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

(Expressed in Canadian Dollars)

(Unaudited)

NOTICE TO READER

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

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

	September 30, 2017	December 31, 2016
ASSETS		
Current Assets		
Cash	\$ 1,056,319	\$ 2,147,235
Amounts receivable and prepaid expenses (Note 6)	25,922	56,539
Assets held for sale (Note 8)	-	180,000
Total current assets	1,082,241	2,383,774
Investment (Note 7)	5,813	7,320
Total assets	\$ 1,088,054	\$ 2,391,094
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 49,990	\$ 66,577
Flow-through share liability (Note 14)	46,634	407,000
Total liabilities	96,624	473,577
EQUITY		
Share capital (Note 10)	26,587,242	26,587,242
Reserves (Notes 11 and 12)	1,381,612	1,437,644
Deficit	(26,977,424)	(26,107,369)
Total equity	991,430	1,917,517
Total equity and liabilities	\$ 1,088,054	\$ 2,391,094

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

Approved on Behalf of the Board:

"signed"

Kent Pearson
Director

"signed"

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

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

MURCHISON MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

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

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

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

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

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

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standard not yet adopted

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

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

3. CAPITAL MANAGEMENT

The Company manages its capital with the following objectives:

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

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

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

4. FINANCIAL RISK FACTORS

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

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

MURCHISON MINERALS LTD.
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited)

4. FINANCIAL RISK FACTORS (Continued)

Credit risk

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

Liquidity risk

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

Market risk

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

Interest rate risk

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

Foreign currency risk

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

Commodity price risk

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

MURCHISON MINERALS LTD.
Notes to the Condensed Interim Consolidated Financial Statements
September 30, 2017 and 2016
(Expressed in Canadian Dollars)
(Unaudited)

4. FINANCIAL RISK FACTORS (Continued)

Sensitivity analysis

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

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

5. CATEGORIES OF FINANCIAL INSTRUMENTS

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

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

6. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

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

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

7. INVESTMENT

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

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

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

8. PROPERTY AND EQUIPMENT

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

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

9. EXPLORATION AND EVALUATION PROPERTIES

Canada

Brabant Lake Property – Saskatchewan

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

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

9. EXPLORATION AND EVALUATION PROPERTIES (Continued)

Pickle Lake Properties - Ontario

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

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

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

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

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

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

HPM Property - Quebec

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

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

10. SHARE CAPITAL

(a) Authorized Share Capital

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

(b) Issued

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

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

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

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

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

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

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

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

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

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

11. WARRANTS and FINDERS' WARRANTS

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

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

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

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

12. STOCK OPTIONS

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

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

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

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

12. STOCK OPTIONS (Continued)

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

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

⁽¹⁾ All options are exercisable.

13. RELATED PARTY TRANSACTIONS

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

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

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

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

b) *Private Placement*

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

MURCHISON MINERALS LTD.

Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

14. COMMITMENTS AND CONTINGENCIES

Flow-Through Obligation

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

Environmental

The Company's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Management Contract

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

Litigations

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

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

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

End of Notes to Financial Statements