-Through Obligation

As at June 30, 2021, the Company has to incur $511,766 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 AND SIX MONTHS ENDED JUNE 30, 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 and six months ended June 30, 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 August 27, 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 and has an option to earn 100% interest in the Barraute-Landrienne zinc-silver-gold project, both 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

Since our last MD&A, the Company promoted John Shmyr as VP Exploration, Ms. Jacqueline Leroux, joined the Board of Directors and M. Cory Belyk joined Murchison as Strategic Advisor.

In April 2021, the Company finalized an option agreement with Gestion Aline Leclerc Inc. and optioned 75 drill ready claims forming the Barraute-Landrienne property. In August 2021, the Company completed a magnetic and a TDEM geophysical surveys on the property. Final interpretation is pending.

At the HPM project, a 3,500 metre drilling program (18 holes) is planned to be completed before year-end on the 1.7 km long PYC nickel-copper-cobalt bearing sulphide. The Maxwell plate geophysical modelling indicates a strong conductor down to 300 metres of depth, essentially the detection limit of airborne electromagnetic ("EM") surveys. Systematic mapping, grab sampling and backpack short drill holes indicate continuous mineralization of massive to semi massive sulphide mineralization along strike; this sampling also confirms significant width of mineralization reaching up to 59 metres on surface. Given the high specific density of this mineralization, this drill program has the potential to generate significant tonnage of inferred resources. The presence of nickel-copper-cobalt is pervasive across numerous other strong EM conductors across the large land holdings.

Geophysical ground survey is being completed on the Barraute project where the Company has already applied for a drilling permit as well. The main portion of the Barraute project is located in very similar geology to and within 2 kilometres from the 15 million tonne Abcourt Barvue zinc-silver deposit.

Both drill programs are subject to raising the necessary funds.

The Company is also expecting results from metallurgical testing on the on backpack drill core samples collected from the PYC target on the HPM project. This metallurgical testing will confirm the host minerals for the nickel, copper and cobalt mineralization and to determine if there is a simple workflow to recover these metals.

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 Deposit area, 771 metres (2 holes) in the Zn-Cu Betty Zone, 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. The best intercept observed in the winter 2021 drill program was from hole BM21-004 which assayed 9.07% zinc, 0.81% copper, 0.26%

lead, 0.11 g/t gold and 35.11 g/t silver over 15.35 metres (80 to 95% true thickness). The hole was designed to expand the indicated resources at the Deposit as well as to collect material for metallurgical testing.

The drill results from the regional targets all intersected distal VMS style sulphide iron formation mineralization but failed to intersect any notable economic mineralization. Drilling at the Main Lake target intersected very strong VMS type alteration with hole ML21-002 intersecting two lens of sulphide mineralization. First interval assayed 0.84% zinc, 0.36% copper and 8.5 g/t silver over 3.59 metres (149.5 to 153.15m) and includes 0.47 metres of 3.6% zinc, 0.2% copper and 6.6 g/t silver. The second interval assayed 1.27% zinc, 0.03% copper, and 14.75 g/t silver over 4.08 metres (176.5 to 180.59m) and includes 1.01 metres of 4.71% zinc, 0.04% copper and 21.2 g/t silver.

Holes BZ21-001 (381 metres) and BZ21-002 (330 metres) drilled at the Betty Zone both intersected VMS mineralization similar to what is observed at the Deposit. The observed mineralization consists of a narrow interval of abundant sphalerite and chalcopyrite. The best intercept was observed in hole BZ21-002 which intersected 4.40% zinc, 1.33% copper, 12.95 g/t silver from 280.73 to 281.65 metres (0.92 m) including 0.42 m at 3.76% zinc, 2.40% copper, 21.70 g/t silver and 0.12 g/t gold.

