

---

**MURCHISON MINERALS LTD.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

(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 September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
<b>EXPENSES</b>				
Exploration expenses	\$ 278,709	\$ 95,031	\$ 809,623	\$ 2,160,989
Professional fees	8,313	9,433	27,859	108,533
Management fees and salaries (Note 13)	26,228	50,813	143,733	235,219
Office and general	13,032	6,974	42,572	26,593
Regulatory and transfer agent	1,460	662	14,696	47,986
Investor relations	5,234	34,026	133,714	118,967
Share-based payments (Notes 12 and 13)	-	-	61,180	245,385
<b>Loss before the under noted</b>	<b>332,976</b>	<b>196,939</b>	<b>1,233,377</b>	<b>2,943,672</b>
Interest income	(1,761)	(5,475)	(6,362)	(20,463)
Foreign exchange loss (gain)	-	2,792	(2)	(5,797)
Flow-through shares premium	(87,694)	(38,394)	(144,108)	(845,910)
Unrealized loss (gain) on marketable securities (Note 7)	(215)	947	-	2,411
<b>Loss for the period</b>	<b>\$ 243,306</b>	<b>\$ 156,809</b>	<b>\$ 1,082,905</b>	<b>\$ 2,073,913</b>
<b>Loss per share - basic and diluted</b>	<b>\$ 0.00</b>	<b>\$ 0.00</b>	<b>\$ 0.02</b>	<b>\$ 0.05</b>
Weighted average number of common shares outstanding - basic and diluted	48,424,426	42,543,834	45,980,803	42,543,834

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)

	Share Capital	Reserves			Total
		Equity settled share-based payments reserve	Warrants reserve	Deficit	
<b>Balance, December 31, 2017</b>	\$ 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	-
<b>Balance, September 30, 2018</b>	\$ 28,802,248	\$ 808,011	\$ 458,456	\$ (28,486,070)	\$ 1,582,645
<b>Balance, December 31, 2018</b>	\$ 28,895,886	\$ 808,011	\$ 458,456	\$ (29,002,753)	\$ 1,159,600
Net loss for the period	-	-	-	(1,082,905)	(1,082,905)
Issuance of common shares	330,392	-	-	-	330,392
Issuance of stock options	-	61,180	-	-	61,180
Expiry of stock options	-	(513,663)	-	513,663	-
<b>Balance, September 30, 2019</b>	\$ 29,226,278	\$ 355,528	\$ 458,456	\$ (29,571,995)	\$ 468,267

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,	
	2019	2018	2019	2018
<b>CASH (USED IN) PROVIDED BY:</b>				
<b>OPERATING ACTIVITIES</b>				
Loss for the period	\$ (243,306)	\$ (156,809)	\$ (1,082,905)	\$ (2,073,913)
Share-based payments	-	-	61,180	245,385
Flow-through shares premium	(87,694)	(38,394)	(144,108)	(845,910)
Unrealized loss (gain) on marketable securities	(215)	947	-	2,411
Common shares issued for mineral property	-	-	65,000	-
Amortization	1,975	-	1,975	-
	(329,240)	(194,256)	(1,098,858)	(2,672,027)
Net change in non-cash working capital items:				
Amounts receivable and prepaid expenses	8,853	(56,794)	124,024	(60,793)
Accounts payable and accrued liabilities	(48,882)	1,868	(70,093)	65,020
<b>Net cash flows used by operating activities</b>	<b>(369,269)</b>	<b>(249,182)</b>	<b>(1,044,927)</b>	<b>(2,667,800)</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of property and equipment	-	-	(14,216)	-
<b>Net cash flows used by investing activities</b>	<b>-</b>	<b>-</b>	<b>(14,216)</b>	<b>-</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of common shares	-	-	408,600	-
Issue costs	(500)	-	(13,199)	-
<b>Net cash flows provided by financing activities</b>	<b>(500)</b>	<b>-</b>	<b>395,401</b>	<b>-</b>
<b>NET CHANGE IN CASH</b>	<b>(369,769)</b>	<b>(249,182)</b>	<b>(663,742)</b>	<b>(2,667,800)</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>882,724</b>	<b>1,976,322</b>	<b>1,176,697</b>	<b>4,394,940</b>
<b>CASH, END OF THE PERIOD</b>	<b>\$ 512,955</b>	<b>\$1,727,140</b>	<b>\$ 512,955</b>	<b>\$1,727,140</b>
<b>Supplemental non-cash information</b>				
Shares issued for mineral property	\$ -	\$ -	\$ 65,000	\$ -

