

# **MURCHISON MINERALS LTD.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020**

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, 2020. 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, 2019, 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 24, 2020. The information is presented in Canadian dollars unless stated otherwise.

## **OVERALL PERFORMANCE**

### **Description of Business**

Murchison is a Canadian based exploration company with a focus on its Brabant Lake property (the "Property") which includes the high-grade Brabant-McKenzie VMS zinc-copper-silver deposit (the "Deposit") in north-central Saskatchewan. The Company also owns 100% of the HPM nickel-copper-cobalt project in Quebec. The Company expects to acquire additional properties as attractive opportunities are identified. The Company does not have any projects that generate revenue at this time. The Company's ability to carry out its business plan in the future rests entirely on its ability to secure equity and other financings or realize cash from the sale of assets.

### **Trends**

The financing, exploration and development of any properties the Company holds or may acquire in the future will be subject to a number of factors including the commodity prices for minerals, applicable laws and regulations, political conditions, currency fluctuations, the hiring of qualified people, and obtaining necessary services in jurisdictions where the Company operates. The current trends relating to these factors could change at any time and negatively affect the Company's operations and business. Apart from these, the risk factors noted under the heading "Uncertainties and Risk Factors" and "Forward Looking Statement" included in MD&A for the year ended December 31, 2019, 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.

Following the declaration on March 11, 2020 of a global pandemic related to COVID-19 by the World Health Organization, the restrictions imposed by governments around the world have had a significant impact on the global economy and commodity prices. While the extent of the impact is unknown, we anticipate this outbreak will continue to cause investment market volatility, supply chain disruptions, and increased government regulations, all of which may negatively impact the Company's operations and ability to finance its operations. Following these events, the Company has taken and will continue to take action to ensure the safety of its workers and minimize the financial impact.

## **OUTLOOK**

During June, July and August 2020, the Company raised a total \$1,041,949 of which \$200,000 to be used towards a field exploration program at its HPM project in Québec which started in September 2020. The program was completed in November 2020 and the project demonstrated an excellent exploration potential with numerous gossanous nickel/copper/cobalt bearing outcrops linked to airborne EM anomalies. The Company intends to raise additional funds and expand its exploration activities at HPM next spring. The Company plans to focus on targets with economic Ni-Cu-Co sulphide potential which will include further detailed prospecting of known occurrences and existing targets. It will also follow-up on additional targets for ground follow-up once the results from the regional airborne EM surveys are made available.

The Company also had a team of geologists at the Brabant McKenzie project in Saskatchewan where the main purpose was to follow up on all significant geophysical anomalies identified during the winter 2020 time-domain electromagnetic ("EM") VTEM™ Max geophysical survey which identified 35 new conductors on the same geological horizon which hosts the Brabant-McKenzie VMS deposit and 23 additional EM conductors on the eastern portion of the land package. The Company is planning a drill program for winter 2021, subject to funds availability.

Other than the risks related to the global COVID-19 pandemic, the Company is not aware of any significant known legal, political, environmental or other risks that could materially affect the potential development of Company's exploration projects. Management is of the opinion that it will be able to maintain the status of its current exploration obligations and to keep its properties in good standing. Advancing exploration at the mineral properties will require substantially more financial resources. In the past, the Corporation has been able to rely on its ability to raise financing via equity private placements.

Management's main objective is to advance its current projects and maximize their potential via the use of different exploration techniques available. The long-term goal remains to develop the Company's properties and achieve commercial production. The Company may enter into partnerships in order to fully exploit the production potential of its exploration assets.

## **MINERAL PROPERTIES – EXPLORATION ACTIVITIES**

### **BRABANT LAKE PROPERTY – SASKATCHEWAN**

The Property is owned 100% by Murchison, has no royalties 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 Property consists of the Brabant-McKenzie VMS Deposit and multiple known mineralized showings and identified geophysical conductors over approximately 57 kilometre strike length of favourable geological horizon, all of which remain under-explored and mostly untested. The 565 km<sup>2</sup> Property shares geological characteristics, including similar age, with the Flin Flon and Lynn Lake volcanogenic massive sulphide (VMS) mining camps in Manitoba.