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). However, the borehole geophysical survey did not indicate the observed sulphide mineralization was conductive and is this is attributed to the high amounts of sphalerite which is a nonconductive mineral

The Company drilled 2 holes in July 2021 at the Betty Zone. The 877 metre program consisted of two diamond drill holes targeting the observed borehole geophysical anomaly at the Betty Zone. Both holes intersected a thick interval of graphite mineralization which effectively explains the borehole anomaly and was later confirmed by a subsequent borehole EM geophysical survey. The second hole BZ21-004 (473 metres) intersected narrow zinc rich VMS sulphide mineralization which correlates with the mineralization observed in the previous two holes. Assays are still pending. The borehole EM survey did not provide a geophysical response for the observed zinc mineralization and indicates that EM is not an effective exploration tool in this location.

The mineralization observed at Main Lake and the Betty Zone indicate the potential for additional VMS mineralization outside of the Deposit. The Brabant project has mining camp potential and both of these target areas are on strike with the Deposit and require future follow-up to locate more significant sulphide mineralization.

Metallurgy

Earlier this month, the Company announced the results from preliminary metallurgical testing on core samples collected from the Deposit. The results indicate that a simple flotation test using a coarse grind with a rougher and scavenger circuit was able to upgrade the zinc grade from 9.13% to 27% with a 98% recovery. A further 4-stage cleaner flotation test resulted in a zinc concentrate of 50.2% with an 85.06% recovery. The recycling of cleaner tails is expected to result in an overall net zinc recovery of at least 90%. Precious metals were concentrated in the 4th stage cleaner tail material with a grade of 180 g/t silver and 1.13 g/t gold. Excellent results for copper recovery were also achieved with the simple rougher and scavenger flotation test increasing the grade to 2.19% with 92.9% recovery and the 4-stage cleaner flotation resulting in a grade of 4.12% with a 74.7% recovery. These preliminary results are highly encouraging and it is assumed they can be improved through further optimization. Please see press release dated August 10, 2021 for full results.

HPM PROPERTY - QUEBEC

At HPM, a VTEM airborne geophysical survey started on April 14, 2021 to follow up on promising prospecting results on its 100% owned HPM Ni-Cu-Co project in Quebec. The Geotech VTEM 655-line kilometre survey over the HPM property was flown 100 metre line spacing and was concluded on April 30, 2021.

In June, Murchison completed a field program focused on the mapping and sampling of historical showings and targets, as well as select EM conductors newly identified during the VTEM survey of the property earlier this year. Six newly identified target areas and historical mineral showings were comprehensively surveyed and sampled using the Beep Mat and backpack drill combination; significant sulphide mineralization was successfully discovered and sampled in five of the six locations explored in this program. During the program, significant sulphide mineralization on surface at the PYC showing over a strike length in excess of 1.7 km was identified. In total, 58 short backpack drill holes were completed and 100 litho-geochem samples were collected. The results were announced on August 16, 2021 and confirmed widespread nickel-copper-cobalt surface mineralization across the entirety of the traced 1.7 km strike length of sulphide mineralization. The results are from grab samples and short backpack drill core samples, featuring assays as high as 1.27% nickel equivalent or 2.59% copper equivalent (0.79% Ni, 0.14% Cu, 0.15% Co) from 0.83 metre of backpack drill core. The assay results also confirm mineralization south-east of the PYC target at the newly discovered Dix showing, which assayed as high as 0.90% nickel equivalent or 1.83% copper equivalent (0.44% Ni, 0.39% Cu, 0.10% Co) from 0.45 metre of backpack drill core. See press release dated June 29, 2021 and August 16, 2021 for full details.

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.

BARRAUTE-LANDRIENNE PROPERTY - QUEBEC

On April 28, 2021, the Company entered into an agreement with Gestion Aline Leclerc Inc. ("GAL") granting Murchison an option to earn 100% in 75 mineral claims covering 2,377 hectares, by making payments totaling $500,000 and property expenditures of $1.0 million over a 6-year period. The first payment of $20,000 is due on April 28, 2022. GAL will retain a royalty of 1% of net smelter returns (NSR) on future production. The 1% NSR can be acquired anytime by the Company for $1.0 million.

