

# **MURCHISON MINERALS LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018**

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 nine months ended September 30, 2018. 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, 2017, which have been prepared in accordance with IFRS and available on the Company's web-site ([www.murchisonminerals.com](http://www.murchisonminerals.com)). This MD&A covers the most recently completed financial quarter and the subsequent period up to November 26, 2018. The information is presented in Canadian dollars unless stated otherwise.

## **OVERALL PERFORMANCE**

### **Description of Business**

Murchison is a Canadian based exploration company focused on the high-grade Brabant-McKenzie zinc-copper-silver deposit (the "Deposit") in north-central Saskatchewan. The Company also holds a 50% interest in the HPM nickel/copper/cobalt project in Quebec and holds gold claims in the Pickle Lake area of northwestern Ontario which are currently under option to White Metal Resources Corp. 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, 2017, 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.

## **OUTLOOK**

On September 13, 2018, the Company announced a new resource estimate for the Deposit. The results of this new updated resource estimate and overall geological model will be used to assist in designing next steps for the exploration program on the Deposit's advancement including additional follow-up drill programs. There are no known legal, political, environmental or other risks that could materially affect the potential development of the mineral resources.

Regionally, the Company is focused on identifying additional deposits on the property and believes that in addition to the Deposit, the Brabant-McKenzie property (the "Property") exhibits what appears to be the potential for a VMS district or camp based on the number of known mineralized showings and geophysical anomalies identified along its 18 kilometre strike.

The Company is currently completing an airborne VTEM and magnetic geophysical survey on recently identified mineral showings. The results are expected in December 2018.

The Company continues to expand its regional review of mineralized showings on the Property and surrounding area. The Company staked an additional 1,301 hectares of ground adjacent to and southeast of the current Property in order to cover prospective geology and reported mineralized showings hosting anomalous copper and zinc values.

## **MINERAL PROPERTIES – EXPLORATION ACTIVITIES**

### **Brabant Property – Saskatchewan**

The Brabant property is owned 100% by Murchison and is strategically located along Highway 102 approximately 175 kilometres northeast of the town of La Ronge and near major infrastructure, including grid power. The Brabant property consists of the Deposit and numerous additional zinc and copper occurrences and geophysical anomalies over approximately 17 kilometre strike of favourable geological horizon, all of which remain under-explored and mostly untested. The Project area shares geological characteristics, including similar age, with the Flin Flon volcanogenic massive sulphide (VMS) mining camp in Manitoba.

### **NEW AND REVISED MINERAL RESOURCE ESTIMATE**

On September 13, 2018, the Company provided the results of a new mineral resource estimate dated September 4, 2018 (the "New 2018 Mineral Resource Estimate"). The New 2018 Mineral Resource Estimate included the addition of 19 diamond drill holes totaling 9,004 metres which were completed during the 2018 winter drilling program as well as a comprehensive re-interpretation of the geology of the Deposit using current and historical drilling data and reports. Please refer to the press release dated September 13, 2018 for full details.

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

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

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

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

- Drilling results to March 24, 2018 and including historical diamond drilling used in the previous NI-43-101 resource estimate completed in 2008 and 2018;
- US\$ metal prices of \$1.20/lb Zn, \$2.50/lb Cu, \$1.00/lb Pb, \$16.00/oz Ag and \$1,200/oz Au;
- CDN\$:US\$ exchange rate of \$1.20;
- An NSR cut-off of \$90/tonne or 3.5% zinc equivalent ("Zn Eq") based on above metal prices;
- Average metallurgical and payable recovery of 75% for all metals;

- Indicated Resource was calculated using a two-hole minimum and a maximum distance of 60 metres from a diamond drill hole;
- Inferred Resource was calculated using a no-hole minimum and a maximum distance of 200 metres from a diamond drill hole.
- As much as possible, a 2 metre intercept minimum was used but not strictly adhere to;
- The resources were also manually reviewed and adjusted to take into consideration drill intercepts from previous operators in the areas of drilling carried out by the Company; and,
- 138 drill holes were used in the calculation and were used to model 2 mineral lenses.

