MURCHISON MINERALS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED MARCH 31, 2016

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 months ended March 31, 2016. 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, 2015, which have been prepared in accordance with IFRS and available on the Company's web-site (www.murchisonminerals.com). This MD&A covers the most recently completed financial quarter and the subsequent period up to May 26, 2016. The information is presented in Canadian dollars unless stated otherwise.

OVERALL PERFORMANCE

Description of Business

Murchison Minerals Ltd. is a Canadian-based exploration company with a diversified portfolio of properties, including the Brabant-McKenzie zinc-copper deposit (the "Deposit") in north-central Saskatchewan and the HPM nickel-copper-cobalt project in Québec. The Company holds gold claims in the Pickle lake area of northwestern Ontario and also holds claims forming the Cloridorme property, a high alumina shale formation that is contiguous and essentially an extension of the Marin deposit of Orbite Technologies Inc., located on the Gaspé Peninsula in eastern Québec. Murchison also holds six exploration licences prospective for nickel and gold exploration in central Uganda. 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 price of gold or other 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, 2015, management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

OUTLOOK

The Company continues to focus on maintaining its main objective of continuing its operations despite the very difficult market that is facing most junior mining exploration companies. Management is actively pursuing funding in order to continue the exploration at the Brabant project in Saskatchewan based on the reinterpretation of previous historical work on the property and on additional positive results obtained from the geophysical program completed in December 2015. Management is aware of the low share price for its common shares and it is committed to raise additional funds to ensure the Company is a going concern while minimizing shareholders' dilution. The Company owns exploration equipment in Africa and management is actively looking to sell the equipment in order to generate sufficient cash flow

to cover the budgeted expenses for 2016. In April and May 2016, the Company generated approximately US$30,000 from the sale of equipment.

In order to assist with the main objective, members of management have renounced a portion of salaries/fees due for the period between July and October 2014 and have significantly reduced their salaries/fees in November 2014 and once more in February 2015. Since February 1, 2016, the CEO and CFO have been providing services to the Company without compensation and will continue to do so until the next financing of the Company.

The Company's 2016 budget focuses on continuing its operations and the administrative expenses have been drastically reduced. The Company will continue exploration on its properties if funds become 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. With the sale of equipment of as noted above, the Company can cover its administrative expenses beyond December 31, 2016.

MINERAL PROPERTIES – EXPLORATION ACTIVITIES

Brabant Property – Saskatchewan

The Brabant property is owned 100% by Murchison and is strategically located along Highway 102 between the town of La Ronge to the south and the Athabasca Basin to the north, near major infrastructure. The Brabant property consists of the Deposit and six additional zinc and copper occurrences along the favourable horizon about 16 kilometres long, all of which remain under-explored. The project area shares geological characteristics, including similar age, with the Flin Flon volcanogenic massive sulphide (VMS) mining camp in Manitoba. Current (2008) mineral resource for the Deposit consists of 1.5 Mt grading 9.2% zinc and 0.8% copper in indicated resources and 3.0 Mt grading 5.6% zinc and 0.6% copper in inferred resources (for additional details, refer to Murchison's website: www.muchisonminerals.com). The Deposit consists of two sub-parallel massive sulphide zones, which average 5 metres in thickness and have been traced in drilling for 1,000 metres along strike and 500 metres down dip. Re-interpretation of VTEM and BHEM surveys has identified numerous conductors laterally and down dip from known mineralization, which confirms that the deposit remains open to expansion by drilling in all directions

In December 2015, the Company completed a TDEM and magnetic geophysical program (the "Program") conducted on the Deposit.

The Program was designed to confirm and define known conductors with coincident magnetic anomalies situated immediately south, along strike and to depth of the Deposit. This was the first of a number of planned ground geophysical programs designed to test numerous anomalies identified along the 15 kilometre strike of the property.

Deposit Upside Potential Supported

Modeled results from the Program reveal a higher conductive plate within the northern portion of a larger conductive horizon described below. This plate continues into and is coincident with mineralization associated with the Deposit along strike and extends to depth below historically intersected mineralization. The plate measures 350 metres in strike with a depth extent of over 500 metres and a 54 degree dip to the northwest. As reported in the Technical Report, this portion of the Deposit has seen limited historic drilling with reported intersections of up to 13.3% Zn over 1.8 m in Hole 38 and 15.4% Zn over 1.5 m in Hole 40. Past drilling reveals that the Deposit has been drilled to a depth of over 700 metres down-dip, and remains open down-dip and along strike to the south. These results confirm that this area remains a priority drill target with potential to add tonnage to the Deposit.