The claims, split into 4 blocks are located in the Barraute-Landrienne mining camp, approximately 60 km north of Val-d'Or, and about 4 km northwest of the municipality of Barraute in Québec and were selected targeting new zinc-silver-gold deposits. These four blocks of claims are believed to host some of the best untested geological/geophysical base-metal targets in the area and are considered ready for drilling.

Exploration work completed throughout the past several years by GAL and others resulted in a new geological interpretation suggesting the correlation of the Abcourt-Barvue Mine stratigraphy within the Barraute property. Further west, the Landrienne property hosts several untested isolated Megatem geophysical anomalies, near felsic-mafic volcanic contacts.

The Barraute mining camp hosts several mineralized showings and polymetallic metal deposits including the substantial 15.7 Mt zinc-silver Abcourt-Barvue deposit located at only 2 km from the Barraute property.

Zinc-silver mineralization was discovered in the region in 1950. The Abcourt-Barvue deposit of Abcourt Mines Inc. was in operation during two periods: between 1952 and 1957 by Barvue Mines Limited and between 1985 and 1990 by Abcourt. In all, 5,002,19 metric tonnes grading 38.74 g/t silver and 2.98% zinc were mined from the Barvue open pit and 632,319 metric tonnes grading 131.65 g/t silver and 5.04% zinc were mined from underground production.

These newly acquired properties are located near all needed infrastructure and human resources for exploration and possible future operations.

Qualifying Statement

The foregoing scientific and technical disclosures have been reviewed by John Shmyr, P. Geo., VP Exploration of the Company. Qualified Person as defined by National Instrument 43-101 (NI 43-101).

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 six months ended June 30, 2021 and 2020.

	June 30, 2021	June 30, 2020
Brabant Lake		
Amortization	$ 9,382	$ 7,937
Drilling	1,085,527	861,642
General Administrative	2,084	-
Geology	58,957	25,677
Geophysics	36,787	357,650
Metallurgy	26,132	-
Mineral Property and Staking	300	694
Total Brabant Lake	**$ 1,219,169**	**$1,253,600**
HPM		
Geology	138,358	11,985
Geophysics	183,982	700
Mineral Property and Staking	10,117	4,969
Total HPM	**$ 332,457**	**$ 17,654**

Barraute-Landrienne				
Geology		18,782		-
Geophysics		3,150		-
Mineral Property and Staking		2,500		-
Total Barraute-Landrienne	**$**	**24,432**	**$**	**-**
Total exploration expenses	**$**	**1,576,058**	**$**	**1,271,254**

RESULTS OF OPERATIONS

For the three months ended June 30, 2021, the Company incurred a loss of $509,351 (Q2/20 - $86,718). The increase of $422,633 is mainly related to the following factors: **1.** higher exploration expenses of $428,742 (Q2/21 - $422,150 vs Q2/20 – credit of $6,592) as the Company completed field exploration and a geophysical program at the HPM project at a cost of $320,707. It also incurred $24,432 related to the Barraute-Landrienne project optioned during the second quarter and drilling and metallurgical expenses of $77,010 at the Property; **2.** higher non-cash share-based payments of $37,897(Q2/21 - $37,897 vs Q2/20 – $nil) related to stock options granted during Q2/21 offset by, **3.** higher non-cash flow-through shares premium income of $70,173 (Q2/21 - $70,173 vs Q2/20 - $nil) as the Company recognized the income based on the higher level of exploration activities funded with flow-through dollars in Q2/21 compared to Q2/20.

