
MURCHISON MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

(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 LOSS AND
COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2018	2017	2018	2017
EXPENSES				
Exploration expenses	\$ 95,031	\$ 52,108	\$ 2,160,989	\$ 1,007,623
Professional fees	9,433	30,131	108,533	53,638
Management fees and salaries	50,813	37,169	235,219	132,350
Office and general	6,974	6,169	26,593	21,296
Regulatory and transfer agent	662	2,559	47,986	13,973
Investor relations	34,026	22,260	118,967	67,524
Share-based payments (Note 12)	-	-	245,385	-
Loss before the under noted	196,939	150,396	2,943,672	1,296,404
Interest income	(5,475)	(1,820)	(20,463)	(7,850)
Foreign exchange gain	2,792	2,837	(5,797)	5,506
Flow-through shares premium	(38,394)	(17,605)	(845,910)	(360,366)
Unrealized loss (gain) on marketable securities (Note 7)	947	(129)	2,411	1,507
Gain on disposal of property and equipment	-	(1,932)	-	(9,114)
Loss for the period	\$ 156,809	\$ 131,747	\$ 2,073,913	\$ 926,087
Loss per share - basic and diluted	\$ 0.00	\$ 0.01	\$ 0.05	\$ 0.04
Weighted average number of common shares outstanding - basic and diluted	42,543,834	25,290,095	42,543,834	25,290,095

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

MURCHISON MINERALS LTD.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

	<u>Reserves</u>				Total
	Share Capital	Equity settled share-based payments reserve	Warrants reserve	Deficit	
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)
Expired stock options	-	(56,032)	-	56,032	-
Balance, September 30, 2017	\$ 26,587,242	\$ 598,266	\$ 783,346	\$ (26,977,424)	\$ 991,430
Balance, December 31, 2017	\$ 28,802,248	\$ 598,266	\$ 1,241,802	\$ (27,231,143)	\$ 3,411,173
Net loss for the period	-	-	-	(2,073,913)	(2,073,913)
Expired warrants	-	-	(783,346)	783,346	-
Issuance of stock options	-	245,385	-	-	245,385
Expired stock options	-	(35,640)	-	35,640	-
Balance, September 30, 2018	\$ 28,802,248	\$ 808,011	\$ 458,456	\$ (28,486,070)	\$ 1,582,645

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
CASH (USED IN) PROVIDED BY:				
OPERATING ACTIVITIES				
Loss for the period	\$ (156,809)	\$ (131,747)	\$(2,073,913)	\$ (926,087)
Share-based payments	-	-	245,385	-
Flow-through shares premium	(38,394)	(17,605)	(845,910)	(360,366)
Unrealized loss on marketable securities	947	(129)	2,411	1,507
Gain on sale of property and equipment	-	-	-	(7,182)
	(194,256)	(149,480)	(2,672,027)	(1,292,128)
Net change in non-cash working capital items:				
Amounts receivable and prepaid expenses	(56,794)	20,109	(60,793)	30,617
Accounts payable and accrued liabilities	1,868	(27,018)	65,020	(16,587)
Net cash flows used by operating activities	(249,182)	(156,390)	(2,667,800)	(1,278,098)
INVESTING ACTIVITIES				
Proceeds on sale of property and equipment	-	-	-	187,182
Net cash flows provided by investing activities	-	-	-	187,182
NET CHANGE IN CASH	(249,182)	(159,390)	(2,667,800)	(1,090,916)
CASH, BEGINNING OF THE PERIOD	1,976,322	1,212,709	4,394,940	2,147,235
CASH, END OF THE PERIOD	\$ 1,727,140	\$1,056,319	\$ 1,727,140	\$1,056,319

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, 2018 and 2017
(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 26, 2018.

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, 2018, the Company has a cumulative deficit of \$28,486,070 (December 31, 2017 - \$27,231,143), 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.