## SUMMER PROSPECTING PROGRAM

In July 2018, Murchison conducted a regional prospecting, sampling and mapping program (the "Program") over a number of showings resulting in two new mineralized showings being identified for further exploration and potential drill targets.

### Program Highlights

- Identified and confirmed mineralization and geochemistry values on the historic Main Lake showing;
- Grab sample returns include 30.6 g/t silver, 1.44% copper, 11.65% zinc;
- Grades are similar to those obtained at the Deposit; and
- Additional claims acquired proximal to the Mclvor Channel showing;

### Main Lake Showing

The Company identified the Main Lake showing located approximately 8 kilometres south of the Deposit between Brabant Lake and Main Lake with the assistance of historical reports where data was available on a number of mineralized trenches and workings, geophysical programs and drilling.

The Program successfully located the historic trenching and workings approximately 100 metres apart. Sulphide mineralization identified contains chalcopyrite in micro fractures and as blebs as well as fine grained massive sphalerite. Results from the from rock sampling confirmed the high-grade nature of mineralization are similar to values obtained at the Deposit. Results are listed in Table 1.

### Rock Sample Geochemistry Results at Main Lake Showing

<b>Rock Sample</b>	<b>Zn %</b>	<b>Cu %</b>	<b>Ag g/t</b>	<b>Au g/t</b>
SRC149955	0.072	0.55	10.9	0.14
SRC149956	0.25	1.44	30.6	1.47
SRC149957	1.16	0.15	3.8	0.04
SRC149958	11.65	0.31	11.3	0.05

### Mclvor Channel Showing

The Program successfully located the historic Mclvor Channel showing approximately 9 kilometres south of the Deposit on the east shore of the Mclvor Channel. Six of eight historical trenches were identified as hosting massive sulphide mineralization of primarily pyrhotite with chalcopyrite over a strike length of approximately 600 metres. Mineralization dips northwest potentially under the Mclvor Channel. Historic work only included rock sampling which returned a value of 0.25% copper in one trench. Sampling from the July 2018 program returned anomalous values in copper.

No geophysics or follow up drilling was ever conducted to test this showing and prior to the Program, no additional work had been carried out on this showing since 1968. Bruce Gemmill, Ph.D. (expert at VMS Deposits) suggests that “the high content of pyrrhotite of the showing may indicate proximity to the central part of a possible deposit and feeder zone, and suggests that it may be part of a more extensive system in the immediate area”.

Based on the identification of the McIvor Channel showing the Company has staked an additional 348 hectares of land adjacent to its current claims package in order to cover any strike extension and proximal mineralization related to this mineralizing system.

#### **New Claims**

Based on the identification the McIvor Channel showing the Company has staked an additional 348 hectares of land adjacent to its current claims package in order to cover any strike extension and proximal mineralization related to this mineralizing system.

#### **Qualifying Statement**

The foregoing scientific and technical disclosures have been reviewed and approved by Kent Pearson, P. Geo., and Finley Bakker, P. Geo., who are qualified persons as defined by National Instrument 43-101. Mr. Bakker is an independent consultant to Murchison and the Brabant-McKenzie project. Mr. Pearson is President and Chief Executive Officer of the Company.

#### **HPM Property – Quebec**

The HPM project is a 50:50 joint venture with Pure Nickel Inc. No exploration activities were conducted on the HPM project during the three months ended September 30, 2018. For the nine months then ended, the Company incurred \$720 (2017 - \$823) in claim maintenance and renewal expenses for the HPM project.

#### **Pickle Lake Properties – Ontario**

On July 4, 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 51% interest (“Earned Interest”) in its Pickle Lake Gold properties (the “Properties”). White Metal may exercise the option (the “Option”) and acquire the Earned Interest by completing expenditures and making cash payments.

Upon completion of the Option Payments and Expenditures, White Metal will deliver a notice to the Company (the “Option Notice”) 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.

