

# **MURCHISON MINERALS LTD. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021**

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, 2021. 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, 2020, which have been prepared in accordance with IFRS and available on the Company's website ([www.murchisonminerals.com](http://www.murchisonminerals.com)). This MD&A covers the most recently completed financial quarter and the subsequent period up to November 15, 2021. The information is presented in Canadian dollars unless stated otherwise.

## **OVERALL PERFORMANCE**

### **Description of Business**

Murchison is a Canadian-based exploration company focused on nickel-copper-cobalt exploration at the 100%-owned HPM project in Quebec and the exploration and development of the 100%-owned Brabant-McKenzie (the "Deposit") VMS zinc-copper-silver deposit located on the Brabant Lake property (the "Property") in north-central Saskatchewan. The Company also has an option to earn 100% interest in the Barraute-Landrienne zinc-silver-gold 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, 2020, 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.

The Company's operations could be significantly adversely affected by the effects of the global spread of the contagious coronavirus causing the outbreak of COVID-19 respiratory disease, which was declared a pandemic by the World Health Organization in March 2020. The Company has followed the instructions and advice of Federal and Provincial health authorities, as well as industry-wide best practice guidelines, and has limited travel and field activities to help control the spread of COVID-19 and protect local communities. The Company cannot accurately predict the impact the COVID-19 pandemic will have on its operations, including uncertainties relating to the duration of the pandemic, the ultimate severity of the disease, the duration of travel and quarantine restrictions imposed by governmental authorities, and the impact on schedules and timelines for planned operations or exploration programs.

## **OUTLOOK**

Since our last MD&A, the Company appointed Troy Boisjoli as President and Chief Executive Officer, Jean-Charles Potvin, is maintaining an active role as Murchison's Executive Chairman.

On October 21, 2021, the Company closed a \$4,000,000 non-brokered private placement with net proceeds to be used mainly towards drilling at HPM as well as for general corporate purpose.

At the HPM project, an inaugural drilling program is ongoing and planned to be completed before year-end. The program is focused on testing the subsurface of the PYC mineralized body that assayed as high as 1.28% NiEq or 0.79% Ni, 0.14% Cu, and 0.15% Co from grab samples collected during the spring 2021 prospecting program. The surface mineralization at PYC has been observed on surface over a strike length of 1.7 km with potential 1.95 km or greater strike length indicated by recent electromagnetic airborne geophysics. The mineralization on surface has been systemically sampled to confirm a 42 metre-width in two parallel lens (28 metres and 14 metres-wide) that were separated by ~30 metres of unmineralized gabbro in one location. Given the high specific density of this mineralization, this drill program has the potential to generate significant tonnage.

Geophysical modelling of the PYC target from the 2021 airborne electromagnetic geophysical data has produced maxwell plate models that approximate the sulphide mineralization and extend to a depth of 300 metres (potential depth limit of the modelling for a vertical conductor). The planned drill holes are designed to test the geophysical modelling.

There are no 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**

### **HPM PROPERTY - QUEBEC**

At HPM, a VTEM airborne geophysical survey started on April 14, 2021 to follow up on promising prospecting results on its 100% owned HPM Ni-Cu-Co project in Quebec. The Geotech VTEM 655-line kilometre survey over the HPM property was flown 100 metre line spacing and was concluded on April 30, 2021. Based on the VTEM survey Condor Consulting defined 55 discrete conductive trends totaling 42 km in cumulative length, varying in strike extent from 290 m to 2.3 km.

In June, Murchison completed a field program focused on the mapping and sampling of historical showings and targets, as well as select EM conductors newly identified during the VTEM survey of the property earlier this year. Six newly identified target areas and historical mineral showings were comprehensively surveyed and sampled using the Beep Mat and backpack drill combination; significant sulphide mineralization was successfully discovered and sampled in five of the six locations explored in this program. During the program, significant sulphide mineralization on surface at the PYC showing over a strike length in excess of 1.7 km was identified. In total, 58 short backpack drill holes were completed and 100 litho-geochem samples were collected. The results were announced on August 16, 2021 and confirmed widespread nickel-copper-cobalt surface mineralization across the entirety of the traced 1.7 km strike length of sulphide mineralization. The results are from grab samples and short backpack drill core samples, featuring assays as high as 1.28% nickel equivalent or 2.59% copper equivalent (0.79% Ni, 0.14% Cu, 0.15% Co) from 0.83 metre of backpack drill core. The assay results also confirm mineralization south-east of the PYC target at the newly discovered Dix showing, which assayed as high as 0.90% nickel equivalent or 1.83% copper equivalent (0.44% Ni, 0.39% Cu, 0.10% Co) from 0.45 metre of backpack drill core. See press release dated June 29, 2021 and August 16, 2021 for full details.