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, 2019 and 2018**

(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 21, 2019.

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, 2019, the Company has a cumulative deficit of \$29,571,995 (December 31, 2018 - \$29,002,753), 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.

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Exploration and evaluation properties*

The acquisition costs of exploration and evaluation properties are expensed the condensed interim consolidated statements of loss in the period incurred, as permitted under IFRS 6, Exploration for and Evaluation of Mineral Resources.

The acquisition costs of exploration and evaluation properties include the cash consideration and the estimated fair market value of share-based payments issued for such property interests.

Exploration costs are expensed in the period incurred. Option payments which are solely at the Company's discretion are recorded as acquisition costs as they are made. Administrative expenditures are expensed in the period incurred.

#### *New accounting standards*

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. At January 1, 2019, the Company adopted this standard and there was no material impact on the Company's condensed interim consolidated financial statement.

### 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, 2019 totalled \$468,267 (December 31, 2018 - \$1,159,600). 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, 2019. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

---

### 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, 2019.

#### *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, 2019, the Company had a cash balance of \$512,955 (December 31, 2018 - \$1,176,697) to settle accounts payable and accrued liabilities of \$68,106 (December 31, 2018 - \$138,199). 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.

#### *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, 2019, the Company is not a commodities producer. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

#### *Sensitivity analysis*

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

- (i) Based on cash balances earning interest at September 30, 2019, a 1% change in interest rates would result in a corresponding interest income change of approximately \$4,900 for the one-year period.

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 5. CATEGORIES OF FINANCIAL INSTRUMENTS

	September 30 2019	December 31 2018
<b>Financial assets:</b>		
Amortized cost		
Cash	\$ 512,955	\$ 1,176,697
Amounts receivable	-	816
FVPL		
Investment	2,110	2,110
<b>Financial liabilities:</b>		
Amortized cost		
Accounts payable and accrued liabilities	\$ 68,106	\$ 138,199

As of September 30, 2019 and December 31, 2018, the fair value of all the Company's current financial instruments approximates the carrying value, due to their short-term nature.

### 6. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	September 30 2019	December 31 2018
Sales tax receivable	\$ 18,329	\$ 75,493
Other receivable	-	816
Prepaid expenses and advances	18,306	84,350
	\$ 36,635	\$ 160,659

### 7. INVESTMENT

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

	Number of shares	September 30 2019	December 31 2018
First Mining Gold Corp.	8,612	\$ 2,110	\$ 2,110

The Company holds 8,612 (December 2018 – 8,612) common shares of First Mining Gold Corp. The unrealized loss of \$nil for the nine month period ended September 30, 2019 (September 30, 2018 – \$2,411) was recognized on the condensed interim consolidated statement of loss.

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 8. PROPERTY AND EQUIPMENT

	Exploration Equipment	Total
<b>Nine months ended September 30, 2019</b>		
Opening net book amount	\$ -	\$ -
Acquisition	14,216	14,216
Amortization for the period	(1,975)	(1,975)
<b>Closing net book amount</b>	<b>\$ 12,241</b>	<b>\$ 12,241</b>

### 9. EXPLORATION AND EVALUATION PROPERTIES

#### *Canada*

#### Brabant Lake Property – Saskatchewan

As at September 30, 2019, 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 at the signing of the agreement (received);
- (ii) pay \$15,000 on or before the date which is 12 months from the date of the agreement (received);
- (iii) pay \$20,000 on or before the date which is 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.