## Access to Properties

The Company's access to its Canadian properties is dependent on climate and weather conditions. The Brabant property in Saskatchewan is accessible all year round. Typically, properties in Ontario are generally accessible all year round. All projects in Québec can be accessed from January to September as weather limits the activities during other times of the year.

## RESULTS OF OPERATIONS

For the nine months ended September 30, 2018, the Company incurred a loss of \$2,073,913 (2017 - \$926,087). The increase of \$1,147,826 is mainly related to the following factors: **1.** higher exploration expenses of \$1,153,366 (2018 - \$2,160,989 vs 2017 - \$1,007,623) as the Company completed a 12,431-metre drill program in Q1/18 compared to 5,653 metre program a year earlier at the Project in Saskatchewan; **2.** higher share-based payments of \$245,385 (2018 - \$245,385 vs 2017 - \$nil) as the Company granted stock options in January 2018. **3.** higher management fees and salaries of \$102,869 (2018 - \$235,219 vs 2017 - \$132,350) related to \$50,000 paid in bonuses in Q1/18 and the increase in the CEO's compensation to reflect the full time nature of the position; **4.** higher professional fees of \$54,895 (2018 - \$108,533 vs 2017 - \$53,638) directly related to the court case disclosed in note 14 of the financial statements; **5.** higher investor relations expense of \$51,443 (2018 - \$118,967 vs 2017 - \$67,524) as the Company attended more conferences **6.** higher regulatory and transfer agent expense of \$34,013 (2018 - \$47,986 vs 2017 - \$13,973) directly related to the TSXV listing in Q1/18, offset by; **7.** higher non-cash flow-through shares premium of \$485,544 (2018 - \$845,910 vs 2017 - \$360,366) as the Company recognized the income based on the higher level of exploration activities in Canada in 2018.

For the nine months ended September 30, 2018, exploration expenses totaled \$2,160,989 (2017 - \$1,007,623) with \$2,180,269 (2017 - \$1,021,801) at Brabant in Saskatchewan and \$720 (2017 - \$823) in claims renewal at HPM in Quebec, offset by a recovery of \$20,000 (2017 - \$15,000) related to the option payment received in relation to the Pickle Lake properties.

For the three months ended September 30, 2018, the Company incurred a loss of \$156,809 (Q3/17 - \$131,747). The increase of \$25,062 is mainly related to the following factors: **1.** higher exploration expenses of \$42,923 (Q3/18 - \$95,031 vs Q3/17 - \$52,108) as the Company completed a revised resource estimate at the Deposit; offset by; **2.** higher non-cash flow-through shares premium of \$20,789 (Q3/18 - \$38,394 vs Q3/17 - \$17,605) as the Company recognized the income based on the exploration activities in Q3/18.

For the quarter ended September 30, 2018, exploration expenses totaled \$95,031 (Q3/17 - \$52,108) with all being incurred at Brabant in Saskatchewan.

## SUMMARY OF QUARTERLY RESULTS

	Third Quarter 2018	Second Quarter 2018	First Quarter 2018	Fourth Quarter 2017
	\$	\$	\$	\$
Total Assets	1,830,107	2,023,442	2,972,594	4,439,525
Current Assets	1,827,179	2,019,567	2,968,676	4,434,186
Non-current Assets	2,928	3,875	3,918	5,339
Total Liabilities	247,462	283,988	947,136	1,028,352
Interest Income	5,475	5,335	9,653	2,751
Loss	156,809	286,004	1,631,100	253,719
Loss Per Share <sup>(1)</sup>	0.00	0.01	0.04	0.01