#### **Property Area Extended**

In August 2020, the Company announced it acquired two additional claim blocks totaling 6,187 hectares in Saskatchewan. The new May Lake claim is located 29 km north of Murchison's Brabant-McKenzie copper-zinc-silver deposit. The claim covers a historic Geological Survey of Canada (GSC) regional lake sediment sample collected from a small lake (Jones Lake) which assayed 780 ppm zinc, which is highly anomalous, 16 ppb Au, 81 ppm copper. Limited historic drilling done on the property in 1969 and 1974 encountered strong pyrite and pyrrhotite mineralization which may indicate VMS potential.

The Cunning Lake claim is located 29 km northeast of the Brabant-McKenzie VMS deposit. The claim overlies the Cunning or Halfway Lake lead occurrence where notable lead sulphide (galena) and copper iron sulphide (chalcopyrite) have been historically identified in outcrop. The mineralization was noted as occurring within a silicified migmatite zone. Galena and chalcopyrite are often associated with volcanogenic massive sulphide (VMS) deposits or orogenic gold deposits and represent a prospective target for exploration. This area has seen limited exploration in 1962 and 1967 with no historic diamond drilling reported.

#### **New Mineralized Area**

On November 13, 2020, the Company announced the discovery of new zinc mineralization at its recently acquired May Lake claim in Saskatchewan. The zinc mineralization consisted of a grab sample assaying 0.91% zinc, 0.12% copper, 0.08% nickel, and 2.6 g/t silver. The sample was collected as part of the summer prospecting program on the claims acquired to investigate a historic zinc-rich lake sediment sample in Jones Lake as described above. The newly discovered mineralization was found in shallowly buried pyritic quartz rich bedrock. The subcropping zinc mineralization is an indication that the historic lake sediment zinc is locally sourced and signifies that the area is prospective for VMS mineralization.

Murchison considers the area highly prospective and plans to conduct additional prospecting and to cover the area with electromagnetic geophysical surveys in the future

For the nine months ended September 30, 2020, the Company incurred \$1,474,634 (2019 - \$683,428) at the Property. For Q1/20, drilling expenses accounted for \$911,641, geophysics for \$349,963 and \$10,573 in geology and claim acquisitions. In Q2/20, the Company incurred \$31,423 in geological expenses which was offset by a financial assistance payment of \$50,000 under the Targeted Mineral Exploration Incentive program received from the Government of Saskatchewan which related to the drilling completed in the winter 2020. In Q3/20, \$221,034 was incurred in relation to the summer exploration activities.

### **HPM PROPERTY – QUEBEC (100%)**

In September 2020, the Company retained Orix Geoscience 2018 Inc. (Orix) for a ground prospecting program on the 58 km<sup>2</sup> HPM nickel, copper, cobalt project. The Company also Prospectair Geosurveys Inc. to complete a 1,400-line kilometre airborne magnetic (MAG) survey over the entire claim block.

While the full results from the airborne survey are still pending, the Company provided an update the ground prospecting program on November 19, 2020 completed by Orix. The results of the reconnaissance sampling program confirmed the widespread nature of Ni-Cu-Co mineralization across the HPM project area. Grab sample assay results reach up to 0.16% cobalt, 0.499% copper and 0.526% nickel.

#### **Results Highlights**

- Strong gossan zones sampled 2 km to the northeast of the Barre de Fer occurrence yielded 0.53% Ni, 0.5% Cu, and 903 ppm Co hosted in gabbro-gabbro-norite with 30-40% semi-massive to net-textured pyrrhotite and trace chalcopyrite.
- Sampling of the Syrah occurrence 0.5 km to the east of Barre de Fer yielded 0.36% Ni, 0.18% Cu, and 409 ppm Co hosted in norite-gabbro-norite with 3-7% pyrrhotite.
- Sampled massive pyrite-pyrrhotite hosted in pyroxenite boulders at the base of a cliff 2.5 km to the southeast of Barre de Fer contained 0.3% Ni, 0.27% Cu, and 0.16% Co.