Subsequent to the results of the field program, the Company planned a drill program designed to test the subsurface continuation of the significant nickel-copper-cobalt surface mineralization discovered at the PYC target. The inaugural drill program was announced on November 2, 2021 and is currently ongoing.

Simultaneous with the drill program, prospecting is also ongoing in parallel. While the drill program has just commenced, the field teams have already successfully located significant additional surface sulphide at the Syrah target. The crews have mapped sulphide mineralization over a strike length of approximately 370 metres and early analysis of the sulphide mineralization using a handheld XRF indicates the presence of nickel-copper-cobalt mineralization and assays are pending.

The HPM project continues to show tremendous promise with its numerous gossanous nickel-copper-cobalt-bearing outcrops spatially linked to historical airborne EM anomalies. It is well-known that the prolific Voisey's Bay Mine, some 620 km from our HPM project, was originally prospected and mapped as a pyritic gossan. There, leaching of metals from the deeply-weathered surficial cap yielded little or no anomalous metal concentrations in the first sampling yet Voisey's Bay is one of world's most spectacular nickel-copper-cobalt mines.

Historically, exploration and drilling on the HPM property focused on the immediate area around the Barre de Fer showing. The anomalous Ni-Cu-Co results from mafic/ultramafic intrusions which are located throughout the HPM Project and demonstrate significant exploration potential across the entirety of the project area.

The HPM property lies within the Grenville Province's Allochthonous Belt and is host to numerous Ni-Cu-Co showings associated with mafic to ultramafic intrusions, including the high-grade Barre de Fer magmatic nickel sulphide occurrence. The Barre de Fer occurrence returned up to 1.74% Ni, 0.90% Cu, and 0.09% Co over 43.18 m in historic diamond drilling.

## **BRABANT LAKE PROPERTY – SASKATCHEWAN**

The Property is owned 100% by Murchison 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 627 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.

### **Drilling**

In January 2021, the Company initiated a drilling program targeting various targets identified during previous geophysical surveys and field exploration programs where a total of 3,925 metres (14 holes) were drilled. 1,938 metres (6 holes) were drilled in the Deposit area, 771 metres (2 holes) in the Zn-Cu Betty Zone, 925 metres (3 holes) in the Main Lake target and 351 metres (3 holes) in three high-priority regional drill targets. The drill program was completed in the last week of March 2021. The best intercept observed in the winter 2021 drill program was from hole BM21-004 which assayed 9.07% zinc, 0.81% copper, 0.26% lead, 0.11 g/t gold and 35.11 g/t silver over 15.35 metres (80 to 95% true thickness). The hole was designed to expand the indicated resources at the Deposit as well as to collect material for metallurgical testing.

The drill results from the regional targets all intersected distal VMS style sulphide iron formation mineralization but failed to intersect any notable economic mineralization. Drilling at the Main Lake target intersected very strong VMS type alteration with hole ML21-002 intersecting two lens of sulphide mineralization. First interval assayed 0.84% zinc, 0.36% copper and 8.5 g/t silver over 3.59 metres (149.5 to 153.15m) and includes 0.47 metres of 3.6% zinc, 0.2% copper and 6.6 g/t silver. The second interval assayed 1.27% zinc, 0.03% copper, and 14.75 g/t silver over 4.08 metres (176.5 to 180.59m) and includes 1.01 metres of 4.71% zinc, 0.04% copper and 21.2 g/t silver.

Holes BZ21-001 (381 metres) and BZ21-002 (330 metres) drilled at the Betty Zone both intersected VMS mineralization similar to what is observed at the Deposit. The observed mineralization consists of a narrow interval of abundant sphalerite and chalcopyrite. The best intercept was observed in hole BZ21-002 which

intersected 4.40% zinc, 1.33% copper, 12.95 g/t silver from 280.73 to 281.65 metres (0.92 m) including 0.42 m at 3.76% zinc, 2.40% copper, 21.70 g/t silver and 0.12 g/t gold.

The Company drilled 2 holes in July 2021 at the Betty Zone. The 877 metre program consisted of two diamond drill holes targeting the observed borehole geophysical anomaly at the Betty Zone. Both holes intersected a thick interval of graphite mineralization which effectively explains the borehole anomaly and was later confirmed by a subsequent borehole EM geophysical survey. The second hole BZ21-004 (473 metres) intersected narrow zinc rich VMS sulphide mineralization which assayed 1.93% ZnEq over 2.70 metres including 3.88% ZnEq over 0.66 metres. The mineralization encountered is considered prospective and requires follow-up drilling along strike to fully test VMS mineralization potential. .