	Third Quarter 2017	Second Quarter 2017	First Quarter 2017	Fourth Quarter 2016
	\$	\$	\$	
Total Assets	1,088,054	1,264,424	1,454,540	\$2,391,094
Current Assets	1,082,241	1,258,470	1,447,478	\$2,383,774
Non-current Assets	5,813	5,684	7,062	\$7,320
Total Liabilities	96,624	141,247	247,352	\$473,577
Interest Income	1,820	1,827	4,203	\$4,699
Loss (profit)	131,747	84,011	710,329	\$195,937
Loss Per Share <sup>(1)</sup>	0.01	0.00	0.03	\$0.01
<sup>(1)</sup> Loss per share remains the same on a diluted basis				

Due to the nature of the business, the cash balance and short-term investments generating interest income are subject to fluctuations from quarter to quarter. The timing of equity financing and ensuing exploration and operating expenses are the main factors affecting the level of funds invested from time to time. The variation in interest rates also has an impact on the interest income.

In Q3-2018, the Company completed a new mineral resource estimate for the Deposit. In Q1-2018, the Company completed a 12,431-metre drill program along with geophysical surveys at the Project in Saskatchewan at a cost of \$1,917,722. In Q4-2017, the Company completed a non-brokered private placement of units and flow-through shares for gross proceeds of \$3,839,189 which triggered the recognition of \$905,490 in non-cash flow-through share liability. In Q1-2017, the Company was actively drilling at the Project in Saskatchewan and incurred \$919,910 in exploration. This amount was offset by \$326,357 of non-cash flow-through share premium. In Q3-2016, the Company completed a non-brokered private placement in two tranches for net proceeds of \$2.4 million. This had a direct impact on the interest income as well as total current assets and total assets. Also in Q3, 2016, the Company granted stock options to its directors, officers and consultants which generated a non-cash share-based payment expense of \$266,430. In Q2-2016, the profit of \$7,246 is a direct result of a \$33,514 gain on sale of assets held in Africa combined with lower management fees as the CEO and CFO provided services to the Company without compensation during the quarter.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, the Company had no debt, cash of \$1,727,140 and working capital (excluding flow-through share liability) of \$1,639,297 (December 31, 2017 – \$4,394,940 and \$4,311,324, 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 September 30, 2018, the Company had amounts receivable and prepaid expenses totaling \$100,039 which included sales tax receivable of \$49,576 and prepaid expenses of \$50,463 which included prepaid conferences of \$37,391 and prepaid insurance of \$10,480.

The September 30, 2018, condensed interim 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.

### **Stock Options**

In January 2018, the Company granted 1,435,000 stock options exercisable at \$0.19 to its officers, directors and key consultants. The options are for a period of 5 years and vested immediately. On September 30, 2018, 66,000 stock options exercisable at \$0.70 expired.

### **Warrants**

On August 10, 2018, 4,670,400 warrants exercisable at \$0.30 expired unexercised. On August 31, 2018, 3,147,600 warrants also exercisable at \$0.30 expired unexercised.

### **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**

As at September 30, 2018, the Company had to incur \$153,842 in qualifying exploration expenditures by December 31, 2018 to meet its flow-through commitment.

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. Minimum commitment upon termination of this contract is \$225,000. Minimum commitment due within one year under the terms of this contract is \$150,000.

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. 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.

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

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 \$92,720 (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.

## PROPOSED TRANSACTIONS

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

## CHANGES IN 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.

## FINANCIAL INSTRUMENTS

	September 30 2018	December 31 2017
Financial assets:		
Loans and receivables		
Cash and cash equivalents	\$ 1,727,140	\$ 4,394,940
Amounts receivable	-	-
FVTPL		
Investments	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 for the investment which is presented at fair value.

As at September 30, 2018, the Company's financial instrument *Investment* on the condensed interim consolidated statements of financial position was recorded at level 1 with a fair value of \$2,928 (December 31, 2017 - \$5,339).

### Significant accounting judgments and estimates:

The preparation of condensed interim 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 condensed interim 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 September 30, 2018 and the year ended December 31, 2017. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

## **ADDITIONAL INFORMATION**

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

As of November 26, 2018, the following are outstanding:

- Common Shares 42,543,214
- Stock Options 3,502,800
- Warrants 4,844,970

### **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, 2017 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.*