The program focused on the prospecting of anomalies identified by past airborne electromagnetic surveys and further investigation of known sulphide occurrences. Several gossanous zones with sulphide mineralization were sampled and Beep Mat conductors were outlined in preparation for future follow-up work. The gossan zones are several metres wide and mostly observed along the side of NNW-SSE striking cliff faces; the thickness and extent of the gossan zones are undetermined due to overburden cover. Gossans are a common key indicator of a sulfide deposit below and often the primary target for prospecting sulfide deposits.

According to the Company, the several numerous gossanous nickel/copper/cobalt-bearing outcrops spatially linked to airborne EM anomalies are quite encouraging. Voisey's Bay was originally prospected and mapped as a pyritic gossan and the fact that the first sampling yielded little or no anomalous metal concentrations at that time no doubt reflects the leaching of metals from the deeply weathered surficial cap.

For the nine months ended September 30, 2020, the Company incurred \$136,795 (2019 - \$116,857) at the HPM property. During the first quarter ended March 31, 2020, the Company incurred \$5,669 (Q1/19 - \$116,857) relating to claims acquisition. In 2019, the expenses related to the acquisition of Pure Nickel 50% interest in HPM. In Q2/20, the Company incurred \$11,985 in geological expenses and in Q3/20, \$119,141 was incurred in relation to the program carried by Orix.

### Qualifying Statements

The foregoing scientific and technical disclosures for the Property have been reviewed by Andrew Masurat, P. Geo., and John Shmyr, P. Geo., qualified persons as defined by National Instrument 43-101. Mr. Masurat and Mr. Shmyr are independent consultants to Murchison and the Brabant-McKenzie project. Disclosures for the HPM project have been reviewed by Paul Nagerl, P. Geo., a qualified person as defined by National Instrument 43-101. Mr. Nagerl is an independent consultant to Murchison and the HPM project.

### 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. The HPM property in Québec can also be accessed by helicopter all year round subject to weather conditions.

## RESULTS OF OPERATIONS

For the nine months ended September 30, 2020, the Company incurred a loss of \$1,565,810 (2019 - \$1,082,905). The increase of \$482,905 is mainly related to the following factors: **1.** higher exploration expenses of \$801,806 (2020 - \$1,611,429 vs 2019 - \$809,623) as the Company completed 2,618 metres of drilling in 2020 compared to no drilling in 2019 at the Brabant Lake project. This increase was offset by; **2.** higher non-cash flow-through shares related income of \$254,025 (2020 - \$398,133 vs 2019 - \$144,108) as the Company recognized the income based on the higher level of exploration activities funded with flow-through dollars in 2020; **3.** lower non-cash share-based payments of \$61,180 (2020 - \$nil vs 2019 - \$61,180) as the Company granted stock options in 2019 and ; **4.** lower investor relations expense of \$34,908 (2020 - \$98,806 vs 2019 - \$133,714) as the Company attended less conferences.

For the nine month period ended September 30, 2020, exploration expenses totaled \$1,611,429 (2019 - \$809,623) with \$1,474,634 (2019 - \$683,428) related to drilling, geophysical surveys and field exploration at the Brabant Lake property and \$136,795 (2019 - \$116,857) related to the data compilation and field exploration at the HPM project.

For the three months ended September 30, 2020, the Company incurred a loss of \$371,675 (Q3/19 - \$243,306). The increase of \$128,369 is mainly related to higher exploration expenses at the HPM project of 119,141 (Q3/20 - \$119,141 vs Q3/19 - \$nil) as, in Q3/20, the Company initiated a field exploration program at the HPM project.

For the three month period ended September 30, 2020, exploration expenses totaled \$340,175 (Q3/19 - \$278,709) with \$221,034 (Q3/19 - \$278,709) at Brabant McKenzie and \$119,141 (Q3/19 - \$nil) for the HPM project.