Large Untested Horizon Defined

Modeling of the data from this survey also reveals an open ended, 1.3 kilometre long conductive and magnetic horizon extending south from the Deposit with a depth extent of over 1 kilometre and a dip of approximately 50 degrees to the northwest. The direction, length, dip and depth of the modeled data are consistent with the known airborne conductor extent and historical drill results.

Historical drilling along the 2015 TDEM conductor south of the Deposit area consisted of several short, near surface holes which do not appear to have adequately tested the horizon of the newly modeled conductor.

The Program consisted of a fixed loop TDEM and magnetic ground survey which was conducted over 200 metres of the southern portion of the Deposit and a further 600 metres along strike to the south along 100 metre spaced lines. One line of EM surveying was conducted using a SQUID sensor for comparative purposes and confirms the higher conductive zone identified in the northern part of the survey area.

The geophysical data obtained during the 2015 program will aid the Company with drill programs going forward, designed to increase the resource of the known Deposit. The data will also be utilized in regional programs as exploration vectors to rank the numerous airborne electromagnetic and magnetic anomalies that occur within similar host rock lithologies along the 15 kilometre strike length of the Brabant property.

For the three months ended March 31, 2016, no active exploration program was completed at the Brabant property. The Company incurred $619 (Q1-2015 - $22,145) in exploration expenses for the Brabant property.

HPM property – Québec

During 2015, the Company conducted a limited review and compilation of previous exploration results where in 2008, drilling intersected a 43 metre zone of 1.74% nickel and 0.90% copper.

For the three months ended March 31, 2016, no exploration was completed at the HPM property. The Company incurred $nil (Q1-2015 - $4,690) in exploration expenses at HPM.

Uganda

During the three months ended March 31, 2016, the expenses in Uganda were only covering care and maintenance of the properties which totalled $12,773 (Q1-2015 - $47,381).

Qualified Person

Exploration programs at the Company's project in Saskatchewan are being carried out under the supervision of Graham Gill, P.Geo., Independent Consultant, a "Qualified Person" within the meaning of NI43-101. Mr. Gill has supervised the preparation of, and confirmed all of the scientific and technical disclosure in this MD&A.

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 most of the year except during the fall spring thaw (4-5 weeks). Typically, properties in Ontario are generally accessible all year round. Access to the Kasagiminnis and Dorothy-Dobie properties is by floatplane or helicopter. All projects in Québec can be accessed from January to September as weather limits the activities during other times of the year. The Company's access to projects in Africa is available all year long. Typical weather in Africa is comprised

of two dry seasons (June to August and December to January) and two wet seasons (February to May and September to November).

RESULTS OF OPERATIONS

For the three months ended March 31, 2016, the Company incurred a loss of $73,523 (Q1-2015 - $170,160). The decrease of $93,637 is mainly related to the following factors: 1. lower exploration in Uganda of $34,608 (Q1-2016 - $12,773 vs Q1-2015 - $47,381) due to the reduced activities and presence in Uganda; 2. lower exploration expenses in Canada of $35,967 (Q1-2016 – $619 vs Q1-2015 – $36,586) as compilation reports were being completed in 2015; 3. lower management fees and salaries of $29,459 (Q1-2016 - $11,411 vs Q1-2015 - $40,870) as the CEO and CFO have been providing services to the Company without compensation since February 1, 2016.

For the three months ended March 31, 2016, exploration expenses totaled $16,627 (Q1-2015 - $84,753) with Canada $619 (Q1-2015 - $36,586), Uganda $12,773 (Q1-2015 - $47,381 and general exploration (including Burundi) $3,235 (Q1-2015 - $786).