The sulphide mineralization encountered is not conductive and did not respond to the borehole geophysical survey. Both drill holes, BZ21-003 and BZ21-004 encountered graphite mineralization that fully explained the targeted geophysical anomaly. The lack of geophysical response of the zinc mineralization is attributed to a very-high amount of sphalerite (zinc sulphide) that is not conductive. The presence of VMS-style sphalerite mineralization demonstrates a fertile system warranting future exploration that will be guided by updated geologic modelling.

The mineralization observed at Main Lake and the Betty Zone indicate the potential for additional VMS mineralization outside of the Deposit. The Brabant project has mining camp potential and both of these target areas are on strike with the Deposit and require future follow-up to locate more significant sulphide mineralization.

### **Metallurgy**

Earlier this month, the Company announced the results from preliminary metallurgical testing on core samples collected from the Deposit. The results indicate that a simple flotation test using a coarse grind with a rougher and scavenger circuit was able to upgrade the zinc grade from 9.13% to 27% with a 98% recovery. A further 4-stage cleaner flotation test resulted in a zinc concentrate of 50.2% with an 85.06% recovery. The recycling of cleaner tails is expected to result in an overall net zinc recovery of at least 90%. Precious metals were concentrated in the 4th stage cleaner tail material with a grade of 180 g/t silver and 1.13 g/t gold. Excellent results for copper recovery were also achieved with the simple rougher and scavenger flotation test increasing the grade to 2.19% with 92.9% recovery and the 4-stage cleaner flotation resulting in a grade of 4.12% with a 74.7% recovery. These preliminary results are highly encouraging and it is assumed they can be improved through further optimization. Please see press release dated August 10, 2021 for full results.

### **BARRAUTE-LANDRIENNE PROPERTY - QUEBEC**

On April 28, 2021, the Company entered into an agreement with Gestion Aline Leclerc Inc. ("GAL") granting Murchison an option to earn 100% in 75 mineral claims covering 2,377 hectares, by making payments totaling \$500,000 and property expenditures of \$1.0 million over a 6-year period. The first payment of \$20,000 is due on April 28, 2022. GAL will retain a royalty of 1% of net smelter returns (NSR) on future production. The 1% NSR can be acquired anytime by the Company for \$1.0 million.

The claims, split into 4 blocks are located in the Barraute-Landrienne mining camp, approximately 60 km north of Val-d'Or, and about 4 km northwest of the municipality of Barraute in Québec and were selected targeting new zinc-silver-gold deposits. These four blocks of claims are believed to host some of the best untested geological/geophysical base-metal targets in the area and are considered ready for drilling.

Exploration work completed throughout the past several years by GAL and others resulted in a new geological interpretation suggesting the correlation of the Abcourt-Barvue Mine stratigraphy within the Barraute property. Further west, the Landrienne property hosts several untested isolated Megatam geophysical anomalies, near felsic-mafic volcanic contacts.

TMC Geophysics out of Val-d'Or was contracted to complete a combined magnetic, electromagnetic and induced polarization ground survey over the historic Megatem geophysical anomalies at the Barraute A, B and Landrienne B properties. The work was commenced on July 22, 2021 and completed on August 25<sup>th</sup>, 2021. In total 15.735 km of mag, 5.8 km of IP, and 15.2 km of EM was completed. EM anomalies were located and interpretation of the results is ongoing.

The Barraute mining camp hosts several mineralized showings and polymetallic metal deposits including the substantial 15.7 Mt zinc-silver Abcourt-Barvue deposit located at only 2 km from the Barraute property.

Zinc-silver mineralization was discovered in the region in 1950. The Abcourt-Barvue deposit of Abcourt Mines Inc. was in operation during two periods: between 1952 and 1957 by Barvue Mines Limited and between 1985 and 1990 by Abcourt. In all, 5,002,19 metric tonnes grading 38.74 g/t silver and 2.98% zinc were mined from the Barvue open pit and 632,319 metric tonnes grading 131.65 g/t silver and 5.04% zinc were mined from underground production.

These newly acquired properties are located near all infrastructure and human resources for exploration and possible future operations.

### Qualifying Statement

The foregoing scientific and technical disclosures have been reviewed by John Shmyr, P. Geo., VP Exploration of the Company. Qualified Person as defined by National Instrument 43-101 (NI 43-101).