For the six months ended June 30, 2021, the Company incurred a loss of $1,777,211 (2020 - $1,194,135). The increase of $583,076 is mainly related to the following factors: **1.** higher exploration expenses of $304,804 (2021 - $1,576,058 vs 2020 - $1,271,254) as the Company completed field exploration and a geophysical program at the HPM project; **2.** higher non-cash share-based payments of $42,243 (2021 - $42,243 vs 2020 – $nil) related to stock options granted during Q2/21; **3.** lower non-cash flow-through shares premium income of $210,738 (2021 - $119,611 vs 2020 - $330,349) as the Company recognized the income based on the lower level of exploration activities funded with flow-through dollars.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2021, the Company had a cash balance of $1,104,003 and a working capital of $958,569 (excluding non-cash flow-through share premium liability) (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 June 30, 2021, the Company had amounts receivable and prepaid expenses totaling $179,006 which included sales tax receivable of $52,062 and prepaid expenses of $126,944.

The June 30, 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 an officer exercisable at $0.095 for 5 years. The options vested immediately.

On May 25, 2021, the Company granted 500,000 stock options exercisable at $0.095 for 5 years. The options vested immediately.

On July 2, 2021, the Company granted 200,000 stock options 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.

On April 28, 2021, the Company optioned certain claims forming the Barraute-Landrienne property whereby Murchison can earn 100% in 75 mineral claims covering 2,377 hectares, by making payments totaling $500,000 and property expenditures of $1.0 million over a 6-year period. The following table details the payments and exploration commitments on an annual basis.

Timeline	Cash Payments or Number of Consideration Shares	Expenditures
on or before April 28, 2022	$20,000 cash	$200,000
on or before April 28, 2023	$20,000 cash	$200,000 ($400,000 cumulative)
on or before April 28, 2024	$30,000 cash	$200,000 ($600,000 cumulative)
on or before April 28, 2025	$30,000 cash	$200,000 ($800,000 cumulative)
on or before April 28, 2026	$200,000 or equivalent in common shares at the 20-day VWAP Price, or a combination of both, at the option of Murchison	$200,000 ($1,000,000 cumulative)
on or before April 28, 2027	$200,000 or equivalent in common shares at the 20-day VWAP Price, or a combination of both at the option of Murchison	Nil

In June 2021, the Company financed the purchase of an exploration vehicle in the amount of $43,587. The loan bears an interest rate of 7.89% and is repayable over 60 monthly payments of $881. The balance payable at June 30, 2021 was $43,587.

As at June 30, 2021, the Company has to incur $511,766 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 June 30		Six months ended June 30	
	2021	2020	2021	2020
Salaries and benefits	$ 55,011	$ 43,875	$ 145,792	$ 118,988
Share-based payments	25,400	-	25,400	-
	$ 80,411	**$ 43,875**	**$ 171,192**	**$ 118,988**

For the three-month period ended June 30, 2021, the salaries and benefits amount above includes $22,094 (2020 - $16,875) for fees invoiced by a corporation controlled by the CFO of the Company for his services and $22,500 (2020 - $27,000) for fees invoiced by the CEO of the Company for his services as CEO.

For the six-month period ended June 30, 2021, the salaries and benefits amount above includes $70,375 (2020 - $52,125) for fees invoiced by a corporation controlled by the CFO of the Company for his services and $65,000 (2020 - $66,863) for fees invoiced by the CEO of the Company for his services as CEO. Included in accounts payable and accrued liabilities at June 30, 2021 is $15,272 (December 31, 2020 - $19,250) owed to the corporation controlled by the CFO and $23,365 (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

	June 30 2021	December 31 2020
Financial assets:		
Amortized cost		
Cash and cash equivalents	$ 1,104,003	$ 2,062,411
Amounts receivable	-	-
FVPL		
Investments	3,919	3,402
Financial liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	$ 315,723	$ 100,439
Loan payable	43,586	-

As at June 30, 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 June 30, 2021, the Company's Investment on the consolidated statements of financial position was recorded at level 1 with a fair value of $3,919 (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 June 30, 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 August 27, 2021, the following are outstanding:

- Common Shares 108,936,177
- Stock Options 10,155,000
- 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.