On July 27, 2017, White Metal assigned its option and right to acquire the Earned Interest to Ardiden Ltd., an Australian exploration company. On June 24, 2019, Ardiden Ltd. notified the Company of the completion of the option payments and expenditures by delivering a notice to the Company setting out that it has exercised the option, subject to Murchison’s NSR.

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).

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 9. EXPLORATION AND EVALUATION PROPERTIES (Continued)

#### HPM Property - Quebec

On February 28, 2019, the Company announced the acquisition of the other 50% interest held by joint venture partner Pure Nickel Inc. in the nickel-copper-cobalt HPM property. On March 5, 2019, as per the agreement and following the TSX Venture Exchange approval, the Company paid \$50,000 and issued 500,000 common shares of the Company valued at \$65,000 to Pure Nickel Inc. The Company now owns 100% of the HPM property in Québec.

### 10. SHARE CAPITAL

#### (a) Authorized Share Capital

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

#### (b) Issued

	Number of Shares	Amount
<b>Balance – December 31, 2017 and September 30, 2018</b>	<b>42,543,214</b>	<b>\$ 28,802,248</b>
<b>Balance - December 31, 2018</b>	<b>44,209,881</b>	<b>\$ 28,895,886</b>
Issuance of common shares <sup>(i)</sup>	500,000	65,000
Issuance of flow-through common shares <sup>(ii)</sup>	3,714,545	408,600
Issue costs <sup>(ii)</sup>	-	(13,199)
Flow-through premium <sup>(iii)</sup>	-	(130,009)
<b>Balance – September 30, 2019</b>	<b>48,424,426</b>	<b>\$ 29,226,278</b>

<sup>(i)</sup> On March 5, 2019, the Company completed the acquisition of the remainder 50% interest in the nickel-copper-cobalt HPM property held by joint venture partner Pure Nickel Inc. by making a cash payment of \$50,000 and issued 500,000 common shares of the Company valued at \$65,000 to Pure Nickel Inc.

<sup>(ii)</sup> On June 19 and 27, 2019, the Company completed a non-brokered flow-through private placement and issued 3,714,545 flow-through common shares priced at \$0.11 per share for gross proceeds of \$408,600 of which, \$130,009 was allocated to the flow-through premium. Finders' fees of \$3,000 were also paid.

Officers of the Company acquired 260,000 flow-through common shares for gross proceeds of \$28,600. See Note 13.

### 11. WARRANTS AND FINDERS' WARRANTS

The following summarizes the warrants and finders' warrants activity for the nine months ended September 30, 2019 and September 30, 2018:

	Number of Warrants	Issue Date Fair Value	Weighted Average Exercise Price
<b>Balance - December 31, 2017</b>	12,662,970	\$ 1,241,802	\$ 0.28
Expired	(7,818,000)	(783,346)	0.30
<b>Balance - September 30, 2018</b>	<b>4,844,970</b>	<b>\$ 458,456</b>	<b>\$ 0.24</b>
<b>Balance - December 31, 2018 and September 30, 2019</b>	<b>4,844,970</b>	<b>\$ 458,456</b>	<b>\$ 0.24</b>

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 11. WARRANTS AND FINDERS' WARRANTS (Continued)

As at September 30, 2019, the Company had warrants and finders' warrants outstanding as follows:

Date of Grant	Number of Warrants	Exercise Price (\$)	Grant Date Fair Value (\$)	Expiry Date	Weighted Average Remaining Contractual Life (years)
December 15, 2017	3,879,942	0.24	364,495	December 15, 2019	0.21
December 21, 2017	965,028	0.24	93,961	December 21, 2019	0.23
	<b>4,844,970</b>		<b>458,456</b>		<b>0.22</b>

### 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 month periods ended September 30, 2019 and 2018:

	Number of Stock Options	Weighted Average Exercise Price
<b>Balance - December 31, 2017</b>	<b>2,133,800</b>	<b>\$ 0.39</b>
Issued <sup>(i)</sup>	1,435,000	0.19
Expired	(66,000)	0.70
<b>Balance - September 30, 2018</b>	<b>3,502,800</b>	<b>0.30</b>
<b>Balance - December 31, 2018</b>	<b>3,502,800</b>	<b>\$ 0.30</b>
Granted <sup>(ii)</sup>	665,000	0.095
Expired	(1,753,900)	0.36
<b>Balance - September 30, 2019</b>	<b>2,413,900</b>	<b>0.20</b>

<sup>(i)</sup> 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 period ended September 30, 2018.