### Access to Properties

The Company's access to its properties is dependent on climate and weather conditions. The Brabant property in Saskatchewan is accessible all year round. The HPM project can also be accessed all year round but weather conditions may limit access at certain times of the year.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS

The following table sets out the exploration expenses for the nine months ended September 30, 2021 and 2020.

	2021	2020
<b>Brabant Lake</b>		
Amortization	\$ 16,964	\$ 12,050
Drilling	1,489,041	868,116
General Administrative	4,084	-
Geology	72,461	228,646
Geophysics	71,277	361,400
Metallurgy	66,451	-
Mineral Property and Staking	300	4,421
<b>Total Brabant Lake</b>	<b>\$ 1,720,578</b>	<b>\$1,474,634</b>
<b>HPM</b>		
Drilling	10,830	-
Geology	156,052	131,014
Geophysics	214,607	700
Mineral Property and Staking	11,524	5,081
<b>Total HPM</b>	<b>\$ 393,013</b>	<b>\$ 136,795</b>
<b>Barraute-Landrienne</b>		
Geology	33,202	-
Geophysics	95,934	-
Mineral Property and Staking	2,500	-
<b>Total Barraute-Landrienne</b>	<b>\$ 131,636</b>	<b>\$ -</b>
<b>Total exploration expenses</b>	<b>\$ 2,245,227</b>	<b>\$ 1,611,429</b>

## RESULTS OF OPERATIONS

For the three months ended September 30, 2021, the Company incurred a loss of \$811,766 (Q3/20 - \$371,675). The increase of \$440,091 is mainly related to the following factors: **1.** higher exploration expenses of \$328,994 (Q3/21 - \$661,169 vs Q3/20 - \$340,175) as the Company completed short drill program at the Property and a geophysical program at the Barraute-Landrienne during the quarter; and **2.** lower non-cash flow-through shares premium income of \$56,936 (Q3/21 - \$10,848 vs Q3/20 - \$67,784) as the Company recognized the income based on the lower level of exploration activities funded with flow-through dollars in Q3/21 compared to Q3/20.

For the nine months ended September 30, 2021, the Company incurred a loss of \$2,588,977 (2020 - \$1,565,810). The increase of \$1,023,167 is mainly related to the following factors: **1.** higher exploration expenses of \$633,798 (2021 - \$2,245,227 vs 2020 - \$1,611,429) as the Company completed more drilling at the Property in 2021 compared to 2020 as well as a ground reconnaissance program and geophysical surveys at both HPM and Barraute-Landrienne; **2.** higher management fees and salaries of \$62,188 (2021 - \$227,688 vs 2020 - \$165,500) as the Company added full-time employees in 2021; and **3.** lower non-cash flow-through shares premium income of \$267,674 (2021 - \$130,459 vs 2020 - \$398,133) as the Company recognized the income based on the lower level of exploration activities funded with flow-through dollars.

## LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company had a cash balance of \$151,541 and a working capital of \$152,508 (December 31, 2020 - \$2,062,411 and \$2,052,895, 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 of September 30, 2021, the Company had amounts receivable and prepaid expenses totaling \$129,098 which included sales tax receivable of \$67,300 and prepaid expenses of \$61,798.

The September 30, 2021, 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.

#### Private Placements

On March 5, 2021, the Company completed a non-brokered private placement and issued 10,000,000 common share units at a price of \$0.08 per unit for gross proceeds of \$800,000. Each unit consisted of one common share of the Company and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one additional common share until September 5, 2022 at an exercise price of \$0.12 per common share. All securities issued pursuant to the private placement are subject to a four month hold period from the date of issue. Finder's fees totaling \$18,000 were paid under this private placement. Insiders of the Company acquired an aggregate of 4,150,000 units in this private placement for a total of \$332,000.

On October 21, 2021, the Company completed a \$4,000,069 private placement by issuing issued 13,500,000 units at a price of \$0.08 per unit as well as 30,737,571 flow-through units at a price of \$0.095 per flow-through units. Finder's fees of \$198,005 were paid in relation to the private placement. Insiders acquired 10,000,000 units and 4,863,100 flow-through units for aggregate proceeds of \$1,261,995. All

securities issued under this private placement are subject to a four-month hold period until February 22, 2022 in accordance with applicable securities laws.

### **Warrants**

As part of the March 5, 2021 private placement, the Company issued 5,000,000 warrants at an exercise price of \$0.12 per warrant expiring 18 months expiring September 5, 2022.

As part of the October 21, 2021 private placement, the Company issued 22,118,788 warrants and 2,178,997 finders warrants all exercisable at \$0.12 until October 21, 2022.

In October and November 2021, 180,000 warrants issued in July 2020 were exercised for proceeds of \$12,600.