SUMMARY OF QUARTERLY RESULTS

	First Quarter 2016	**Fourth Quarter 2015**	**Third Quarter 2015**	**Second Quarter 2015**
Total Assets	$364,675	$480,869	$1,079,417	$1,043,784
Current Assets	$69,084	$183,494	$295,615	$258,292
Non-current Assets	$295,591	$297,375	$783,802	$785,492
Total Liabilities	$95,995	$138,666	$140,207	$149,153
Interest Income	$nil	$43	$59	$86
Loss (profit)	$73,523	$610,555	($44,579)	$138,761
Loss Per Share [(1)]	$0.00	$0.01	$0.00	$0.00

	First Quarter 2015	**Fourth Quarter 2014**	**Third Quarter 2014**	**Second Quarter 2014**
Total Assets	$1,184,225	$1,442,338	$1,103,661	$1,819,791
Current Assets	$397,044	$653,468	$279,189	$994,778
Non-current Assets	$787,181	$788,870	$824,472	$825,013
Total Liabilities	$150,833	$238,786	$452,258	$502,351
Interest Income	$176	$232	$782	$2,726
Loss	$170,160	$320,833	$588,499	$1,617,789
Loss Per Share [(i)]	$0.00	$0.01	$0.00	$0.01
[(i)] 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 Q1-2016, the lower loss is reflecting of the efforts made by management to control all administrative expenses. In Q4-2015, the Company wrote-off the carrying value of the Cloridorme property of $480,000 and conducted an exploration program at Brabant of $90,556. In Q3-2015, the profit of $44,579 relates mainly to a VAT refund of $190,834 (US$143,000) from the Government of Burundi. In Q1-2015 and Q2-2015, the exploration expenses were limited to Canada as the Company benefited from flow-through funds raised in Q4-2014. In Q4-2014, exploration expenses in Uganda were $355,564. In Q3-2014, there was a significant reduction in expenses incurred in Burundi of $503,600 in comparison to the same

period a year earlier. In Q2-2014, the Company completed the RTO of Manicouagan by Flemish for which acquisition costs amounted to $617,955 (including a non-cash amount of $405,958). The Company was also active exploring its Uganda property during Q2-2014 where expenses totaled $570,366.

LIQUIDITY AND CAPITAL RESOURCES

As at March 31, 2016, the Company had no debt, cash of $49,019 and working capital deficit of $26,911 (December 31, 2015 – $124,168 of cash and working capital of $44,828). 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 March 31, 2016, the Company had amounts receivable and prepaid expenses totaling $20,065 which included sales tax receivable of $6,023, prepaid expenses of $7,971 and refundable tax credits of $6,071.

In April 2016, the Company received its $6,071 of refundable tax credits from the Government of Québec.

In April and May 2016, the Company generated approximately US$30,000 (net of expenses) from the sale of exploration equipment in Africa.

The March 31, 2016, condensed interim consolidated financial statements were prepared in accordance accounting principles 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 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.

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

In 2011, the Company entered into a 66 month lease for office equipment. As at March 31, 2016, the aggregate commitment balance under this lease is $2,596 for 2016.

In August 2014, Flemish Investment Burundi S.A. was informed that three Burundian ex-employees have filed claims against Flemish Burundi S.A. pertaining to severance payments totaling approximately US$10,500 and damages of approximately US$188,000. In 2015, the Court of Appeal of Bujumbura found in favour of the former employees for an aggregate amount of approximately $117,000 plus 6% interest. The Company is reviewing options to appeal these judgements as it no longer operates or owns assets in Burundi; however, should the Company be unsuccessful in its appeal to reverse the judgements, the liability will be limited to:

- the value of the assets of the subsidiary in Burundi ($nil at March 31, 2016) and;
- the share capital originally invested of US$10,000.

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 is party to a management contract. This contract requires that an additional payment of up to $500,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payment has not been reflected in these condensed interim consolidated financial statements. Minimum commitment upon termination of this contract is $128,700. Minimum commitment due within one year under the terms of this contract is $85,800. The Company committed to issue 6,000,000 stock options as part of this management contract. As at March 31, 2016, no stock options have been issued.