Basis of consolidation

Subsidiaries are entities over which the Company has control, where control is defined to exist when the Company is exposed to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are fully consolidated from the date control is transferred to the Company, and are de-consolidated from the date control ceases. Pearl Mining Ltd. (Uganda) and Flemish Investments Ltd. (Uganda), both subsidiaries of the Company have been dissolved and as at September 30, 2018, Flemish Investments Burundi SA (Burundi) was inactive and in the process of being dissolved.

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

New accounting policies

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted. At January 1, 2018, the Company adopted this amendment and there was no material impact on the Company’s condensed interim consolidated financial statements.

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, 2018 totalled \$1,582,645 (December 31, 2017 - \$3,411,173). 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, 2018. 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, 2018.

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.

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4. FINANCIAL RISK FACTORS (Continued)

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, 2018, the Company had a cash balance of \$1,727,140 (December 31, 2017 - \$4,394,940) to settle accounts payable and accrued liabilities of \$187,882 (December 31, 2017 - \$122,862). 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, 2018, approximately \$138,687 of cash was held in US dollars (December 31, 2017 - \$194,487). Approximately \$nil (December 31, 2017 - \$930) of accounts 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, 2018, the Company is not a commodities producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Sensitivity analysis

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

- (i) Based on cash and other working capital balances at September 30, 2018, 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 \$13,900.
- (ii) Based on cash balances at September 30, 2018, a 1% change in interest rates would result in a corresponding interest income change of approximately \$15,800 for the one-year period.

MURCHISON MINERALS LTD.

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5. CATEGORIES OF FINANCIAL INSTRUMENTS

	September 30 2018	December 31 2017
Financial assets:		
Loans and receivables		
Cash	\$ 1,727,140	\$ 4,394,940
Amounts receivable	-	-
FVTPL		
Investment	2,928	5,339
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	\$ 187,882	\$ 122,862

As of September 30, 2018 and December 31, 2017, 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 30 2018	December 31 2017
Sales tax receivable	\$ 49,576	\$ 26,124
Prepaid expenses and advances	50,463	13,122
	\$ 100,039	\$ 39,246

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 2018	December 31 2017
First Mining Gold Corp.	8,612	\$ 2,928	\$ 5,339

The Company holds 8,612 (December 31, 2017 – 8,612) common shares of First Mining Gold Corp. The unrealized loss of \$2,411 for the nine month period ended September 30, 2018 (September 30, 2017 – \$1,507) was recognized on the condensed interim consolidated statement of loss.

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8. PROPERTY AND EQUIPMENT

	Exploration Equipment	Office Equipment	Total
December 31, 2017			
Opening net book amount	\$ 180,000	\$ -	\$ 180,000
Dispositions	(180,000)	-	(180,000)
Closing net book amount (December 31, 2017 and September 30, 2018)	\$ -	\$ -	\$ -

The Company sold its assets held for sale in February 2017 for \$180,000.

9. EXPLORATION AND EVALUATION PROPERTIES

Canada

Brabant Lake Property – Saskatchewan

As at September 30, 2018, the Company held a 100% interest in certain claims forming the Brabant Lake property in Saskatchewan.

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 June 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 12 months from the date of the agreement (received);
- (iii) pay \$20,000 in cash to Murchison 24 months from the date of the agreement (received);
- (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.

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9. EXPLORATION AND EVALUATION PROPERTIES (Continued)

On July 27, 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, 2018, the property consisted of 51 claims on which Pure Nickel Inc. has a 50% interest.

10. SHARE CAPITAL

(a) Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares with no par value.