## SUMMARY OF QUARTERLY RESULTS

	Third Quarter 2020	Second Quarter 2020	First Quarter 2020	Fourth Quarter 2019
	\$	\$	\$	\$
Total Assets	871,386	580,520	628,930	1,611,786
Current Assets	791,516	497,054	543,461	1,598,534
Non-current Assets	79,870	83,466	85,469	13,252
Total Liabilities	347,843	358,980	490,679	366,118
Interest Income	320	103	2,518	1,370
Loss	371,675	86,718	1,107,417	387,681
Loss Per Share <sup>(1)</sup>	0.00	0.00	0.02	0.01

	Third Quarter 2019	Second Quarter 2019	First Quarter 2019	Fourth Quarter 2018
	\$	\$	\$	\$
Total Assets	563,941	944,323	948,668	1,339,466
Current Assets	549,590	928,212	945,740	1,337,356
Non-current Assets	14,351	16,111	2,928	2,110
Total Liabilities	95,674	116,988	180,029	179,866
Interest Income	1,761	1,973	2,628	4,607
Loss	243,306	322,458	517,141	516,683
Loss Per Share <sup>(1)</sup>	0.00	0.01	0.01	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 Q3/2020, the Company raised gross proceeds of \$841,949 via a private placement. In Q2/2020, the Company completed a \$200,000 flow-through private placement and received a financial assistance payment of \$50,000 under the Targeted Mineral Exploration Incentive program from the Government of Saskatchewan which was related to the drilling completed in the winter 2020. In Q1/2020, the loss includes exploration expenses of \$1,277,846 related to drilling and geophysical surveys at the Brabant Lake project. In Q4/2019, the loss includes a \$244,200 non-cash share-based payment expense related to stock option granted in December 2019. In Q3-Q2/2019, the Company completed its summer field exploration program at the Brabant Lake project and in Q2-2019, the Company completed a \$408,600 non-brokered flow-through private placement. In Q1-2019, the Company completed an extensive airborne geophysical survey at the Brabant Lake property and on the newly acquired claims. It also acquired joint venture partner Pure Nickel's 50% interest in the HPM project in Québec at a cost of \$115,000.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2020, the Company had cash of \$681,562 and working capital (excluding flow-through share liability) of \$521,202 (December 31, 2019 – \$1,434,347 and \$1,562,765, 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, 2020, the Company had amounts receivable and prepaid expenses totaling \$109,954 which included sales tax receivable of \$49,298 and prepaid expenses of \$60,656.

During September 2020, the Company received the \$185,882 deficiency deposits from the Government of Saskatchewan and repaid the promissory note of \$200,000 plus accrued interest.

The September 30, 2020, 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.

On June 24, 2020, the Company completed a non-brokered flow-through private placement and issued 2,285,714 flow-through common shares priced at \$0.0875 per share for gross proceeds of \$200,000. Finders' fees of \$12,000 were also paid. The funds will be used for exploration at the HPM project in Quebec.

On July 23 and August 13, 2020, the Company completed a private placement in two tranches. The Company issued 6,614,600 common share units (the "Units") at a price of \$0.065 per Unit and issued 5,150,000 flow-through units (the "FT Units") at a price of \$0.08 per FT Unit for aggregate gross proceeds of \$841,949.

Each Unit consisted of one common share of the Company (a "Common Share") and one full Common Share purchase warrant. Each warrant (a "Warrant") entitles the holder to acquire one additional Common Share (a "Warrant Share") for a period of eighteen months from closing at an exercise price of \$0.12 per Warrant Share. Each FT Unit consisted of one flow-through common share and one-half non flow-through Common Share purchase warrant having the terms as the Warrant Share. Finder's fees totaling \$29,910 were paid in relation to the Private Placement. All securities issued pursuant are subject to a four month hold period from the date of issue.

Certain officers of the Company participated in the Private Placement for an aggregate total of \$290,000.

### **General**

The Company's ability to successfully acquire mineral projects or recover amounts expended on mineral properties is conditional on its ability to secure financing when required. The Company expects to meet additional financing requirements through equity financing. The Company may seek other alternatives for financing in the future depending on market conditions and exploration results; however, there can be no assurance that such financing attempts will be successful. The impact on our business and the cost and availability of financing remain uncertain and could affect our overall liquidity.

### **Commitments and Obligations**

On April 9, 2020, the Company entered into consulting agreements for the services of its CEO and CFO. The agreements are effective April 1, 2020. Under the agreements, additional payments totaling \$400,000 are to be made upon the occurrence of a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these interim condensed consolidated financial statements. The commitment upon termination of the agreements is \$220,000, in aggregate. The minimum commitment due within one year under the terms of the agreements is \$146,400, in aggregate.