<sup>(ii)</sup> On March 6, 2019, the Company granted 665,000 stock options exercisable at \$0.095 for 5 years to directors, officers and consultants of the Company. The grant date fair value of these options of \$61,180 was estimated using the Black Scholes valuation model with the following weighted average assumptions: risk free interest rate – 1.69%, expected volatility – 186%, expected dividend yield – 0%, expected forfeiture rate of – 0% and expected life – 5 years. The options vested immediately and the \$61,180 fair value was recorded as share-based payment on the *Statement of Loss* for the period ended September 30, 2019.

# MURCHISON MINERALS LTD.

## Notes to the Condensed Interim Consolidated Financial Statements

September 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

### 12. STOCK OPTIONS (Continued)

As at September 30, 2019, 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 <sup>(1)</sup>	Exercise Price (\$)	Grant Date Fair Value (\$)	Expiry Date	Weighted Average Remaining Contractual Life (years)
December 2, 2014	558,900	0.30	67,068	December 2, 2019	0.17
September 27, 2016	305,000	0.30	75,945	September 27, 2021	1.99
January 10, 2018	885,000	0.19	151,335	January 10, 2023	3.28
March 6, 2019	665,000	0.095	61,180	March 6, 2024	4.44
	<b>2,413,900</b>	<b>0.20</b>	<b>355,528</b>		<b>2.72</b>

<sup>(1)</sup> 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,	
	2019	2018	2019	2018
Salaries and benefits	\$ 26,228	\$ 50,813	\$ 143,733	\$ 235,219
Share-based payments	-	-	59,340	211,185
	<b>\$ 26,228</b>	<b>\$ 50,813</b>	<b>\$ 203,073</b>	<b>\$ 446,404</b>

For the three month period ended September 30, 2019, the salaries and benefits amount above includes \$15,563 (2018 - \$13,313) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$10,665 (2018 - \$nil) for fees invoiced by the CEO of the Company for his services as CEO. Also, \$nil (2018 - \$37,500) is included in the salaries and benefits amount above for fees invoiced by a corporation controlled by the former CEO of the Company.

For the nine month period ended September 30, 2019, the salaries and benefits amount above includes \$67,188 (2018 - \$92,719) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$76,545 (2018 - \$nil) for fees invoiced by the CEO of the Company for his services as CEO. Also, \$nil (2018 - \$142,500) is included in the salaries and benefits amount above for fees invoiced by a corporation controlled by the former CEO of the Company. Included in accounts payable and accrued liabilities at September 30, 2019 is \$6,343 (December 31, 2018 - \$10,376) owed to the corporation controlled by the CFO and \$9,116 (December 31, 2018 - \$6,247) to the CEO.

b) *Private Placement*

As part of the private placement completed in June 2019, officers of the Company acquired 260,000 flow-through common shares for gross proceeds of \$28,600 (Note 10).

# **MURCHISON MINERALS LTD.**

## **Notes to the Condensed Interim Consolidated Financial Statements**

**September 30, 2019 and 2018**

(Expressed in Canadian Dollars)

(Unaudited)

---

### **14. COMMITMENTS AND CONTINGENCIES**

#### ***Flow-Through Obligation***

As at September 30, 2019, the Company has to incur \$86,643 in qualifying exploration expenditures prior to December 31, 2020 to meet its flow-through commitment.

#### ***Environmental***

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

End of Notes to Financial Statements