The Company has no long-term contractual obligations.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Remuneration of directors and the officers was as follows:

,	Three Months Ended March 31, 2016	2015
Salaries and benefits	$ 10,150	$ 29,750
	$ 10,150	$ 29,750

The amounts in the above table include $3,000 for the three months ended March 31, 2016 (2015 - $11,000) for fees invoiced by a corporation controlled by the CFO of the Company for his services. Also included in the above table include $7,150 for the three months ended March 31, 2016 (2015 - $nil) for fees invoiced by a corporation controlled by the CEO of the Company for his services as CEO. Included in accounts payable and accrued liabilities at March 31, 2016 is $759 (December 2015 - $1,150) owed to the corporation controlled by the CFO.

PROPOSED TRANSACTIONS

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

CHANGES IN ACCOUNTING POLICIES

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations ("IFRS 5") was amended in September 2014 to add specific guidance for cases in which an entity reclassifies an asset from "held for sale" to "held for distribution" or vice versa and cases in which "held-for-distribution" accounting is discontinued. The amendments are effective for annual periods beginning on or after January 1, 2016. At January 1, 2016, the Company adopted this amendment and there was no material impact on the Company's condensed interim consolidated financial statements.

IFRS 7 – Financial Instruments: Disclosures ("IFRS 7") was amended in September 2014 to clarify whether a servicing contract is continuing involvement in a transferred asset for purposes of determining the disclosures required. IFRS 7 was also amended to clarify that the additional disclosures relating to offsetting are not specifically required for interim periods unless required by IAS 34. The amendments are effective for annual periods beginning on or after January 1, 2016. At January 1, 2016, the Company adopted this amendment and there was no material impact on the Company's condensed interim consolidated financial statements.

IAS 1 – Presentation of Financial Statements ("IAS 1") was amended in December 2014 in order to clarify, among other things, that information should not be obscured by aggregating or by providing immaterial information, that materiality consideration apply to all parts of the financial statements and that even when a standard requires a specific disclosure, materiality considerations do apply. The amendments are effective for annual periods beginning on or after January 1, 2016. At January 1, 2016, the Company adopted this amendment and there was no material impact on the Company's condensed interim consolidated financial statements.

New accounting standards not yet adopted

The IASB issued the following standards which are relevant but have not yet been adopted by the Company. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

FINANCIAL INSTRUMENTS

As at,	March 31, 2016	December 31, 2015
Financial assets:		
Loans and receivables		
Cash and cash equivalents	$ 49,019	$ 124,168
Amounts receivable	12,094	38,704
Financial liabilities:		
Other financial liabilities		
Accounts payable and accrued liabilities	$ 95,995	$ 138,666

As of March 31, 2016 and December 31, 2015, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

Loans and receivables*:*
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Other financial liabilities*:*
Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets*:*
Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial instruments recorded at fair value*:*
Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at March 31, 2016 and December 31, 2015, none of the Company's financial instruments are recorded at fair value on the consolidated statements of financial position.

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.

- *Estimation of decommissioning and restoration costs and the timing of expenditure*
  The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- *Impairment of exploration and evaluation properties*
  While assessing whether any indications of impairment exist for exploration and evaluation assets, consideration is given to both external and internal sources of information. Information the Company considers include changes in the market, economic and legal environment in which the Company operates that are not within its control and affect the recoverable amount of exploration

and evaluation assets. Internal sources of information include the manner in which exploration and evaluation assets are being used or are expected to be used and indications of expected economic performance of the assets. Estimates include but are not limited to estimates of the discounted future after-tax cash flows expected to be derived from the Company's exploration and evaluation properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company's exploration and evaluation assets.

- *Income and other taxes*
  In assessing the probability of realizing income and other tax assets, management makes estimates related to expectations of future taxable income, applicable tax planning opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. The Company considers relevant tax planning opportunities that are within the Company's control, are feasible and within management's ability to implement. Examination by applicable tax authorities is supported based on individual facts and circumstances of the relevant tax position examined in light of all available evidence. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income and other tax assets and liabilities recognized. Also, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets or could result in taxes owing,

- *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 period ended March 31, 2016 and for the year ended December 31, 2015. The Company is not subject to any capital requirements imposed by a regulator or lending institution.

ADDITIONAL INFORMATION

Outstanding Shareholders' Equity Data

As of May 26, 2016, the following are outstanding:

- Common Shares 158,536,884
- Stock Options 14,061,000
- Warrants 23,481,196

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 in the December 31, 2015 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.