As at September 30, 2020, the Company has to incur \$226,905 in qualifying exploration expenditures by December 31, 2021 to meet its flow-through commitments. 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.

The flow-through agreements require the Company to renounce certain tax deductions for Canadian exploration expenditures incurred on the Company's mineral properties to flow-through participants. The Company indemnified the subscribers for any related tax amounts that become payable by the subscribers as a result of the Company not meeting its expenditure commitments.

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		Nine months ended September 30	
	2020	2019	2020	2019
Salaries and benefits	\$ 46,513	\$ 26,228	\$ 165,500	\$ 143,733
Share-based payments			-	59,340
	<b>\$ 46,513</b>	<b>\$ 26,228</b>	<b>\$ 165,500</b>	<b>\$ 203,073</b>

For the three month period ended September 30, 2020, the salaries and benefits amount above includes \$21,313 (Q3-2019 - \$15,563) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$25,200 (Q3-2019 - \$10,665) for fees invoiced by the CEO of the Company for his services as CEO.

For the nine month period ended September 30, 2020, the salaries and benefits amount above includes \$73,437 (2019 - \$67,188) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$92,063 (2019 - \$76,545) for fees invoiced by the CEO of the Company for his services as CEO. Included in accounts payable and accrued liabilities at September 30, 2020 is \$5,884 (December 31, 2019 - \$nil) owed to the corporation controlled by the CFO and \$11,482 (December 31, 2019 - \$15,013) to the CEO.

### b) Promissory Note

On March 27, 2020, the Company issued a \$200,000 promissory note to Vyco Limited ("Vyco"). The amount owing under this Promissory Note bore interest at an annual rate of 5.0% and, in the event that the principal amount was not repaid in full by the due date of June 30, 2020, the interest accrued at the rate of 10% per annum from the due date until payment was effected. Vyco is a corporation controlled by a family trust. Mr. Donald K. Johnson, director of the Company, is a discretionary beneficiary of such trust and President of Vyco. The Promissory Note was repaid on September 9, 2020 along with interest of \$6,493.

### c) Private Placement

An officer and a director of the Company acquired, in aggregate, 4,000,000 units and 500,000 flow-through units for gross proceeds of \$290,000 in the first tranche private placement closed on July 23, 2020.

## PROPOSED TRANSACTIONS

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

## FINANCIAL INSTRUMENTS

	September 30 2020	December 31 2019
Financial assets:		
Amortized cost		
Cash and cash equivalents	\$ 681,562	\$ 1,434,347
FVPL		
Investments	4,177	2,196
Financial liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	\$ 270,314	\$ 35,769

As at September 30, 2020 and December 31, 2019, 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, 2020, the Company's Investment on the consolidated statements of financial position was recorded at level 1 with a fair value of \$4,177 (December 31, 2019 - \$2,196).

**Significant accounting judgments and estimates:**

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The areas that require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to the following:

- ***Assets' carrying values and impairment charges***

In the determination of carrying values and impairment charges, management looks at the higher of recoverable amount or fair value less costs to sell in the case of assets and at objective evidence, significant or prolonged decline of fair value on financial assets indicating impairment. These determinations and their individual assumptions require that management make a decision based on the best available information at each reporting period.

- ***Income and other taxes***

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

- ***Share-based payments***

Management determines costs for share-based payments using market-based valuation techniques. The fair value of the market-based and performance-based non-vested share awards are determined at the date of grant using generally accepted valuation techniques. Assumptions are made and judgments used in applying valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors and corporate performance. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates. The Company currently estimates the expected volatility of its common shares based on historical volatility taking into consideration the expected life of the options and warrants.

### **Capital Management:**

The Company manages its capital with the following objectives:

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

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

The Company considers its capital to consist of equity, comprising share capital, reserves and deficit. The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is regularly updated based on its exploration and development activities. Selected information is regularly provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the nine months ended September 30, 2020 and the year ended December 31, 2019. 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 24, 2020, the following are outstanding:

• Common Shares	78,738,763
• Stock Options	5,555,000
• Warrants	25,453,623

### **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, 2019 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.*