(b) Issued

	Number of Shares	Amount
Balance – December 31, 2016 and September 30, 2017	25,290,095	\$ 26,587,242
Balance – December 31, 2017 and September 30, 2018	42,543,214	\$ 28,802,248

11. WARRANTS AND FINDERS' WARRANTS

The following summarizes the warrants and finders' warrants activity for the nine months ended September 30, 2018 and September 30, 2017:

	Number of Warrants	Issue Date Fair Value	Weighted Average Exercise Price
Balance - December 31, 2016 and September 30, 2017	7,818,000	\$ 783,346	\$ 0.30
Balance - December 31, 2017	12,662,970	\$ 1,241,802	\$ 0.28
Expired	(7,818,000)	(783,346)	0.30
Balance - September 30, 2018	4,844,970	\$ 458,456	\$ 0.24

As at September 30, 2018, the Company had warrants and finders' warrants outstanding as follows:

Date of Issue	Number of Warrants	Exercise Price (\$)	Issue Date Fair Value (\$)	Expiry Date
December 15, 2017	3,879,942	0.24	364,495	December 15, 2019
December 21, 2017	965,028	0.24	93,961	December 21, 2019
	4,844,970		458,456	

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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, 2018 and September 30, 2017:

	Number of Stock Options	Weighted Average Exercise Price
Balance - December 31, 2016	2,308,300	\$ 0.42
Expired	(174,500)	0.70
Balance – September 30, 2017	2,133,800	0.39
Balance - December 31, 2017	2,133,800	\$ 0.39
Issued ⁽ⁱ⁾	1,435,000	0.19
Expired	(66,000)	0.70
Balance – September 30, 2018	3,502,800	0.30

(i) On January 10, 2018, the Company granted 1,435,000 stock options exercisable at \$0.19 for 5 years to directors, officers and consultants of the Company. The grant date fair value of these options of \$245,385 was estimated using the Black Scholes valuation model with the following weighted average assumptions: risk free interest rate – 1.95%, expected volatility – 145%, expected dividend yield – 0%, expected forfeiture rate of – 0% and expected life – 5 years. The options vested immediately and the \$245,385 fair value was recorded as share-based payment on the *Statement of Loss* for the nine months ended September 30, 2018.

As at September 30, 2018, 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	435,500	0.70	235,170	February 28, 2019	0.41
December 2, 2014	612,300	0.30	73,476	December 2, 2019	1.17
August 22, 2016	600,000	0.30	149,400	August 22, 2021	2.90
September 27, 2016	420,000	0.30	104,580	September 27, 2021	2.99
January 10, 2018	1,435,000	0.19	245,385	January 10, 2023	4.28
	3,502,800	0.30	808,011		2.87

⁽¹⁾ All options are exercisable.

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13. RELATED PARTY TRANSACTIONS

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

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Salaries and benefits	\$ 50,813	\$ 37,169	\$ 235,219	\$ 132,350
Share-based payments	-	-	211,185	-
	\$ 50,813	\$ 37,169	\$ 446,404	\$ 132,350

For the three months ended September 30, 2018, the salaries and benefits amount above includes \$13,313 (2017 - \$15,719) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$37,500 (2017 - \$21,450) for fees invoiced by a corporation controlled by the CEO of the Company for his services as CEO.

For the nine months ended September 30, 2018, the salaries and benefits amount above includes \$92,719 (2017 - \$68,000) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$142,500 (2017 - \$64,350) 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, 2018 is \$3,678 (December 31, 2017 - \$20,780) and \$20,916 (December 31, 2017 - \$nil) owed to corporations controlled by the CFO and CEO, respectively.

14. COMMITMENTS AND CONTINGENCIES

Flow-Through Obligation

As at September 30, 2018, the Company has to incur \$153,842 in qualifying exploration expenditures by December 31, 2018 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 interim condensed consolidated financial statements. The minimum commitment upon termination of this contract is \$225,000. The minimum commitment due within one year under the terms of this contract is \$150,000.

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14. COMMITMENTS AND CONTINGENCIES (Continued)

Litigation

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 believed the claim was 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. The Company attended court on June 21, 2018 and on October 23, 2018, the judge rendered judgement in the matter and dismissed the former director's claim and ruled in the Company's favour in relation to its claims for breach of fiduciary duty, negligence and negligent misrepresentation.

End of Notes to Financial Statements