### **Stock Options**

On April 14, 2021, the Company granted 200,000 stock options to an officer exercisable at \$0.095 for 5 years. The options vested immediately.

On May 25, 2021, the Company granted 500,000 stock options exercisable at \$0.095 for 5 years. The options vested immediately.

On July 2, 2021, the Company granted 200,000 stock options exercisable at \$0.095 for 5 years. The options vested immediately.

On October 11, 2021, the Company granted 1,000,000 stock options exercisable at \$0.08 for a period of five years of which 700,000 vested immediately and 300,000 vest on April 11, 2022.

### **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**

The Company entered into consulting agreements for the services of its President and CEO, CFO and Executive Chairman. Under the agreements, additional payments totalling \$775,000 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 \$295,000, in aggregate. The minimum commitment due within one year under the terms of the agreements is \$296,400, in aggregate.

On April 28, 2021, the Company optioned certain claims forming the Barraute-Landrienne property whereby Murchison can earn 100% in 75 mineral claims covering 2,377 hectares, by making payments totaling \$500,000 and property expenditures of \$1.0 million over a 6-year period. The following table details the payments and exploration commitments on an annual basis.

Timeline	Cash Payments or Number of Consideration Shares	Expenditures
on or before April 28, 2022	\$20,000 cash	\$200,000
on or before April 28, 2023	\$20,000 cash	\$200,000 (\$400,000 cumulative)
on or before April 28, 2024	\$30,000 cash	\$200,000 (\$600,000 cumulative)
on or before April 28, 2025	\$30,000 cash	\$200,000 (\$800,000 cumulative)
on or before April 28, 2026	\$200,000 or equivalent in common shares at the 20-day VWAP Price, or a combination of both, at the option of Murchison	\$200,000 (\$1,000,000 cumulative)
on or before April 28, 2027	\$200,000 or equivalent in common shares at the 20-day VWAP Price, or a combination of both at the option of Murchison	Nil

In June 2021, the Company financed the purchase of an exploration vehicle in the amount of \$43,587. The loan bears an interest rate of 7.89% and is repayable over 60 monthly payments of \$881. The balance payable at September 30, 2021 was \$41,797.

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	
	2021	2020	2021	2020
Salaries and benefits	\$ 42,813	\$ 46,513	\$ 178,188	\$ 165,500
Share-based payments	-	-	25,400	-
	<b>\$ 42,813</b>	<b>\$ 46,513</b>	<b>\$ 203,588</b>	<b>\$ 165,500</b>

For the three-month period ended September 30, 2021, the salaries and benefits amount above includes \$20,313 (Q3-2020 - \$21,313) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$22,500 (Q3-2020 - \$25,200) for fees invoiced by the Executive Chairman of the Company for his services.

For the nine-month period ended September 30, 2021, the salaries and benefits amount above includes \$90,688 (2020 - \$73,437) for fees invoiced by a corporation controlled by the CFO of the Company for his services and \$87,500 (2020 - \$92,063) for fees invoiced by the Executive Chairman of the Company for his services. Included in accounts payable and accrued liabilities at September 30, 2021 is \$10,306 (December 31, 2020 - \$19,250) owed to the corporation controlled by the CFO and \$8,549 (December 31, 2020 - \$12,335) to the Executive Chairman.

b) Private Placements

As part of the private placement completed on March 5, 2021, a director and officers of the Company subscribed for 4,150,000 units pursuant to this private placement for aggregate gross proceeds of \$332,000.

As part of the private placement completed on October 21, 2021, a director and an officer of the Company acquired 10,000,000 units and 4,863,100 flow-through units for aggregate proceeds of \$1,261,995.

## PROPOSED TRANSACTIONS

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

## FINANCIAL INSTRUMENTS

	September 30 2021	December 31 2020
Financial assets:		
Amortized cost		
Cash and cash equivalents	\$ 151,541	\$ 2,062,411
Amounts receivable	-	-
FVPL		
Investments	2,584	3,402
Financial liabilities:		
Amortized cost		
Accounts payable and accrued liabilities	\$ 117,553	\$ 100,439
Loan payable	41,797	-

As at September 30, 2021 and December 31, 2020, 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, 2021, the Company's Investment on the consolidated statements of financial position was recorded at level 1 with a fair value of \$2,584 (December 31, 2020 - \$3,402).

### 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 quarter ended September 30, 2021 and the year ended December 31, 2020. 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 15, 2021, the following are outstanding:

• Common Shares	153,353,748
• Stock Options	10,725,000
• Warrants	38,841,618

### **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, 2020 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.*